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A N N U A L R E P O R T

科定企業股份有限公司年報

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# One. Letter to Shareholders

Dear Ladies and Gentlemen:

We would like to thank our shareholders for your love and support in the past year. Based on continuous innovation and improvement, we have further enhanced our product quality and customer satisfaction, and achieved steady growth in performance and good market reputation. At the same time, we have continued to expand our product lines and international markets, and strengthened cooperative relationships with our customers, further enhancing our core competitiveness and market position.

In the future, we will continue to uphold our customer-centric philosophy and invest in innovation and research and development to develop products that better meet market needs and further expand our market share to achieve higher performance growth and value creation.

## I. 2023 Business Report

### (I) Operating Performance

In 2023, KD Enterprises recorded a consolidated operating revenue of NT\$2.375 billion, with post-tax profits of NT\$250 million, and an earnings per share of NT\$3.52. The comparison with 2022s as follows:

Unit: In NT\$ thousands

Item	2023	2022	Amount of increase (decrease)	Percentage of increase (decrease)
Net operating revenue	2,374,947	2,433,029	(58,082)	(2.39)
Operating costs	(1,271,004)	(1,215,111)	55,893	4.60
Gross profit	1,103,943	1,217,918	(113,975)	(9.36)
Operating expenses	(774,260)	(747,019)	27,241	3.65
Operating profit	329,683	470,899	(141,216)	(29.99)
Non-operating income and expenditures	(18,230)	26,209	(44,439)	(169.56)
Pre-tax profits	311,453	497,108	(185,655)	(37.35)
Income tax expense	(61,478)	(108,081)	(46,603)	(43.12)
Net profit of the current period	249,975	389,027	(139,052)	(35.74)

(II) Budget Implementation: Not applicable (No 2023 financial forecast was previously provided)



## (III) Analysis of income, expenditures, and profitability:

Unit: In NT\$ thousands

Item			2023	2022
Income and expenditures	Net cash inflow from operating activities		634,933	445,560
	Net cash outflow from investing activities		(484,936)	(997,526)
	Net cash outflow from investing activities		(188,822)	568,024
Financial structure	Debt ratio		67.25	68.93
	Ratio of long-term capital to property, plant, and equipment (%)		102.14	109.85
Profitability	Return on assets (%)		4.69	7.35
	Return on equity (%)		12.28	20.69
	As a ratio to the paid-in capital (%)	Operating profit	40.12	63.61
		Pre-tax profits	37.90	67.15
	Profit margin (%)		10.53	15.99
	Earnings per share (before retrospective adjustment)		3.52	5.56

**II. Summary of the 2024 Business Plan****(I) Business policy**

1. Product R&D: With the blue ocean strategy as the goal, we focus on healthy materials with market potential; and with keen market foresight, we have developed a number of indoor building materials products to provide customers with one-stop shopping services and effectively increase the overall revenue of the enterprise.
2. Human Resource: With the expansion of the corporate territory, excellent talents are the key energy for KD's continuous innovation. In order to satisfy the demand for talents for the growth and development of the organization, in addition to strengthening the cultivation of talents and implementing various retention programs, KD actively recruits high-level talents to enrich the operation team and enhance the competitiveness of the enterprise..
3. Marketing Management: In order to meet the digital era, KD actively strengthens its digital services to satisfy customers' needs for booking, ordering, and personalized introduction. Meanwhile, in response to the trend of short-form video marketing, we publish our company image and product introduction videos on social media platforms such as Facebook, YouTube, Jitterbug, Instagram, etc., to vividly demonstrate our brand concept, products and services. In addition, through SMS, LINE and other means, KD proactively carries out customer development and interaction, and directs to the online professional introduction to fill in the form or the official website, etc., in order to realize the "zero distance" service in a comprehensive, fast and convenient way, to enhance the customer experience and establish a new communication channel.
4. Financial performance: Strengthen financial management and reduce the risk of the company's accounts, coordinate the capital and production and marketing planning of subsidiaries, and enrich our own capital to meet the needs of operations.
5. Operation Management: KD is committed to changing traditional customer management and

business promotion strategies. We collect and analyze customer information through big data and use AI technology to efficiently collect more customer information. At the same time, through the telephone interviewer active telephone invitations, various types of digital marketing and other ways to carry out unfamiliar development. We further utilize online 1-to-1 personal introduction to consolidate potential customers, and then conduct offline visits to potential customers. This series of strategies aims to promote the use of our products by our target customers, enhance customer adhesion and increase loyalty.

## (II) Important production and marketing policies

1. R&D technology: Eco-friendly MENA board reforms the shortcomings of past MENA boards that have been criticized, and continues the non-toxic and healthy elements of eco-friendly batch boards, creating innovative products with great market competitiveness; Eco-friendly wood flooring combines non-toxic PP surface materials and island-type composite structures, effectively expanding the existing market and reaching out to a wider range of consumer groups.
2. Manufacture: One-stop operation standardization and integration of production and marketing to effectively shorten the development cycle of new products, increase productivity, stabilize product quality, save energy and effectively utilize energy, etc., and then achieve automated and intelligent production through big data analysis.
3. Sales market: Taiwan as a niche, focusing on the Asian market, Southeast Asia, expanding Europe and the Americas, targeting top international customers.
4. Logistics system establishment: The New Tree Logistics Park, which is under active construction, will further strengthen logistics services and enhance the quality of customer services. At the same time, we will optimize our logistics and distribution model, aiming to shorten the delivery time and improve the quality of service to support the growing demand of our customers, and to ensure that our goods are delivered to their destinations in a safe and punctual manner, so as to provide our customers with faster and more reliable delivery services.
5. Operational efficiency: Developing product diversification strategy with healthy and non-toxic as the core, intelligent manufacturing transformation, building a new logistics park to optimize the quality management of logistics, stable financial management, recruiting quality talents, strengthening product advertising and marketing, and establishing active proactive marketing, the overall growth of the enterprise will be able to continue to break through and bring a prosperous future.

## **III. The Company's future development strategy; impact from external competition, regulatory environment, and the macro-economic and operating environment.**

Despite the impact of the international situation, KD Enterprise has demonstrated solid operating results, optimizing its operating structure and sales model internally, and actively expanding its markets and proactive marketing externally. 2023 will see the continued consolidation of the Southeast Asia and Middle East markets and the expansion of its presence in Europe and the U.S.A. In addition, KD Enterprise will make good use of its channel advantage to focus on the needs of its customers, and will begin construction of a new logistics park in Newtree, which will bring more convenient and high-quality logistics services to its customers. This is expected to bring more convenient and quality logistics services to customers. In the same year, we reformed the shortcomings of Meplate and entered the Meplate market with innovative panels, which not only created buzz but also brought revenue growth to the company. Subsequently, we launched eco-friendly wood flooring and continued the series of eco-friendly and non-toxic concepts, which

continued to strengthen our brand value and market positioning, and reinforced and consolidated our position as a leading brand of healthy and non-toxic building materials, with a promising outlook for the future..

#### **IV. Operational outlook and objectives**

Over the years, KD has been focusing on the details of business opportunities, and it is only with the same attitude that we are able to capitalize on the opportunities that come our way! When the economy is in flux, it is even more important to focus on profitability, and to overcome difficulties and create a new situation with innovative thinking that breaks through the framework. In order to cope with the rapid competition in the market, KD collects customer information through big data, strengthens digital service upgrading, and establishes active proactive marketing to further enhance brand visibility and customer adhesion.

Interior design styles and market trends are constantly changing, and through big data analysis, KD Enterprise constantly innovates, upholds the purpose of creating non-toxic and healthy building materials, continues to research and develop high-quality and innovative products to meet the market demand, reforms the shortcomings of the existing products, and strengthens the advantages of upgrading to meet a variety of interior styles and customer needs. KD not only focuses on Asia Pacific and Southeast Asia, but also accelerates the global economic deployment by expanding its distributor model, aiming to become the world's largest healthy building materials brand.

In addition to the pursuit of stable operation, KD also recognizes that continuous progress and growth are our constant and necessary challenges. We will adhere to the principle of "utilizing technology, continuous innovation, deep rootedness, and stable growth", continue to develop the best quality products, deepen our brand management, and fulfill our social responsibility, so that we can gain the affirmation and trust of more and more customers all over the world.

Chairman of the Board:  
Tsao, Hsien-Chang

Manager:  
Tsao, Hsien-Chang

Accounting Manager:  
Lin, Mei-Wen





## Two. Company Profile

### I. Date of incorporation: July 22, 2002

### II. Company history

Time	Milestones
July 2002	“Keding Enterprises Co., Ltd.” was duly incorporated, with a registered capital of NT\$10,000,000.
October 2003	Launched the prefinished paperbacked veneer, providing an easy, aesthetic choice of edge finishing.
December 2004	Manufactured prefinished veneered high-pressure decorative laminates exported to European and American countries.
September 2008	Passed international certifications, e.g. ISO 9001 and ISO 14001, and was awarded the EEWH certified mark.
September 2010	Set up a subsidiary in China to develop customers therein and provide sales and technological services.
September 2011	Passed the FSC™ COC certification ahead of industry peers.
September 2011	Set up a subsidiary in Singapore to develop customers therein and provide sales and technological services.
June 2012	Obtained the Made-in-Taiwan (MIT) Smile Mark and Singapore’s Green Label and Green Building Products.
September 2013	All our wood veneered panels met the F1 low formaldehyde grade of the CNS standards.
January 2014	Set up a subsidiary in Hong Kong to develop customers therein and provide sales and technological services.
October 2014	Set up a subsidiary in Malaysia to develop customers therein and provide sales and technological services.
December 2014	Received the nanoMark from TANIDA.
June 2015	Received the Japanese F☆☆☆☆ Standard certificate.
January 2016	Obtained the 24th Taiwan Excellence Award – Prefinished Veneered Panels.
February 2017	Relocated to new plants in Dapumei Smart Industrial Park and scaled up operations.
August 2017	On August 17, 2017, the public offering of shares was approved.
November 2017	On November 24, 2017, the stock was registered and listed on TPEx as an emerging stock.
January 2018	Completed construction of the new Taipei Logistics Center; Singapore Logistics Center provided services in a new location; Wuxi Logistics Center in China was set up.
August 2018	The second factory in the Dapumei Production Headquarters in Chiayi was put into operation; the Xingfu Furniture Museum was established. The Happiness Furniture Store was established.
February 2019	Launched the Chubby Island series of home decor accessories, enriching and diversifying the branded product lines.
March 2019	Led the world in launching the 3D wood veneered panels featuring wooden texture and grain of a new era, allowing more options of home decoration.
July 2019	Obtained the Singapore Green Label – KD Flooring.
October 2019	KD’s prefinished veneered panels were included in MIT Smile Products – Taiwan Golden Selection.
February 2020	The Production Headquarters passed the ISO 45001 and CNS 45001 occupational safety and health management system certification.
February 2020	Set up a subsidiary in Philippines to develop customers therein and provide sales and technological services.

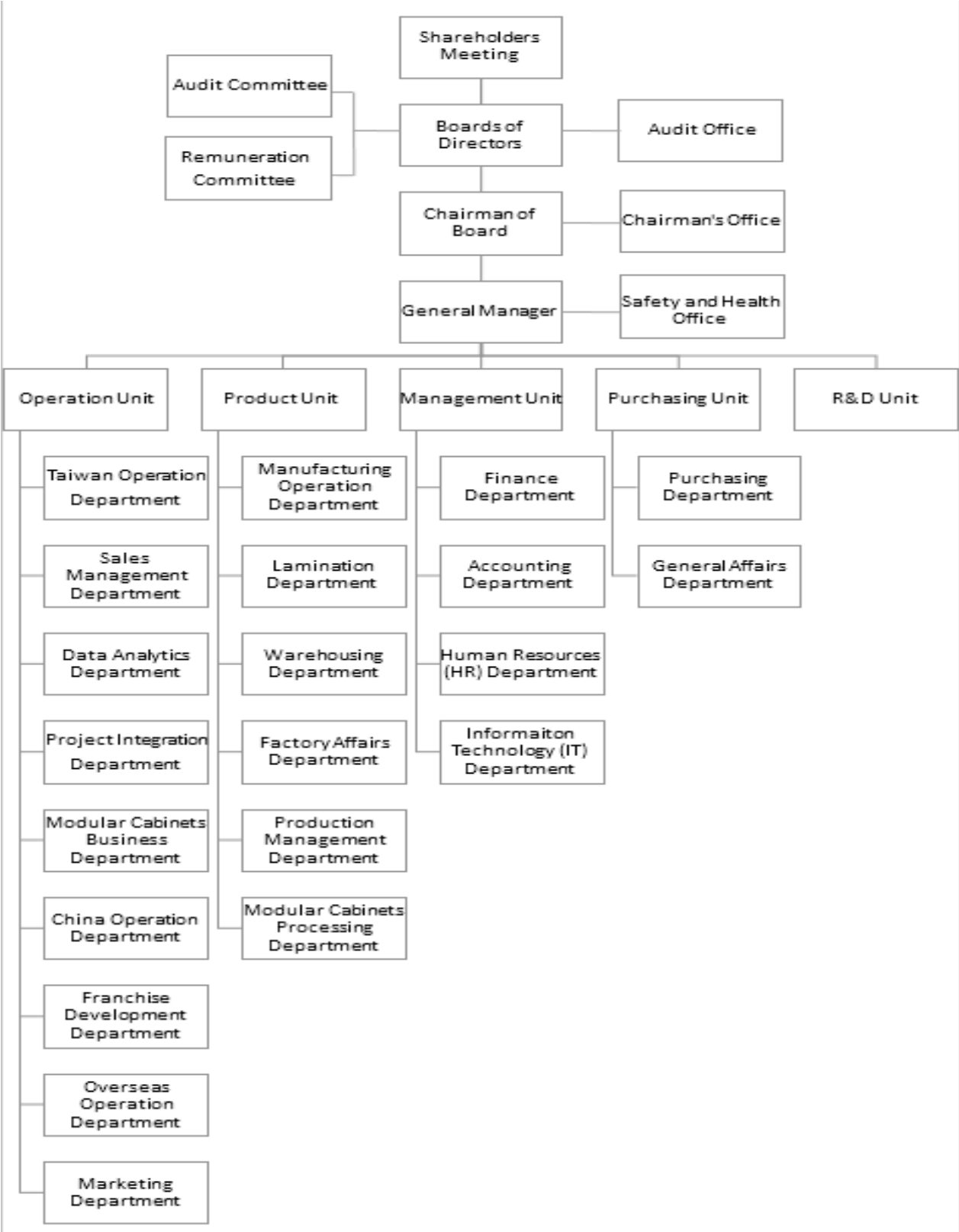
Time	Milestones
February 2020	Introduced large, Wide Plank Wood Flooring to render a spatial effect and create a cozy living premises.
June 2020	Opened the online flagship shopping mall on Tmall, aiming to expand the online distribution channels and continuously increase its brand competitiveness.
February 2021	Launched the matte prefinished panels, offering an extremely matte experience, thereby satisfying the needs of spatial design in all aspects.
June 2021	ECO+ Panels came on the market; KD also formed an alliance with top-notch PP printers in the world to develop new indoor building materials, so as to diversify its product portfolio.
October 2021	Opened the online flagship shopping malls on JD and Tik Tok; the expansion onto renowned e-commerce platforms in China helped increase the brand awareness.
February 2022	Set up a subsidiary in India to develop customers therein and provide sales and technological services.
June 2022	Set up a subsidiary in Indonesia to develop customers therein and provide sales and technological services.
January 2023	Set up a subsidiary in Thailand and Los Angeles to develop customers therein and provide sales and technological services.
March 2023	Set up a subsidiary in Vietnam to develop customers therein and provide sales and technological services.
April 2023	Set up a subsidiary in Australia to develop Vietnamese customers and provide sales and technical services.
October 2023	ECO+ Laminates launch, adhere to the concept of health and non-toxicity, reform the shortcomings of traditional Laminates, and break the market's stereotypes of Laminates. KD Flooring series adds ECO+ Flooring(Patent:NOI837008), make Flooring product line development more diversified. Groundbreaking begins for Xinshu Logistics Center, optimize the logistics distribution model, shorten delivery time, and improve service quality.

# Three. Corporate Governance Report

## I. Company Organization

(I) Company Organizational Chart

April 30, 2024



## (II) Major Business Activities of Each Department

Main department	Principal duties
Audit Office	<ol style="list-style-type: none"> <li>1. Implement the internal control system and internal audit system.</li> <li>2. Carry out the Annual Audit Plan, and issue a report accordingly.</li> </ol>
President	Plan and formulate the Company's overall policy, goals, and budget, and supervise each unit's implementation of the business plan so as to achieve the business goals.
Occupational Safety and Health Office	<ol style="list-style-type: none"> <li>1. Propose and promote occupational safety and health policy and autonomous management plan.</li> <li>2. Plan and implement educational training on occupational safety and health.</li> <li>3. Other matters relating to occupational safety and health management.</li> </ol>
Operations	<ol style="list-style-type: none"> <li>1. Taiwan Operation Department :Take charge of each sales center in Taiwan; develop and serve domestic customers; plan and implement wood flooring projects.</li> <li>2. Sales Management Department:Develop performance evaluation and review system for telephone interviewers/product consultants/ enterprises/regional industries; global performance report production, overseas order export matters.</li> <li>3. Data Analytics Department: Data analysis and suggestions, system and data connection.</li> <li>4. Project Integration Department: Enterprise digital service planning and execution, promoting the group's digital transformation</li> <li>5. Modular Cabinets Business Department:KD Modular Cabinet project planning, construction and service.</li> <li>6. China Operation Department:Take charge of each sales center in China; develop and serve customers therein.</li> <li>7. Franchise Development Department: Recruitment and training of foreign franchisees.</li> <li>8. Overseas OperationDepartment:Sell to, and serve, domestic and foreign customers; train overseas dealers and audit their sales performance.</li> <li>9. Marketing Department:Maintain the corporate image and brand spirit; plan and promote products.</li> </ol>
Production units	<ol style="list-style-type: none"> <li>1. Manufacturing Operation Department: Schedule production; follow up materials from relevant units to avoid a halt of the production line; assess outsourcees and take charge of the outsourcing work.</li> <li>2. Lamination Department:PP film 、 Particle board 、 Laminates 、 Edge Banding Strip productionand all film materia l management.</li> <li>3.Warehousing Department:Accept raw materials; admit semi-finished goods and finished goods into warehouse; issue and keep materials/goods.</li> <li>4. Factory Affairs Department: Assist in handling mechanical and electrical works, sewage and other arrangements and related administrative affairs inthe factory.</li> <li>5. Production Management Department: Department:Schedule production; follow up materials from relevant units to avoid a halt of the</li> </ol>

Main department	Principal duties
	<p>production line; assess outsourcees and take charge of the outsourcing work.</p> <p>6. Modular Cabinet Processing Department : Modular cabinet production and labor dispatch related operations</p>
Management units	<p>1. Financial Department: Carry out cashier jobs; manage and allocate funds; prepare and plan a shareholders' meeting.</p> <p>2. Accounting Department: Take charge of accounting affairs; analyze the financial statements; maintain, inventory, and manage fixed assets.</p> <p>3. Human Resources Department: Recruit talent; take charge of matters relating to salary, wages, and benefits; organize internal and external training; maintain the relations with employees; and formulate internal regulations regarding personnel and administrative management.</p> <p>4. Informaiton Technology Department: Maintain the SAP system; back up and maintain data; manage and maintain information equipment, hardware, and software; manage and monitor the computer mainframe.</p>
Purchasing unit	<p>1. Purchasing Department: Picking domestic and foreign raw materials; inquire about the price from raw material suppliers, compare the price, negotiate the price, place orders, follow up the delivery process, and handle matters related to delivery of goods.</p> <p>2. General Affairs Department: Performs general procurement and administrative and logistical support services.</p>
Research and development unit	Research and develop new materials and implementation techniques.

## II. Information on directors, general managers, deputy general managers, associate managers, department and hub supervisors

### (I). Information on directors

#### 1.. Information on directors

April 27, 2024; Unit: Shares;%

Job title	Name	Gender and age	Nationality or place of registration	Date on which the person was initially elected	Date on which the person was elected or took office	Tenure	Number of shares held when elected		Number of shares currently held		Number of shares currently held by the person's spouse and/or minor children		Number of shares held under another person's name		Main educational and career qualifications	Holding a position concurrently at the Company and at another company	An officer, director, or supervisor who is a spouse or a relative within the second degree of kinship of the person		
							Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)			Job title	Name	Relationship
Corporate director	Zhou Ding Investment Co., Ltd.	-	ROC	2021.09.01	2021.09.01	3 years	14,421,406	19.50	16,218,666	1919.74	-	-	-	-	-	-	-	-	-
Representative of a corporate director /Chairman of the Board	Tsao, Hsien-Chang	Male Aged 51-60	ROC	2002.07.05	2021.09.01	3 years	-	-	4,000	0.00	2,200	0.00	18,163,858	22.10	National Taiwan University-Fudan Offshore EMBA Programs President, Yuanbang Interior Decoration Design Co., Ltd. Founder, Keding Enterprises Co., Ltd.	Chairman of the Board and President, Keding Enterprises Co., Ltd. (Note 1)	Director	Tsao, Ya-Lin	Immediate family member
Representative of a corporate director	Lin, Ta-Theng	Male Aged 41-50	ROC	2020.12.24	2021.09.01	3 years	8,000	0.01	281,972	0.34	45,000	0.05	683,785	0.83	On-the-job EMBA Programs, Department of Business Administration, National Taiwan University of Science and Technology QC Engineer, Banqiao Plant, Sampo Corporation IPQC Section Chief, Askey Computer Corp. Vice President, Keding Enterprises Co., Ltd.	Executive Vice President, Keding Enterprises Co., Ltd.	-	-	-
Representative of a corporate director	Tsao, Ya-Lin	Female Aged 31-40	ROC	2020.12.24	2021.09.01	3 years	-	-	4,000	0.00	-	-	-	-	Master of International Marketing Management, University of Leeds, UK	Special Assistant, Keding Enterprises Co., Ltd.	Chairman of the Board	Tsao, Hsien-Chang	Immediate family member
Director	Huang, Tien-Hua	Male Aged 61-70	ROC	2002.07.05	2021.09.01	3 years	3,347,000	4.52	2,047,000	2.49	11,330	0.01	-	-	Wanlan Junior High School Responsible person, Li Wei Engineering Co., Ltd. Founder, Keding Enterprises Co., Ltd.	Director, Keding Enterprises Co., Ltd.	-	-	-
Independent Director	Cheng, Chun-Jen	Male Aged 51-60	ROC	2017.12.28	2021.09.01	3 years	-	-	-	-	-	-	-	-	Bachelor of Accounting, Tamkang University Section Chief, Listing Department, Taiwan Stock Exchange	President, Sentelic Corporation Director, Sentelic Corporation Independent Director, Anji Technology Co., Ltd. Independent Director, Buima	-	-	-
Independent Director	Cheng, Hung-Hui	Male Aged 41-50	ROC	2017.12.28	2021.09.01	3 years	-	-	-	-	-	-	-	-	Master of Accounting, National Taiwan University Master of Law, On-the-job Programs of the College of Law, National Chengchi University A professional who passed the ROC Senior Examination for CPAs Holder of the USCPA License Deputy Manager, Audit Department, Deloitte & Touche Taiwan Manager, Audit Service Department, PwC Taiwan Internal Audit Manager of the Asia-Pacific Region, Finance Department, Analog Devices, Inc. Assistance Vice President, Audit Department, First CPA and Partners CPA, Chungsun CPAs CPA, Grant Thornton	Leader, Mingda CPAs Independent Director and Chair of the Audit Committee, GNT Biotech & Medicals Corporation	-	-	-
Independent Director	Yang, Hao-Ming	Male Aged 61-70	ROC	2017.12.28	2021.09.01	3 years	-	-	-	-	-	-	-	-	Bachelor of Business Administration, Chinese Culture University	Responsible person, KAYU TEXTILE CO., LTD.	-	-	-
Independent Director	Liu, Tin-Hsuan	Female Aged 31-40	ROC	2023.06.28	2023.06.28	10 moon	-	-	-	-	-	-	-	-	Bachelor of University of Toronto, Canada Master of National Sun Yat-sen University Vice President of Sino-Life Group Limited	Chairman of the TAIWAN STIPENDIARY CO.,LTD.	-	-	-

Note 1: The Company's Chairman of the Board and President are the same person. This is mainly because Chairman Tsao, Hsien-Chang, who has years of experience in, and solid and specialized capability of, business administration in the interior decoration industry, possesses the leadership and decision-making capability and industry knowledge that serve as vital business strategic guidance for the Company. The number of directors who are concurrently an employee or a manger does not exceed the total number of directors. In the future, the Company will find a successor to the President. Adding an independent director in 2023



## 2. Major shareholders of corporate shareholders

March 31, 2024

Name of corporate shareholder	Major shareholders of corporate shareholders
Zhou Ding Investment Co., Ltd.	Tsao, Hsien-Chang 40.9%
	Chen, Mei-Yun 38.7%
	Tsao, Ya-Lin 10.2%
	Tsao, Chun-Hua 10.2%

3. Major shareholders of the corporate shareholders of the Company's corporate shareholders: Not applicable.

4. Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and Supervisors and the Independence of Independent Directors:

Qualification Name	Professional qualifications and experience (Note 1)	Independence status (Note 2)	No. of other public companies at which the person concurrently serves as an independent director
Corporate director Representative : Tsao, Hsien-Chang	Have work experience in commerce and the work experience necessary for the business of the company	Not applicable	-
Corporate director Representative : Lin, Ta-Theng	Have work experience in commerce and the work experience necessary for the business of the company	Not applicable	-
Corporate director Representative : Tsao, Ya-Lin	Have work experience in commerce and the work experience necessary for the business of the company	Not applicable	-
Huang, Tien-Hua	Have work experience in commerce and the work experience necessary for the business of the company	Not applicable	-
Independent Director Cheng, Chun-Jen	Have work experience in commerce and the work experience necessary for the business of the company	1. The person, or the spouse or a relative within second degree of kinship of the person does not serve as a director, supervisor, or employee of the Company or its affiliates. 2. The person, or the spouse or a relative within second degree of kinship of the person does not hold the Company's shares under either their own name or another person's name. 3. Not a director, supervisor, or employee of a company having specific relations with the Company. 4. Not a person who provided commercial, legal, financial, or accounting service to the Company or its affiliates in exchange for compensation in the past two years.	2

Independent Director Cheng, Hung-Hui	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the company.	1. The person, or the spouse or a relative within second degree of kinship of the person does not serve as a director, supervisor, or employee of the Company or its affiliates. 2. The person, or the spouse or a relative within second degree of kinship of the person does not hold the Company's shares under either their own name or another person's name. 3. Not a director, supervisor, or employee of a company having specific relations with the Company. 4. Not a person who provided commercial, legal, financial, or accounting service to the Company or its affiliates in exchange for compensation in the past two years.	1
Independent Director Yang, Hao-Ming	Have work experience in commerce and the work experience necessary for the business of the company	1. The person, or the spouse or a relative within second degree of kinship of the person does not serve as a director, supervisor, or employee of the Company or its affiliates. 2. The person, or the spouse or a relative within second degree of kinship of the person does not hold the Company's shares under either their own name or another person's name. 3. Not a director, supervisor, or employee of a company having specific relations with the Company. 4. Not a person who provided commercial, legal, financial, or accounting service to the Company or its affiliates in exchange for compensation in the past two years.	-
Independent Director Liu, Tin-Hsuan	Have work experience in commerce and the work experience necessary for the business of the company	1. The person, or the spouse or a relative within second degree of kinship of the person does not serve as a director, supervisor, or employee of the Company or its affiliates. 2. The person, or the spouse or a relative within second degree of kinship of the person does not hold the Company's shares under either their own name or another person's name. 3. Not a director, supervisor, or employee of a company having specific relations with the Company. 4. Not a person who provided commercial, legal, financial, or accounting service to the Company or its affiliates in exchange for compensation in the past two years.	-

## (II). Board of Directors Diversity and Independence:

## 1 .Board of Directors Diversity

In order to strengthen the functions of the Board of Directors and promote the sound development of the composition and structure of the Board of Directors, the Company has established a diversity policy in the "Code of Corporate Governance Practice" and "Director Selection Procedures".

According to the "Corporate Governance Code of Practice" and the "Director Selection Procedure", the composition of the board of directors should consider diversity. In addition to the directors who are also managers of the company, no more than one-third of the directors' seats should be considered, and the composition of the board of directors should be based on its own operations, operating types and development needs. To formulate appropriate diversity policies, including but not limited to the following two major standards, to ensure that the company's directors meet the specific management goals of professionalism and diversity:

- (1) Basic conditions and values: gender, age, nationality and culture, etc.
- (2) Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industrial experience, etc.1. Enterprise management.

The board of directors as a whole should have the following capabilities.

- (1) Business judgment ability, (2) Accounting and financial analysis ability, (3) Operation and management ability, (4) Crisis handling ability, (5) Industry knowledge, (6) International market outlook, (7) Leadership ability, (8) Decision-making ability.

The company will maintain and continue to improve the diversity of the current board of directors. There are currently 8 directors, including 4 independent directors (50%). The members' professional backgrounds cover management, marketing, engineering and finance. They are technology industry operators, accounting and management experts. The board members all have diverse backgrounds in industry, academia, and knowledge. Professional advice can be given from different perspectives, which is of great help in improving the company's operating performance and management efficiency.2. Industrial knowledge.

The specific management objectives and achievement of the company's diversity policy are as follows:

The company's board of directors should guide the company's strategies, supervise the management, and be responsible to the company and shareholders. Its corporate governance The various operations and arrangements of the system should ensure that the board of directors exercises its powers in accordance with laws, the company's articles of association, or the resolutions of the shareholders' meeting. Directors listen to the reports of the operating team in the board meeting, provide guidance and suggestions, maintain good communication with the operating team, and jointly create the greatest interests for shareholders. The company also pays attention to gender equality in the composition of the board of directors. One female director already occupies one seat. In the future, the proposed target is that the number of female directors will account for at least 25% of all director seats. In future director elections, female director candidates will still be prioritized to achieve the goal.

Management by objective	Achievement status
The number of independent director seats exceeds one-third of the total director seats	Achieved
It is not advisable for directors who concurrently serve as company executives to exceed one-third of the total director seats	Achieved
There must be no less than one director of different genders	Achieved

Job title	Name	Gender	Diversified industries and professional competency							
			Business judgment ability	Accounting and financial analysis ability	Operation and management ability	Crisis handling ability	Industry knowledge	International market outlook	Leadership ability	Decision-making ability
Representative of a corporate director	Tsao, Hsien-Chang	Male	V	V	V	V	V	V	V	V
Representative of a corporate director	Lin, Ta-Theng	Male	V	V	V	V	V	V	V	V
Representative of a corporate director	Tsao, Ya-Lin	Female	V	V	V	V		V	V	V
Director	Huang, Tien-Hua	Male	V	V	V	V	V	V	V	V
Independent Director	Cheng, Chun-Jen	Male	V	V	V	V		V	V	V
Independent Director	Cheng, Hung-Hui	Male	V	V	V	V		V	V	V
Independent Director	Yang, Hao-Ming	Male	V	V	V	V		V	V	V
Independent Director	Liu, Tin-Hsuan	Male	V	V	V	V		V	V	V

## 2. Independence of the Board of Directors:

The company's board of directors has eight members, of which four are independent directors, accounting for 50%. All independent directors maintain independence when executing business.

None of the board members have any of the circumstances listed in Article 30 of the Company Law; among the board members, except for Director Tsao, Hsien-Chang and Director Tsao, Ya-Lin, who have a father-daughter relationship (2 seats), the rest (6 seats) have not met the requirements of the Securities and Exchange Law. Article 26-3 stipulates that the circumstances specified in paragraphs 3 and 4 occur. In addition, Article 15 of the Company's Rules of Procedure for the Board of Directors clearly stipulates that "If a director has an interest in himself or the legal person he represents in matters arising from the meeting, he shall explain his interest to the board of directors at that meeting. If any important content is likely to be harmful to the interests of the company, they are not allowed to participate in discussions and voting, and they should recuse themselves from discussions and voting and are not allowed to exercise their voting rights on behalf of other directors. "All directors of the company comply with the aforementioned regulations to ensure the independence of the board of directors' operations. For information on the independence of the company's board of directors, please refer to "4. Directors' professional qualifications" on page 10 of this annual report and disclosure of information on the independence of independent directors."

(III) Information on the president, vice presidents, assistance vice presidents, and the heads of all the Company's divisions and branch units

April 27, 2024; Unit: shares; %

Job title	Name	Gender	Nationality	Date on which the person took office	Number of shares held		Number of shares held by the person's spouse and/or minor children		Number of shares held under another person's name		Main educational and career qualifications	Position concurrently held at another company	A manager who is a spouse or a relative within two degrees of kinship		
					Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)			Job title	Name	Relationship
Chairman of the Board and President (Note 1)	Tsao, Hsien-Chang	Male	ROC	2002.06.01	4,000	0.00	2,200	0.00	18,163,858	22.10	National Taiwan University-Fudan Offshore EMBA Programs President, Yuanbang Interior Decoration Design Co., Ltd. Founder, Keding Enterprises Co., Ltd.		-	-	-
Vice President (Note 2)	Tsai, Sheng-Hang	Male	ROC	2008.03.13	316,117	0.38	-	-	390,000	0.47	Department of Finance, 2-Year Junior College, Hsing Wu University General Manager, Production Department, Keding Enterprises Co., Ltd.	-	-	-	-
General Manager	Peng, Sheng-Hsiang	Male	ROC	2022.04.01	123,147	0.15	-	-	-	-	School of Forestry and Resources Conservation, National Taiwan University Senior Manager, Keding Enterprises Co., Ltd.	-	-	-	-
Finance and accounting officer/Director of Corporate Governance	Lin, Mei-Wen	Female	ROC	2021.10.05	19,098	0.02	20,000	0.02	170,000	0.21	Department of Accounting, Chaoyang University of Technology Head of the Finance and Accounting Department, TAIWAN NITTO OPTICAL CO., LTD. Deputy Manager, Accounting Department, Keding Enterprises Co., Ltd.				
Chief Audit Officer	Kuo, Chia-Chia	Female	ROC	2021.11.12	400	0.00	-	-	-	-	Accounting and Information Department, Asia University Bookkeeper and auditor, Chao Hung CPAs Auditor, Keding Enterprises Co., Ltd.	-	-	-	-

Note 1: The Company's Chairman of the Board and President are the same person. This is mainly because Chairman of the Board Tsao, Hsien-Chang, who has years of experience in, and solid and specialized capability of, business administration in the interior decoration industry, possesses the leadership and decision-making capability and industry knowledge that serve as vital business strategic guidance for the Company. The number of directors who are concurrently an employee or a manger does not exceed the total number of directors. In the future, the Company will find a successor to the President.

Note 2: Mr. Tsai, Sheng-Hang was promoted to deputy general manager on March 12, 2024.

(IV) Remuneration paid to directors, supervisors, and principal managers in the most recent year

1. Directors' Remuneration

December 31, 2023; Unit: NT\$1,000; %

Job title	Name	Directors' remuneration								The ratio of the sum of A, B, C, and D to post-tax profits (%)		Remuneration received for concurrently serving as an employee								The sum of A, B, C, D, E, F, and G and its percentage ratio to post-tax profits		Whether received remuneration from an investee other than a subsidiary		
		Remuneration (A)		Retirement pay and pension(B)		Directors' compensation (C)		Expenses and perquisites (D)				Salary, rewards, and special disbursements(E)		Retirement pay and pension(F)		Employee compensation (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 of the Board	Tsao, Hsien-Chang	0	0	0	0	0	0	29	29	29/0.01	29/0.01	1,645	1,645	0	0	0	0	0	2,423	0	2,423	4,097/1.65	4,097/1.65	None
Director	Huang Tian-Hua	432	432	0	0	0	0	25	25	457/0.18	457/0.18	0	0	0	0	0	0	0	0	0	0	457/0.18	457/0.18	None
Director	Lin Da-Zheng	612	612	0	0	0	0	29	29	641/0.26	641/0.26	0	0	0	0	0	0	0	0	0	0	641/0.26	641/0.26	None
Director	Tsao, Ya-Lin	0	0	0	0	0	0	29	29	29/0.01	29/0.01	989	989	38	38	0	1,373	0	1,373	2,429/0.98	2,429/0.98	None		
Independent director	Zheng Chun-Ren	432	432	0	0	0	0	29	29	461/0.19	461/0.19	0	0	0	0	0	0	0	0	0	0	461/0.19	461/0.19	None
Independent director	Zheng Hong-Hui	432	432	0	0	0	0	29	29	461/0.19	461/0.19	0	0	0	0	0	0	0	0	0	0	461/0.19	461/0.19	None
Independent director	Yang Hao-Ming	432	432	0	0	0	0	29	29	461/0.19	461/0.19	0	0	0	0	0	0	0	0	0	0	461/0.19	461/0.19	None
Independent director	Liu, Tin-Hsuan	216	216	0	0	0	0	14	14	230/0.09	230/0.09	0	0	0	0	0	0	0	0	0	0	230/0.09	230/0.09	None
<p>1.Please describe the policy, system, standards and structure in place for paying remuneration to directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of remuneration paid:</p> <p>According to the Articles of Association of the Company, the remuneration of all directors is authorized by the Board of Directors based on the degree of their participation in the Company's operations and the value of their contribution, and with reference to the usual standards in the industry. Consider that all independent directors have external professional experience and regularly participate in the board of directors provides its professional insights, so in addition to the current fixed monthly salary system, the board of directors will also evaluate their performance every year in accordance with the performance evaluation methods for directors and managers.</p> <p>2.In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g. for serving as a non-employee consultant to the parent company/any consolidated entities/invested enterprises): None</p>																								

2. Supervisor's remuneration: N/A



### 3. Remuneration to the President and Vice President

December 31, 2023; Unit: NT\$1,000; %

Job title	Name	Salary (A) (Note 1)		Retirement pay and pension(B) (Note 2)		Salary, rewards, and special disbursements(C) (Note 3)		Employee profit-sharing compensation (D) (Note 4)				The ratio of the sum of A, B, C, and D, and its ratio to post-tax profits		Whether received remuneration from an investee other than a subsidiary (Note 5)
		The Company	All consolidated entities (Note 6)	The Company	All consolidated entities (Note 6)	The Company	All consolidated entities (Note 6)	The Company		All consolidated entities (Note 6)		The Company	All consolidated entities (Note 6)	
								Amount in cash	Amount in stock	Amount in cash	Amount in stock			
Chairman of the Board and President	Tsao, Hsien-Chang	1, 303	1, 303	–	–	371	371	–	2, 423	–	2, 423	4, 097 1. 65%	4, 097 1. 65%	None

Note 1: This includes salary, duty allowances, and severance pay to managers above the Vice President level.

Note 2: Pension contributed as required by law.

Note 3: This includes the amount of remuneration, incentives, travel expenses, special disbursements, stipends of any kind, and facilities such as accommodations or vehicle provided to managers at or above the vice president level who serve as a corporate director or supervisor of the Company or its subsidiary, plus each type of monetary rewards offered to them.

Note 4: Additionally, salary expenses recognized as share-based payment under IFRS 2 – including employee share subscription warrants, new restricted employee shares, and participation in share subscription under a rights offering, etc. – should be included in the calculation of remuneration.

Note 5: None of the Company's manager who is at or above the vice president level is a director, supervisor, or manager of an investee other than a subsidiary.

Note 6: Total remuneration paid to managers at or above the vice president level of all consolidated entities (including the Company).

#### 4. Managerial officers with the top five highest remuneration amounts in a TWSE/TPEX-listed company (disclose their names and remuneration method)

(Note 1)

Title	Name	Salary(A) (Note 2)		Severance Pay (B)		Bonuses and Allowances (C) (Note 3)		Employee Compensation (D) (Note 4)				Ratio of total compensation (A+B+C+D) to net income (%) (Note 6)				Remuneration from ventures other than subsidiaries or from the parent company (Note 7)
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements (Note 5)		The company		Companies in the consolidated financial statements		
								Cash	Stock	Cash	Stock	Total	(%)	Total	(%)	
Vice President (Note 2)	Tsai, Sheng-Hang	1, 121	1, 121	60	60	437	437	-	5, 655	-	5, 655	7, 273	2. 93	7, 273	2. 93	None
General Manager	Peng, Sheng-Shiang	1, 014	1, 014	55	55	353	353	-	7, 270	-	7, 270	8, 692	3. 50	8, 692	3. 50	None
Director	syu, wei-jhen	-	904	-	94	-	694	-	-	-	4, 877	-	-	6, 569	2. 64	None
Director	Hou, Jyun-yu	1, 014	1, 014	58	58	175	175	-	4, 039	-	4, 039	5, 286	2. 13	5, 286	2. 13	None
Director	wun, cin	-	807	-	94	-	445	-	-	-	2, 764	-	-	4, 110	1. 65	None

Note 1: Managerial officers with the top five highest remuneration amounts refers to managers at the Company, in which the standard for determining managers is the applicable scope set forth in Order Tai-Cai-Zheng-San-Zi No. 0920001301 from the former Securities and Futures Commission, Ministry of Finance dated March 27, 2003. The top five highest remuneration amounts are determined based on the sum of salaries, severance pay, bonuses and allowances, and employee compensation received by a managerial officer from all companies in the consolidated financial statements (i.e., A+B+C+D).

Note 2: Refers to the salaries, duty allowances, and severance pay paid to the managerial officers with the top five remuneration amounts in the most recent year.

Note 3: Refers to the remuneration paid to the managerial officers with the top five remuneration amounts, including various bonuses, incentives, travel expenses, special disbursements, allowances, accommodation, company car, other physical items, other compensations, etc., in the most recent year. Where housing, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the offered assets, the actual rent or fair market rent, fuel expenses, and other benefits shall be disclosed. In addition, where a driver is provided, please provide an explanation in the notes on the compensation paid to the driver by the Company, but not calculating as remuneration. The salaries recognized in accordance with IFRS 2 "Share-based Payment," including the share subscription warrants issued to employees, new restricted stock award shares issued to employees, and employee stock at cash capital increase, shall also be calculated as remuneration.

Note 4: Refers to the amount of employee compensation (including stock and cash) approved by the Board of Directors for managerial officers with the top five remuneration amounts in the most recent year. If the amount of employee compensation cannot be estimated this year, the proposed amount should be calculated based on the actual amount and ratio distributed last year.

Note 5: The total remuneration paid by all companies in the consolidated statements (including the Company) to managerial officers with the top five highest remuneration amounts must be disclosed.

Note 6: The net income after-tax refers to the net income after-tax in the standalone financial statements for the most recent year.

Note 7: a. Specify the amount of remuneration received by managerial officers with the top five remuneration amounts from ventures other than subsidiaries or from the parent company in this field (Please fill in "None" if none).

b. The remuneration means pay, compensation (including compensation of employees, directors and supervisors) and business expenses received by managerial officers with the top five remuneration amounts who are serving as a director, supervisor or manager of ventures other than subsidiaries or of the parent company.

\* The remuneration disclosed in the table is different from income as defined in the Income Tax Act. This table is therefore provided for disclosure only and is not used for taxation purposes.

## 5. Name of managers who received employee compensation and status of distribution

Unit: NT\$ thousands

Job title (Note 1)	Name (Note 1)	Amount in stock (Note 2)	Amount in cash (Note 2)	Total	Total amount as a percentage of post-tax profits (%) (Note 3)
Chairman of the Board and President	Tsao, Hsien-Chang	17,287	-	17,287	6.95
Vice President	Tsai, Sheng-Hang				
Assistance Management Department	Peng, Sheng-Shiang				
Senior Deputy Manager, Financial and Admin. Unit	Lin, Mei-Wen				

Note 1: These are the managers who were still with the Company as of the end of 2023; the job titles reflect the data as of the publication date of this annual report.

Note 2: This is the employee compensation for 2023 that was approved by the Board of Directors in 2024.

Note 3: Post-tax profits reflect the figures in the parent company only financial statements for 2023.

6. Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, general managers, and assistant general managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

(1) Total remuneration paid to directors, supervisors, the president, and vice presidents in the past two years as a percentage of post-tax profits:

Unit: NT\$ thousands

Item Job title	2022				2023			
	Total remuneration		As a percentage of post-tax profits (%)		Total remuneration		As a percentage of post-tax profits (%)	
	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities
Director	11,948	12,241	3.07%	3.14%	9,237	9,237	3.72%	3.72%
President and Vice Presidents								
Post-tax profits	389,694	389,694	-	-	248,604	248,604	-	-

(2) Remuneration policies, standards, and packages, the procedure for determining remuneration, and its link to operating performance and future risk exposure:

- A. Directors: According to Article 19 of the Company's Articles of Incorporation, the Board of Directors shall determine the remuneration to directors for performing their duties based on the level of engagement and contribution of individual directors, and with reference to the general level of the industry in the same industry; and in addition, according to Article 19 of the Company's Articles of Incorporation, no more than 2% of the profits shall be allocated as remuneration to directors. Independent directors do not participate in the distribution of remuneration to directors. The Company regularly evaluates directors' remuneration in

accordance with the “Regulations Governing the Performance of the Board of Directors,” and all performance evaluations and the reasonableness of the remuneration have been reviewed by the Remuneration Committee and the Board of Directors.

B. General Manager and Assistant General Managers: The appointment, dismissal, and remuneration of the General Manager and Assistant General Managers of the Company shall be handled in accordance with the regulations of the Company. Remuneration to the Company’s General Manager and Assistant General Managers includes salaries, bonuses, and employee bonuses, and is determined based on the positions held, responsibilities undertaken and their contributions to the Company, and with reference to the general level of the industry in the same industry, and after review by the Remuneration Committee, submitted to the Board of Directors for approval before implementation. In addition, if the Company makes a profit in the current year, in accordance with Article 19 of the Articles of Incorporation of the Company, no less than 2% shall be appropriated as remuneration to employees.

C. Link to Operating Performance and Future Risk

The salaries and remunerations for the Company’s managers include fixed remuneration and variable remuneration. Fixed remuneration is determined according to the position held, educational experience, professional seniority, and with reference to the peer level, and is positively linked to the operating performance. Moreover, there is appropriate control, so the correlation between the remuneration policy and the future risk is low. The Company has formulated the “Performance Reward Plan,” whereby variable remuneration is determined based on the Company’s operating performance in a given year, financial position, and personal performance. The criteria for evaluating personal performance includes not only the Company’s operating goals, e.g. indicators of operating revenue and profits in the financial respect, but also strategic and performance goals in the non-financial respect, e.g. indicators of technological innovation, research and development, and customer service and management, so as to attain a reference for determining managers’ rewards.

### III. Corporate Governance Implementation

(I) Information on the state of operation of the Board of Directors

In 2023, the Board of Directors held a total of 8 meetings (A), Below is the state of attendance of directors:

Job title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) (B/A) (Note)	Remark
Chairman of the Board	Tsao, Hsien-Chang	8	0	100%	-
Director	Huang, Tien-Hua	7	1	87.5%	-
Director	Lin, Ta-Theng	8	0	100%	-
Director	Tsao, Ya-Lin	8	0	100%	-
Independent Director	Cheng, Chun-Jen	8	0	100%	-
Independent Director	Cheng, Hung-Hui	8	0	100%	-
Independent Director	Yang, Hao-Ming	8	0	100%	-
Independent Director	Liu, Tin-Hsuan	4	0	100%	Take office on 2023.6.28
Other information required to be disclosed:					

- I. If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors:
- (I) Any matter under Article 14-3 of the Securities and Exchange Act.
- The Company has established an audit committee, so the matters listed in Article 14-3 of the Securities and Exchange Act do not apply. For relevant information, please refer to "(2) Operations of the Audit Committee" on page 26 of this annual report.
- (II) In addition to the matters referred to above, any dissenting or qualified opinion of an independent director that is on record or stated in writing with respect to any board resolution: None.
- II. The status of implementation of recusals of directors with respect to any motions with which they may have a conflict of interest: specify the director's name, the content of the motion, the cause for recusal, and whether and how the director voted: For directors' recusal from the discussion and resolution involving their remuneration, see the following table.
- The company completed the performance evaluation of the board of directors, individual director members and functional committees in December 2023.  
Evaluation results reported at the board meeting on March 12, 2024

Name of director	Date	Motion content	Reason for recusal	Participation in voting
Tsao, Hsien-Chang Lin, Ta-Theng Tsao, Ya-Lin	2023/01/10	Review of the proposal to distribute Lunar New Year cash gifts to managers of 2022. Proposal to distribute compensation to employees and directors of 2022.	Chairman of the Board Mr. Tsao, Hsien-Chang and Director Lin, Ta-Theng concurrently serve as the Company's manager and director; Miss Tsao, Ya-Lin is a first degree relative by blood of Chairman of the Board Mr. Tsao, Hsien-Chang. They recused themselves from the motions where their personal interest was involved.	All directors present approved the proposal as proposed when being consulted by the acting chair.
	2023/05/09	Proposal to review the distribution of employee bonus to managers of the first quarter of 2023 The company's managers' salary increase case.		
	2023/08/09	Proposal to review the distribution of employee bonus to managers of the second quarter of 2023		
	2022/11/07	Proposal on the distribution of employee bonus to managers of the third quarter of 20223 The company's first repurchase of treasury shares in 2020 and the third employee transfer case		

- III. For a TWSE or TPEX listed company, disclose information including the evaluation cycle and period(s) of the board of directors' self-evaluations (or peer evaluations) and the evaluation method and content. Additionally, complete the Table – Implementation of Evaluations of the Board of Directors.

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Item	State of execution
Executed annually	2023/01/01~2023/12/31	Board of Directors performance evaluation	Board of Directors performance self-evaluation	A. Extent of participation in the Company's operations B. Improvement in the Board of Directors' decision-making quality C. Board of Directors composition and structure	The Board of Directors operates well. According to members of the evaluation committee, the Board of Directors

				D. Election and continuing education of directors E. Internal control	operates in a sound manner and should maintain good operation.
			Self-evaluation by individual members of the Board of Directors	A. Grasp of company goals and tasks B. Understanding of directors' duties C. Extent of participation in the Company's operations D. Internal relationship management and communication E. Professionalism and continuing education of directors F. Internal control	The Board of Directors operates well. According to members of the Board of Directors, the Board of Directors operates in a sound manner and should maintain good operation.
		Evaluation of the performance of the functional committees	Self-evaluation of the performance of the functional committees	A. Extent of participation in the Company's operations B. Understanding of the duties of the functional committees. C. Improvement in the decision-making quality of the functional committees. D. functional committees composition and election of members E. Internal control	The functional committees operates well, and should maintain good operation.

Performance evaluation results:

- In 2023, the total performance evaluation score of the board of directors, individual board members and functional committee members reached more than 95 points, and the functions of the board of directors and various committees are operating smoothly. The results of the evaluation report have been disclosed on the company's website.
  - Based on the results of this performance evaluation, the company will continue to improve the functions of the board of directors, individual director members and functional committees to improve the effectiveness of corporate governance.
  - The company's directors actually attended the board of directors (excluding proxy attendance), and the attendance rate reached 98.33%; the attendance rate of each functional committee reached 100%.
- IV. Give an evaluation of the targets that were adopted for strengthening of the functions of the board during the current and immediately preceding fiscal years (e.g. establishing an audit committee, increasing information transparency) and the evaluation of implementation status:
- Upholding the principle of maximizing shareholders' equity, members of the Company's Board of Directors are accountable to the Company and the Shareholders' Meeting; fulfill the duties expected of a good administrator, as well as fiduciary duty; give instructions on company strategy and supervise the management; and exercise their powers in a highly discipline and prudent manner according to the Shareholders' Meeting's resolutions, laws and by-laws, and the Company's Articles of Incorporation.
  - The Company set up the Audit Committee on December 28, 2017; the Audit Committee is responsible for excising the powers vested in them by the Securities and Exchange Act, the Company Act, and other laws or directives. For the operation status of the Audit Committee, see p.27 of this annual report.
  - The Company set up the Remuneration Committee on October 17, 2017; the Remuneration Committee is responsible for regularly evaluating and formulating the remuneration for directors and managers; regularly reviewing the evaluation of the performance of directors and managers; and



regularly reviewing the policy, system, standard, and structure of remuneration. For the operation status of the Remuneration Committee, see p.42 of this annual report.

- The company established a risk management committee on November 9, 2022 to implement the risk management decisions of the board of directors and regularly review the development, establishment and execution effectiveness of the company's overall risk management mechanism. Review early warnings on major risk issues and review and response measures for loss events. As required by Article 26-3, Paragraph 8 of the Securities and Exchange Act, the Company has formulated its "Regulations Governing Procedure for Board of Directors Meetings"; the main agenda items, operational procedures, required content of meeting minutes, public announcements, and other compliance requirements for board meetings shall be handled in accordance with these Regulations. For the operation of the Remuneration Risk Management Committee, please refer to p.44 of this annual report.
- The company proactively provides various types of further training courses, and also actively encourages participation in various corporate governance courses and regularly arranges lecturers to give lectures to the company to strengthen the functions of board members. In 2023, a total of 8 directors will receive further training for a total of 54 hours. (Refer to Appendix 2 for director training status in 2023).

## (II) Information on the operation of the audit committee

### 1. Audit Committee Responsibilities

The company's audit committee is composed of four independent directors to oversee the fair presentation of the company's financial statements, the selection and dismissal of certified accountants, their independence and performance, the effective implementation of the company's internal controls, the company's compliance with relevant laws and regulations, the company's existing or potential. The main purpose of the risk control mechanism is to consider the following matters:

- (1) Annual and quarterly financial reports signed or sealed by the chairman, managers and accounting director.
- (2) Develop or amend internal control systems.
- (3) Assessment of the effectiveness of the internal control system.
- (4) Major financial matters such as acquiring or disposing of assets, engaging in derivatives transactions, lending funds to others, endorsing or providing guarantees for others

Processing procedures for business actions.

- (5) Matters involving directors' own interests.
- (6) Significant asset or derivatives transactions.
- (7) Significant capital loans, endorsements or guarantees.
- (8) Raising, issuing or privately placing securities of an equity nature.
- (9) Appointment, dismissal or remuneration of certified accountants.
- (10) Appointment and removal of finance, accounting or internal audit managers
- (11) Business reports and proposals for profit distribution or loss compensation.
- (12) Other major matters stipulated by the company or the competent authority.

### 2. Operation of the Audit Committee

The number of audit committee meetings held in the most recent fiscal year was 7 (A); the attendance by the independent directors was as follows:

Job title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) (B/A)	Remark
Independent Director	Cheng, Chun-Jen	7	-	100%	-
Independent Director	Cheng, Hung-Hui	7	-	100%	-

Independent Director	Yang, Hao-Ming	7	-	100%	-
Independent Director	Liu,Tin-Hsuan	4	-	100%	Take office on 2023.6.28
Other information required to be disclosed:					
I. If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee:					
(I) Any matter under Article 14-5 of the Securities and Exchange Act.					
Date	Meeting title	Content			The opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors
2023/03/15	The 10 <sup>th</sup> meeting of the 3 <sup>th</sup> session	The company plans to buy back treasury shares and transfer them to employees. As of the end of December 2022, the company has transferred the accounts receivable of each subsidiary to the amount of funds loaned to others. The company’s first repurchase of treasury shares in 2020 and the second transfer of employees.			Approved and passed by all committee members
2023/03/28	The 11 <sup>th</sup> meeting of the 3 <sup>th</sup> session	2023 Operating Plan and Annual Budget The company's 2022 financial statements and business report. The Company’s 2022 Internal Control System Statement. 2023 visa accountant appointment and accountant independent situation assessment case. Proposed revision of the company’s “sales and collection cycle” case. Updated the Company's "General Principles for Pre-Approval of Uncertain Service Policies". Proposal to amend the company’s “Measures for Buying Back Shares and Transferring Employees” Proposal to amend the company's "Articles of Association" Proposal to amend the company's "Standards of Procedure for Shareholders' Meetings" As of the end of March 2023, the company's accounts receivable of each subsidiary were transferred to the amount of funds loaned to others.			
2023/05/09	The 12 <sup>th</sup> meeting of the 3 <sup>th</sup> session	The Company’s Profit Distribution Plan for the Second Half of 2022. The Company’s Profit Distribution Plan for 2022. The Company’s Financial Report for the First Quarter of 2023.			



		<p>As of the end of April 2023, the company's accounts receivable of each subsidiary were transferred to the amount of funds loaned to others.</p> <p>Proposal to amend the company's "Articles of Association".</p> <p>Proposal to amend the company's "Corporate Governance Practice Code".</p> <p>Proposal to amend the company's "Integrity Management Standards" and "Integrity Management Operating Procedures and Code of Conduct".</p> <p>Proposal to amend the company's "Code of Ethical Conduct".</p> <p>Proposed revision of the company's "Procurement and Payment Cycle".</p>	
2023/06/28	The 13 <sup>th</sup> meeting of the 3 <sup>th</sup> session	<p>Factory construction project.</p> <p>Proposal to amend the company's "Approval Authority List (Approval Standards for Various Operations)".</p> <p>As of the end of May and June 2023, the company transferred the accounts receivable of each subsidiary to the amount of funds loaned to others.</p>	
2023/08/09	The 14 <sup>th</sup> meeting of the 3 <sup>th</sup> session	<p>The Company's Financial Report for the Second Quarter of 2023.</p> <p>As of the end of July 2023, the company has transferred the accounts receivable of each subsidiary to the amount of funds loaned to others.</p>	
2023/10/03	The 15 <sup>th</sup> meeting of the 3 <sup>th</sup> session	<p>The Company's Profit Distribution Plan for the First Half of 2023.</p> <p>As of the end of August and September 2023, the company transferred the accounts receivable of each subsidiary to the amount of funds loaned to others.</p>	
2023/11/07	The 16 <sup>th</sup> meeting of the 3 <sup>th</sup> session	<p>The Company's Financial Report for the Third Quarter of 2023.</p> <p>As of the end of October 2023, the company has transferred the accounts receivable of each subsidiary to the amount of funds loaned to others.</p> <p>The company's 2024 annual audit plan.</p> <p>The company's first repurchase of treasury shares in 2020 and the third employee transfer case.</p> <p>Proposal to amend the company's "Corporate Governance Practice Code".</p> <p>Formulating the company's "Intellectual Property Rights Management Measures".</p> <p>Proposal to amend the company's "Internal Major Information Processing and Prevention of Insider Trading Management Procedures".</p> <p>Proposal to amend the company's "Operating Procedures for Fund Loans to Others".</p> <p>It is proposed to abolish the company's "Operation Rules for Group Enterprises, Specific Companies</p>	

		and Related Party Transactions" and "Regulations for the Management of Related Party Transactions" and to re-formulate the "Operation Rules for Financial Business Between Related Parties".																									
<p>(II) In addition to the matters referred to above, any matter that was not approved by the audit committee but was approved by two-thirds or greater majority resolution of the board of directors: None.</p> <p>II. Implementation of recusals of independent directors with respect to any motions with which they may have a conflict of interest: specify the independent director's name, the content of the motion, the cause for recusal, and whether and how the independent director voted: None.</p> <p>III. Communication between the independent directors and the chief internal audit officer and the CPAs that serve as external auditor (including any significant matters communicated about with respect to the state of the company's finances and business and the method(s) and outcomes of the communication):</p> <ul style="list-style-type: none"> <li>● The Company regularly holds an Audit Committee meeting and, if need be, invites CPAs, audit officer, and related officers to attend the meeting in a non-voting capacity.</li> <li>● As required by Article 3 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies", each department of the Company carries out self-evaluation of the internal control system every year. An internal audit report is issued monthly and submitted first to the Chairman of the Board for review and then to the independent directors for reference. In addition, the chief internal auditor reports to the Board of Directors on the implementation of the audit work every quarter. Independent directors and the chief internal auditor also keep in touch with each other.</li> </ul> <p>Summary of regular communication in 2023:</p> <table> <tr> <th>Date</th><th>Communication method</th><th>Communication item</th><th>Communication results</th></tr> <tr> <td>2023/03/15</td><td>Audit Committee</td><td>1. Report on the results of implementation of review and revision of the internal audit paperwork procedures. 2. Implementation of the audit work in the fourth quarter of 2022.</td><td>1. Independent directors were informed. 2. No objection to the audit conclusion.</td></tr> <tr> <td>2023/03/28</td><td>Audit Committee</td><td>Results of the self-evaluation of internal control system of 2022, and the implementation status of the "Statement of the Internal Control System."</td><td>The Statement of Internal Control System of 2022 was approved by the Audit Committee, submitted to and passed by the Board of Directors, and disclosed on the website designated by the competent authority within the specified time frame.</td></tr> <tr> <td>2023/05/09</td><td>Audit Committee</td><td>Implementation of the audit work in the first quarter of 2023.</td><td>No objection to the audit conclusion.</td></tr> <tr> <td>2023/08/09</td><td>Audit Committee</td><td>Implementation of the audit work in the second quarter of 2023.</td><td>No objection to the audit conclusion.</td></tr> <tr> <td>2023/11/07</td><td>Audit Committee</td><td>Implementation of the audit work in the third quarter of 2023.</td><td>No objection to the audit conclusion.</td></tr> </table>				Date	Communication method	Communication item	Communication results	2023/03/15	Audit Committee	1. Report on the results of implementation of review and revision of the internal audit paperwork procedures. 2. Implementation of the audit work in the fourth quarter of 2022.	1. Independent directors were informed. 2. No objection to the audit conclusion.	2023/03/28	Audit Committee	Results of the self-evaluation of internal control system of 2022, and the implementation status of the "Statement of the Internal Control System."	The Statement of Internal Control System of 2022 was approved by the Audit Committee, submitted to and passed by the Board of Directors, and disclosed on the website designated by the competent authority within the specified time frame.	2023/05/09	Audit Committee	Implementation of the audit work in the first quarter of 2023.	No objection to the audit conclusion.	2023/08/09	Audit Committee	Implementation of the audit work in the second quarter of 2023.	No objection to the audit conclusion.	2023/11/07	Audit Committee	Implementation of the audit work in the third quarter of 2023.	No objection to the audit conclusion.
Date	Communication method	Communication item	Communication results																								
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2023/03/28	Audit Committee	Results of the self-evaluation of internal control system of 2022, and the implementation status of the "Statement of the Internal Control System."	The Statement of Internal Control System of 2022 was approved by the Audit Committee, submitted to and passed by the Board of Directors, and disclosed on the website designated by the competent authority within the specified time frame.																								
2023/05/09	Audit Committee	Implementation of the audit work in the first quarter of 2023.	No objection to the audit conclusion.																								
2023/08/09	Audit Committee	Implementation of the audit work in the second quarter of 2023.	No objection to the audit conclusion.																								
2023/11/07	Audit Committee	Implementation of the audit work in the third quarter of 2023.	No objection to the audit conclusion.																								

- The results of the audit of financial statements and other mandatory communication items interchange between the Audit Committee and the Company's attesting CPAs semi-annually.

Summary of regular communication in 2023:

Date	Communication item	Communication results
2023/03/28	CPAs' reporting on the review of the Company's consolidated financial statements for 2022. The consolidated financial statements for the 2022. Communication on the key audit matters in the independent auditors' report. CPAs discussed and communicated with personnel present at the meeting on the questions they raised. Material changes in laws and regulations.	Approved by the Audit Committee, submitted to and approved by the Board of Directors, and disclosed and filed with the competent authority in time.
2023/11/07	CPAs' reporting on the review of the Company's consolidated financial statements for the nine months ended September 31, 2023. The consolidated financial statements for the 9 months ended September 31, 2023 Communication on the key audit matters in the independent auditors' report. CPAs discussed and communicated with personnel present at the meeting on the questions they raised. Reminder about the applicability of laws and regulations.	Approved by the Audit Committee, submitted to and approved by the Board of Directors, and disclosed and filed with the competent authority in time.

(III) Supervisors' participation in the operation of the Board of Directors: The Company reelected independent directors and substituted the Audit Committee for the supervisor system at the extraordinary shareholders' meeting in 2017.

(IV) Corporate Governance – Implementation Status and Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Evaluation Items	The State of Operation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
I. Has the Company formulated and disclosed its Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best Practice Principles for	V		The Company has formulated its "Corporate Governance Best Practice Principles" and disclosed the same on its official website and the Market Observation Post System.	No significant deviation.

Evaluation Items	The State of Operation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPE x Listed Companies and the Reasons
	Yes	No	Summary Description	
TWSE/TPE x Listed Companies?				
II. Shareholding Structure and Shareholders' Rights				No significant deviation.
(I) Has the Company established internal operating procedures to handle shareholder recommendations, doubts, disputes and litigations, and implemented them in accordance with the procedures?	V		1. The Company has set up multiple channels, e.g. the spokesperson and acting spokesperson mechanism, spokesperson's email address, and the Company's Investor Relations website. Furthermore, the Company also designates a stock affairs agency to handle shareholder suggestions and dispute.	
(II) Does the Company have a list of the major shareholders who actually control the Company and those who ultimately have control over the major shareholders?	V		2. The Company and its stock affairs agency regularly grasps the Company's major shareholders and their ultimate controllers. In addition, as required by Article 25 of the Securities and Exchange Act, the Company discloses and reports any changes in MOPS every month, so as to fully grasp major shareholders.	
(III) Has the Company established and implemented risk control and firewall mechanisms between affiliated companies?	V		3. The Company has formulated the "Regulations Governing Transactions between Group Entities, Specific Companies, and Related Parties" and "Regulations for Supervision of Subsidiaries," which specify the regulations for management of personnel and assets between the Company and associates. Furthermore, the Company effectively controls risks by implementing the internal control system and the internal audit system.	
(IV) Has the Company formulated internal	V		4. The Company has formulated its "Procedures for Handling Material Inside Information and	

Evaluation Items	The State of Operation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPE x Listed Companies and the Reasons
	Yes	No	Summary Description	
regulations to prevent insiders from trading securities using undisclosed information on the market?			Prevention of Insider Trading,” which specifies the matters related to prevent insider trading and has been disclosed on the Company’s website.	
<b>III. Board of Directors Composition and Duties</b> (I) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	V		1. According to the Company’s “Corporate Governance Best Practice Principles,” the composition of the Board of Directors membership must factor in diversification. Accordingly, a diversification policy was formulated based on its operations, business model, and development policy, including basic criteria and values: age, gender, and other professional knowledge of competency, e.g. professional background, professional skills, and industry experience. For instance, the incumbent directors differ from one another in terms of gender, age, and professional knowledge.	No significant deviation.
(II) In addition to the Remuneration Committee and the Audit Committee established in accordance with law, has the company voluntarily set up other functional committees?	V		2. The company has established a salary and remuneration committee and audit in accordance with the law. Committee, and established the "Risk Management Committee", which was established through the resolution of the board of directors on November 9, 2022. It is responsible for the policies, systems or related management guidelines and specific promotion plans of risk management. It has 4 members and reports to the directors regularly. Implementation status and results. In the future, various functional committees will be established in accordance with legal regulations and in line with the company's	

Evaluation Items	The State of Operation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPE x Listed Companies and the Reasons
	Yes	No	Summary Description	
(III) Has the Company established its Rules for Performance Evaluation of Board of Directors and the evaluation methods, conducted the performance appraisal regularly every year and provided the results to the board as the reference for directors' remuneration and nomination and renewal?	V		<p>actual development needs.</p> <p>3. The Company enacted the "Rules for Self-Evaluation or Peer Evaluation of the Board of Directors" on November 12, 2020. Performance evaluations are conducted on a yearly basis by means of questionnaires, with the results of the performance evaluations reported to the Board of Directors according to the regulations. The results of the above performance evaluation will be used as the reference for the selection or nomination of directors, and the performance evaluation results of directors and functional committee members will be used as the reference for determining their individual compensation and remuneration. After all questionnaires are collected in January each year, the Company's Administration Department will analyze and report the results to the Board of Directors in accordance with the above procedures. The Company will also propose corrective actions for the directors' suggestions.</p> <p>The Company completed the performance evaluation of the Board of Directors and its members, the Remuneration Committee and the Audit Committee in January 2024. The results of the evaluation and the direction of continuous improvement for next year will be reported during the board meeting held on March 12, 2024. If the evaluation scores for the current year between 96.70 and 99.79, it is considered fair.</p>	
(IV) Does the company regularly evaluate the independence of attesting CPAs?	V		<p>4 The Audit Committee assesses the independence and suitability of its appointed CPAs on a yearly basis. In addition to requiring the CPAs to provide a "Declaration of Independence" and "Audit Quality Indicators (AQIs)," the Audit</p>	



Evaluation Items	The State of Operation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPE x Listed Companies and the Reasons
	Yes	No	Summary Description	
			<p>Committee also conducts its evaluation according to the standards as listed in Table 1 and those 13 AQIs. It was confirmed that the CPAs –Pi-Yu Chuang, and Se-jong Wu had no financial interests or business relationship with the Company in the past two years, except for the expenses incurred in the certification and taxation cases, and the family members of the CPAs did not violate the requirements of independence. With reference to the AQI indicators, it was confirmed that the audit experience and training hours of the CPAs and the firm were both better than the industry average. In addition, we will continue to introduce digital audit tools in future three years, in order to improve the audit quality. The evaluation results for the latest year were discussed and approved by the Audit Committee on March 12, 2024, and submitted to the Board of Directors on March 12, 2024 and resolved to evaluate the independence and suitability of the CPAs.</p>	

<p>IV. Has the public company allocated qualified and sufficient number of personnel and appointed managers in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors and supervisors, assisting directors and supervisors to comply with laws, handling matters relating to board meetings and shareholders' meetings according to laws, handling matters relating to business registration and registration modification, recording minutes of board meetings and shareholders' meetings)?</p>	<p>V</p>	<p>At the Board of Directors meeting dated October 5, 2021, the Company appointed Lin, Mei-Wen, deputy manager of the Financial and Admin. Unit, as the Director of Corporate Governance, who shall carry out mandatory matters, e.g. organizing the Board of Directors meetings, Audit Committee meetings, Remuneration Committee meetings and Shareholders' Meetings; assisting directors in taking office and continuing education; providing directors with materials necessary for them to carry out their duties; assisting directors in compliance with laws and regulations; and reporting the operation of corporate governance to the Board of Directors annually.</p> <p>Below is the implementation of work in 2023:</p> <ol style="list-style-type: none"> <li>1. Assisted independent directors and general directors in carrying out their duties; provided the materials required; and organized continuing education courses for directors.</li> <li>2. Regularly informed the Board of Directors members of the latest amendment or development of laws or regulations pertaining to corporate governance or the Company's operations.</li> <li>3. Reviewed the confidential level of relevant information and provided the information needed by directors; maintained smooth communication and interchange of information between directors and the heads of the various business.</li> <li>4. Reviewed material resolutions after the Board of Directors meeting that are required to be disclosed, so as to ensure the legality and correctness of the disclosed material information, thereby ensuring investors' equal access to transaction information.</li> <li>5. All Board of Directors members took at least 6 credits of continuing education courses.</li> <li>6. In 2023 a total of 8 Board of Directors meetings and 7 Audit Committee meetings were held.</li> <li>7. In 2023 a total of 1 Annual Shareholders' Meeting and 1 Extraordinary Shareholders' Meeting were held.</li> </ol> <p>Below are the continuing education courses taken by the Director of Corporate Governance:</p>	<p>No significant deviation.</p>
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<div></div>	<div></div>	<div></div>	Organizer	Course name	Continuing education period	Hours
			The Institute of Internal Auditors-Chinese Taiwan	Analysis of business performance and risk prevention through financial statements	2023/09/14	6
			Taiwan Corporate Governance Association	How to discuss board meetings? Practical sharing on common deficiencies in the operation of board meetings of listed companies	2023/09/15	3
			Taiwan Project Management Association	Refresher courses for listed directors and supervisors - big data analysis and corporate governance	2023/09/26	6

Evaluation Items	The State of Operation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPE x Listed Companies and the Reasons
	Yes	No	Summary Description	
V. Has the company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers) and a special section for stakeholders on the company's website, and responded appropriately to important corporate social responsibility issues that are of concern to stakeholders?	V		In addition to designating a spokesperson and an acting spokesperson, the Company has also set up an email box on its company website to provide a communication channel at the disposal of stakeholders. Aside from properly responding to the corporate social responsibility issues concerning stakeholders, the Company has also disclosed its financial and business information on its company website and the MOPS. Material information will also be announced in the case of an event that might impact stakeholders.	No significant deviation.
VI. Has the company appointed a professional stock affairs agency to handle matters for shareholders' meetings?	V		The Company has commissioned the Agency Department of CTBC Bank, a professional stock affairs agency, to handle its stock affairs.	No significant deviation.
VII. Information Disclosure (I) Has the Company set up a website to disclose finance and business matters and corporate governance information? (II) Has the Company adopted other means of information disclosure (such as setting up an English website, appointing dedicated personnel responsible for the collection and disclosure of Company information, implementing a spokesperson system, and posting the Company's earnings calls on its website)?	V  V		1. The Company has set up an Investors' Zone on its company website where its business and financial information as well as corporate governance information is disclosed.  2. The Company has set up a company website in the English language; designated personnel dedicated to disclosing information to the public and handling online declaration work; regularly and irregularly held investors' conferences and uploaded the presentation materials to the Company's website; and established a spokesperson system through which shareholders and stakeholders can obtain the consultation they need.	No significant deviation.

Evaluation Items	The State of Operation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPE x Listed Companies and the Reasons
	Yes	No	Summary Description	
(III) Does the Company publish and make official filing of annual financial report within two months after the end of an accounting period, and publish/file Q1, Q2 and Q3 financial reports along with the monthly business performance statements before the required due dates?		V	3. As required by law, the Company announces and files its annual financial statements within three months after the end of each fiscal year, and files the financial reports for each quarter and the operating performance for each month in time at regular intervals.	
VIII. Does the company have other important information that is helpful to understand its implementation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, continuing education of directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, the company's purchase of liability insurance for directors and supervisors, and so on)?	V		<p>1. Employee rights and employee care</p> <p>(1) Employee welfare measures in place (e.g. labor insurance, health insurance, labor pension contribution, birthday money gift, gift and money gift for the three major Chinese festivals, and company tour.)</p> <p>(2) Regulations formulated based on the Act of Gender Equality in Employment are in place to ensure employee interests.</p> <p>(3) Sound educational and training system, including internal and external training courses.</p> <p>(4) Labor-management meetings are regularly held to enhance harmony between labors and the management and put in writing labor-management relations and labor conditions so as to ensure employees' rights.</p> <p>(5) Regulations for performance evaluation and monetary rewards are in place as a reference for allocating of the various monetary rewards to employees.</p> <p>2. Investor relations</p> <p>An annual shareholders' meeting is held annually, and a communication channel comprising a spokesperson and an acting</p>	No significant deviation.

Evaluation Items	The State of Operation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPE x Listed Companies and the Reasons
	Yes	No	Summary Description	
			<p>spokesperson is also available, so as to handle shareholder suggestions, settle disputes, and provide shareholders with a premises where they can voice their opinion and get feedback. Meanwhile, the Investors' Zone is set up on the official website. The Company also regularly publishes its annual report, wherein stock affairs like internal regulations, operating revenue statistics, financial statements, and corporate governance information are fully disclosed.</p> <p>3. Supplier relations The Company assesses, and regularly evaluates, suppliers' quality and the reasonableness of their price in a fair, reciprocal, and legal manner. Upholding an ethical philosophy, the Company always follows righteous procedures when it comes to source of raw materials and the transportation thereof. Suppliers understand the Company's acceptance standards and cooperate well accordingly, thereby improving the product quality of each other.</p> <p>4. Stakeholders' rights Stakeholders may submit their suggestions and communicate with the Company in order to defend their own legal interests.</p> <p>5. State of continuing education of directors and supervisors By referencing the examples provided in the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPE x Listed Companies," the Company irregularly arranges for directors to take continuing education courses on finance, business, and commerce. In 2023, all directors took at least 6 hours of continuing education courses as required by law. For related information, see Table 2.</p> <p>6. Implementation of risk management policies</p>	

Evaluation Items	The State of Operation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPE x Listed Companies and the Reasons
	Yes	No	Summary Description	
			<p>and risk measurement standards</p> <p>The Company has formulated the various internal regulations by referring to laws and regulations, so as to control risks.</p> <p>7.Implementation of customer policies</p> <p>To maintain a good customer emotional relationship, the Company has aggressively set up service locations worldwide, and organized sound educational and training services to improve the quality of customer service agents. We insist on amicability, passion, and high efficiency when it comes to treating customers, and on health, uniqueness, and high environmental friendliness when it comes to product quality.</p> <p>8.The company's purchase of liability insurance for directors and supervisors</p> <p>According to Article 12 of the Company's Articles of Incorporation, the Company must buy directors a liability insurance that covers all possible damages arising from their executing their job duties, so as to ensure the interests of all shareholders and reduce company operating risks. The Company already completed the report on its purchase of liability insurance for directors and members of the key management in March 2024.</p>	
<p>IX. Please explain improvements that have been made as well as priorities to improve the results of the Corporate Governance Evaluation issued by the Taiwan Stock Exchange Corporate Governance Center: The Company is formulating improvement measures in response to the Corporate Governance Evaluation results.</p>				

Table 1

## Accountant independence assessment standards

Evaluation items	Evaluation result	Independence
1. Whether there is a direct or significant indirect financial interest relationship between the certified accountant and the company.	NO	YES
2. Whether there is a significant and close commercial relationship between the certified accountant and the company.	NO	YES
3. Whether the certified accountant has a potential employment relationship when auditing the company.	NO	YES
4. Whether the certified accountant has any money loans or borrowings from the company.	NO	YES
5. Whether the certified accountant has received gifts or gifts of significant value from the company and its directors and managers (the value of which exceeds ordinary social etiquette standards).	NO	YES
6. Whether the certified accountant has provided audit services to the company for seven consecutive years.	NO	YES
7. Whether the certified accountant holds shares in the company.	NO	YES
8. Whether the certified accountant, his/her spouse or dependent relatives, or his/her audit team has served as a director or manager of the company or held a position that has a significant impact on the audit case during the audit period or within the last two years, or whether they will hold the above-mentioned related positions during the future audit period.	NO	YES
9. Whether the certified accountant has complied with the independence standards of Accountant Professional Ethics Bulletin No. 18 and obtained the "Declaration of Independence" issued by the certified accountant.	YES	YES

Table 2

## Directors' continuing education in 2023:

Job title	Name	Course date	Organizer	Coursename	Hours
Independent Director	Cheng, Hung-Hui	2023/08/16	CPA Associations R.O.C(TAIWAN)	Case analysis of money laundering and insider trading	3
		2023/10/06	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulation	3
Independent Director	Yang, Hao-Ming	2023/08/17	The Institute of Internal Auditors-Chinese Taiwan	Key seminars on "Corporate Implementation of Sustainable ESG" and "Internal Audit and Internal Control Integrated Application Practice"	6
Independent Director	Cheng, Chun-Jen	2023/03/17	Taiwan Corporate Governance Association	How to discuss board meetings? Practical sharing on common deficiencies in the operation of board meetings of listed companies.	3
		2023/05/26	Environment Protection Administration	Green chemistry Creating sustainability together	3
Independent Director	Liu, Tin-Hsuan	2023/07/04	TWSE	2023 Cathay Sustainable Finance and Climate Change Summit Forum	6
		2023/08/18	Accounting Research and Development Foundation of the Republic of China.	Internet technology development trends and new thinking of internal auditors	6
Representative of a corporate director	Tsao, Hsien-Chang	2023/07/04	TWSE	2023 Cathay Sustainable Finance and Climate Change Summit Forum	6
Representative of a	Lin, Ta-Theng	2023/08/17	The Institute of Internal Auditors-Chinese	Key seminars on "Corporate Implementation of Sustainable	6



corporate director			Taiwan	ESG" and "Internal Audit and Internal Control Integrated Application Practice"	
Representative of a corporate director	Tsao, Ya-Lin	2023/07/04	TWSE	2023 Cathay Sustainable Finance and Climate Change Summit Forum	6
Director	Huang, Tien-Hua	2023/07/04	TWSE	2023 Cathay Sustainable Finance and Climate Change Summit Forum	6

## (V) The composition, duties, and operation status of the Remuneration Committee

## 1. Information on Remuneration Committee Members

Title	Qualification	Professional qualifications and experience	Independence status (Note 3)	Number of other public companies at which the person concurrently serves as remuneration committee member
	Name			
Independent Director	Cheng, Chun-Jen	Have work experience in commerce and the work experience necessary for the business of the company	1. The person, or the spouse or a relative within second degree of kinship of the person does not serve as a director, supervisor, or employee of the Company or its affiliates. 2. The person, or the spouse or a relative within second degree of kinship of the person does not hold the Company's shares under either their own name or another person's name. 3. Not a director, supervisor, or employee of a company having specific relations with the Company. 4. Not a person who provided commercial, legal, financial, or accounting service to the Company or its affiliates in exchange for compensation in the past two years.	1
Independent Director	Cheng, Hung-Hui	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the company.		1
Independent Director	Yang, Hao-Ming	Have work experience in commerce and the work experience necessary for the business of the company		-
Independent Director	Liu, Tin-Hsuan	Have work experience in commerce and the work experience necessary for the business of the company		-

## 2. Duties of Remuneration Committee Members

Members of the Committee shall exercise the due care of a good administrator, faithfully fulfill the following duties and powers, and submit their suggestions to the Board of Directors for discussion:

- (1) The committee is also responsible for formulating, and regularly reviewing, the policy, system, standard, and structure pertaining to performance evaluation and remuneration of directors and managers.
- (2) The committee is also responsible for regularly reviewing, and then determining, the remuneration of directors and managers.

## 3. Operation of the Remuneration Committee

- (1) The Company's Remuneration Committee is composed of four members.
- (2) The tenure of members of the 4th term is between September 1, 2021 and August 31, 2024.

In 2023, a total of four Remuneration Committee meetings were held; below are the attendance of members and their qualifications:

Job title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) (B/A)	Remark
Convener	Cheng, Chun-Jen	4	-	100%	Re-elected on September 1, 2021
Committee member	Cheng, Hung-Hui	4	-	100%	Re-elected on September 1, 2021
Committee member	Yang, Hao-Ming	4	-	100%	Re-elected on September 1, 2021
Committee member	Liu, Tin-Hsuan	2	-	100%	Take office on June 28, 2023

Other information required to be disclosed:

- I. If the board of directors does not adopt or amend the recommendations from the Remuneration Committee, it shall clarify the date, session, proposal content and resolution of the board and how the Company handles the recommendations of the Committee (such as that the remuneration approved by the board is better than what the Committee recommended, and the differences and reasons should be clarified);

Date	No. of the term of the Remuneration Committee	Motion content	The opinions of all members and the company's response thereto
2023/01/10	7th meeting of the 4th term	Proposal to Manager Spring Festival Bonus Distribution of 2022.	All members approved and passed the proposal
		Proposal to distribute compensation to employees and directors of 2022.	
2023/05/09	8th meeting of the 4th term	Proposal to distribute employee bonus to managers of the first quarter of 2023.	
2023/08/09	9th meeting of the 4th term	Proposal to distribute employee bonus to managers of the second quarter of 2023.	
2023/11/07	10th meeting of the 4th term	Proposal to distribute employee bonus to managers of the third quarter of 2021.	
		The company's first repurchase of treasury shares in 2020 and the third employee transfer case	

- II. If the Remuneration Committee members have objections or reservations and there are records or written statements from the meetings, the date, term, proposal content, opinions of all members and the handling of their opinions shall be clearly specified: No such occurrence.

## (VI) The Risk Management Committee's composition, responsibilities and operations

The company established a risk management committee on November 9, 2022, which is composed of four independent directors to improve risk governance and improve the effectiveness of the board of directors.

## 1. Information on Risk Management Committee Members

Title	Qualification	Professional qualifications and experience
	Name	
Independent Director	Cheng, Chun-Jen	Have work experience in commerce and the work experience necessary for the business of the company
Independent Director	Cheng, Hung-Hui	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the company.
Independent Director	Yang, Hao-Ming	Have work experience in commerce and the work experience necessary for the business of the company
Independent Director	Liu, Tin-Hsuan	Have work experience in commerce and the work experience necessary for the business of the company

## 2. Duties of the Risk Management Committee

- (1) Responsible for the overall risk management of the Company, formulating risk management policies, structure, organization and mechanism, and establishing qualitative and quantitative management standards.
- (2) The Board of Directors makes risk management decisions and regularly reviews the development, establishment and effectiveness of the Company's overall risk management mechanism.
- (3) Review of early warning of significant risk issues and review of loss events and response measures.
- (4) To supervise and manage the overall risk control improvement mechanism of the Company and its subsidiaries.
- (5) We review and consolidate all risk management reports and submit annual reports to the Board of Directors. We also make timely responses to the Board of Directors on the implementation of risk management and propose necessary improvements.
- (6) Other significant risk matters stipulated by the Company or the competent authorities.

## 3. Operation of the Risk Management Committee

- (1) The Company's Risk Management Committee is composed of four members.
- (2) The tenure of members of the 1st term is between November 9, 2022 and August 31, 2024.

In 2023, a total of one Risk Management Committee meetings were held; below are the attendance of members and their qualifications:

Job title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy.	In-person attendance rate (%) (B/A)
Convener	Cheng, Chun-Jen	1	-	100%
Committee member	Cheng, Hung-Hui	1	-	100%
Committee member	Yang, Hao-Ming	1	-	100%
Committee member	Liu, Tin-Hsuan	1	-	100%

(VII) Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Promotion item	Implementation status (Note 1)			Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
I. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?		V	The Company has set up the “Corporate Social Responsibility Promotion Task Force,” which is chaired by the President. The administrative unit is the promotion task force responsible for promoting and managing relevant matters across all units, and will be the principal unit responsible for promoting sustainable development in the future.	No significant deviation.
II. Has the Company conducted risk assessments on environmental, social and corporate governance issues related to the Company’s operations in accordance with the materiality principle, and formulated relevant risk management policies and strategies? (Note 2)	V		The Company has formulated the “Corporate Social Responsibility Regulations,” wherein corporate governance policies are set out. To implement corporate governance, forge a sustainable business environment, uphold social justice, and enhance the disclosure of information on corporate social responsibility, the Company has formulated the “Corporate Social Responsibility Regulations,” which has been passed by the Board of Directors through a resolution. In addition, when new employees join the Company, they are given training courses on personnel regulations, management system, and corporate ethics, wherein the social responsibility an employee must fulfill is specified.	No significant deviation.
III. Environmental Issues (I) Has the Company set up an appropriate environmental	V		The Company has formulated the operating procedures for the autonomous management system regarding environmental protection and occupational safety and health (OSH), and will	No significant deviation.

	management system based on the characteristics of its industry?			irregularly audit the OSH and continuously maintain the effectiveness of the system.	
(II)	Is the Company committed to improving energy efficiency and to the use of renewable materials with low environmental impact?	V		<p>The Company's corporate culture emphasizes implementation of environmental protection measures. Below is a description of the concrete measures:</p> <ol style="list-style-type: none"> <li>1. Simple packaging: Upholding the ideal of "less is more," the Company worked with film producers and has developed packaging film that can fully wrap products while reducing 70% of materials used. In addition, the wood flooring packed in paper boxes is also made from environmentally friendly materials and thus can substantially reduce the emission of carbon dioxide.</li> <li>2. Use no substance that will impact the environment: All the raw materials used by the Company, including wood, coatings, and panels, are environmentally friendly and non-toxic, and can be fully recycled and reused without leaving any hazardous substance that will impact the environment.</li> <li>3. Focus on research and development of low-formaldehyde materials: The Company never ceases to research and develop a method capable of reducing the use of formaldehyde. All its wood veneer products are Grade F1, which indicates a formaldehyde content far lower than the standard level set forth by the EU, Taiwan's MOEA, or The Ministry of Agriculture, Forestry and Fisheries of Japan; in doing so, the Company stringently safeguards consumers' health.</li> <li>4. Promote office paper saving, replace paper with e-mail, increase online sign-off, reduce the use of paper and toner, and strengthen resource recycling and garbage classification to improve the utilization of various resources.</li> </ol>	No significant deviation.
(III)	Does the Company evaluate the potential risks and opportunities of climate change to the Company now and in the future, and take corresponding measures to respond to climate related issues?	V		<p>The Company regularly holds awareness sessions on energy conservation and carbon reduction and posts slogans to raise employees' awareness of a sustainable environment. In support of the energy conservation and carbon reduction policy, the Company assigns employees uniform, which will be collected back and laundered together at regular intervals, and in this way supports environmental protection. As for the energy conservation and carbon reduction practices, the central air conditioning system is set to a fixed temperature during the summer to reduce GHG emissions; employees are encouraged to use reusable food ware; and office equipment may be used only when such use meets the principle of energy conservation and resources reuse.</p>	No significant deviation.
(IV)	Does the Company make statistics on		V	The Company requires that paper not be recycled unless it is copied double sided, halving the paper	Under development

greenhouse gas emissions, water consumption, and total weight of waste for the past two years, and formulate policies for greenhouse gas emissions reduction, water consumption reduction, or other waste management?			consumption. Employees are encouraged to use email or video conference if they need to contact one another remotely. In this way, carbon emissions arising from recruitment activities and communication for business purpose can be effectively reduced.	and improvement
IV. Social Issues (I) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations as well as the International Bill of Human Rights?	V		The Company acts by labor laws and regulations, respects the internationally recognized basic labor rights and principles, and ensures labor interests; in addition, by referencing the “Act of Gender Equality in Employment” and the “Employment Service Act,” it has also formulated an employment policy that does not discriminate and ensured the equality of compensation, employment conditions, and promotion opportunities.	No significant deviation.
(II) Has the Company established and implemented reasonable employee welfare measures (including remuneration, vacation, and other benefits) and appropriately reflected the business performance or results in the employee remuneration?	V		<p>Talents are the assets of the most value to the Company. Therefore, to take care of employees’ and their dependents’ health, the Company provides subsistence, festive rewards, employee bonus, leave, health check, dormitory, and an employee continuing education program; it also specifies the regulations for remuneration, leave and attendance, and other welfare measures in the Work Rules, so that employees won’t be distracted in any way and thus are able to fully engage themselves in work.</p> <p>1. Employee remuneration: The Company’s Articles of Incorporation stipulates that no less than 2% of the annual earnings, if any, be paid as employee compensation. The Company properly assures employees’ salary and benefits and, by adopting control measures through implementing the internal control system and salary operating procedures, ensures that salary will meet the minimum wages. In addition, the Company has also set up internal regulations governing performance management and rewards and discipline, whereby all employees are regularly evaluated for their performance; their behavior is also included in the performance evaluation criteria, and they will receive specific rewards and discipline based on their behavior.</p> <p>2. Employee welfare measures: The Company has set up its Employee Welfare Committee and makes benefit contribution every month in order to offer employees the various prime benefits, e.g. overseas travel insurance for short-distance business trip, health check, preferential price of products for employees, travel subsidies, free dinner/lunch gathering, and employee uniform.</p> <p>3. Operating performance is reflected in employee remuneration:</p>	No significant deviation.

			<p>Compensation to the Company's employees and directors may be distributed only after an approval is obtained from the Remuneration Committee and the Board of Directors and a report is made to the Shareholders' Meeting, and may be a method for evaluating the management performance of the Company's highest management unit. Remuneration to members of the top management like directors and managers is also disclosed in the Company's annual report so that stakeholders can be fully informed of the correlation between the top management's remuneration and the Company's operating performance.</p>	
(III)	Does the Company provide employees with a safe and healthy working environment, and related education?	V	<ol style="list-style-type: none"> <li>1. New employees are offered the training courses on labor-related issues, environmental protection, safety and health, and ethics.</li> <li>2. The Company regards employees' health as a valuable asset, so it arranges an employee health check regularly and health-promoting activities irregularly every year in order to maintain employees' physical and mental health. In addition, the Company has formulated the "Regulations for Occupational Safety and Health Training" to avoid the occurrence of occupational incidents and enhance the awareness of hazards and hazard prevention.</li> <li>3. The number of fires in the company in 2023 was 0, the number of casualties was 0, and the ratio of casualties to the total number of employees was 0%. In response to fire-related improvement measures, including strengthening on-site safety management and training employees on fire prevention and response skills, install advanced fire alarm and fire extinguishing systems, and regularly inspect and maintain related equipment, etc.</li> </ol>	No significant deviation.
(IV)	Has the Company established an effective career development training program for employees?	V	<p>The Company attaches great importance to employee training and development. To provide a specific career development roadmap, the Company has formulated the "Regulations for Education and Training" to encourage employees to improve their professional knowledge and skills. To help employees develop professional skills in multiple fields, the Company provides a cultivation plan for new employees; besides this, it also irregularly provides internal and external training courses for employees based on what are required of their jobs, and subsidize their training expenses. The Company also subsidizes employees' taking a wide range of workshops, thus helping them effectively plan their career.</p>	No significant deviation.

(V)	Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	V		The Company abides by applicable laws and regulations and has formulated the various management procedures and internal control regulations governing research and development, procurement, production, operation, and service process. The Company spares no efforts in protecting the interests of customers and consumers in that it provides an open and clear service hotline for consumers to reflect, or complain about, its products. The Company's products and services are marketed and labelled by domestic and foreign laws, regulations, and standards.	No significant deviation.
(VI)	Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	V		The Company has formulated its "Supplier Management Regulations" and "Procedures for Payment Request by Vendors." Prior to deciding to do business with a supplier, the purchasing unit is required to comprehensively assess the supplier in terms of "Quality," "Lead time," "Environmental and occupational safety performance," "Money flow management," and "Communication and service." If the supplier violates the Company's corporate social responsibility policy, the Company may terminate the business relationship at any time. To uphold social benefits, all contracts signed with suppliers specify that if the supplier gives false representation in the contract, the Company may terminate the contract at any time and demand damages.	No significant deviation.
V.	Has the Company referred to international reporting standards or guidelines in its preparation of sustainability report and other reports which disclose the Company's non-financial information? Does the company obtain third-party assurance or certification for the said reports?		V	Given the industry it is in and its issued capital stock, the Company is not required by law to compile a corporate social responsibility report, a reason why it didn't do so. The Company has disclosed the information that is available for the general public to inquire about on its company website, and has disclosed the information on its corporate social responsibility conduct thereon.	No significant deviation.
<p>VI. If the Company has adopted its own sustainable development best-practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company's operations:</p> <p>The company has formulated the "Corporate Social Responsibility Standards" in 2017, and the overall operation situation is not significantly different from the "Code of Practice on Sustainable Responsibility for Listed Over-the-Counter Companies".</p>					
<p>VII. Other important information to facilitate better understanding of the company's promotion of sustainable development:</p> <p>(I) Contribution of earnings to society annually</p> <p>1. Emergency relief: The Company donated NT\$1.15 million in person to victims of Typhoon Morakot in 2009 in order to inspire donations; donated NT\$2 million separately to victims of the Meinong Earthquake in 2016, and to victims of the Hualien Earthquake in 2018; and donated CNY500 thousand to victims of the flooding in Henan, China in 2021. In 2022, the Company fully sponsored the interior construction materials for the new type of sheltered workshop "Green Sprouting Hope Workshop," which helped children with special needs learn in a</p>					



safe and friendly work environment to earn rewards on their own, and after training, integrate themselves into society, and promote a work environment that works in a virtuous cycle and bring positive development to Taiwan's people with disabilities.

2. Care for children of the vulnerable group: The Company participated in the plan carried out by E.SUN Bank to build a library in a remote elementary school in 2011; donated a total of NT\$9.2 million in two years from 2013 in support of the charitable fundraising activity carried out by Taiwan Fund for Children and Families; and sponsored BOYO SOCIAL WELFARE FOUNDATION for charitable advertisements in the amount of NT\$5.46 million.

3. Helping others in their hour of need in winter: The Company donated NT\$1 million in the winter of 2015 to the Elders' Welfare Foundation of Yunlin County and purchased a total of 2,000 kg of vegetable from small farmers in Jianshi Township at the end of 2018 when the price of Chinese cabbage plummeted, advocating for support to small farmers. The Company purchased nearly 1,000 kg of bananas in 2020 to support local banana farmers. In addition, the Company subscribed to organic rice in Hualien to save farmers from the inconvenience of sale after harvest, thereby indirectly increasing Taiwan's organic farming area; it also donated the subscribed rice to the vulnerable group. Furthermore, in the same year, the Company subscribed to Taiwan Golden Diamond Pineapples and donated them to the Children Are Us Foundation for it to make fruit jam and desserts for sale, in the hope to bring about more positive influence on society.

4. Tree-planting benefit: Since 2018, upholding the ideal of "Reserve a Forest in the Future," the Company has been adopting forest land every year in order to contribute our own efforts to conserve the land. In 2018, the Company donated NT\$920 thousand and, together with Tse Xin Organic Agriculture Foundation, mobilized one hundred people in an event to plant 2,000 trees along the coast of Guanyin; it also held a beach clean-up activity and cleaned nearly 1,500 kg of waste. In 2019, the Company worked with the Chiayi Forest District Office, Forestry Bureau to plant nearly 1,500 tree seedlings at the foot of the Alishan mountain. In 2021, it adopted the afforestation land of the Hsinchu Forest District Office and planted 1,900 tree seedlings in Miaoli, thus fostering an eco-friendly environment. In 2023, we collaborated with RE-THINK in a public welfare beach cleanup activity, cleaning out a total of 253.1 kilograms of garbage in the "Taoyuan City Dayuan District-Mangrove Wetland Restoration Area" covering an area of about 1.06 hectares. By engaging in such events, Keding Enterprises hope to inspire more people to care about the vulnerable and care for the Earth.

#### (II) Foster forestry professionals in campus

Industry-Academia Cooperation can advance industry technologies and ensure students a job upon graduation, thereby creating a win-win situation. Therefore, we organize free seminars for students of design-related departments every year, hoping to provide them with the knowledge of the wood manufacturing industry. The [KD Design College Elite Scholarship] was established to encourage students with excellent academic performance from colleges and universities across the country. That's why we also launch the plan to recruit reserve talents from the forestry department in order to provide the youth with the quickest and direct access to employment. Through the Keding cultivation plan, the Company has fostered a great deal of professional, excellent talents, thereby increasing the international competitiveness of its brand.

#### (III) Labor rights

The Company abides by relevant labor laws and regulations; the appointment and dismissal and remuneration of employees are based on the Company's internal control system and regulations in order to ensure employees' basis rights. In addition, an open and clear complaint-filing mechanism is provided to employees, and the HR Department will properly handle the case before closing it. In addition, an employee health check is organized at a fixed interval every year. Moreover, continuous education and training and awareness session help foster employees' emergency response capability and safety awareness, raise their recognition capability, and reduce the occurrence of incidents as a result of unsafe behavior.

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

Evaluation Items	The State of Operation			Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
I. Formulate ethical corporate management policy and plan				No significant deviation.
(I) Does the company have an ethical corporate management policy and measures approved by its Board of Directors, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	V		(I) The Company has formulated its “Regulations for Ethical Corporate Management,” which sets out specific code of conduct regarding ethical corporate management policy or measures. The Company strictly forbids any giving or taking of bribes and blackmail, and demands that employees actively identify and improve our day-to-day conduct, so as to improve our ethics and morality.	
(II) Has the Company established a risk assessment mechanism against unethical conduct, analyzed and assessed on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and established prevention programs accordingly which at least cover the prevention measures against the conducts listed in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?	V		(II) The Company has formulated its “Ethical Corporate Management Operating Procedures and Code of Conduct,” which clearly forbids “Offering and acceptance of bribes,” “Illegal political donations,” “Improper charitable donations or sponsorship,” “Offering or acceptance of unreasonable presents or hospitality, or other improper benefits,” “Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights,” and “Insider trading.” Violators of such ethical corporate management principles will be discharged or laid off according to applicable laws, by-laws, or the Company’s personnel regulations if such violation is considered material.	
(III) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	V		(III) New employees, when joining the Company, are given education and training, in which they are reminded to abide by the regulations. In addition, the Company also enhance the awareness session, in which the code of conduct of “not receiving gifts from outsiders” is disseminated, so as to enhance their awareness of ethics. If employees are involved in corruption,	

Evaluation Items	The State of Operation			Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
			they will be punished by the Company's "Personnel Management Regulations."	
II. Fulfillment of ethical corporate management				No significant deviation.
(I) Does the company assess the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?	V		(I) When executing a contract with others, the Company must fully understand their implementation of ethical corporate management, and is obliged to include its "Regulations for Ethical Corporate Management" in the contract. The Company's employees must avoid doing business agents, suppliers, customers, or any counterparty which are involved in unethical conduct. If those with which the Company is doing business are found to be involved in unethical conduct, the Company must immediately stop doing business with them and put them on the blacklist, so as to implement the Company's ethical corporate management policy.	
(II) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?		V	(II) The Company's Financial and Admin. Unit is the dedicated unit responsible for promoting ethical corporate management, incorporating the idea of ethical corporate management into the corporate culture, and reporting the implementation of ethical corporate management to the Board of Directors, which shall then supervise the legal compliance based on the Company's policy. The implementation status in 2023 has been reported to the board of directors on March 12, 2024.	
(III) Does the Company establish policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?	V		(III) Relevant regulations are set out in the Company's internal control systems, e.g. "Regulations Governing Procedure for Board of Directors Meetings of Public Companies," "Code of Ethical Conduct for Directors and Managers," and "Ethical Corporate Management Best Practice Principles".	

Evaluation Items	The State of Operation			Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
(IV) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?	V		(IV) The Company abides by the requirements of law and continues to revise its internal control system; it also audits and assesses the effectiveness of the implementation of its internal control system. The Audit Office incorporates the risk assessment results and the audit items required by law into the annual audit plan every year, and regularly reports to the Board of Directors on the audit results and improvement status. The Company's accounting system is formulated by the requirements of law. Attesting CPAs also audit or review the Company's financial statements in each quarter and issue an audit report thereof, and regularly report on the audit or review results.	
(V) Does the Company provide internal and external ethical conduct training programs on a regular basis?	V		(V) The Company disseminates the idea of ethical corporate management at each meeting at irregular intervals and, whenever required, will hold education and training on ethical corporate management at regular or irregular intervals in the future.	

Evaluation Items	The State of Operation			Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
<p>III. The operation of the Company's whistleblower reporting system</p> <p>(I) Does the Company establish specific whistleblowing and reward procedures, set up conveniently accessible whistleblowing channels and designate responsible individuals to handle the complaints received?</p> <p>(II) Does the Company establish standard operating procedures for investigating the complaints received and the related confidentiality measures?</p> <p>(III) Does the Company adopt proper measures to shield a whistleblower from retaliation for filing grievances?</p>	<p>V</p> <p>V</p> <p>V</p>		<p>(I) The Company has formulated its "Regulations for Ethical Corporate Management" and "Personnel Management Charter." If employees spot any violation of the ethical corporate management regulations, they may report such violation through the employees' email box disclosed on the Company's website. If an investigation confirms the violation, the violator will be punished according to the Company's rewards and discipline system.</p> <p>(II) If the Company spots, or is informed of, any unethical conduct carried out by its personnel and the evidence also proves the case, the Company will demand that the person stop the conduct, will take appropriate measures, and, whenever required, will demand damages through legal proceedings in order to defend the Company's reputation and interests.</p> <p>(III) The Company keeps the investigation content and results strictly confidential to ensure that the interests of related personnel won't be jeopardized, and adopts appropriate protection measures to prevent the whistleblower from retaliation.</p>	No significant deviation.
<p>IV. Enhance Information Disclosure</p> <p>(I) Does the Company disclose the content and implementation results of its Ethical Corporate Management Best-Practice Principles on its website and the MOPS?</p>	V		The Company's official website has an "Investors' Relations" zone, where the information on the Company's corporate governance and ethical corporate management is disclosed in an honest, specific, and open manner. Investors may obtain information on the content and implementation effectiveness of the Ethical Corporate Management Best Practice Principles through the annual report.	No significant deviation.
<p>V. If the company has adopted its own ethical corporate management best-practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviations between the principles and their implementation:</p>				



Evaluation Items	The State of Operation			Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
The “Regulations for Ethical Corporate Management” established on November 9, 2017 by which the Company operates does not deviate significantly from the “Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies.”				
VI. Other important information to facilitate a better understanding of the status of operation of the company’s ethical corporate management policies (e.g. the company’s reviewing and amending of its ethical corporate management best-practice principles )				
1. The Company examines the various operation procedures for daily operations and designs a proper internal control mechanism for the operation incidental to potential risk of corruption, so as to prevent, and reduce the possibility of, corruption conduct. The Company’s audit unit regularly assesses the management effectiveness of the internal control system; collects executives’ suggestions on each potential risk (including frauds and corruption) to formulate an appropriate audit plan and carry out audit accordingly; and reports on the audit results to the Board of Directors so that the Company’s management can understand the current state of corporate governance and achieve management objectives.				
2. For other information regarding the Company’s ethical corporate management, see the Investors’ Relation zone on the Company’s website.				

(IX) If the Company has formulated the Corporate Governance Best Practice Principles and related rules, it shall disclose the query methods:

For the Company’s “Corporate Governance Best Practice Principles” and related regulations, visit the Company’s official website.

(X) Other important information conducive to understanding the operations of corporate governance may be disclosed:

1. The Board of Directors appointed Lin, Mei-Wen, deputy manager of the Accounting Department, as the Company’s Director of Corporate Governance, and had the stock affairs unit execute matters relating to corporate governance, e.g. handling matters relating to board meetings and shareholders’ meetings according to laws; producing minutes of board meetings and shareholders’ meetings; reviewing and revising the Company’s Corporate Governance Best Practice Principles and other regulations at regular intervals; furnishing information required for business execution by directors and the Audit Committee; organizing continuing education courses for directors regularly; and reporting to the Board of Directors on the operation of corporate governance at regular intervals every year.
2. The Company has formulated its “Operating Procedures for Processing of Material Inside Information and Prevention of Insider Trading” to provide a basis for the material information processing and disclosure mechanism, and regularly reviews such procedures to align them with current laws and by-laws and practical requirements. These procedures are disclosed on the Company’s official website for managers and employees around the world to consult at any time. Meanwhile, insiders are regularly informed of the matters that require special attention when it comes to material inside information.

## (XXI) State of implementation of the internal control system

## 1. Statement of Internal Control System

Keding Enterprises Co., Ltd.  
Statement of Internal Control System

Date: March 12, 2024

The Company states the following for its 2023 internal control system based on the results of self-evaluation:

- I. The Company is fully aware that the establishment, implementation, and maintenance of its internal control system is the responsibility of the Board of Directors and managers, and the Company has established such an internal control system in this regard. The purpose of such an internal control system is to provide reasonable assurance that the following three objectives will be met: 1) effectiveness and efficiency of operations (including profitability, performance, and asset security safeguards); 2) reliability, timeliness, transparency, and compliance of reporting; and 3) compliance with regulations, laws, and by-laws.
- II. An internal control system has inherent constraints; however perfectly designed, an effective internal control system can only provide reasonable assurance that the three objectives stated above will be met. Furthermore, the effectiveness of an internal control system might be impacted by changes to the environment or circumstances. Nevertheless, the Company's internal control system does incorporate a self-supervision mechanism that will enable the Company to take swift action to rectify a deficiency as soon as it is identified.
- III. The Company judges the effectiveness of the design and implementation of its internal control system by the judgment criteria set forth in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "the Regulations"). The judgment criteria set forth in the Regulations can be categorized by control procedure into the following five components: 1) Control environment; 2) Risk assessment; 3) Control activities; 4) Information and communication; and 5) Monitoring activities. Each component further comprises several items. For the aforesaid items, please refer to the Regulations.
- IV. The Company has adopted the above mentioned criteria to assess the effectiveness of the design and implementation of its internal control system.
- V. Based on the aforementioned assessment, the Company concludes that the design and implementation of the Company's internal control system (including management and supervision of subsidiaries) as at December 31, 2023 can reasonably assure the achievement of the aforementioned goals, namely the effectiveness and efficiency of operations, the reliability, timeliness, transparency, and compliance of reporting, and the compliance with regulations, laws, and by-laws.
- VI. This Statement shall constitute a major component of the Company's annual report and prospectus, and shall be disclosed. Any misrepresentation or concealment in this Statement shall be subject to the legal consequences under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This Statement was passed unanimously by all four directors and all three independent directors of the Company present at the board of directors meeting dated March 12, 2024.

Keding Enterprises Co., Ltd.

Chairman of the Board and President: Tsao, Hsien-Chang

Signature and/or Seal

2. Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report: None.

(XII) If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.

(XIII) Material resolutions of a shareholders' meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

1. Major resolutions of the general meeting of shareholders:

The company will hold the 2023 regular meeting of shareholders on June 28, 2023. The resolutions passed by the shareholders present at the meeting and their implementation status are as follows:

Important resolution matters	Execution situation
1. Adoption of the 2022 Business Report and Financial Statements.	Resolution passed °
2. Adoption of the Proposal for Distribution of 2022 Profits.	Resolution passed ° Considering the company's future working capital plan, it is planned not to pay cash and stock dividends in 2022.
3. Amendment to the Company's Corporate Charter .	Resolution passed ° The registration was approved by the Ministry of Economic Affairs on July 13, 2023 and announced on the company's website.
4. Amendment to the Rules of Procedure for Shareholder Meetings.	Resolution passed ° It will be announced on the company's website on June 30, 2023, and will be handled in accordance with the revised procedures.

2. Major resolutions of the board of directors:

As of the disclosure date of the annual report, the company has held 10 board meetings in 2023. A summary of important resolutions is as follows:

Date	Meeting title	Content
2023/01/10	12st meeting of the 9th Board of Directors	1. Review of the distribution of Chinese New Year bonuses for executives in 2022. 2. Review of the distribution of employee bonuses for the fourth quarter of 2022 for executives.
2023/03/15	13st meeting of the 9th Board of Directors	1. The company proposes to repurchase treasury shares for transfer to employees. 2. The company proposes to invest in the establishment of subsidiaries in South Korea and Australia. 3. The company proposes to convert the outstanding receivables from its subsidiaries as of December 2022 into loans to third parties. 4. The company proposes the second transfer of treasury shares repurchased in 2020 to employees.
2023/03/28	14st meeting of the 9th Board of Directors	1. The company's operational plan and annual budget for 2023. 2. The company's financial statements and operating report for the year 2022.



Date	Meeting title	Content
	Directors	<ul style="list-style-type: none"> <li>3. The company's internal control system statement for the year 2022.</li> <li>4. Appointment of auditors for the year 2023 and evaluation of their independence.</li> <li>5. Proposed amendment to the company's "Sales and Receivables Cycle" policy.</li> <li>6. Addition to the company's "General Principles of Pre-Approval for Non-Assurance Services" policy.</li> <li>7. Proposed amendment to the company's "Employee Share Transfer Plan" for share repurchases.</li> <li>8. Establishment of the company's group (including subsidiaries) "Greenhouse Gas Inventory Management Regulations" and verification schedule.</li> <li>9. This proposal has been approved by the Audit Committee and is submitted to the Board of Directors for resolution in accordance with the law.</li> <li>10. This proposal has been approved by the Audit Committee and is submitted to the Board of Directors for resolution in accordance with the law, and it is also submitted for resolution at the 2023 Shareholders' Meeting.</li> <li>11. Conversion of outstanding receivables from subsidiaries into loans to third parties as of the end of March 2023.</li> <li>12. Capital increase for subsidiary PT KEDING PANELS INDONESIA (Indonesia).</li> <li>13. Election of an additional independent director for the company.</li> <li>14. Acceptance of nominations for independent director candidates, number of vacancies, and place of acceptance.</li> <li>15. Convening of the company's 2023 Shareholders' Meeting.</li> <li>16. Application for credit line from financial institutions.</li> </ul>
2023/05/09	15th meeting of the 9th Board of Directors	<ul style="list-style-type: none"> <li>1. The company's profit distribution plan for the second half of 2022</li> <li>2. The company's 2022 earnings distribution plan</li> <li>3. The company's financial report for the first quarter of 2023</li> <li>4. The company's managers' employee bonus payment case for the first quarter of 2023</li> <li>5. Salary adjustment case for the company's managers</li> <li>6. Application for credit line from financial institution</li> <li>7. As of the end of April 2023, the company transferred the accounts receivable of each subsidiary to the amount of funds loaned to others.</li> <li>8. Proposal to amend the company's "Articles of Association"</li> <li>9. Proposal to amend the company's "Corporate Governance Practice Standards"</li> <li>10. Proposal to amend the company's "Integrity Management Standards" and "Integrity Management Operating Procedures and Code of Conduct"</li> <li>11. Proposal to amend the company's "Code of Ethical Conduct"</li> <li>12. Proposal to amend the company's "Procurement and Payment Cycle"</li> <li>13. Plan to invest in establishing a Japanese subsidiary</li> <li>14. Proposed indirect investment to establish a Wuxi factory</li> <li>15. Additional matters to be discussed at the company's 2023 shareholders' regular meeting</li> </ul>
2023/06/28	16th meeting of the 9th Board of Directors	<ul style="list-style-type: none"> <li>1. Factory construction project</li> <li>2. Plan to amend the company's "Approval Authority List (Approval Standards for Various Operations)"</li> <li>3. As of the end of May and June 2023, the company transferred the accounts receivable of each subsidiary to the amount of funds loaned to others.</li> </ul>

Date	Meeting title	Content
		4. Application for credit line from financial institution
2023/08/09	17st meeting of the 9th Board of Directors	<ol style="list-style-type: none"> <li>1. The company's financial report for the second quarter of 2023</li> <li>2. Review the manager's employee bonus payment case for the second quarter of 2023</li> <li>3. Application for credit line from financial institution</li> <li>4. As of the end of July 2023, the company transferred the accounts receivable of each subsidiary to the amount of funds loaned to others.</li> <li>5. The company sets up a dedicated information security supervisor and information security personnel</li> </ol>
2023/10/03	18st meeting of the 9th Board of Directors	<ol style="list-style-type: none"> <li>1. The Company's Profit Distribution Proposal for the First Half of 2023</li> <li>2. As of the end of August and September 2023, the company transferred the accounts receivable of each subsidiary to the amount of funds loaned to others.</li> </ol>
2023/11/07	19st meeting of the 9th Board of Directors	<ol style="list-style-type: none"> <li>1. The company's financial report for the third quarter of 2023</li> <li>2. As of the end of October 2023, the company transferred the accounts receivable of each subsidiary to the amount of funds loaned to others.</li> <li>3. The company's 2024 audit plan</li> <li>4. Review the manager's employee bonus payment case for the third quarter of 2023</li> <li>5. The company's first repurchase of treasury shares in 2020 and the third employee transfer case</li> <li>6. Proposal to amend the company's "Corporate Governance Practice Standards"</li> <li>7. Formulate the company's "Intellectual Property Rights Management Measures"</li> <li>8. Proposal to amend the company's "Internal Major Information Processing and Prevention of Insider Trading Management Procedures"</li> <li>9. Proposal to amend the company's "Operating Procedures for Fund Loans to Others"</li> <li>10. It is proposed to abolish the company's "Operation Rules for Group Enterprises, Specific Companies and Related Party Transactions" and "Regulations on the Management of Related Party Transactions" and to re-formulate the "Operation Rules for Financial Business Between Related Parties"</li> </ol>
2024/01/23	20st meeting of the 9th Board of Directors	<ol style="list-style-type: none"> <li>1. Change of registered address of the company</li> <li>2. Set the base date for the conversion of ordinary shares of the company's first domestic guaranteed convertible corporate bonds and the base date for the capital increase and issuance of new shares</li> <li>3. As of the end of December 2023, the company transferred the accounts receivable of each subsidiary to the amount of funds loaned to others.</li> <li>4. Application for credit line from financial institution</li> <li>5. Review the 2023 Spring Festival gift payment case for managers</li> <li>6. The company's manager's employee bonus payment case for the fourth quarter of 2023</li> </ol>
2024/03/12	21st meeting of the 9th Board of Directors	<ol style="list-style-type: none"> <li>1. The company's 2023 financial statements and business report</li> <li>2. The company's 2023 "Internal Control System Statement"</li> <li>3. As of the end of February 2024, the company transferred the accounts receivable of each subsidiary to the amount of funds loaned to others.</li> <li>4. 2024 operating plan and annual budget</li> <li>5. Our company's 2024 visa accountant independence and competency assessment case</li> <li>6. Our company's 2024 visa accountant appointment and remuneration case</li> <li>7. The company's manager promotion and salary adjustment case</li> </ol>

Date	Meeting title	Content
		8. Proposal to amend the company's "Approval Authority List (Approval Standards for Various Operations)" 9. Proposal to amend some provisions of the company's "Rules of Procedure for Shareholders' Meetings" 10. Plan to amend some provisions of the company's "Director Selection Procedure" 11. Re-election of the tenth session of directors (including independent directors) of the company 12. Matters concerning the convening of the company's 2024 regular shareholders' meeting and the contents of the agenda 13. The company's employee remuneration and directors' remuneration distribution plan for 2023

(XIV) Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.

(XV) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairman of the Board, president, chief accounting officer, chief financial officer, chief internal auditor, and chief research and development officer: None.

#### IV. Audit Fees of Independent Auditors

##### (I) Audit Fees of attesting CPAs

Unit: In NT\$ thousands

Name of accounting firm	Name of CPA	Audit period	Audit fee	Non-audit fee (Note)	Total	Remark
Deloitte & Touche Taiwan	Chuang, Pi-Yu Wu, Shih-Tsung	2023.01.01.2023.12.31	3,955	525	4,480	-

Note: Mainly fees for taxation documents attestation and transfer pricing.

(II) When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: No such occurrence.

(III) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 15 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: No such occurrence.

#### V. Information on Replacement of CPAs

(I) Predecessor CPA: Not applicable.

(II) Successor CPA: Not applicable.

(III) Response letter from the predecessor CPA: Not applicable.

#### VI. Circumstances in which the Chairman of the Board, President, or officers in charge of financial or accounting matters of the Company has worked in the firm of the CPA or its affiliated companies within the last year: Not applicable.

## VII. Any transfer of equity interests and/or pledge of or change in equity interests by a director, managerial officer, or shareholder with a stake of more than 10 percent

### (I) Change in shareholding

Job title	Name	2023		Year-to-date through April 27 2024	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Corporate director/ More than 10% shareholders	Zhou Ding Investment Co., Ltd.	1, 797, 260 –	955, 000 –	–	–
Chairman of the Board and President, and Representative of a corporate director	Representative: Tsao, Hsien-Chang				
Representative of a corporate director	Lin, Ta-Theng				
Representative of a corporate director	Tsao, Ya-Lin				
More than 10% shareholders	Yi Zheng Investment Co., Ltd.	4, 986, 301 –	4, 871, 233 –	–	–
Director	Huang, Tien-Hua	–	–	–	–
Independent Director	Cheng, Chun-Jen	–	–	–	–
Independent Director	Yang, Hao-Ming	–	–	–	–
Independent Director	Cheng, Hung-Hui	–	–	–	–
Assistance Vice President	Liu, Tin-Hsuan	–	–	–	–
Chairman of the Board and President,	Tsao, Hsien-Chang	34, 000 (30, 000)	–	–	–
Vice President	Tsai, Sheng-Hang	355, 972 (70, 000)	273, 972 –	–	–
Assistance Vice President	Peng, Sheng-Hsiang	144, 000 (90, 000)	30, 000 –	–	–
Finance and accounting officer and Director of Corporate Governance	Lin, Mei-Wen	28, 000 (44, 000)	–	–	–

Note: The incumbent as of the publication date of this annual report.

(II) Where the counterparty to the equity transfer is a related party: None.

(III) Where the counterparty to the equity pledge is a related party: None.

# VIII. Information on the 10 largest shareholders who are a related party, spouse, or relative within the second degree of kinship of one another

Shareholding record date: April 27, 2024; Unit: Shares; %

Name	Person		Spouse, minor		Number of shares held under another person's name		The name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree.		Remark
	Number of shares held		Number of shares held by children						
	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Title (or Name)	Relationship	
Yangding Investment Co., Ltd.	18,163,858	22.10%	-	-	-	-	-	-	-
Representative: Tsao, Hsien-Chang	4,000	0.00%	2,200	0.00%	-	-	Zhou Ding Investment Co., Ltd Chen, Mei-Yun. Tsao, Chun-Hua	spouse  relative within the second degree	-
Zhou Ding Investment Co., Ltd.	16,218,666	19.74%	-	-	-	-	-	-	-
Representative: Chen, Mei-Yun	2,200	0.00%	4,000	0.00%	-	-	Yangding Investment Co., Ltd Tsao, Hsien-Chang. Tsao, Chun-Hua	spouse  relative within the second degree	-
Yi Zheng Investment Co., Ltd.	10,239,301	12.46%	-	-	-	-			
Representative: Chen, Huai-Jhen	10,874	0.00%	-	-	-	-			-
RAINBOW JOY INVESTMENT LIMITED	6,452,372	7.85%	-	-	-	-	-	-	-
Representative: Liu, Yu-Ling	11,330	0.00%	2,047,000	2.49%	-	-	Huang, Tien-Hua	spouse	-
Huang, Tien-Hua	2,047,000	2.49%	11,300	0.00%	-	-	RAINBOW JOY INVESTMENT LIMITED Liu, Yu-Ling Zhengyi Investment Co., Ltd. Huang, Shu-Fen	spouse  relative within the second degree	
Zhengyi Investment Co., Ltd.	1,344,586	1.64%	-	-	-	-	-	-	-
Representative: Huang, Shu-Fen	727,626	0.89%	-	-	-	-	Huang, Tien-Hua	Relative within the second degree of kinship	-
CTBC Bank as the custodian of the dedicated trust accounts of Huang, Tien-Hua's assets	1,300,000	1.58%	-	-	-	-	-	-	-

Yongfeng Commercial Bank entrusts the trust property account of the Employee Stock Trust Management Committee of Keding Enterprise Co., Ltd.	1, 239, 200	1. 51%	-	-	-	-			
Tsao, Chun-Hua	1, 050, 673	1. 28%	-	-	-	-	Yangding Investment Co., Ltd Tsao, Hsien-Chang. Zhou Ding Investment Co., Ltd Chen, Mei-Yun.	within the second degree of kinship	-
Yuan Ding Investment Co., Ltd.	825, 735	1. 00%	-	-	-	-	-	-	-
Representative: Zeng,Cing-Shan	163, 704	0. 20%	-	-	-	-	-	-	-

Note: As of the shareholding record date on April 27, 2024, the Company held 3,488 thousand treasury shares, accounting for 4.24% of total number of shares.

**IX. The total number of shares and the consolidated equity stake percentage held in any single investee enterprise by the Company, its directors, supervisors, managerial officers, or any companies controlled either directly or indirectly by the Company**

December 31, 2023; Unit: In thousand shares; %

Investee (Note)	The Company's investment		Investment made by the Company's directors, supervisors, managerial officers, or any companies controlled either directly or indirectly by the Company		Combined investment	
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage
Keding Enterprises Co., Ltd.	4,510	100.00	0	0	4,510	100.00
Keding (Hong Kong) Enterprises Limited	(Note)	100.00	0	0	(Note)	100.00
Keding Enterprises Pte.Ltd.	(Note)	100.00	0	0	(Note)	100.00
Keding Enterprises Sdn. Bhd.	(Note)	100.00	0	0	(Note)	100.00
Keding Enterprises Inc.	500	100.00	0	0	500	100.00
Keding Enterprises Private Limited	1,200	100.00	0	0	1,200	100.00
PT Keding Panels Indonesia	37.53	60.00	0	0	37.53	60.00
Keding Enterprise, Llc	(Note)	100.00	0	0	(Note)	100.00
Keding Vietnam Co., Ltd	(Note)	100.00	0	0	(Note)	100.00
Keding Enterprises ( Korea ) Co., Ltd.	20	100.00	0	0	20	100.00
Keding Enterprises ( Thailand ) Co., Ltd.	10	100.00	0	0	10	100.00
Yang Jin Co., Ltd.	(Note)	100.00	0	0	(Note)	100.00
Keding (Shanghai) Trading Co., Ltd.	(Note)	100.00	0	0	(Note)	100.00

Note: It is a limited company, so it does not have any shares.

## Four. Fund Raising Status

### I. Company Capital and Shares

#### (I) Capital and Shares

April 30, 2024; Unit: shares

Type of shares	Authorized capital			Remark
	Outstanding shares (Note)	Un-issued shares	Total	
Common shares	82,181,347	17,818,653	100,000,000	TWSE-listed shares

Note: Outstanding shares including 3,488 thousand shares held by the Company.

#### (II) Source of capital

Unit: In NT\$ thousands; shares

Year and month	Issue price (NT\$)	Authorized capital		Paid-in capital		Remark		
		Number of shares (in shares)	Amount (NT\$)	Number of shares (in shares)	Amount (NT\$)	Source of share capital	Share subscription payments that are an asset other than cash	Others
2002.07	10	1,000,000	10,000,000	1,000,000	10,000,000	Share capital upon incorporation 10,000,000	None	MOEA Jing-Shou-Zhou-Zi No. 09132449400 dated July 22, 2002
2002.09	10	2,700,000	27,000,000	2,700,000	27,000,000	Follow-on offering 17,000,000	None	MOEA Jing-Shou-Zhou-Zi No. 09132713700 dated September 16, 2002
2005.07	10	4,050,000	40,500,000	4,050,000	40,500,000	Follow-on offering 13,500,000	None	MOEA Jing-Shou-Zhou-Zi No. 09432470600 dated July 19, 2005
2008.11	10	9,600,000	96,000,000	9,600,000	96,000,000	Follow-on offering 55,500,000	None	MOEA Jing-Shou-Zhou-Zi No. 09733382170 dated November 4, 2008
2009.09	10	14,350,000	143,500,000	14,350,000	143,500,000	Follow-on offering 47,500,000	None	MOEA Jing-Shou-Zhou-Zi No. 09833007690 dated September 8, 2009
2010.08	10	20,990,000	209,900,000	20,990,000	209,900,000	Follow-on offering in the amount of NT\$ 63,500,979 and recapitalization of earnings in the amount of NT\$2,899,021	None	Taipei County Government Bei-Fu-Jing-Deng-Zi No. 0993148260 dated August 13, 2010.
2013.09	10	30,000,000	300,000,000	30,000,000	300,000,000	Follow-on offering in the amount of NT\$86,000,000 and recapitalization of earnings in the amount of NT\$4,100,000	None	New Taipei City Government Bei-Fu-Jing-Si-Zi No 1025058803 dated September 16, 2013.
2014.01	20	50,000,000	500,000,000	35,000,000	350,000,000	Follow-on offering 50,000,000	None	New Taipei City Government Bei-Fu-Jing-Si-Zi No.1035123278 dated January 16, 2014.
2014.05	25	50,000,000	500,000,000	39,000,000	390,000,000	Follow-on offering NT\$40,000,000	None	New Taipei City Government Bei-Fu-Jing-Si-Zi No.1035153505 dated May 30, 2014.



#### Four. Fund Raising Status

Year and month	Issue price (NT\$)	Authorized capital		Paid-in capital		Remark		
		Number of shares (in shares)	Amount (NT\$)	Number of shares (in shares)	Amount (NT\$)	Source of share capital	Share subscription payments that are an asset other than cash	Others
2014.09	33.3	50,000,000	500,000,000	44,000,000	440,000,000	Follow-on offering 50,000,000	None	New Taipei City Government Bei-Fu-Jing-Si-Zi No.1035178048 dated September 9, 2014.
2014.12	46	50,000,000	500,000,000	45,220,000	452,200,000	Follow-on offering in the amount of NT\$12,200,000	None	New Taipei City Government Bei-Fu-Jing-Si-Zi No.1035207618 dated December 26, 2014.
2015.08	10	50,000,000	500,000,000	49,742,000	497,420,000	Capital reserves recapitalized in the amount of NT\$45,220,000	None	New Taipei City Government Xin-Bei-Fu-Jing-Si-Zi No.1045168471 dated August 4, 2015.
2015.08	40	50,000,000	500,000,000	49,950,800	499,508,000	Follow-on offering in the amount of NT\$2,088,000	None	New Taipei City Government Xin-Bei-Fu-Jing-Si-Zi No.1045176278 dated August 27, 2015.
2015.10	46	80,000,000	800,000,000	53,815,800	538,158,000	Follow-on offering in the amount of NT\$38,650,000	None	Jing-Shou-Shang No. 10401229450 dated October 29, 2015.
2016.08	56	80,000,000	800,000,000	54,195,800	541,958,000	Follow-on offering in the amount of NT\$3,800,000	None	Jing-Shou- Shang -Zi No.10501206560 dated August 18, 2016
2016.08	36	80,000,000	800,000,000	54,689,800	546,898,000	Conversion of employee stock warrants in the amount of NT\$4,940,000	None	Jing-Shou- Shang -Zi No.10501216720 dated August 31, 2016
2017.06	10	80,000,000	800,000,000	56,330,494	563,304,940	Recapitalization of earnings in the amount of NT\$16,406,940	None	Jing-Shou- Shang -Zi No.10601101150 dated July 19, 2017.
2017.06	24.3	80,000,000	800,000,000	57,012,494	570,124,940	Employee compensation recapitalized in the amount of NT\$6,820,000	None	Jing-Shou- Shang-Zi No.10601101150 dated July 19, 2017.
2017.07	56	80,000,000	800,000,000	60,390,000	603,900,000	Follow-on offering in the amount of NT\$33,775,060	None	Jing-Shou-Shang-Zi No.10601101160 dated July 24, 2017.
2018.07	53.2	80,000,000	800,000,000	60,873,500	608,735,000	Employee compensation recapitalized in the amount of NT\$4,835,000	None	Jing-Shou-Shang-Zi No.10701094730 dated August 9, 2018
2018.11	60.94	80,000,000	800,000,000	66,608,500	666,085,000	Follow-on offering in the amount of NT\$57,350,000	None	Jing-Shou-Shang-Zi No.10701154160 dated December 17, 2018
2019.09	40.20	100,000,000	1,000,000,000	75,608,500	756,085,000	Follow-on offering in the amount of NT\$90,000,000	None	Jing-Shou-Shang-Zi No.10801075640 dated June 20, 2019. Jing-Shou-Shang-Zi No.10801133110 dated September 26, 2019.
2020.12	-	100,000,000	1,000,000,000	73,968,500	739,685,000	Retirement of treasury shares for capital reduction in the amount of NT\$16,400,000	None	Jing-Shou-Shang-Zi No.10901249500

Year and month	Issue price (NT\$)	Authorized capital		Paid-in capital		Remark		
		Number of shares (in shares)	Amount (NT\$)	Number of shares (in shares)	Amount (NT\$)	Source of share capital	Share subscription payments that are an asset other than cash	Others
2022.02	-	100,000,000	1,000,000,000	74,028,199	740,281,990	Conversion of convertible corporate bonds in the amount of NT\$596,990	None	Jing-Shou-Shang-Zi No. 11101011790
2022.12	-	100,000,000	1,000,000,000	74,033,407	740,334,070	Conversion of convertible corporate bonds in the amount of NT\$52,080	None	Jing-Shou-Shang-Zi No. 11101223650
2024.02	-	100,000,000	1,000,000,000	82,181,347	821,813,470	Conversion of convertible corporate bonds in the amount of NT\$81,479,400	None	Jing-Shou-Shang-Zi No. 11330015650

(III) Information on shelf-registration: Not applicable.

(IV) Shareholder structure Shareholding record date: April 27, 2024. Unit: persons; shares; %

Shareholder structure Quantity	Government agency	Financial institution	Other corporation	Foreign institutions and foreigners	Individual	Treasury shares	Total
Number of persons	0	2	27	21	911	1	962
Number of shares held	0	2,539,200	58,992,025	302,547	16,859,575	3,488,000	82,181,347
Shareholding ratio	0.00%	3.09%	71.78%	0.37%	20.52%	4.24%	100.00%

(V) Diffusion of ownership

1. Diffusion of ownership of common shares;

Shareholding record date: April 27, 2024. Unit: persons; shares;%

Range of no. of shares held	No. of shareholders	Number of shares held	Shareholding percentage (%)
1-999	369	37,816	0.05%
1,000-5,000	348	613,920	0.75%
5,001-10,000	49	352,587	0.43%
10,001-15,000	36	454,341	0.55%
15,001-20,000	16	272,669	0.33%
20,001-30,000	20	495,877	0.60%
30,001-40,000	12	409,226	0.50%
40,001-50,000	13	598,860	0.73%
50,001-100,000	31	2,031,359	2.47%
100,001-200,000	31	4,107,194	5.00%
200,001-400,000	15	4,413,308	5.37%
400,001-600,000	7	3,344,444	4.07%
600,001-800,000	4	2,680,355	3.26%
800,001-1,000,000	1	825,735	1.00%
100,000,000 shares and more	10	61,543,656	74.89%
Total	962	82,181,347	100.00%

2. Diffusion of ownership of preferred shares: The Company did not issue preferred shares.



## (VI) Name of major shareholder

Shareholding record date: April 27, 2024; Unit: shares

Name of major shareholder	Shares	Number of shares held	Shareholding percentage (%)
Yangding Investment Co., Ltd.		18,163,858	22.10%
Zhou Ding Investment Co., Ltd.		16,218,666	19.74%
Yi Zheng Investment Co., Ltd.		10,239,301	12.46%
RAINBOW JOY INVESTMENT LIMITED		6,452,372	7.85%
Huang, Tien-Hua		2,047,000	2.49%
Zhengyi Investment Co., Ltd.		1,344,586	1.64%
CTBC Bank as the custodian of the dedicated trust accounts of Huang, Tien-Hua's assets		1,300,000	1.58%
Yongfeng Commercial Bank entrusts the trust property account of the Employee Stock Trust Management Committee of Keding Enterprise Co., Ltd.		1,239,200	1.51%
Tsao, Chun-Hua		1,050,673	1.28%
Yuding Investment Co., Ltd.		825,735	1.00%

Note: As of the shareholding record date on April 27, 2024, the Company held 3,488 thousand treasury shares, accounting for 4.24% of total number of shares.

## (VII) Share prices for the past 2 fiscal years, together with the company's net worth per share, earnings per share, dividends per share, and related information:

Unit: In NT\$ thousands; shares

Item		Year	2022	2023	April 30, 2024
Market price per share (Note 1)	Highest		176.00	132.00	122.00
	Lowest		79.50	113.50	110.50
	Average		119.11	124.55	116.57
Net worth per share	Before distribution		28.28	26.55	(Note 5)
	After distribution		28.28	17.55	(Note 5)
Earnings per share	Weighted average number of shares		70,061 thousand shares	70,681 thousand shares	(Note 5)
	Earnings per share		5.56	3.52	(Note 5)
Dividend per share	Cash dividends		-	-	-
	Stock dividends	Earnings distribution	-	-	-
		Capital reserve allocation stocks	-	-	-
	Accumulated undistributed dividends		-	-	-
Return on investment analysis	Price/earnings ratio (Note 2)		21.42	35.38	-
	Price/dividend ratio (Note 3)		-	13.84	-
	Cash dividend yield (Note 4)		-	7.23%	-

Note 1: Data was taken from TWSE's website.

Note 2: Price/earnings ratio = average closing price per share for the year / earnings per share.

Note 3: Price / dividend ratio = average closing price per share for the year / cash dividends per share.

Note 4: Cash dividend yield = cash dividend per share / average closing price per share for the year.

Note 5: As of the publication date of this annual report, there was no data that had been attested or reviewed by CPAs.

(VIII) The Company's dividend policy and implementation thereof

1. Dividend policy adopted in the company's articles of incorporation

Dividend policy stipulated in Article 20 of the Company's Articles of Incorporation is as follows:

The Company's dividend distribution policy must consider current and future investment environment, capital needs, state of competition at home and abroad, and capital budgets, taking into account shareholders' interests and the Company's long-term financial planning, and must stipulate that no less than 10% of earnings in any given year be distributed as shareholder bonus. If the Company is in deficit in the current year or has earnings in previous years, the earnings in previous years may be distributed. However, if the accumulated distributable earnings in the current year (i.e. distributable earnings plus undistributed earnings in previous years) are less than 10% of the Company's paid-in capital, the Company may elect not to distribute dividends or bonus to shareholders. Dividends or bonus to be distributed to shareholders may be distributed in cash or in shares, but the cash dividends must constitute at least 20% of total dividends distributed.

The said distribution percentage may be adjusted through a resolution adopted by the Shareholders' Meeting depending on the profits and fund position in the given year.

In addition, according to the Articles of Incorporation amended at the shareholders' meeting dated July 28, 2021, the Company must distribute earnings or compensate for prior losses after each half of a fiscal year, in which case the Board of Directors is authorized to distribute distributable dividends and bonus, in whole or in part, in cash through a special resolution, and to report such distribution at the Shareholders' Meeting.

2. Proposal on dividend distribution adopted by this shareholders' meeting:

The company's 2023 earnings distribution plan was approved by the board of directors on October 3, 2023 and May 9, 2024. The company's accumulated undistributed earnings at the beginning of the period (the same below) were NT\$1,076,450,560, and the surplus in 2023 was NT\$248,604,055. According to law 10% of the statutory surplus reserve of NT\$24,860,406 was allocated, and the accumulated distributable surplus was NT\$1,300,194,209. On October 3, 2023, the board of directors resolved to distribute dividends of NT\$ 418,334,442, with a cash allocation of NT\$ 6 per share, and on May 9, 2024, the board of directors resolved to distribute dividends of NT\$236,080,041, with a cash allocation of NT\$ 3 per share. The above proposed dividend distribution will be submitted to the regular shareholders' meeting on June 25, 2024.

3. Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: None.

(IX) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: None.

(X) Compensation to employees and directors

1. The percentages or ranges with respect to employee and director profit-sharing compensation, as set forth in the company's articles of incorporation:

The clauses in Article 19 of the Company's Articles of Incorporation are as follows:

No less than 2% of the annual earnings, if any, shall be paid as employee compensation, either in stocks or in cash as determined by the Board of Directors. Employee compensation may also be distributed to employees of affiliates who meet certain criteria. The Company may allocate no greater than 2% of the

said annual earnings as directors' compensation. However, if the Company is still in deficit, an amount equal to such deficit shall be reserved in the first place.

The term "annual earnings" mentioned in paragraph 1 means the pre-tax profits in the current year inclusive of employee compensation and director compensation.

Distribution of employee compensation and director compensation may be made by a majority vote at a Board of Directors meeting attended by two thirds or more of all directors, and must be reported at the Shareholders' Meeting.

2. The basis for estimating the amount of employee and director profit-sharing compensation, for calculating the number of shares to be distributed as employee profit-sharing compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.

The Company estimates employee compensation by multiplying a certain percentage by the Company's annual profits (i.e. pre-tax profits inclusive of employee compensation and director compensation). Director compensation is directly recognized at the estimated amount, and presented as operating costs or operating expenses. If employee compensation is distributed in shares, the number of shares to be distributed shall be calculated by factoring in the closing price of the common share on the day prior to the date on which the Board reaches a resolution. If the amount changes after the publication date of the financial statements in the following year, such changes are accounted for as changes in accounting estimates, and will be recognized in the profit or loss of the following year.

3. The amount of compensation to be distributed that is approved by the Board of Directors, and assumption-based calculation of the earnings per share.
  - (1) The Company intends to distribute cash in the amount of NT\$6,169 thousand as employee compensation to employees at home and abroad. No director compensation will be distributed.
  - (2) If there is any discrepancy between the distributed amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed: The company's actual distribution amount is no different from the recognized amount.
4. The actual distribution of employee, director, and supervisor profit-sharing compensation for the previous fiscal year:
  - (1) The actual distribution of employee and director profit-sharing compensation for the previous fiscal year: No director compensation was distributed; employee compensation in the amount of NT\$9,326 thousand was distributed in cash.
  - (2) Difference between the amount of distribution passed by the Board of Directors and the actually distributed amount: The actual amount of employee compensation distributed in 2022 of NT\$9,326,000 is different from the amount of NT\$ 10,185,000 proposed to be distributed by the original board of directors. The difference has been adjusted to the profit and loss for 2023.

(IX) Status of a company repurchasing its own shares: None.



## II. Issuance of Corporate Bonds (Including Foreign Bonds)

(I) Basic information of corporate bonds: Shown in the following table.

### Issuance of Corporate Bonds

Type of corporate bonds		1st secured corporate bonds
Issue date		2021/01/05
Denomination		NT\$100.00
Issue and transaction place		ROC
Issue price		NT\$100.6000
Total amount		NT\$300,000,000
Interest rate		0 %
Term		3 years; maturity date: 2024/01/05
Guarantor		Jiantan Branch of Sunny Bank Ltd.
Trustee		Trust Department of Shin Kong Bank Co., Ltd.
Underwriter		IBF Securities Co., Ltd.
Attesting attorney		Attorney Chiu, Ya-Wen from HANDSOME ATTOMEYS-AT-LAW
Attesting CPAs		CPAs Chien, Ming-Yan and Chuang, Pi-Yu from Deloitte & Touche Taiwan
Redemption method		The Company will redeem the convertible bonds held by the bondholders at the face value in a lump-sum cash payment upon maturity, except when holders of the convertible bonds convert the bonds into the Company's common shares according to Article 10 of these regulations, when the Company early redeems the bonds according to Article 17 of these regulations, or when the Company directly redeems and retires the bonds at a securities dealer's premises.
Unredeemed balance		None
Conditions for redemption or early redemption		Please refer to the "Regulations Governing the Issue and Conversion of the 1st Domestic Secured Convertible Corporate Bonds."
Restrictive covenants		Please refer to the "Regulations Governing the Issue and Conversion of the 1st Domestic Secured Convertible Corporate Bonds."
Name of rating agency, date and result of rating		Not applicable
Other rights	The monetary amount of common shares, global depositary receipts, or other securities already converted, exchanged, or subscribed up to the annual report publication date	NT\$300 million, equal to 8,212,847 shares
	The issuance and conversion, exchange, or subscription rules	Please refer to the "Regulations Governing the Issue and Conversion of the 1st Domestic Secured Convertible Corporate Bonds."
The possible dilution of shareholding and influence on shareholder equity caused by the issuance and conversion, exchange,		The issue size of this convertible bonds is NT\$300 million , and all of them will be converted into 8,212,847 ordinary shares on the maturity date. Based on the number of issued and outstanding shares of the company -which was 82,181 thousand shares, the maximum dilution

or subscription rules and the terms of issuance. Influence on current shareholder equity	of shareholder equity will be 1%. Conversion of convertible bonds into the Company's common shares helps lower liabilities and improve shareholder equity and thereby increase the net worth per share, offering higher assurance for shareholder equity in the long term.
Name of the custodian institution of the exchangeable underlyings	Not applicable

(II) Information on convertible corporate bonds: See the following table for details.

### **Information on convertible corporate bonds**

Type of corporate bonds		The first domestic secured convertible corporate bonds		
Item	Year	2021	2022	2023
Market price of convertible corporate bonds (Note 1)	Highest	225	440	(Note3)
	Lowest	110.65	233	(Note3)
	Average (Note 2)	123.71	306.69	(Note3)
Conversion price		50.10	38.40	36.50
Issue (transaction) date and conversion price at issuance		Issue date: 2021/01/05 NT\$50.10		
Method for performance of conversion obligations		Issuance of new shares		

Note 1: The data was taken from the TPEx.

Note 2: Average price = Total amount represented by transactions made through the price matching system and price negotiation / Total number of shares represented by transactions made through the price matching system and price negotiation.

Note 3: 2023 no transaction, all converted into ordinary shares on December 20, 2023.

(III) Exchangeable corporate bonds: None

(IV) Issuance of Corporate Bonds Under Shelf Registration: None.

(V) Corporate Bonds With Warrants: None.

### **III. Issuance of Preferred Shares (Including Preferred Shares with a Stock Warrant): None.**

### **IV. Issuance of Global Depositary Receipt: None.**

### **V. Issuance of Employee Stock Warrant**

(I) The annual report shall disclose unexpired employee subscription warrants issued by the company in existence as of the date of publication of the annual report, and shall explain the effect of such warrants upon shareholders' equity: None.

(II) The annual report shall disclose the names of top-level company executives holding employee share subscription warrants and the cumulative number of such warrants exercised by said executives as of the date of publication of the annual report. The annual report shall also disclose the names of the ten

employees holding employee subscription warrants authorizing purchase of the most shares, along with the cumulative number of warrants exercised by these ten employees, as of the date of publication of the annual report: Not applicable.

## **VI. Issuance of New Restricted Employee Shares**

- (I) For all new restricted employee shares for which the vesting conditions have not yet been met for the full number of shares, the annual report shall disclose the status up to the date of publication of the annual report and the effect on shareholders' equity: The Company did not issue any restricted employee shares, so this requirement is not applicable.
- (II) Names and acquisition status of managerial officers who have acquired new restricted employee shares and of employees who rank among the top ten in the number of new restricted employee shares acquired, cumulative to the date of publication of the annual report: Not applicable.

## **VII. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies**

- (I) Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the company has completed any issuance of new shares in connection with a merger or acquisition or with acquisition of shares of any other company: Not applicable.
- (II) Where the board of directors has, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, adopted a resolution approving any issuance of shares in connection with a merger or acquisition or with acquisition of shares of any other company: None.

## **VIII. Implementation of Capital Allocation Plans**

- (I) For the period as of the quarter preceding the date of publication of the annual report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits, the annual report shall provide a detailed description of the plan for each such public issue and private placement: None.
- (I) For the period as of the quarter preceding the date of publication of the annual report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits, the annual report shall provide a detailed description of the implementation of the plan for each such public issue and private placement: Not applicable.



## Five. Operational Highlights

### I. Business Activities

#### (I) Business Scope

1. Main business activities: Interior decoration materials such as KD Panels, KD Flooring, ECO<sup>+</sup> Panels, ECO<sup>+</sup> Laminates, KD Modular Cabinets and other interior decorating materials..
2. Main products' weight of operating revenue

Unit: In NT\$ thousands

Product \ Year	2022		2023	
	Net operating revenue	Weight (%)	Net operating revenue	Weight (%)
Prefinished veneered panels (Note)	1,714,945	70.49	1,198,633	50.48
ECO <sup>+</sup> Panels	594,328	24.43	1,036,197	43.63
KD wood flooring	63,961	2.63	50,367	2.12
KD Modular Cabinet	37,327	1.53	55,439	2.33
Others	22,468	0.92	34,311	1.44
Total	2,433,029	100.00	2,374,947	100.00

Note: Known as wood veneer/decorative panel/decorative veneer in China.

#### 3. Current product (service) items and usage

Product category	Main use and function
Prefinished veneered panels	Used in interior decorative elements, e.g. cabinets, doors, ceilings, and walls.
ECO <sup>+</sup> Panels	Used in interior decorative elements, e.g. cabinets, doors, ceilings, and walls.
KD Flooring	Laid in indoor space
ECO <sup>+</sup> Laminates	Used in interior decorative elements, e.g. cabinets, doors, ceilings, and walls.
KD Modular Cabine	Modular wood cabinet customization service, from measurement to installation, strictly implement standardized operating procedures, fast assembly, and effectively shorten the on-site woodworking hours.
Others	KD Cabinet Doors, ECO <sup>+</sup> Particle board, ECO <sup>+</sup> PVC Board, KD Interior Doors, and interior decoration building materials etc.

#### 4. New products (services) planned for development

Based on years of experience and expertise in coated wood veneer panels (KD Panels), our company adheres to the core concept of eco-friendly and non-toxic ECO<sup>+</sup> Panels. Following a blue ocean strategy for research and development goals, we focus on developing healthy building materials with market potential. We have developed various interior building material products and adopt a horizontally diversified approach to provide a range of products. By addressing the shortcomings of traditional decoration materials, we offer customers innovative and healthy building material options. Additionally, we establish a one-stop shopping service to continuously create products that better meet consumer needs. Furthermore, we continuously upgrade digital services and construct various online platforms to meet various digital needs such as customer appointments, orders, and personalized introductions.

## (II) Industry overview

## 1. Industry overview and development

Incorporated in 2002, the Company mainly produces and sells prefinished veneered panels, KD Flooring, and ECO+ Panels. The production base is located in Dapumei Industrial Park in Chiayi. The Company's subsidiaries also set up a local service base in mainland China, Hong Kong, Malaysia, Singapore, the Philippines and India to serve local customers.

According to the definition in the Standard Industrial Classification of the Republic of China (Rev.9) published by the Directorate General of Budget, Accounting and Statistics, Executive Yuan, the Company falls under the "Wood and Bamboo Products Manufacturing" industry, which mainly provides the materials required for building renovation and interior decoration and for which the demand mainly comes from the "Specialized Construction Activities" industry and the "Building Completion and Finishing" industry under the "Construction" category. Below is the name of industries and their definition:

Industry name		Definition
Wood and Bamboo Products Manufacturing		The industry engaged in the manufacturing of manufacturing materials, semi-finished products, or finished products using wood, bamboo, rattan, wicker, or softwood. Excluding the manufacturing of furniture made mainly from wood, bamboo, or rattan, which is categorized under the 3211 sub-category "Wood Furniture Manufacturing."
Construction Industry	Construction and Engineering Industry	The building construction industry engaged in the construction, remodeling, maintenance and repair of residential and non-residential buildings.
	Civil Engineering Industry	The industry engaged in the construction, remodeling, and maintenance and repair of public civil engineering work, e.g. roads, bridges, public work and facilities, and harbors.
	Specialized Construction Activities	The industry engaged in a specific part of the construction and civil engineering work, e.g. site preparation, foundation, structure, gardening and landscaping, construction equipment installation, building completion and decoration.
Interior Decoration		The industry engaged in indoor/outdoor decoration of buildings and civil engineering structures, e.g. water-proofing, heat-insulation, and sound insulation work; installation of doors and windows; installation of glass; painting; installation of wallpaper; installation of tiles; installation of flooring; installation of kitchenware; and installation of system furniture.

Data source: Standard Industrial Classification of the Republic of China (Rev.10), Directorate General of Budget, Accounting and Statistics, Executive Yuan

According to the information compiled by the Taiwan Economic Research Institute's Industrial Economics Database, the sub-sector of the completed construction and decoration industry includes "waterproofing, heat insulation, sound insulation, and other isolation works," "window and door installation," "glass paneling," "painting," "wall decorations," "ceramic tiles," "flooring installation," and "systematic cabinetry installation. flooring installation" and "system cabinet installation". The construction completion and decoration works industry mainly focuses on interior and exterior

decoration works for various structures. The sources of business include the house construction and decoration works released by real estate developers near the completion of their projects, and the decoration works derived from the purchase of houses and factories by corporations in response to the actual needs for investment or office and factory business, and even the interior renovation works are also directly related to the interior decoration works of the public who engage in real estate investment or house purchases for home exchange. Even the public's investment in real estate or purchase and exchange of houses are also directly related to interior renovation works.

#### A. Marketplace overview

The Company's revenue mainly comes from Taiwan and China. From 2019 to 2023, Taiwan's revenue will range from \$840 to \$1.6 billion; China's revenue will range from \$550 to \$1.5 billion, and the proportion of Taiwan's revenue in the Group's revenue will increase from 34% in 2019 to 67% in 2023, which is already more than 50% of the Group's revenue.

Under the influence of the international situation, KD Enterprise still demonstrates stable operating results, optimizes its operating system internally, and actively expands its market externally. In 2020, KD Enterprise will further expand its market in Southeast Asia and the Middle East, and make good use of its channel advantages to meet customers' needs as a starting point. In 2021, the launch of ECO<sup>+</sup> Panels brought significant growth to the company's overall revenue. In 2022, the KD Modular Cabinets was launched to achieve further success. In 2023, the new ECO<sup>+</sup> Laminates will break the market's stereotypical impression of melamine boards and continue to strengthen the brand value and market positioning, making KD's future development worth looking forward to.

Below is a description of the current marketplace and future development in Taiwan and China:

##### (1) Taiwan

According to the basic data on the Interior Decoration Industry contained in a report released by the Taiwan Institute of Economic Research (TIER), Taiwan's traditional building decoration industry is gradually expanding to the current interior design and decoration field, signifying that the Interior Decoration Industry already possesses the potential for growth in society. Unfortunately, in the past, those in the Interior Decoration Industry were not equal in terms of quality; some of them even had insufficient understanding of the Building Act or fire safety and disaster prevention and thus often damaged the structural components of a building, putting safety at great stake. Therefore, the government believed it necessary to set up a system for, manage, and give guidelines for, the interior decoration work and the companies involved, and had already put the interior design and decoration market under its supervision. In the past, the Interior Decoration Industry correlated highly with the Building Construction Industry, so the business performance of the Interior Decoration Industry was roughly the same as the historical performance of the Building Construction Industry.

Domestic sales account for more than 90% of the revenue of the Wood and Bamboo Products Manufacturing in Taiwan. This is because Taiwan's real estate market bottomed out at the end of 2016; the gradual return of large construction projects and housing unit transaction volume effectively supported the sales of plywood for construction use and wood containers for decoration and ornamentation use; the improvement in the public work market in Taiwan drove up the demand for plywood for construction use; and the government was increasing its policy support for this industry – all of which have revived the domestic sale market for Taiwan's wood and bamboo products. As Taiwan's economic climate gradually and steadily picks up, coupled

with the improvement in the flame-retardant, anti-corrosive, and wood-boring insects prevention technologies and the prevalence of environmental awareness, wood containers have gained stable sales momentum. In addition, the price war waged by industry peers in China and Southeast Asia countries also impact the export of such products.

Percentage of domestic sales and exports of Taiwan's Wood and Bamboo Products  
Manufacturing

Weight/percentage	2018	2019	2020	2021	2022	2023
Percentage of domestic sales	86%	87%	88%	89%	88%	88%
Percentage of exports	14%	13%	12%	11%	12%	12%

Data source: Compiled from MOEA's Statistics Database

In addition, the current status of KD Panels, KD Flooring and ECO<sup>+</sup> Panels, KD Modular Cabinets, ECO<sup>+</sup> Laminates, KD Cabinet Doors, KD Interior Doors, etc. in Taiwan is described as follows:

a. KD Panels

In the early days of interior decoration in Taiwan, unfinished veneered panels were commonly used. Unfinished veneered panels, abbreviated as UV panels, can be used as surface decorative materials for cabinets, doors, walls, ceilings, partitions, and more. After nailing and pasting, they are painted on-site by professional painters. However, this process often leads to various issues and disputes, such as uneven staining, color discrepancies after staining, and time-consuming on-site painting. Traditional painting methods also involve the use of harmful substances like toluene and other neurotoxins, posing health risks to both construction workers and homeowners.

With the introduction of KD Panels, these problems have been addressed. KD Panels use paint materials certified with the Healthy Green Building Materials Label, and painting is completed before leaving the factory, reducing the workload by 4/5. Additionally, all products use F1 low formaldehyde plywood, ensuring the strictest standards for the health of residents. Currently, manufacturers of prefinished veneered panels mainly target the domestic market in Taiwan. However, our company's sales territory extends to mainland China, Singapore, Malaysia, the Philippines, India, Indonesia, Vietnam, Thailand, and the United States.

b. KD Flooring

Wood flooring can be categorized into solid wood flooring, engineered flooring, and eco-friendly wood flooring. Solid wood flooring is made by cutting whole logs, with surface coating applied while retaining the original texture of the wood. Its disadvantages include being not resistant to moisture and prone to dimensional distortion due to thermal expansion and contraction. Engineered flooring, besides surface coating, consists of solid wood pieces in the middle with a plywood base layer. This construction not only prevents moisture but also reduces the likelihood of expansion and deformation. Eco-friendly wood flooring is made using environmentally friendly PP surface material and features a composite structure that resists sunlight and moisture, making it less susceptible to deformation caused by high temperatures or humidity.

Our company is a leading enterprise in selling wood flooring in domestic listed companies, its products mainly focus on engineered type KD Flooring and ECO<sup>+</sup> Flooring, the former is divided into Hand-scraped and Wide Plank series, in addition to the better quality of the products, about the hand-scraped and engraved technology, we also invite more than 20 years of experience in the craftsmanship, each hand-scraped planing, retaining the natural beauty of the solid wood flooring, a knife and a chisel to grind hand-scraped texture, and to give the appropriate coating and handmade color, and increase the anti-slip coefficient to make life safe protection. The color of the flooring is rubbed by hand, and the anti-slip coefficient is increased to ensure the safety of life. ECO<sup>+</sup> Flooring has obtained the patent of invention, using non-toxic PP surface material, equipped with ultra-realistic printing technology to reproduce lifelike wood grain, more environmentally friendly and non-toxic, while retaining the unique texture of the wood grain. In addition, we also provide on-site installation services to enhance the overall texture of the wood flooring.

#### c. ECO<sup>+</sup> Panels

ECO<sup>+</sup> Panels are made of food-grade PP raw materials, which are formaldehyde-free, plasticizer-free and melamine-free, and are widely used in baby pacifiers, coffee cup lids, food microwave containers, and so on, and are suitable for temperatures ranging from -20°C to 120°C. The panels have been continuously enhanced by strengthening the PP coating technology to greatly improve the protection of the panels, and have passed SGS tests for scratch and abrasion resistance, acid and alkali resistance, stain resistance and flame resistance. Continuously strengthen the PP panel coating technology, so as to greatly enhance the panel's protective power; and through the anti-scratch and abrasion resistance, acid and alkali resistance, stain resistance, anti-flame, etc. SGS qualified test, the daily maintenance can be wiped directly with a dry or wet rag, with easy maintenance characteristics. In order to make the ECO<sup>+</sup> Panels more unique, we have invested in KD's exclusive wood texture database and special color paints in the production process, so that the wood texture reaches a super-realistic effect, and we have also developed a wide range of textures for different materials, such as marble texture, water molding, and pure colors, so that we can provide a wide range of product styles to satisfy various scenes.

#### d. KD Modular Cabinets

Our company provides customized modular woodwork cabinets, combining the advantages of woodwork and system cabinets at the same time. From measurement to installation, we strictly implement standardized operation procedures, rapid assembly, and effectively shorten the on-site woodworking hours. We recommend the use of KD Panels for the outside of the cabinets, which have vivid texture; inside of the cabinets, we use batch cabinet boards, selected environmentally friendly and non-toxic food-grade PP raw materials, F1 high-strength and weight-resistant wood core boards substrates, and have gone through a number of quality inspections for toxicity, heat resistance, flame resistance, etc., so that our health and safety are upgraded. The ultra-realistic printing technology is combined with the coating boards, so as to make the cabinets perfectly consistent in terms of board color, which is a perfect solution for the problems of interior cabinet design and construction. The combination of ultra-realistic printing technology and painted panels makes the color of the cabinet boards perfectly consistent.

#### e. ECO<sup>+</sup> Laminates

ECO<sup>+</sup> Laminates continues the essence of ECO<sup>+</sup> Panels and brings a brand new surface finish experience. Subverting the traditional PVC and Menite surface materials, it uses non-toxic food-grade PP raw material, which is scratch-resistant, wear-resistant, easy to bend and does not break, which is good for applying and cutting, and makes the process easier and more

fluent; ECO<sup>+</sup> Laminates adopts the ultra-realistic printing technology to provide a variety of rich surfaces, such as ultra-realistic wood grain, featured heterogeneous materials, and classic solid colors. The laminate also perfectly presents a seamless bonding texture, satisfying all-round design needs. There is no limit to the length of the customized size, which can perfectly support various types of casework, including high ceiling commercial space.

f. KD Cabinet Doors, KD Interior Doors

Continuing the setup of modular woodworking system furniture provided by KD Modular Cabinets, KD Cabinet Doors and KD Interior Doors are launched as a series of related products, which are made of woodworking-grade raw materials, with low formaldehyde F1 wood core boards for the base material, and KD Panels or ECO<sup>+</sup> Panels for the surface material. The edges are sealed by machine, and the rounded edges make the finished products more stable and have a better hand feeling, so that the degree of closing is greatly improved.

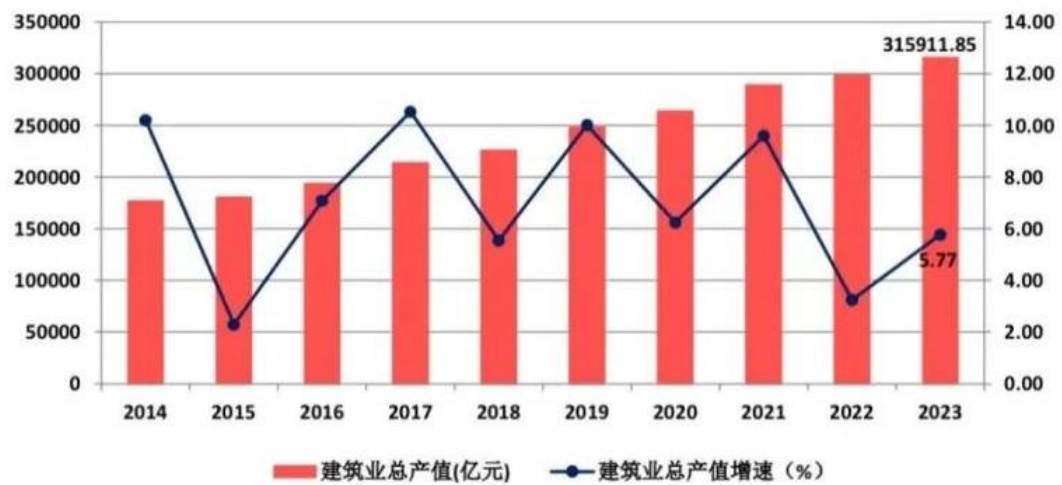
(2) China

In July 1998, China's State of Council published the "Notice of the State Council on Further Deepening the Reform of the House System in the City and Town and on Accelerating the House Construction" in order to reform its property rights system. Thereafter, China's housing system has been transitioning towards private-ownership, market-orientation, and privatization, propelling the growth of the construction industry and real estate industry. In addition, China's leaping economic growth and boosting living standards have shifted consumers' preference from traditional residential and use function to the quality of exterior and interior components; this has given rise to the building interior dressing industry, which can be divided into public building interior dressing and residential building interior dressing based on the usage of buildings.

In recent years, the rapid growth of market demand for real estate, furniture, decoration, etc., has boosted the demand for forest products in domestic and foreign markets, which in turn has driven the rapid development of the wood processing industry. Moreover, the output of papermaking, plywood, MDF, wood flooring, and wood furniture has already topped the world, and the consumption of wood is also increasing. In the future, as China's relentlessly growing demand for forest products from domestic or foreign markets will also step the consumption of industrial wood up at certain rate.

China's urbanization has been accelerated since 2003, bring about the demand for housing unit construction and interior decoration, thereby giving rise to strong momentum to the building interior decoration industry. According to the "Analysis of the Construction Industry Development Statistics of 2023" published by CHINA CONSTRUCTION INDUSTRY ASSOCIATION, the total output of the building interior decoration industry totaled CNY17.671 trillion in 2014 to CNY31.591 trillion in 2023, and an increase of 5.77% YoY from 2022, the growth rate increased by 2.52% compared with the previous year.

China's build interior decoration industry total output and the growth rate thereof between 2014 and 2023



Data source: CHINA CONSTRUCTION INDUSTRY ASSOCIATION

In 2023, the contracts signed by construction companies in China was worth CNY 72.4731 trillion, a growth of 2.78% YoY from last year. Among them, the value of newly signed contracts this year was CNY 35.6040 trillion, a slight decrease of 0.91% from last year.

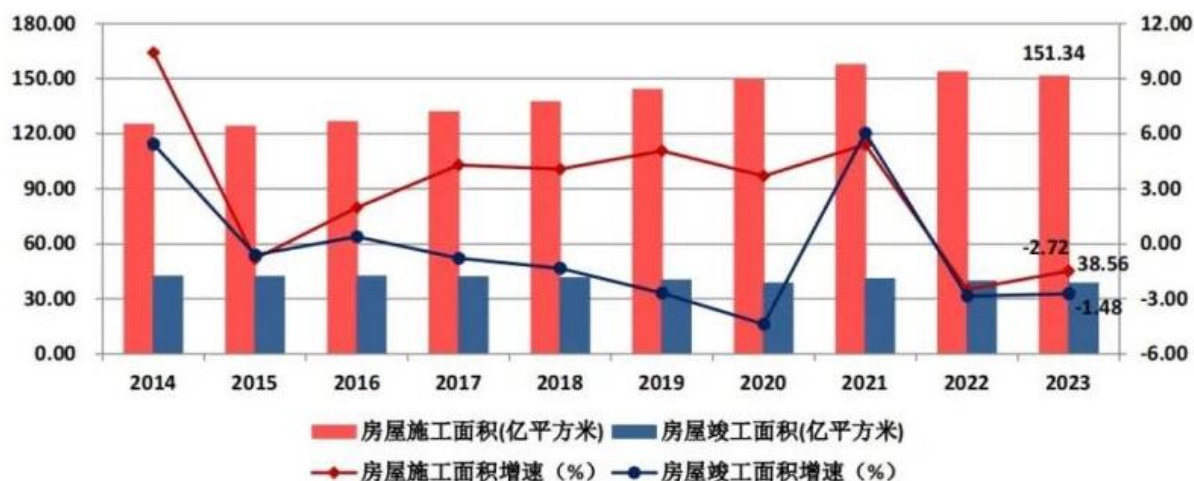
The worth of all the contracts signed by construction companies in China, the worth of newly signed contracts, and the growth rate, between 2014 and 2023



Data source: CHINA CONSTRUCTION INDUSTRY ASSOCIATION

In 2023, the total floor area constructed by China's construction companies totaled 15.134 billion square meters, an increase of -2.72% YoY. The total area constructed totaled 3.856 billion square meters, a slight decrease of 1.48% from last year.

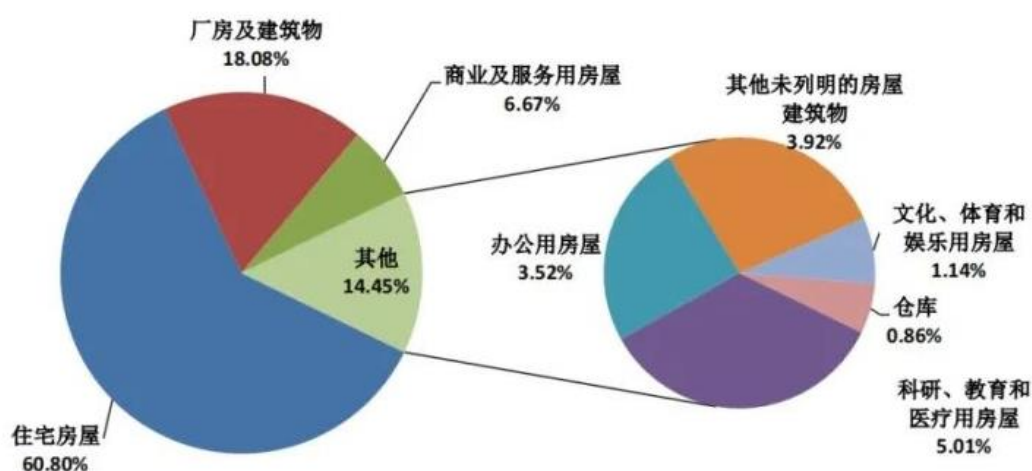
Total building in area terms under construction or completed construction by China's construction companies, and the growth rate thereof, between 2014 and 2023



Data source: CHINA CONSTRUCTION INDUSTRY ASSOCIATION

The total area of buildings completed by China's construction companies can be broken down into the area of completed residential units, accounting for a whopping 60.8 %; the area of completed plants and buildings, accounting for 18.08%; the area of completed commercial and service premises, accounting for 6.67%; and the area of other completed housing units, accounting for less than 5% each.

Composition of the total area of buildings completed by China's construction companies in 2023



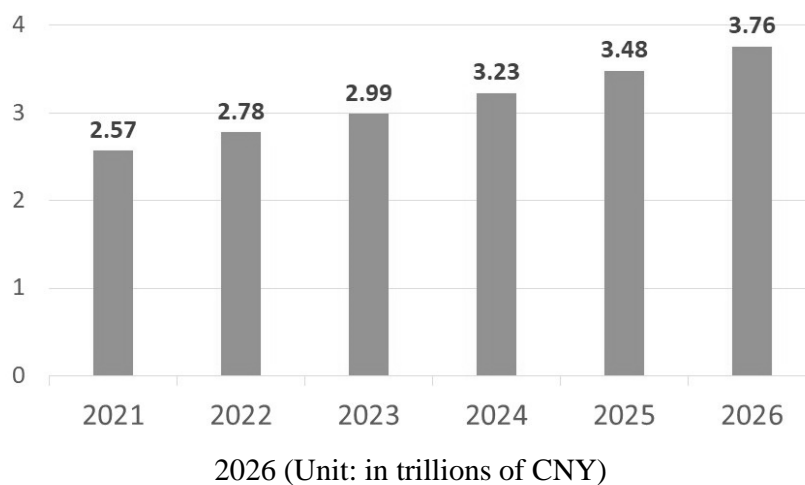
Data source: CHINA CONSTRUCTION INDUSTRY ASSOCIATION



China's stock of residential units is rapidly expanding. Given so, assuming that the renovation cycle averages between 7 to 10 years, the market for residential unit remodeling will expand year on year, and will hardly be impacted by the real estate market. Meanwhile, the upgrade of consumption in China has effected some changes, notably the popularization of personalized consumption, thriving custom market, and consumers' shift from price-orientation to value-orientation, which means consumers are willing to spend more for quality.

The progress in China's new-type urbanization is expected to bring continuously growing demand to the building interior decoration industry, and the urbanization rate is expected to increase from 17.92% in 1978 to 60.6% in 2019. According to the "China Human Development Report 2016" published by the United Nations Development Programme, by 2030, China's urban population will exceed 1 billion and the urbanization rate will reach 70%. The ever growing urbanization rate drives rapid development of construction of infrastructure and the real estate industry, creating enormous demand for decoration. Meanwhile, the increase in commercial and residential units, the maturity of the market for pre-owned housing units, and the launch of the 2-child policy will continuously boost the demand for construction of buildings and renovation and remodeling services. Driven by the dual factors of stock and increment, China's building interior decoration industry will thrive, and will grow in a steady manner. The market for home decoration is expected to reach CNY3.76 trillion by 2026.

Forecast of the output of the interior decoration of residential units between 2021 and



Data source: Forward Business and Intelligence Co., Ltd.

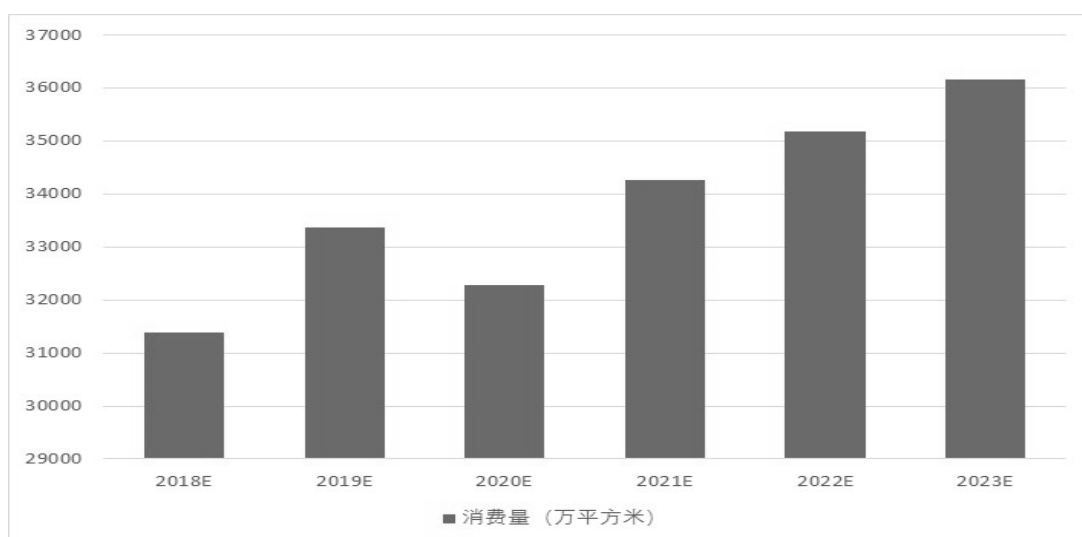
The current status of KD Panels, KD Flooring and ECO<sup>+</sup> Panels in Mainland China is described below:

#### a. KD Panels

Wood veneer, referred to as decorative veneer panels in mainland China, also known as decorative single-sided veneer laminated plywood, is a surface material used for interior decoration or furniture manufacturing. It is made by slicing natural wood or engineered wood into thin sheets, which are then adhered to the surface of plywood and pressed under heat. Materials used for veneer include stone, ceramic, metal, wood, and more. Common types of veneer include natural wood veneer panels and engineered wood veneer panels. The appearance of engineered wood veneer panels differs from natural wood veneer panels in that the former typically have straight grain or regular patterns, while the latter exhibit natural

wood grain patterns with greater variation and irregularity. Its characteristics lie in combining the beautiful patterns of wood with the efficient utilization of wood resources, thereby reducing costs.

The downstream consumption of decorative panels mainly relies on the furniture manufacturing and construction decoration industries, and its demand mainly comes from the real estate market. Therefore, the demand for real estate, furniture and building decoration will have a direct or indirect effect on the consumption of decorative panels. According to a report titled "2023-2028 China Wood Veneer Panel Industry Market In-depth Research and Development Prospect Forecast Report" released by the Xinsiye Industry Research Center, wood trim panels are mainly used in the field of home decoration. In recent years, along with the improvement of the living standard of mainland citizens, the demand for home decoration in mainland China has been growing. As a decorative material, wood veneer can be used to decorate TV background walls, window sills, closets, sofa walls, etc. It has a wide range of applications. However, the wood veneer panel industry in mainland China is still in its early stages, with a market penetration rate of less than 10%, indicating significant potential for development in the industry.



Forecast of the demand for wood veneer in China between 2018 and 2023

Data source: POLLS

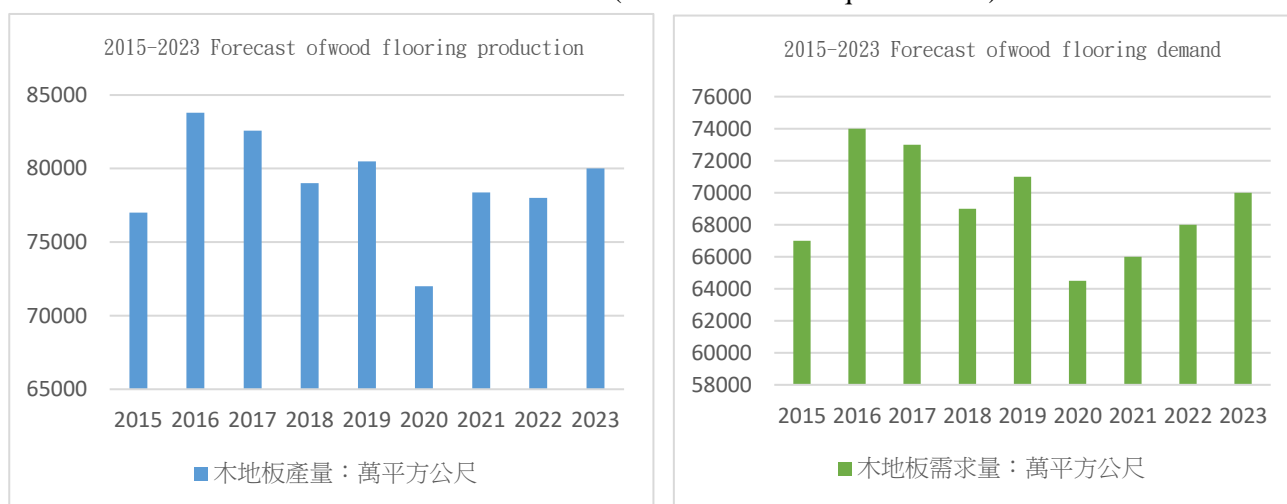
#### b. KD Flooring

The key drivers for the growth of the wood flooring market in China include rising consumer disposable income in China, urbanization that continues to push up demand for housing, government support measures for housing in China, increased decorating activities, and consumer preferences that are leading to increased penetration of the wood flooring market. Wooden flooring is one of the main materials used by people for floor decoration, and changes in its industry scale are closely related to the real estate cycle.

According to the outlook analysis report of China Business Industry Research Institute (CBIRI), the output of wood flooring in Mainland China was 825.69 million square meters in 2017, and slipped to 783.89 million square meters in 2021, and CBIRI estimated that the output of wood flooring in 2022 would reach 774.23 million square meters. The General

Office of the State Council of the Mainland in 2020 to implement the guiding opinions on the comprehensive promotion of the transformation of old towns and cities, and strive to complete by the end of 2025, built before the end of 2000 need to transform the transformation of old towns and cities transformation tasks, a large number of transformation tasks, will drive a large number of new demand for wood flooring market.

Forecast of wood flooring production output in China between 2015 and 2023, expressed in run chart (unit: in thousand square meters)



Data source: ZSJJ

### c. ECO+ Panels

ECO+ Panels and KD Panels are used in the same way, they are used in indoor walls, ceilings, cabinets, etc., all kinds of decorative space, the company's cooperation with the manufacturer has a proposed coated veneer boards and different materials technology, which is conducive to the matching of ECO+ Panels and KD Panels, and the development of different materials market, which will help ECO+ Panels to grow in sales volume.

## B. Overview of the green building industry

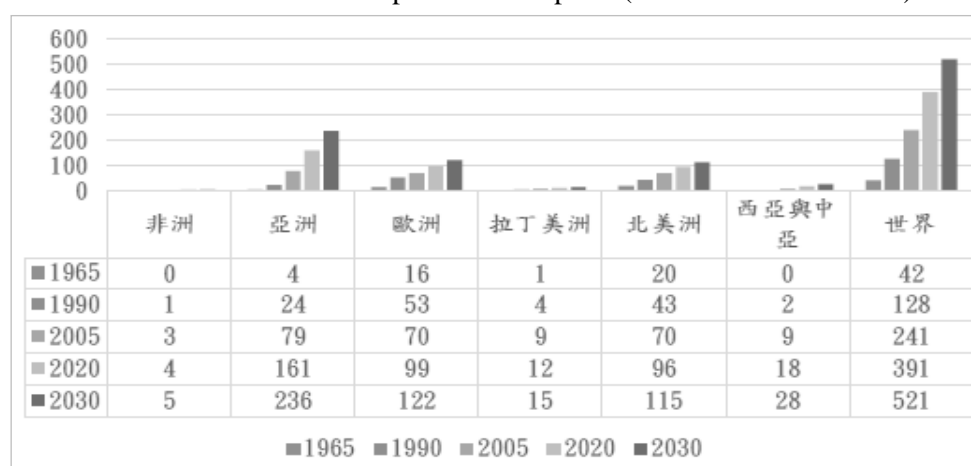
As a company certified by the Forest Stewardship Council (FSC), the Company purchases raw materials (e.g. logs) from FSC-accredited log farms, laying emphasis to the legality and legitimacy of the forest and log supply chain; its procurement and production processes are also certified with ISO 14001, an international environment management certification. Its products also bear the Green Building Materials Mark and are thus of low environmental impact. The Company was the first in the industry to use Grade F1 low-formaldehyde plywood for its full range of wood veneer products in 2014; obtained F☆☆☆☆, a health certification in Japan, in 2015; and awarded the 24th Taiwan Excellence Award in 2016. The Company's corporate image that values the environment and product quality is the niche for product sales.

According to Zion Research's research and analysis of the global green building materials market, the global green building materials market in 2014 was about USD127 billion and the consumption was about 5.5 million tons per year; it is expected that the green building materials market will grow to USD255 billion by 2020. The compound annual growth rate (CAGR) of global green buildings

between 2014 and 2020 is about 12.25%. On the other hand, according to the forecast of green building materials market trend published by Mordor Intelligence, the global green building materials market is estimated to exceed USD190 billion in 2021, and the compound annual growth rate between 2022 and 2027 rate is expected to exceed 8.8%.

Wood panels closely correlated with the construction industry are increasingly consumed in the world, notably in the emerging economies, whose consumption data indicates substantial growth in wood panel consumption. Asia tops the increase in wood panel consumption. According to statistics from the Customs Administration, MOF, imports of wood products into Taiwan are usually between NT\$30 billion and NT\$40 billion. Green building materials and wood panels will become the mainstream in the future.

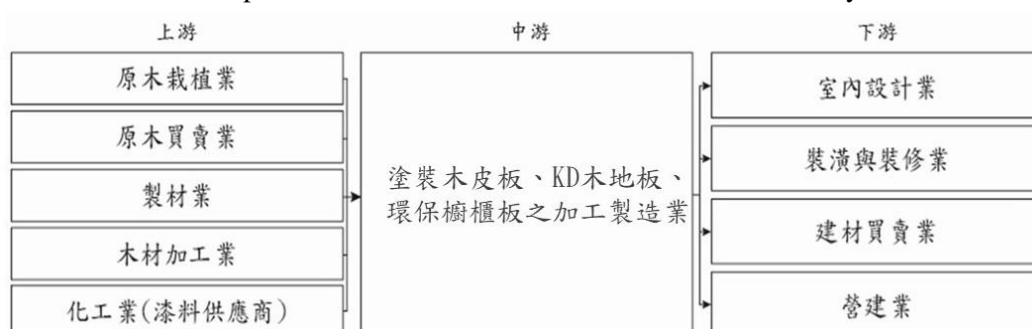
Global wood panel consumption (in million cubic meters)



Data source: Food and Agriculture Organization of the United Nations (FAO)

Given that the Company's products are recognized with environmentally friendly marks and certificates, it is expected that the demand for the Company's products will grow year by year along with the global market.

## 2. Relations between the upstream, midstream, and downstream of the industry



**Upstream:** Manufactured wood products, whose raw materials mainly come from the log planting and trading industry around the world, the log cutting and paneling industry, the log processing industry engaged in veneering bonding, plywood manufacturers, and paint manufacturers of environmentally friendly UV coatings.

**Midstream:** Mainly companies engaged in the processing and manufacturing of wood products, such

as prefinished veneered panels, KD Flooring, ECO+ Panels, and other wood products. The Company has the competitive advantage of vertical integration in that it is a manufacturer capable of processing logs, e.g. cutting, paneling, veneer bonding, and producing and selling wood products

Downstream: restaurants, construction companies, construction contractors, architecture firms, design companies, decoration companies, building materials trading industry (distributors), owners, etc.

### 3. Development trends of products

#### (1) Change in decoration process and reduction in work period

Traditionally, spray-painting the woodwork takes place on site. However, paint contains neurotoxic substance like methylbenzene and lead and jeopardizes human health if evaporating. Therefore, the Company's prefinished veneered panels are all spray-painted in specialized factories. This enables customers to verify whether there is uneven color rendering or color variation in advance, avoiding the circumstance in which the difference in the recognition of color on site leads to change of dismantling of completed woodwork, which costs money and working hours. The Company also uses eco-friendly UV curing coatings and change the decoration process. Its stable product quality and prime services are profoundly favored by the decoration market. In Taiwan, the industry even addresses prefinished veneered panels as "KD panels," making KD a pronoun of prefinished veneered panels.

#### (2) In line with the new thinking of environmental protection, using environmentally friendly PP fabric

As global economic activities continue to expand, the negative impact on the natural environment is becoming more and more serious, and all walks of life are responding to the trend of environmental protection and energy conservation, opening up green business opportunities. Our company purchases raw materials from FSC-certified forests with forest management, emphasizing the legality and legitimacy of the forest and timber supply chain. In addition, wooden building materials produce less heat than other types of building materials, and our procurement and production have passed the ISO 14001 international environmental protection certification, and our products have obtained the green building materials label, which reduces the harm to the environment. In addition, we have also developed a series of environmentally friendly products, including ECO+ Panels made of non-toxic food-grade PP raw materials, with ultra-realistic printing technology, healthy and environmentally friendly while retaining the texture and feel of solid wood, PP fabric is not only scratch-resistant and wear-resistant, but also effective in resisting high temperatures and sunshine to prevent deformation, and even if it is burned, it will not emit toxic substances.

#### (3) Subverting stereotypes and reforming plates for new upgrades

In the past, the market's impression of Meplate included: the finished product would have unattractive black edges and lines; it would be easily broken and require care when working, etc. The ECO+ Laminates introduced by the company addresses each of these shortcomings and improves them one by one. The whole series of same-color translucent makes the finished product as if it were molded in one piece, and the bending material not only is not easy to be broken, but also is suitable for the design of curved surfaces. The surface material continues the non-toxic and healthy elements of ECO+ Panels and uses food-grade PP raw materials, which brings new high-quality choices to the building materials market and upgrades MEPA boards comprehensively.

## (4) Continuous expansion of the green building materials market

Countries around the world successively start implementing the philosophical content of green buildings, namely, “Minimization of Earth resources consumed and waste generated” and “Eco-friendliness, energy efficiency, waste reduction, and health,” in public space. According to the data published by the Industrial Economics and Knowledge Center (IEK), the size of global green building market was USD192.6 billion in 2010, and USD606.8 billion in 2015, a growth of more than 300%. Since the Company has obtained the various eco-friendly marks and certificates, the demand for its products in the global market will continuously step up.

## (5) Fire retardant building materials are an assurance of household safety

Domestic fire safety regulations are increasingly stringent. According to Article 88 of the Building Technical Regulations, building materials used in interior decoration must be fire-retardant materials. The Company’s fire-retardant veneered panels are free of the combustible elements contained in traditional spray paint, have a surface that passed CNS 7641 Grade 1 Flammability Test, and can be used together with calcium silicate as fire-retardant substrates, capable of containing fire and allowing more evacuation time.

## 4. Competition

## A. Domestic competition

The Company only have a few competitors in the wood flooring manufacturing industry in Taiwan. They are mostly small and do not integrate the production process well, so they are not able to reach the economies of scale. In addition, they also have limited access to global forest information and resources. In contrast, the Company dispatches its professional, excellent purchasing team to places around the world to make purchases, and always pays attention to the development of the global forest industry in order to grasp information in a timely manner and cope with the various changes. In addition, the Company also maintains a good relationship with suppliers and thus have a readily available access to quality raw materials. The Company has also actively automated the production process and launched the one-stop production integration project, and therefore possesses the economies of scale and mass production capacity that competitors are not able to achieve. In addition, the Company also focuses on branding. It has obtained certain degree of brand awareness, a good manufacturing and distribution system, and management experience, and actively set up distribution channels around the world in the hope to put its products on the global distribution network. Furthermore, the Company has also established logistics centers to swiftly provide customers with the products they need and satisfy their need for timely delivery. Therefore, quality products, extensive distribution channels and bases, customer-oriented service quality, and rapid delivery speed have earned the Company great reputation, thus a shining brand image in the industry.

According to the data in March 2024 published by National Union of Timber Trade Association of R.O.C., there were 128 wood product manufacturers (excluding the Company). In addition, according to the statistics published by the Taipei Association of Interior Designers, among its members were 10 veneer manufacturers and 13 wood flooring manufacturers (excluding the Company). Among the members of The Taichung Association of Interior Design & Decoration, there were 41 companies (including the Company) under the Comprehensive Building Materials category.

## B. Competition in China

According to a report published by SFUN of China in 2017, China's economic development model, being it the fulfillment of the spirit of the 19th National Congress or the implementation of the ideals of "Made-in-China 2025," was shifting from GDP-orientation to environment-orientation. As China's environmental protection work progresses, the building materials industry and home decoration industry are also revolutionized. Both closing polluting enterprises and eliminating enterprises with small production capacity aim principally to improve product quality, environmental protection index, and thus the environment quality and people's living quality. Meanwhile, the living environment at home, as a result of the upgrade of consumption, is also rapidly changing. The housing environment people pursue will shift from one that satisfies basic living requirements to a housing environment of higher quality. This is something happened as the economy develops.

The production of wood veneer, a type of decoration materials, will inevitably contain a certain amount of formaldehyde, which is classified as Group 1 carcinogen for humans by the World Health Organization. Moreover, traditional paint on wood veneer contains neurotoxic components such as methylbenzene, xylene, titanium dioxide, and lead, which will be inhaled by painters, carpenters, and work supervisors during decoration. Moreover, after homeowners move in, the toxic residues will also jeopardize the health of homeowner for a long time. Potential health hazards include clinical symptoms like lead poisoning, immune system disorders, and carcinogenesis.

The Company has been striving to reduce the content of formaldehyde. It has developed an exclusive macromolecule technology. The plywood used in all of its products meet the CNS 8058 national standards, and all of its products meet the Grade F1 national standards, which are more stringent than the E1 standards of the EU. In addition, the specially produced coating on the Company's prefinished veneered panels is also recognized with a Green Building Material Mark. Therefore, the Company's prefinished veneered panels have great development potential amid the environment where China is tightening its domestic environmental control and consumers are demanding an upgrade of housing environment.

Nowadays, the market is more and more concerned about the environmental protection of building materials and choice of diversity, according to the "2022-2028 Decorative Panels Industry Breakdown Market Analysis and Investment Prospects Report" pointed out that the continental decorative panels in terms of product functionality, with a special function of the panel technology will become a new profit growth point for man-made board enterprises. Artificial board enterprises can focus on the special purpose of decoration, such as kitchen, toilet, bathroom, etc. R & D with waterproof, anti-pollution, fireproof performance of man-made panels. Secondly, wood-based panel enterprises should always pay attention to consumers and launch corresponding products for consumers' needs such as pest control and skin touch. In addition to the ultra-simulated wood grain series, the company has also introduced more than 300 colors of pure color (including sand, skin and other types of touch) and heterogeneous materials to meet the diversified choices of consumers, and environmentally friendly PP surfaces also have waterproof, anti-pollution properties, quite in line with market demand!

## (III) Long- and short-term development plan

### 1. Short-term development plan

#### A. Upgrade of hardware and software equipment

KD is the only enterprise in the industry that owns log procurement to self-built marketing, vertical

integration and one-stop production and marketing. Since the opening of the Chiayi production headquarters, KD has actively introduced automation management to streamline labor, manpower, and transportation costs, and automated intelligent production through big data analysis to achieve stable quality and rapid development capabilities. KD will continue to upgrade software and hardware equipment to maximize production capacity and quality.

#### B. Continue to Develop New Products

Aiming at the blue ocean strategy, the company focuses on healthy materials with market potential and develops a number of indoor building material products with keen market foresight. Inheriting the healthy and non-toxic concept of the previous outstanding performance of ECO<sup>+</sup> Panels, we will launch the same type of PP-faced ECO<sup>+</sup> Laminates in 2023, which is not only healthier and non-toxic, but also improves a number of shortcomings compared to the traditional melamine boards and has gained a high degree of attention in the market since its launch; and we will launch the ECO<sup>+</sup> Flooring in the same year, which has become a new star in the wood flooring industry by combining the advantages of PP-faced materials and the engineered structure; and we are going to launch a series of KD Modular Cabinets in 2024, and will continue to strengthen the PP panel coating technology, and the technology of the engineered structure. In addition, we will continue to strengthen our PP panel coating technology and system furniture manufacturing technology in order to bring growth to our overall revenue.

#### C. Content Marketing and Promotion

By producing high-quality, valuable, and practical content for our customers, we aim to foster positive feelings and trust towards our brand and products. This content includes blog articles, social media posts, videos, and more. We utilize online platforms such as Facebook, YouTube, TikTok, and Instagram to engage in deep marketing communication with our target audience. We also invite celebrities and influencers to share their positive experiences, effectively promoting our products and increasing brand visibility.

Furthermore, to cater to the digital age, we are actively enhancing our digital services to meet various customer needs such as appointments, orders, and personalized introductions. Through SMS, LINE, and other channels, we are more proactive in customer development and interaction, directing traffic to online forms filled out by specialists or our official website. This not only enhances the customer experience but also establishes new communication channels.

#### D. Global Expansion Strategy

Focusing on expanding into overseas markets, we aim to establish a global supply chain through international diversification, technological innovation, and environmental awareness. We strengthen partnerships and simultaneously emphasize brand building and market promotion to enhance our brand recognition and market share in major global markets. This approach is designed to achieve long-term growth and value creation. By targeting top international clients and leveraging short delivery times and high quality, we aim to increase our competitiveness and become the world's largest brand in healthy building materials.

#### E. Precision Marketing through Big Data Applications

With technological advancements, brands can collect data from more channels on key target



groups and design companies. Utilizing big data to gather and analyze customer information, along with AI technology to efficiently collect even more customer insights, allows us to provide tailored resources and services for different types of customers. By strategically planning and executing customer relationship management, we elevate our engagement to the level of "serving" customers, thereby increasing customer retention and loyalty.

## 2. Long-term development plan

Although the global markets were hit hard by the pandemic, KD still yielded robust operating achievements. This could be attributed to KD's focus on details. KD will continue to optimize the operating performance, and will uphold the principle of "Drive Innovation with Technologies and Propel Steady Growth with Ongoing Efforts" to develop new products and new markets, aiming to become the world's largest healthy building materials brand.

## II. Market and production and sale status

### (I) Market analysis

#### 1. Geographic areas where main products are sold

Area \ Year		2022		2023	
		Amount	Percentage (%)	Amount	Percentage (%)
Domestic sales		1,359,076	55.86	1,603,915	67.53
Exports	Mainland China	869,910	35.75	551,766	23.23
	Other areas (note)	204,043	8.39	219,266	9.24
	Sub-total	1,073,953	44.14	771,032	32.47
Total		2,433,029	100.00	2,374,947	100.00

#### 2. Market share

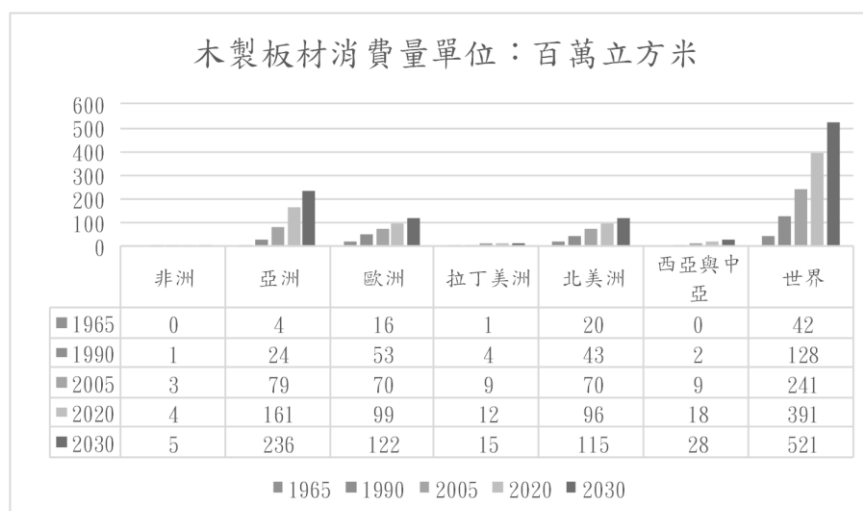
There are no listed companies which simultaneously engage in the production and sale of prefinished veneered panels, wood flooring, ECO+ Panels, wood products, and other interior space and soft finishing products. In addition, peers in the industry are not a public company, so the data on them is hard to obtain. Moreover, there is no research institution which publishes a sales statistics report of this industry. Therefore, the Company is unable to make any consumption-based calculation of its market share.

Veneered panels, known as wood veneer or decorative single-panel plywood in China, are made from materials like stone, ceramics panel, metal, and wood. Since the Company's main products are wood-based and the data on the market share of wood veneer in China covers stones, ceramics panel, metal, and wood, the data is not comparable. Therefore, the Company is unable to make and consumption-based calculation of its market share in China.

#### 3. State of supply and demand in the market in the future and the growth potential

##### A. Global demand for wood panels

Wood panels are increasingly consumed in the world, notably in the emerging economies, whose consumption data indicates substantial growth in wood panel consumption. Asia tops the increase in wood panel consumption.



Data source: Food and Agriculture Organization of the United Nations (FAO)

## B. Consumption market in China

According to the Building Materials and Home Furnishing Prosperity Index, established by the Department of Circulation Industry Development of the Ministry of Commerce of China and published by the China Building Materials Circulation Association, the total sales of building materials and home furnishing stores above a designated size in China reached RMB 1.5505 trillion in 2023, a year-on-year increase of 33.54%. The development status and characteristics of the industry throughout the year exhibited the following features:

In 2023, the home furnishing industry in Mainland China received unprecedented attention. The industry benefited from a series of favorable policies, ranging from the "promotion of household renovation consumption" mentioned in the strategy to expand domestic demand, to the "active cultivation of new consumption growth points such as smart home furnishings" pointed out at the Central Economic Work Conference held at the end of the year. From the second half of the year, various policies began to be gradually implemented, including the "Home Furnishing Renewal Consumption Season" activity jointly created by the government, associations, and enterprises.

In 2024, with the further deepening, promotion, and continuous iteration of policies in Mainland China, the "large home furnishing" industry chain will become more complete, and "promoting the upgrading of home furnishing consumption" will become the dominant direction, presenting rare development opportunities for the industry.

Regarding veneer panels, according to the "2023-2028 China Wood Veneer Panel Industry Market In-depth Research and Development Prospect Forecast Report" released by Xinsijie Industrial Research Center, wood veneer panels are primarily used in the home decoration field. In recent years, with the improvement in the standard of living in Mainland China, the demand for home decoration has been continuously growing. Currently, the wood veneer panel industry in Mainland China is still in its early stages, with a market penetration rate of less than 10%, indicating enormous development potential. KD products, with quality superior to market offerings, better meet market demand.

Full renovation of residences is an inevitable trend in the future development of the real estate industry. On May 4, 2017, the Ministry of Housing and Urban-Rural Development of China issued the "13th Five-Year Plan for the Development of the Construction Industry," which clearly states that by 2030, green buildings in urban areas should account for 50% of new constructions, the area

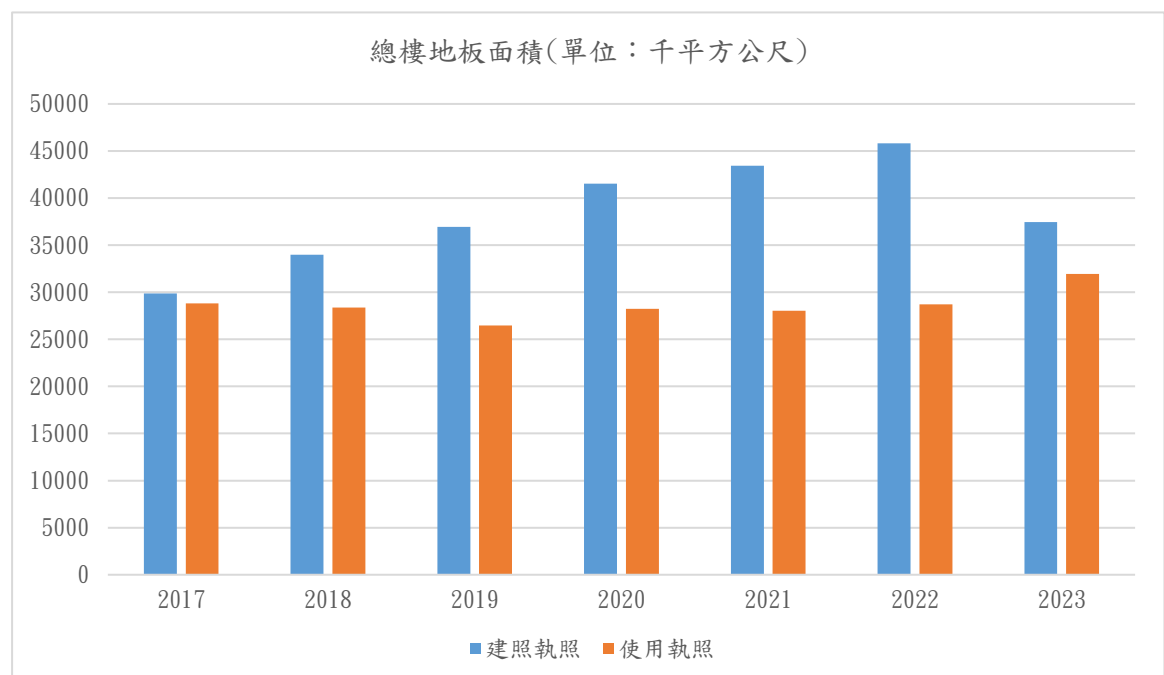
of newly started fully renovated finished residential buildings should reach 30%, the application proportion of green building materials should reach 40%, and prefabricated buildings should account for 15% of new construction area. According to statistics from the China Building Decoration Association, the average proportion of fully renovated residences in Mainland China is around 10%, with 50% in first-tier cities. However, this is still significantly lower than the 80% full renovation rate in developed countries such as Europe, the United States, and Japan, indicating substantial growth potential in the full renovation market in Mainland China. In the future, the full renovation business will gradually expand from first-tier cities to second- and third-tier cities.

### C. Consumption market in Taiwan

The main growth momentum of the domestic market is the number of new housing proposals. The issuance and use of construction permits issued by the Construction and Construction Administration are important indicators for observing the housing market. The number of construction permits issued by the Construction and Construction Administration represents the confidence of construction companies in recommending projects; The use license is the completion progress of the construction period, and the data can be cross-referenced to observe the supply situation of the housing market.

According to statistics from the Ministry of the Interior, from 2017 to 2022, the compound annual growth rate of the total floor area of building construction licenses issued in my country has maintained growth for six consecutive years, to decrease slightly by 2023, reflecting a slight slowdown in demand for new housing construction projects. In 2023, a total of 31,956 building use licenses will be issued, a slight increase from the previous year. It can be seen from the application situation of the total floor area of building licenses that the number of proposals proposed by builders continues to increase.

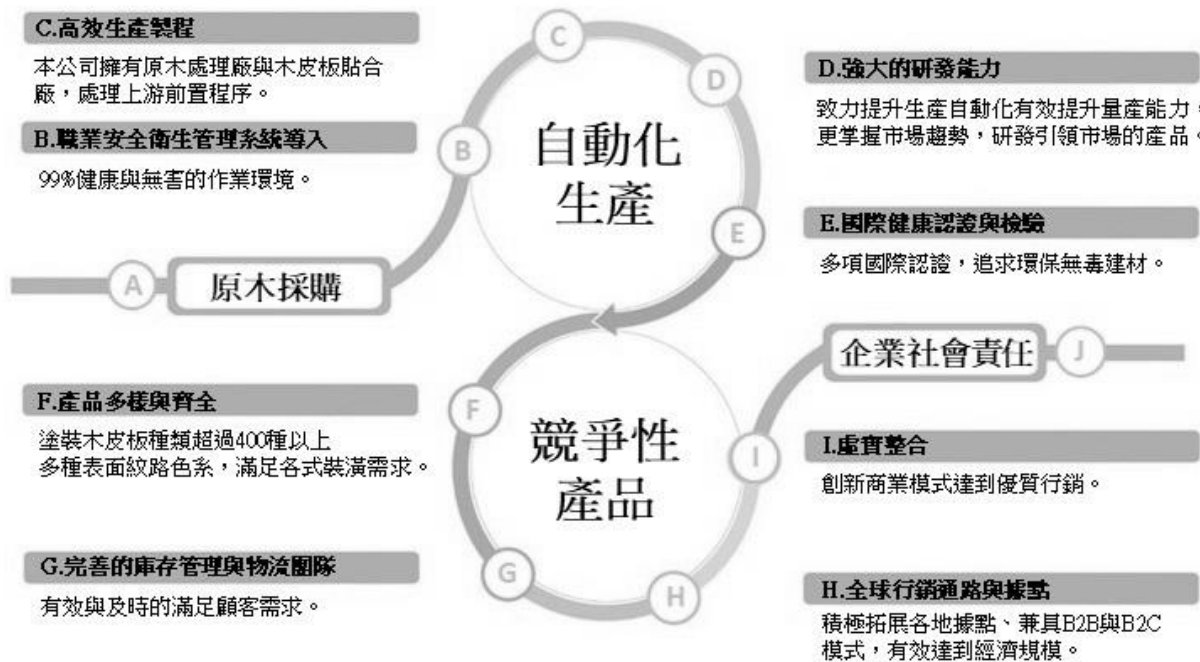
Total floor area represented by the building construction permits and building use permits issued between 2017 and 2023 (unit: in thousand square meters)



Data source: Construction and Planning Agency, Ministry of the Interior

## 4. Competitive niche

Vertical integration of the production and sale processes to provide one-stop service:



## A. Purchase of logs:

KD arrives at log farms earlier than other competitors to pick the most premium logs. Through repetitive inspection, KD picks the best logs, insisting on safeguarding the quality of purchased logs at the source.

## B. Introduction of the occupational safety and health management system:

Such clear standards and framework substantially reduce hazards, creating a working environment that is 99% healthy and hazard-free so that employees can fully engage themselves in work and give full play to their occupational capability, thereby increasing the Company's competitiveness.

## C. Highly efficient production process

The Chiayi Production Headquarters possess the capability to process logs and bind veneer; by incorporating corporate management philosophy into the production process, continuously developing process technologies, and effectively improving the performance of production lines, it improves the production efficiency and product quality.

## D. Strong R&amp;D capability:

a. Aside from vertically integrating the production and sale processes to offer one-stop service, the Company also strives to increase the automation of production, enhance the development of each automated process, and purchase quality planers, automatic laminating and pressing equipment, and coating robotic arms, etc., thereby reducing labor costs and raw materials costs, optimizing product feel and stability, and thus increasing the mass production capability.

b. KD can directly contact and communicate with consumers and then reflect their needs in a timely manner in production improvement or product R&D, thereby enabling the Company to grasp new

trends in the market in a timely manner.

c. KD grasps the trend of development of emerging materials, works with global top-notch enterprises, and leverages the resource of each other to jointly develop KD's exclusive products, thereby satisfying the market demand.











#### E. International health certification and testing:

The Company works hard to pursue eco-friendly and non-toxic building materials; its products are also recognized with multiple certificates:

a. The prefinished veneered panels passed multiple tests, e.g. methylbenzene and ethylbenzene content, formaldehyde emissions, bacterial resistance, stain resistance, acid and alkali resistance, and fire retardant test, and were recognized as fire-proofing and fire-retardant Grade 1.

b. KD Flooring has passed many tests such as thickness expansion rate of water absorbing, pollution resistance, fire retardant property, acid and alkali resistance, heavy metal detection, water immersion test, flexibility, bending-reverse warping and twisting.

c. The ECO+ Panels have passed multiple tests, e.g. flame retardant test, Grade 1 flammability test, plasticizer, formaldehyde emissions, pollution resistance, acid and alkali resistance, abrasion resistance, heat and humidity resistance, water immersion, moisture content, glue shear strength, and alternation of heat and coldness.

Certification and marks				
A	B	C	D	E
				
Taiwan Excellence Award mark	MIT Smile Products Mark	MIT Smile Products of 2019 – Taiwan Golden Selection.	FSC™ COC (Chain of Custody)	Green Building Material Mark
F	G	H	I	J
				
Singapore Green Mark Certification	Japanese F☆☆☆☆ Environmental and Healthy Certification	ISO 9001 International quality management certification	ISO 14001 International environment management certification	Healthy Workplace Certification

#### F. Diverse and complete range of products:

The Company does branding at home and abroad using **kd**. It has eco-friendly green building materials and good product quality and brand image. The types of prefinished veneered panels it sells exceed 500. The range of products is complete; multiple surface grain and color series can satisfy the various decoration needs.

#### G. A sound inventory management and logistics team

The sound inventory management operating system allows a precise grasp of product inventory. Another area where KD outperforms competitors is that it sets up logistics centers and logistics vehicle fleet at each important base, capable of quickly delivering quality products to customers and satisfy their needs in a timely manner.

#### H. Global Marketing Channels and Locations:

In the digital transformation era, remote sales have become the norm. In response to this trend, we have established a professional customer service team at our headquarters in Taiwan, actively expanding our business globally. We provide one-on-one online consultations and product introductions, and have developed two major platforms for online appointments and online ordering to meet customers' digital service needs. Utilizing technology to gather global customer data, we proactively send samples and catalogs, and interact with customers through communication software such as SMS, WhatsApp, and LINE. This enables proactive marketing efforts. Additionally, we coordinate with local sales representatives to visit potential customers, increasing work efficiency and reducing time costs, allowing us to swiftly penetrate vast overseas markets.

#### I. Corporate social responsibility:

The Company also actively engages in charitable events, e.g. construction of a library for a remote elementary school; donations to victims of earthquake and typhoons; donations to charitable groups; and support for vegetable farmers. In doing so, the Company gives what it took from society back to society and fulfills the commitment of “Share Company Profits with Employees and Society,” thereby fulfilling its corporate social responsibility. Therefore, the Company has a good corporate image.

### 5. Positive and negative factors for future development, and the company's response to such factors

#### A. Positive factors

##### a. Globally concerned environmental issues

According to Article 321 of Taiwan's Building Technical Regulations, the use of green building materials in public building interior decoration, floor, and windows must be 45% or more of total area. Of the area of green building materials used in interior decoration, paints and panels account for the largest proportion, namely, 32% and 40%, respectively (Source: Industrial Economics and Knowledge Center [IEK]). In addition, the Company is granted the Green Building Material Mark and certified by the Forest Stewardship Council (FSC). The formaldehyde generated in the course of laminating prefinished veneered panels can be greatly reduced if processed using the Company's special technologies. Spray-painting taken place in factory saves the inconvenience of sanding the woodwork on site; this creates a fresh, pollution-free process, thereby securing the air quality of a city and successfully reducing the occupational hazards inflicted by spray-painting on site on decoration workers. This also reduces the risk of carcinogenesis arising from methylbenzene residue after the house owner moves in, contributing greatly to the environment and living health and effectively driving up the Company's business performance.

##### b. Being larger in the industry

Most companies in the wood manufacturing industry in Taiwan are SMEs. Having integrated the processing and manufacturing process in the upstream, the Company has established a one-stop production model. With the expansion of sales regions, the benefits of the economies of scale gradually emerge. Stringently manageable product quality, stable lead time, and good service quality are not likely to be surpassed by other SMEs in the industry. Therefore, the Company is greatly favored by customers in the market.

#### B. Negative factors

##### a. Shortage of mid-level and top management

The Company has been aggressively setting up chains in China. Currently, the chains to be set up in tier 1 cities and new tier 1 cities have been established and those to be set up in tier 2 cities are under preparation. The demand for rapid establishment of operating bases has led to a shortage of mid-level and top managerial talents.

##### Response measures:

Aside from offering generous employee welfare measures, the Company also provides complete education and training and smooth promotion channels; it also encourages employees to cultivate multi-functional occupational capability through job rotation, undertaking of projects, and undertaking of an overseas post. Meanwhile, the Company also gives externally held training courses for managers to turn outstanding employees into mid-level or top managerial officers.

##### b. Numerous competitors and fierce market competition

Domestic manufacturers of prefinished veneered panels and KD Flooring are mostly SMEs, their size varies. Some manufacturers exchange product quality for cost reduction, and even wage a price war to gain market share, leading to fierce competition in the market.

##### Response measures:

The Company is the first company in Taiwan to produce prefinished veneered panels, KD Flooring, ECO+ Panels, and interior space soft finishing products in a manner reaching the economies of scale and integration of the upstream, midstream, and downstream of the supply chain, advantages incomparable among industry peers. The Company's products are mid- to high-end products that emphasize four aspects, namely, safety, function, craftsmanship, and aesthetics. High product quality, which distinguishes the Company from competitors, also makes the Company a leader in the industry in Taiwan.

##### c. Rising raw materials costs

Some precious tree varieties are in insatiable demand in the international community, and import and export policy has changed at home and abroad or the pandemic has led to a production halt. Therefore, log prices soared.

##### Response measures:

Since the volume of production and sales has increased in recent years, the Company not only actively seeks new suppliers, but also regularly compares the quality of raw materials with their price. As a result, the Company selects those which offer good quality and reasonable price as suppliers, and negotiates prices with them by promising certain quantity of purchase for a long period of time, so as to reduce production costs.

##### d. Market Stereotypes about Laminates Panels

In the past, the market has had some stereotypes about Laminates panels, including: the finished

product having unsightly black edges or lines; being easily damaged, requiring careful handling during installation; and the tendency for rough edges to form during finishing.

Response measures:

ECO<sup>+</sup> Laminates has transformed the shortcomings of Laminates that were criticized in the past, continued the non-toxic and healthy elements of ECO<sup>+</sup> Panels, and created innovative products with great market competitiveness; environmentally friendly wooden floors combined with non-toxic PP surface materials and island composite structures have effectively expanded the existing market , and reach more consumer groups. (II) Important uses of main products, and the production process thereof

(II) Important uses of main products and production process

1. Important uses of main products:

A. Prefinished veneered panels

Prefinished veneered panels are a thin slice of wood peeled off from a log and laminated with a sheet of plywood, and have extensive uses in interior space; they are like finishing materials, and may be used to cover furniture, cabinets, ceilings, and doors. The Company pioneered the painting technique. Spray-painting takes place in factory, making the veneered panels flame-retardant, acid or alkali resistant, and scratch resistant. This saves the inconvenience of having to spray-paint the woodwork on site, avoiding formaldehyde pollution and substantially shortening the work period. Therefore, veneered panels so produced are deeply favored by designers.

B. KD Wooden flooring

KD Wooden Flooring is made from a thick slice of solid wood laminated with water-resistant plywood, characteristic of humidity resistance and less prone to deformation. Hand-scraped Wood Flooring is wood flooring whose surface is planed and scratched to form tiered grain and increase the abrasion coefficient while retaining the fine feel of a log. Wide Plank Wood Flooring offers the largest size in the market, and its product line with steel brushed grain features the depth of engraved grain and the beauty of interwoven grain; in addition, its product line featuring a 3D surface are tailor made to the curve of human foot arch, capable of alleviating the pressure during walk. KD Wooden Flooring is a wood flooring product that is safe, healthy, and anesthetic.

C. ECO<sup>+</sup> Panels

ECO<sup>+</sup> Panels, which feature KD's exclusive solid wood grain and pairing-material products, were co-developed with Dai Nippon Printing Co., Ltd., the world's largest PP quasi-real veneer manufacturer. The PP panels are made from non-toxic, edible raw PP materials, and coated using the EB coating technology, which offers strong protection. Such panels can be easily maintained at any time. KD will continue to provide quality panels that are healthy and safe for you to have a healthy, toxic-free living quality.

D. KD Modular Cabinet

KD Modular Cabinet is made into various cabinets according to the design drawings, combining the advantages of both woodwork and Modular Cabinet, while shortening the construction period and achieving meticulous woodwork; Prefinished Veneered Panels is recommended for the outside of the cabinet, and PP Cabinet Board is used for the inside of the cabinet, using selected environmentally friendly and non-toxic food-grade PP raw materials , F1 high-strength and heavy-duty Prefinished Veneered Panels substrate, super-realistic printing technology and painted boards



are combined to make the cabinet board color perfectly consistent, thus solving the problems of indoor cabinet design and construction. The cabinets are tailor-made and 100% customized for the whole room. The usable space is not limited. It is beautiful, fast and healthy. KD Modular Cabinet is the best choice for interior decoration.

#### E. ECO+ Laminatest

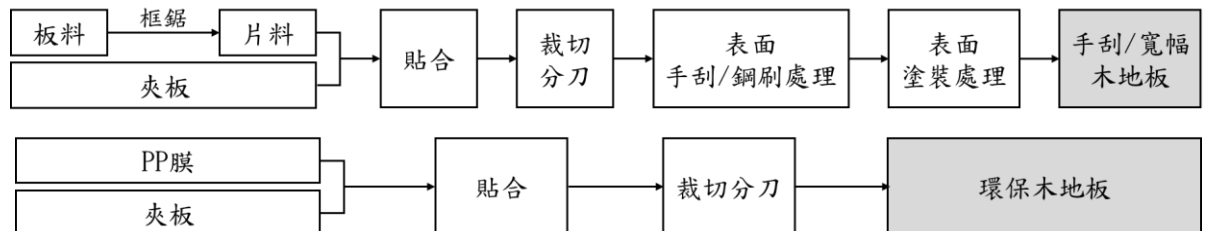
ECO+ Laminates continue the essence of ECO+ Panels, providing a new experience in surface materials that overturns traditional PVC and melamine surfaces. These laminates use non-toxic, food-grade PP materials, maintaining scratch resistance, durability, and flexibility without cracking, making them easy to work with and cut smoothly. ECO+ Laminates employ ultra-realistic printing technology, offering a variety of rich surface materials, including highly realistic wood grains, unique textures, and classic solid colors. The seamless integration of the core layer provides a perfect jointless finish, meeting comprehensive design needs. In terms of custom sizing, there are no length limitations, allowing for perfect support of various project types, including high-ceiling commercial spaces.

### 2. Production process: Below is a summary of the production process by type of products:

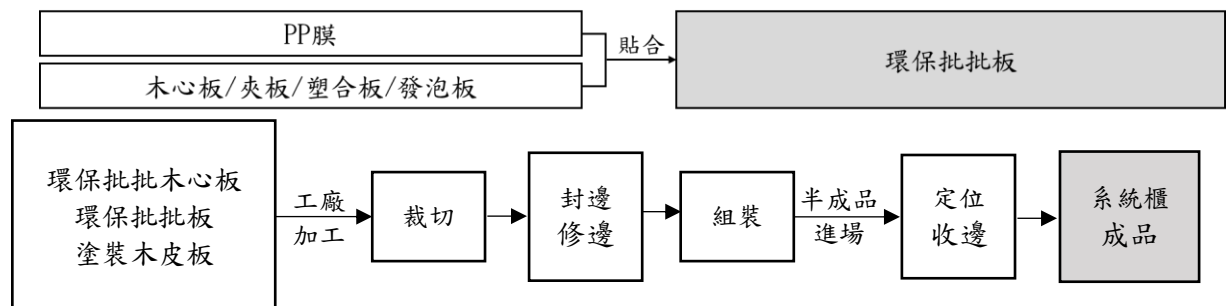
#### A. Prefinished veneered panels



#### B. KD Wooden flooring

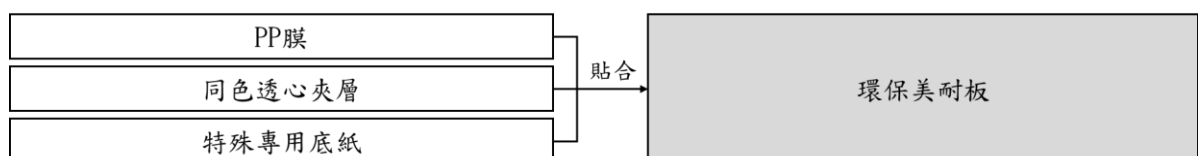


#### C. ECO+ Panels



#### D. KD Modular Cabinet

#### E. ECO+ Laminatest



(III) State of supply of major raw materials

Major raw materials	Supplier	Statement of supply
Veneer (including the veneer peeled off by the Company from purchased logs)	America, Europe, Africa, Mainland, Vietnam, Myanmar	Good
Paint	Taiwan	Good
Plywood	Taiwan, Malaysia, Indonesia	Good
PP film	Japan	Good
Adhesive	Taiwan	Good

The Company's major raw materials are purchased from regular suppliers at home and abroad. Each type of raw materials is purchased from at least two suppliers. In addition, supplies abound and are of good quality.

(IV) List of major customers and suppliers

1. A list of any suppliers accounting for 10 percent or more of the company's total procurement amount in either of the 2 most recent fiscal years, the amounts bought from each, the percentage of total procurement accounted for by each, and an explanation of the reason for increases or decreases in the above figures.

Unit: In NT\$ thousands

Item	2022				2023			
	Title	Amount	As a percentage of annual purchase	Relationship with the issuer	Title	Amount	As a percentage of annual purchase (%)	Relationship with the issuer
1	Company A	101,545	14.08	None	Company A	96,312	14.72	None
2	Company B	166,877	23.14	None	Company B	83,274	12.72	None
3	Company C	85,985	11.92	None	Company C	53,196	8.13	None
4	Others	366,857	50.86	—	Others	421,657	64.43	—
	Net purchase amount	721,264	100.00	—	Net purchase amount	654,439	100.00	—

Reason for increase or decrease: The purchase volume was adjusted by the Company based on the changes in customers' demand for products and market trend due to the pandemic.

2. A list of any customers accounting for 10 percent or more of the company's total sales in either of the 2 most recent fiscal years, the amounts sold to each, the percentage of total sales accounted for by each, and an explanation of the reason for increases or decreases in the above figures: The sales revenue from the 10 largest customers combined as a percentage of the net operating revenue was 3.17% and 4.23%, respectively. There was no single customer who accounted for 10% or more of the Company's total sales.

(V) An indication of the production volume for the 2 most recent fiscal years:

Unit: In NT\$ thousands

Production Main products	Year	2022			2023		
		Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Prefinished veneered panels		1,500,000	646,487	648,197	500,000	358,971	432,819
ECO+ Panels		1,000,000	555,094	382,926	1,000,000	709,325	527,999
KD Wooden flooring		20,000	5,492	28,333	20,000	2,494	15,883
Others (Note)		-	-	109,641	-	-	127,484
Total		2,520,000	1,207,073	1,169,097	1,520,000	1,070,790	1,104,185

Note: The term “Others” denotes wood doors, catalogues, and sample panels, whose measuring unit varies and whose production capacity and production volume are therefore not disclosed.

(VI) An indication of the sales for the 2 most recent fiscal years:

Unit: In NT\$ thousands

Sales Product	Domestic sale	2022				2023			
		Domestic sales		Exports		Domestic sales		Exports	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Prefinished veneered panels		389,829	795,058	484,043	919,887	267,878	644,278	253,028	554,355
ECO+ Panels		570,923	454,487	428,166	139,841	917,944	836,371	570,370	199,826
KD Wooden flooring		9,368	56,750	821	7,211	6,994	44,477	5,026	5,890
KD Modular Cabinet		206	37,310	5	17	446	55,223	10	216
Others (Note)		-	15,471	-	6,997	-	23,566	-	10,745
Total		970,326	1,359,076	913,035	1,073,953	1,193,262	1,603,915	828,434	771,032

Note: The term “Others” denotes wood doors, catalogues, and sample panels, whose measuring unit varies and whose sales are therefore not disclosed.

### III. Information on In-service Employees in the Most Recent Two Years and up to the Publication Date of This Annual Report

Year		2022	2023	Year-to-date through March 31, 2024
Number of employees	Managers	4	4	4
	General staff	416	369	413
	Production line operators	344	297	277
	Total	764	670	694
Average age		31.8	32.7	33.92
Average service years		3.9	3.7	3.9

Education dispersion rate (%)	Ph.D.	0.13	0.15	0.01
	Master	4.45	6.42	7.49
	Junior college	66.62	66.33	65.92
	Senior high school	26.44	24.71	24.42
	Below senior high school	2.36	2.39	2.16

#### IV. Disbursements for environmental protection

Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation and penalties paid), and disclosing measures being or to be taken (including improvement measures) and an estimate of possible expenses that could be incurred (including the losses, penalties, and compensation incurred had no response measures were taken). If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None

#### V. Labor Relations

- (I) The Company's various employee welfare measures, education, training, and retirement systems and their implementation status, as well as labor-management agreements and various other agreements.

##### 1. Employee welfare measures and implementation status

The company has set up the Employee Welfare Committee, which is in accordance with the Labor Standards Law, Labor Insurance Ordinance, National Health Insurance Law and other related laws and regulations, to plan and provide quality benefits for colleagues, including employee travel subsidies, birthday gifts, wedding gifts, wedding and funeral gifts, maternity subsidies, etc. Each department organizes various kinds of gatherings from time to time, so that we can enjoy our lives even more while we work hard. The

The company provides equal maternity and paternity leave as well as other leave rights to retain outstanding employees. When employees need to take a longer leave of absence due to childbirth, serious injury or illness, or major changes, they can also apply for leave without pay and then apply for reinstatement after the expiration of the period, in order to take care of both their personal and family needs.

##### 2. Staff training and development

The Company has established education and training programs to cultivate employees' professional knowledge and skills, to enable them to perform their functions, to increase their work efficiency, and to ensure the quality of their work, in order to achieve the Company's goal of sustainable operation and development. The Company provides a variety of training programs and professional on-the-job training, including new recruit training, on-the-job training programs, labor safety and health education and training, professional courses, and a variety of job-related external training courses, in order to enhance employees' professional competence and core competitiveness, and to strengthen the complete training and education pipeline of the employees. For fiscal year 2023, the Company's internal training courses totaled 69 courses and 212 hours. The external training courses totaled 22 courses and 168 hours, and the total training cost was approximately NT\$430 thousand.

### 3. The Retirement System and its Implementation

- (1) For employees subject to the Labor Pension Act, the Company contributes 6% of their salaries and wages to their individual pension accounts on a monthly basis, which amounted to \$13,393 thousand in fiscal year 2023.
- (2) Subsidiaries contribute retirement benefits in accordance with the laws and regulations of the countries in which they are located and recognize them as expenses in the current year.

### 4. Labor-management agreements

The Company's regulations are based on the Labor Standards Law. The Company attaches great importance to the opinions of its employees and adopts a two-way and open approach in communicating with them, with smooth internal communication channels, in order to maintain a good and harmonious interaction between employers and employees.

### 5. Diversity and equality in the workplace

The company actively creates a workplace environment of equality and respect, with female employees accounting for about 37% of the workforce. Talent selection is gender-neutral, respecting professionalism and providing job security. In the future, we will continue to pay attention to the issue of female employees and continue to optimize the relevant welfare system, so that we can give full play to our personal values and grow together with the company.

### 6. The situation of various measures to protect employees' rights and interests

The Company has established comprehensive regulations to protect employees' rights and interests, and regularly reviews and improves various welfare measures to ensure the highest protection of employees' rights and interests.

- (II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes, and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

In fiscal 2021, the Company conducted mediation between the Company and four former business associates regarding overtime wage benefit recognition discrepancies.

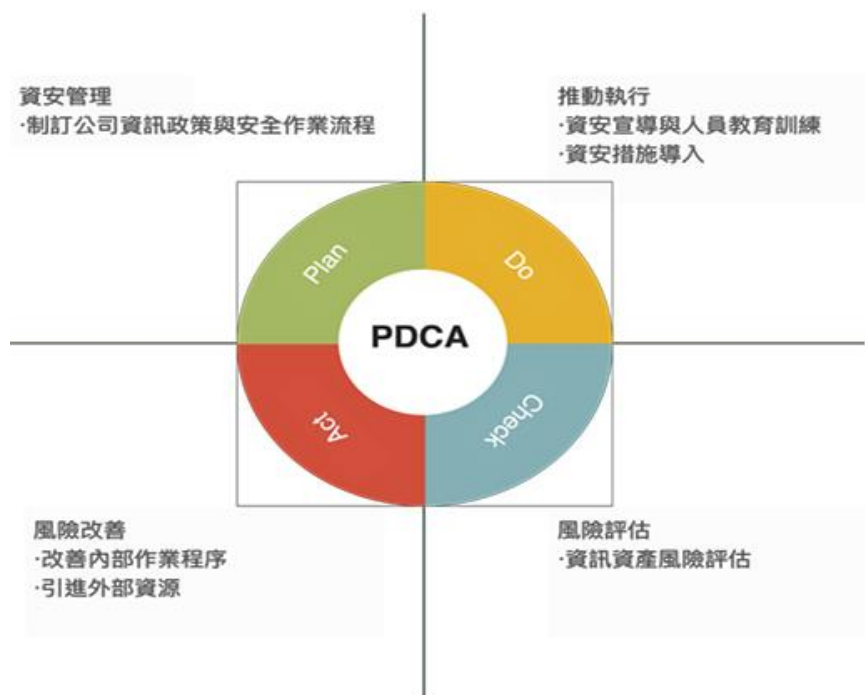
Four FY 2023 departing businesspeople appealed to a second trial

## VI. Cybersecurity Management

### (I) Information Security Promotion Organization

1. In accordance with the Guidelines Governing the Establishment of an Internal Control System for Public Companies, the Company is classified as Level 2, with a dedicated information security officer and a dedicated information security staff, and regularly reports to the Board of Directors at least once a year on the implementation of information security management.
2. The information security authority of the Company is the information department of the management unit, which is responsible for planning, executing, and promoting information security management issues, as well as promoting information security awareness and implementation management.

3. The Audit Office of the Company is the auditing unit for information security supervision. If the audit reveals deficiencies, the audited unit will be required to propose relevant improvement plans and submit them to the Board of Directors, and the effectiveness of the improvements will be tracked on a regular basis in order to minimize the risk of internal information security.
4. Organizational operation mode - PDCA (Plan-Do-Check-Act) cycle management is adopted to ensure the achievement of reliability targets and continuous improvement.



## (II) Information Security Policy and Objectives

The policies and objectives related to information and communication security shall be approved by the vice president or above, and the policies and objectives shall be reviewed regularly and the importance of the policies and objectives shall be communicated to the employees effectively.

### 1. Information Security Policy

In order to effectively utilize the resources and to support the implementation of information security, the Company gives different priority to the protection of information assets in order to maximize the effect of information security. The purpose of the information security policy is to ensure the smooth operation of the Company, the integrity of information, and the security of corporate secrets, in order to protect the Company's reputation. In order to maintain the confidentiality, integrity and availability of the Company's information assets, and to protect the privacy of users' data. We hope to achieve the following goals through the joint efforts of all employees of the Company.

- 1-1. Business Side: Prevent the occurrence of information security risk threats and mitigate the impact of information security incidents.
- 1-2. Confidentiality: Ensure the confidentiality of data is not leaked, and avoid improper use and access.
- 1-3. System: Enhance the availability of information equipment and systems to ensure the normal operation of the information system.

1-4. Awareness: All employees should understand the responsibilities and obligations of the information security system.

## 2. Information Security Objectives

2-1. Core Information System Availability.

2-2. Email open rate and attachment click rate for email social engineering exercise.

## 3. Information and Communication Security Procedures

The following considerations should be taken into account when conducting Ares-related business:

3-1. Core business and its importance

3-2. Inventory and Risk Assessment of the Information and Communication Systems

3-3. Information and Communication System Development and Maintenance Security

3-4. Information and Communication Security Protection and Control Measures

3-5. Management Measures for Outsourcing of Information and Communication Systems and Services

3-6. Information Security Incident Notification Response and Information Assessment Response

3-7. Continuous Improvement and Performance Management Mechanisms for Information and Communications Security

## 4. Information and Communication Security Education and Training

4-1. All personnel using the information system shall receive an information security awareness course annually, and the supervisor and personnel in charge of information security shall receive a professional information security course annually.

4-2. Join the Taiwan Computer Network Crisis Response and Coordination Center (TWCERT/CC) information sharing organization to obtain information on security alerts, threats, and vulnerabilities.

## (III) To fund security management programs:

In order to enhance the information security and stability of the Company's operations, to provide reliable information services, to ensure the confidentiality, integrity, and availability of the information system, to enhance the user's awareness of information security, and to implement various management practices:

Management Issues	Work Instructions
1. Safety Management of Information Assets	1. Asset Inventory Regular annual inventory. 2. Signing of renewal maintenance and warranty operations for important assets. 3. Important system and data for local backup, off-site backup or cloud backup mechanism.
2. Personnel management and training	1. Continuously build up, publicize and promote the awareness of information security among employees to enhance information security progress. Jen's information security awareness training. 2. from time to time, various types of information security propaganda.
3. Physical and Environmental Safety Management	1. Access control is installed in the secure area of the information server room to ensure that only authorized personnel are allowed to access the information server room. Enter. 2. Information-related equipment should be appropriately placed, protected and monitored to minimize environmental threats. Damage caused by, for example, environmental temperature and humidity monitoring.

4.Computer system and network security management	<p>1. External and personal computer network devices are not allowed to connect to the company network privately.</p> <p>2.Enterprise Wi-Fi systems can only be connected after system integration and validation. Important The data is protected by a file encryption mechanism.</p> <p>3.Use professional anti-virus software and update it automatically.</p> <p>4.Set up the new generation network firewall and set up the connection rules to ensure the safety of use.</p> <p>5.Mail system spam transfer, virus threat protection and host computer vulnerability scanning and major patch updates.</p>
5. System access control security	<p>1.System privileges are accessed according to the employee's duties and functions through the privilege application process. Yearly Conduct regular authority reviews.</p> <p>2.Principles for setting passwords, locks and complexity.</p>
6.Security management for system development, exploitation and maintenance.	<p>1.The information security requirements of self-developed or outsourced systems should be taken into consideration.</p> <p>2.Maintaining, updating, upgrading and version change operations of the system to avoid improper hazards.</p>
7. Operational continuity	<p>1.Risk assessment and disaster recovery drills are conducted annually in accordance with the company's business continuity plan.</p> <p>2.The company also conducts system disaster recovery drills to ensure the availability of the information system.</p>

(IV) Investing resources in information security management:

1. Formulate information security related specifications in accordance with ISO 27001, including information security education and training, and operational continuous performance. In addition, we will enhance staff awareness of information security to minimize the risk of misuse and leakage of information assets due to human negligence or natural disasters. Risks associated with leakage, tampering or damage.
2. the Company performs at least one email social engineering exercise per year for about 300 people.
3. 2024 Estimated Input Security Budget, approximately \$4.03 million, consisting of.

Information Security Classification	Content	Amount (\$ million/year)
Operational Continuity and Disaster Preparedness	Backup Equipment and Exercise Related Costs	3.4 million.
Information Security Boundary Protection	Replacement and maintenance costs for anti-virus software, firewalls, SPAM, and other protective equipment.	630,000

(V) Losses suffered due to major information and communication security incidents, possible impacts and measures to cope with the situation for the most recent year and up to the printing date of the annual report:  
None.

Information Security Indicators	Information Security Claims	external sabotage, data theft or virus threats	Information system anomaly or equipment abnormality affecting operation event
112-year event statistics (cases)	0 pieces	0 pieces	0 items [Note 1]
113-year event statistics (cases)	0 pieces	0 pieces	0 items [Note 2]



[Note 1] On 112/9/18, an information system abnormality was discovered due to a power outage and was immediately restored by the backup system without affecting the operation of the business.

[Note 2] 113/1/09 21:00 Due to the information system abnormality discovered by the virtualization bottom layer, it could not be repaired immediately to backup the system operation, and the official system operation was resumed on the 1st without affecting the operation business.

## VII. Important Contracts

Contract type	Party	Contract term	Main content	Restrictive covenants
Loan agreement	Bank SinoPac	2021.06.29-2024.06.29	Capital loan	Land as collateral
Loan agreement	Bank SinoPac	2022.05.27-2025.05.27	Capital loan	Land as collateral
Loan agreement	Chang Hwa Commercial Bank, Ltd.	2020.07.07-2040.07.07	Capital loan	Land and buildings as collateral
Loan agreement	Chang Hwa Commercial Bank, Ltd.	2020.07.14-2027.07.14	Capital loan	Land and buildings as collateral
Loan agreement	Chang Hwa Commercial Bank, Ltd.	2023.06.30-2026.06.30	Capital loan	Land and buildings as collateral
Loan agreement	Taiwan Business Bank	2022.07.22-2027.07.22	Capital loan	Land as collateral
Loan agreement	Taiwan Business Bank	2023.01.03-2028.01.03	Capital loan	Land as collateral
Loan agreement	Sunny Bank	2023.09.28-2026.09.28	Capital loan	Land and buildings as collateral
Transaction contract	DADDY LEADER CO., LTD	2023.01.23-2023.01.23	Transaction of land	-
Project contract	Lih Hwa Construction Company Limited	2023.09.04-2025.11.02	Owned land entrusted construction project contracting	-

## Six. Financial Overview

### I. Condensed Balance Sheet and Comprehensive Income Statement for the Most Recent 5 Years

(I) IFRS-based

#### 1. Condensed Consolidated Balance Sheets

Unit: In NT\$1,000

Year		Financial Data for the Most Recent 5 Years (Note 1)				
		2019	2020	2021	2022	2023
Item						
Current assets		1,941,931	1,915,738	1,524,172	1,709,419	1,546,191
Property, plant, and equipment		3,327,367	3,195,373	3,389,151	4,344,087	4,546,635
Intangible assets		13,272	11,095	7,397	6,485	6,529
Other assets (Note 2)		311,919	350,321	242,916	313,585	281,315
Total Assets		5,594,489	5,472,527	5,163,636	6,373,576	6,380,670
Current liabilities	Before distribution	835,884	561,274	1,074,550	1,601,419	1,736,823
	After distribution	979,101	1,121,022	1,354,663	1,601,419	1,972,903
Non-current liabilities		2,309,581	2,552,907	2,309,405	2,791,916	2,554,181
Total liabilities	Before distribution	3,145,465	3,114,181	3,383,955	4,393,335	4,291,004
	After distribution	3,288,682	3,673,929	3,664,068	4,393,335	4,527,084
Equity attributable to owners of the parent		2,449,024	2,358,346	1,779,681	1,978,916	2,086,121
Share capital		756,085	739,685	740,282	740,334	821,813
Capital reserves		798,101 (note3)	682,770 (note 4)	12,686	71,485	364,036
Retained earnings	Before distribution	880,290	1,091,105	1,185,943	1,295,524	1,125,794
	After distribution	837,325	1,035,130	905,830	1,295,524	889,714
Other equity interest		14,548	9,796	5,780	9,894	11,139
Treasury shares		–	(165,010)	(165,010)	(138,321)	(236,661)
Non-controlling interests		–	–	–	1,325	3,545
Total Equity	Before distribution	2,449,024	2,358,346	1,779,681	1,980,241	2,089,666
	After distribution	2,305,807	1,798,598	1,499,568	1,980,241	1,853,586

Data source: The financial statements audited and attested by CPAs.

Note 1: In 2015, the Company started to publish its parent company only financial statements and consolidated financial statements by adhering to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards endorsed by the FSC.

Note 2: Other assets are non-current assets exclusive of property, plant, and equipment and intangible assets.

Note 3: According to the resolution adopted at the shareholders' meeting of 2020, cash dividends were distributed using retained earnings of NT\$42,965 thousand and capital reserves of NT\$100,252 thousand. The capital reserves after distribution were NT\$697,849 thousand.

Note 4: According to the resolution adopted at the Board of Directors meeting dated May 5, 2021, cash dividends were distributed using retained earnings of NT\$55,975 thousand and capital reserves of NT\$503,773 thousand. The capital reserves after distribution were NT\$178,997 thousand.

## 2. Parent Company Only Balance Sheets

Unit: In NT\$1,000

Item \ Year		Financial Data for the Most Recent 5 Years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		2,160,138	1,977,104	1,535,888	1,732,078	1,524,293
Property, plant, and equipment		3,267,419	3,151,907	3,352,579	4,312,815	4,530,973
Intangible assets		8,459	6,911	3,855	2,918	2,812
Other assets (Note 2)		238,113	354,018	235,188	368,238	414,093
Total Assets		5,674,129	5,489,940	5,127,510	6,416,049	6,472,171
Current liabilities	Before distribution	707,771	444,461	982,902	1,523,063	1,740,196
	After distribution	850,988	1,004,209	1,263,015	1,523,063	1,976,276
Non-current liabilities		2,517,334	2,687,133	2,364,927	2,914,070	2,645,854
Total liabilities	Before distribution	3,225,105	3,131,594	3,347,829	4,437,133	4,386,050
	After distribution	3,368,322	3,691,342	3,627,942	4,437,133	4,622,130
Equity attributable to owners of the parent		2,449,024	2,358,346	1,779,681	1,978,916	2,086,121
Share capital		756,085	739,685	740,282	740,334	821,813
Capital reserves		798,101 (note3)	682,770 (note4)	12,686	71,485	364,036
Retained	Before distribution	880,290	1,091,105	1,185,943	1,295,524	1,125,794
	After distribution	837,325	1,035,130	905,830	1,295,524	889,714
Other equity interest		14,548	9,796	5,780	9,894	11,139
Treasury shares		-	(165,010)	(165,010)	(138,321)	(236,661)
Non-controlling interests		-	-	-	-	-
Total Equity	Before distribution	2,449,024	2,358,346	1,779,681	1,978,916	2,086,121
	After distribution	2,305,807	1,798,598	1,499,568	1,978,916	1,850,041

Data source: The financial statements audited and attested by CPAs.

Note 1: In 2015, the Company started to publish its parent company only financial statements and consolidated financial statements by adhering to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards endorsed by the FSC.

Note 2: Other assets are non-current assets exclusive of property, plant, and equipment and intangible assets.

Note 3: According to the resolution adopted at the shareholders' meeting of 2020, cash dividends were distributed using retained earnings of NT\$42,965 thousand and capital reserves of NT\$100,252 thousand. The capital reserves after distribution were NT\$697,849 thousand.

Note 4: According to the resolution adopted at the Board of Directors meeting dated May 5, 2021, cash dividends were distributed using retained earnings of NT\$55,975 thousand and capital reserves of NT\$503,773 thousand. The capital reserves after distribution were NT\$178,997 thousand.

## 3. Condensed Consolidated Statement of Comprehensive Income

Unit: In NT\$1,000

Item \ Year	Financial Data for the Most Recent 5 Years (Note)				
	2019	2020	2021	2022	2023
Operating revenue	2, 575, 521	2, 088, 346	2, 277, 463	2, 433, 029	2, 374, 947
Gross profit	1, 256, 810	1, 044, 734	1, 280, 402	1, 217, 918	1, 103, 943
Operating profit or loss	312, 978	372, 442	569, 175	470, 899	329, 683
Non-operating income and expenditure	(99, 536)	(38, 183)	69, 075	26, 209	(18, 230)
Profit before tax	213, 442	334, 259	638, 250	497, 108	311, 453
Profit before tax of continuing operations	155, 910	294, 938	537, 067	389, 027	249, 975
Net profit of the current period					
Loss from discontinued operations	–	–	–	–	–
Net profit (loss) of the current period	155, 910	294, 938	537, 067	389, 027	249, 975
Other comprehensive income (net after tax) for the period	8, 606	(4, 752)	(4, 016)	4, 046	1, 131
Total comprehensive income for the period	164, 516	290, 186	533, 051	393, 073	251, 106
Net profits attributable to owners of the parent	155, 910	294, 938	537, 067	389, 694	248, 604
Net profits attributable to non-controlling interests	–	–	–	(667)	1, 371
Total comprehensive income attributable to owners of the parent.	164, 516	290, 186	533, 051	393, 808	249, 849
Total comprehensive income attributable to non-controlling interests	–		–	(735)	1, 257
Earnings per share	2. 25	4. 09	7. 68	5. 56	3. 52

Data source: The financial statements audited and attested by CPAs.

Note: In 2015, the Company started to publish its parent company only financial statements and consolidated financial statements by adhering to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards endorsed by the FSC.

## 4. Condensed Parent Company Only Statement of Comprehensive Income

Unit: NT\$1,000

Item \ Year	Financial Data for the Most Recent 5 Years (Note)				
	2019	2020	2021	2022	2023
Operating revenue	1, 734, 097	1, 484, 674	1, 630, 531	1, 941, 020	1, 885, 068
Gross profit	560, 030	528, 278	746, 822	788, 382	715, 944
Operating profit or loss	282, 071	254, 310	406, 786	470, 968	293, 296
Non-operating income and expenditure	(69, 192)	80, 128	229, 949	21, 185	9, 849
Profit before tax	212, 879	334, 438	636, 735	492, 153	303, 145
Profit before tax of continuing operations	155, 910	294, 938	537, 067	389, 694	248, 604
Loss from discontinued operations	–	–	–	–	–
Net profit of the current period	155, 910	294, 938	537, 067	389, 694	248, 604
Other comprehensive income (net after tax) for the period	8, 606	(4, 752)	(4, 016)	4, 114	1, 245
Total comprehensive income for the period	164, 516	290, 186	533, 051	393, 808	249, 849
Net profits attributable to owners of the parent	–	–	–	–	–
Net profits attributable to non-controlling interests	–	–	–	–	–
Total comprehensive income attributable to owners of the parent	–	–	–	–	–
Total comprehensive income attributable to non-controlling interests	–	–	–	–	–
Earnings per share (NT\$)	2. 25	4. 09	7. 68	5. 56	3. 52

Data source: The financial statements audited and attested by CPAs.

Note: In 2015, the Company started to publish its parent company only financial statements and consolidated financial statements by adhering to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards endorsed by the FSC.

## (II) Name of attesting CPAs for the most recent five years and their audit opinions

Year	Name of accounting firm	Name of CPA	Audit Opinion
2019	Deloitte & Touche Taiwan	Chien, Ming-Yan; Chuang, Pi-Yu	Unqualified opinion
2020	Deloitte & Touche Taiwan	Chien, Ming-Yan; Chuang, Pi-Yu	Unqualified opinion
2021	Deloitte & Touche Taiwan	Chien, Ming-Yan; Chuang, Pi-Yu	Unqualified opinion
2022	Deloitte & Touche Taiwan	Chuang, Pi-Yu Wu, Shih-Tsung	Unqualified opinion
2023	Deloitte & Touche Taiwan	Chuang, Pi-Yu Wu, Shih-Tsung	Unqualified opinion

## II. Financial Analysis for the Most Recent 5 Years

(I) IFRS (Consolidated)

Item	Year	Financial Data for the Most Recent 5 Years				
		2019	2020	2021	2022	2023
1. Financial structure(%)	Debt to assets ratio	56.22	56.90	65.53	68.93	67.25
	Ratio of long-term capital to property, plant, and equipment	143.01	153.69	120.65	109.85	102.14
2. Solvency(%)	Current ratio	232.32	341.32	141.84	106.74	89.02
	Quick ratio	59.25	123.37	30.87	27.68	25.93
	Times interest earned	454.04	884.44	2,240.71	1,235.31	607.85
Operating performance	Receivables turnover (times)	18.29	15.01	14.81	10.96	8.15
	Average collection days	19.95	24.31	24.64	33.30	44.78
	Inventory turnover (times)	0.88	0.83	0.87	1.07	1.18
	Payables turnover (times)	21.14	30.50	33.29	28.63	22.95
	Average inventory turnover days	414.77	439.75	419.54	341.12	309.32
	Property, plant, and equipment turnover rate (times)	0.78	0.64	0.69	0.63	0.53
	Total assets turnover (times)	0.46	0.37	0.43	0.42	0.37
Profitability	Return on assets (%)	3.66	5.94	10.55	7.35	4.69
	Return on equity (%)	6.91	12.27	25.96	20.69	12.28
	Pre-tax income to paid-in capital (%) (Note 7)	28.23	45.18	86.22	67.15	37.90
	Profit margin (%)	6.05	14.12	23.58	15.99	10.53
	Earnings per share (NT\$)	2.25	4.09	7.68	5.56	3.52
Cash flow	Cash flow ratio (%)	81.13	141.75	70.43	27.82	36.56
	Cash flow adequacy ratio (%)	19.97	31.79	48.16	59.97	96.32
	Cash reinvestment ratio (%)	12.04	14.27	-9.38	3.69	4.39
Leverage	Operating leverage	1.51	1.38	1.22	1.26	1.37
	Financial leverage	1.24	1.13	1.06	1.10	1.23

Data source: The financial statements audited and attested by CPAs.

Note 1: Not applicable, as the net cash flow from operating activities are a negative number.

Note 2: Since the periods in which financial data was recorded by the IFRS system are less than 5 years, there were no prior figures for calculation. Therefore, this requirement is not applicable.

Note 3: Below are the formulas for calculating the financial ratios in the said parent company only and consolidated financial statements:

### 1. Financial structure

(1) Debt to assets ratio = total liabilities / total assets.

(2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.

### 2. Solvency

(1) Current ratio = current assets / current liabilities.

(2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.

(3) Times interest earned = earnings before tax and interest expenses / current interest expenses.

### 3. Operating performance

(1) Receivables (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).

- (2) Average collection days =  $365 / \text{Receivables turnover}$ .
- (3) Inventory turnover =  $\text{cost of goods sold} / \text{average inventory}$ .
- (4) Payables (including accounts payable and notes payable arising from business activities) turnover =  $\text{cost of goods sold} / \text{average payables balance (including accounts payable and notes payable arising from business activities)}$ .
- (5) Average inventory turnover days =  $365 / \text{inventory turnover}$ .
- (6) Property, plant, and equipment turnover rate =  $\text{net sales} / \text{average property, plant, and equipment}$
- (7) Total asset turnover =  $\text{net sales} / \text{average total assets}$ .

4. Profitability

- (1) Return on assets =  $(\text{net income} + \text{interest expenses} * (1 - \text{tax rate})) / \text{average total assets}$ .
- (2) Return on equity =  $\text{net income after tax} / \text{average total equity}$
- (3) Net profit margin =  $\text{net income after tax} / \text{net sales}$ .
- (4) Earnings per share =  $(\text{income attributable to owners of the Company} - \text{preferred stock dividends}) / \text{weighted average number of shares outstanding}$ . (Note 3)

5. Cash flow

- (1) Cash flow ratio =  $\text{net cash flows from operating activities} / \text{current liabilities}$ .
- (2) Net cash flow adequacy ratio =  $5\text{-year sum of net cash flow from operating activities} / 5\text{-year sum of (capital expenditures} + \text{increases in inventory} + \text{cash dividends})$ .
- (3) Cash reinvestment ratio =  $(\text{cash from operating activities} - \text{cash dividends}) / (\text{gross property, plant and equipment} + \text{long-term investments} + \text{other non-current assets} + \text{working capital})$ . (Note 4)

6. Leverage

- (1) Operating leverage =  $(\text{net operating revenue} - \text{variable operating costs and expenses}) / \text{operating income}$  (Note 5).
- (2) Financial leverage =  $\text{operating income} / (\text{operating income} - \text{interest expenses})$ .

Note 4: Special attention should be paid to the following when calculating earnings per share using the formulas stated in the previous paragraph:

1. The weighted average quantity of outstanding common shares shall be taken as the standard, not the quantity of outstanding shares at the end of the year.
2. If there is any follow-on offering or treasury stock transaction, take the circulation periods into account when calculating the weighted average quantity of outstanding shares.
3. If there is any capitalization of retained earnings or capital surplus, the annual and semiannual earnings per share of past years shall be retrospectively adjusted pro rata to the size of the capital increase, without considering the issuance period of the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividend for the fiscal year (whether it has been distributed or not) shall be deducted from the net income after tax or added to the net loss after tax. If the preferred shares are non-cumulative, the dividend shall be deducted from the net income after tax if there is net income after tax and no adjustment is required in case there is loss.

Note 5: Special attention shall be paid to the following when making the calculations for cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditures refers to the annual cash outflow used in capital investment.
3. Increase in inventory is counted only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory has decreased at the end of the year, it is counted as zero
4. Cash dividends include the cash dividends of common stock and preferred stock.
5. Gross property, plant and equipment refers to the total property, plant and equipment without deduction of accumulated depreciation.

Note 6: The issuer shall categorize the operating costs and operating expenses into fixed ones and variable ones in accordance with their properties. If the categorization is subject to estimation or subjective judgment, attention shall be paid to ensure that it is done rationally and consistently.

Note 7: If the Company's shares have no par value or the par value per share is not NT\$10, the paid-in capital involved in the calculation of the above ratio shall be replaced by the equity attributable to owners of the Company on the balance sheet.



## (II) IFRS (Parent Company Only)

Item \ Year		Financial Data for the Most Recent 5 Years				
		2019	2020	2021	2022	2023
1. Financial structure(%)	Debt to assets ratio	56.84	57.04	65.29	69.16	67.77
	Ratio of long-term capital to property, plant, and equipment	152.00	160.08	136.24	113.45	104.44
2. Solvency(%)	Current ratio	305.20	444.83	156.26	113.72	87.59
	Quick ratio	152.21	237.51	57.79	45.78	34.59
	Times interest earned	5.12	10.37	26.93	13.36	616
Operating performance	Receivables turnover (times)	2.07	2.14	3.03	3.54	3.56
	Average collection days	176.33	170.56	120.46	103.11	102.53
	Inventory turnover (times)	1.05	1.01	0.98	1.26	1.32
	Payables turnover (times)	17.58	24.10	19.79	17.29	18.23
	Average inventory turnover days	347.62	361.39	372.44	289.68	276.52
	Property, plant, and equipment turnover rate (times)	0.54	0.46	0.50	0.51	0.43
	Total assets turnover (times)	0.30	0.27	0.31	0.34	0.29
Profitability	Return on assets (%)	3.45	5.80	10.49	7.30	4.59
	Return on equity (%)	6.91	12.27	25.96	20.74	12.23
	Pre-tax income to paid-in capital (%) (Note 7)	28.16	45.21	86.01	66.48	36.89
	Profit margin (%)	8.99	19.87	32.94	20.08	13.19
	Earnings per share (NT\$)	2.25	4.09	7.68	5.56	3.52
Cash flow	Cash flow ratio (%)	83.33	163.82	75.77	25.19	43.89
	Cash flow adequacy ratio (%)	21.39	32.99	50.09	53.11	78.65
	Cash reinvestment ratio (%)	9.51	12.45	-9.54	2.03	6.85
Leverage	Operating leverage	1.17	1.36	1.22	1.10	1.19
	Financial leverage	1.22	1.16	1.06	1.09	1.25

Data source: The financial statements audited and attested by CPAs.

Note 1: Not applicable, as the net cash flow from operating activities are a negative number.

Note 2: Since the periods in which financial data was recorded by the IFRS system are less than 5 years, there were no prior figures for calculation. Therefore, this requirement is not applicable.

Note 3: Below are the formulas for calculating the financial ratios in the said parent company only and consolidated financial statements:

1. Financial structure

(1) Debt to assets ratio = total liabilities / total assets.

(2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.

2. Solvency

(1) Current ratio = current assets / current liabilities.

(2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.

(3) Times interest earned = earnings before tax and interest expenses / current interest expenses.

3. Operating performance

(1) Receivables (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).

(2) Average collection days = 365 / Receivables turnover.



- (3) Inventory turnover = cost of goods sold / average inventory.
- (4) Payables (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average payables balance (including accounts payable and notes payable arising from business activities).
- (5) Average inventory turnover days = 365 / inventory turnover.
- (6) Property, plant, and equipment turnover rate = net sales / average property, plant, and equipment
- (7) Total asset turnover = net sales / average total assets.

#### 4. Profitability

- (1) Return on assets = (net income + interest expenses \* (1 - tax rate)) / average total assets.
- (2) Return on equity = net income after tax / average total equity
- (3) Net profit margin = net income after tax / net sales.
- (4) Earnings per share = (income attributable to owners of the Company - preferred stock dividends) / weighted average number of shares outstanding. (Note 4)

#### 5. Cash flow

- (1) Cash flow ratio = net cash flows from operating activities / current liabilities.
- (2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends).
- (3) Cash reinvestment ratio = (cash from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital). (Note 5)

#### 6. Leverage:

- (1) Operating leverage = (net operating revenue - variable operating costs and expenses) / operating income (Note 6).
- (2) Financial leverage = operating income / (operating income - interest expenses).

Note 4: Special attention should be paid to the following when calculating earnings per share using the formulas stated in the previous paragraph:

1. The weighted average quantity of outstanding common shares shall be taken as the standard, not the quantity of outstanding shares at the end of the year.
2. If there is any follow-on offering or treasury stock transaction, take the circulation periods into account when calculating the weighted average quantity of outstanding shares.
3. If there is any capitalization of retained earnings or capital surplus, the annual and semiannual earnings per share of past years shall be retrospectively adjusted pro rata to the size of the capital increase, without considering the issuance period of the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividend for the fiscal year (whether it has been distributed or not) shall be deducted from the net income after tax or added to the net loss after tax. If the preferred shares are non-cumulative, the dividend shall be deducted from the net income after tax if there is net income after tax and no adjustment is required in case there is loss.

Note 5: Special attention shall be paid to the following when making the calculations for cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditures refers to the annual cash outflow used in capital investment.
3. Increase in inventory is counted only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory has decreased at the end of the year, it is counted as zero
4. Cash dividends include the cash dividends of common stock and preferred stock.
5. Gross property, plant and equipment refers to the total property, plant and equipment without deduction of accumulated depreciation.

Note 6: The issuer shall categorize the operating costs and operating expenses into fixed ones and variable ones in accordance with their properties. If the categorization is subject to estimation or subjective judgment, attention shall be paid to ensure that it is done rationally and consistently.

Note 7: If the Company's shares have no par value or the par value per share is not NT\$10, the paid-in capital involved in the calculation of the above ratio shall be replaced by the equity attributable to owners of the Company on the balance sheet.

### **III. Audit Committee's Review Report on the Financial Statements for the Most Recent Fiscal Year**

The financial statements for 2023 were submitted by the Board of Directors, which commissioned CPAs Chuang, Pi-Yu and Wu ,Shih-Tsung from Deloitte & Touche Taiwan to audit the financial statements and issue an independent auditors' report. The Audit Committee has reviewed the proposals on the said financial statements and independent auditors' report and did not find any non-conformity, and therefore reported the same herein according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. For you review

To

Keding Enterprises Co., Ltd. Board of Directors

Audit Committee convener: Cheng, Chun-Jen

- IV. Consolidated Financial Statements for the Most Recent Year and Independent Auditors' Report: See Appendix 1.**
- IV. Parent Company Only Financial Statements for the Most Recent Year and Independent Auditors' Report: See Appendix 2.**
- VI. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation: None.**

## Seven. Review and Analysis of the Financial Position and Financial Performance, and Risks

### I. Financial Position Comparison and Analysis

Unit: In NT\$1,000; %

Item \ Year	2022	2023	Difference	
			Amount	%
Current assets	1,709,419	1,546,191	(163,228)	-9.55%
Property, plant, and equipment	4,344,087	4,546,635	202,548	4.66%
intangible assets	6,485	6,529	44	0.68%
Other assets	313,585	281,315	(32,270)	-10.29%
Total Assets	6,373,576	6,380,670	7,094	0.11%
Current liabilities	1,601,419	1,736,823	135,404	8.46%
Non-current liabilities	2,791,916	2,554,181	(237,735)	-8.52%
Total liabilities	4,393,335	4,291,004	(102,331)	-2.33%
Share capital	740,334	821,813	81,479	11.01%
Capital reserves	71,485	364,036	292,551	409.25%
Retained earnings	1,295,524	1,125,794	(169,730)	-13.10%
Other equity interest	9,894	11,139	1,245	12.58%
Treasury shares	-138,321	-236,661	98,340	71.10%
Total Equity	1,980,241	2,089,666	109,424	5.53%
Please specify the reasons for significant changes in assets, liabilities, and equity in the most recent two years and the effects of such changes (the word “significant” means those changes from the previous period reaching 20% and NT\$10 million):				
(1) Increase in capital reserves: Mainly due to corporate debt-to-equity swap and treasury stock transfer.				
(2) Increase in treasury stocks: Mainly due to dexecution of buyback of treasury shares.				

## II. Financial Performance Comparison and Analysis

Unit: In NT\$1,000; %

Item \ Year	2022	2023	Increase or decrease amount	Percentage of change (%)
Net operating revenue	2,433,029	2,374,947	(58,082)	-2.39%
Gross profit	1,217,918	1,103,943	(113,975)	-9.36%
Operating profit or loss	470,899	329,683	(141,216)	-29.99%
Non-operating income and expenditure	26,209	(18,230)	(44,439)	-169.56%
Profit before tax	497,108	311,453	(185,655)	-37.35%
Net profit of the current period	389,027	249,975	(139,052)	-35.74%
Other comprehensive income (net after tax) for the period	4,046	1,131	(2,915)	-72.05%
Total comprehensive income for the period	393,073	251,106	(141,967)	-36.12%
Net profits attributable to owners of the Company	389,694	248,604	(141,090)	-36.21%
Total comprehensive income attributable to owners of the parent.	393,808	249,849	(143,959)	-36.56%
Please specify the reasons for significant changes in operating revenue, operating profit margin, and profit before tax in the most recent two years and the effects of such changes (the word "significant" means those changes from the previous period reaching 20% and NT\$10 million):				
(1) Operating profit: Mainly due to Revenue decline and new manufacture processes increase costs.				
(2) Non-operating income and expenditure: Mainly due to reduction in benefits from sale of investment real estate and increased borrowing increases financial costs				
(3) Profits before tax and net profits for the current period: Mainly due to the decline in revenue of overseas subsidiaries affected by the epidemic and new manufacture processes increase costs.				
(4) Total comprehensive income :Mainly due to net profit after tax decreases.				

## III. Cash Flow Analysis

(I) Analysis and description of cash flow changes during the most recent fiscal year:

Unit: In NT\$1,000

Cash balance, beginning (1)	Net cash flows from operating activities in the year (2)	Net cash outflows from investing activities and financing activities in the year (3)	Cash surplus (shortage) (1)+(2)-(3)	Remedies for cash shortage	
				Investment plan	Wealth management plan
162,196	636,474	-673,758	124,912	-	-
Analysis and description:					
(I) Analysis of changes in cash flows in the current year:					
Operating activities: Net cash inflows from operating activities					
Investing activities: Net cash outflows were mainly due to the purchase of property, plant, and equipment					
Financing activities: Net cash outflows were mainly due to distribution of cash dividends.					
(II) Measures to be taken to cope with a cash shortfall and liquidity analysis: Not applicable.					

(II) Corrective measures to be taken in response to illiquidity: The Company has sufficient cash; there was no such thing as illiquidity.

(III) Analysis of cash flows for the coming year:

Unit: In NT\$1,000

Cash balance, beginning (1)	Net cash flows from operating activities in the year (2)	Cash outflows from investing activities and financing activities in the year (3)	Cash surplus (shortage) (1)+(2)-(3)	Remedies for cash shortage	
				Investment plan	Wealth management plan
124,912	821,044	-756,024	189,932	-	-
Analysis and description:					
(I) Analysis of changes in cash flows for the following year:					
Operating activities: Estimated cash flows from operating activities					
Investing activities: Net cash outflows were mainly due to the estimate for plant construction and equipment purchase.					
Financing activities: Net cash outflows were mainly due to the estimate for repayment of loans.					
(II) Measures to be taken to cope with a cash shortfall and liquidity analysis: Not applicable.					

#### IV. Effect of Major Capital Expenditures on Finance and Business Matters in the Most Recent Year

The Company invested capital of NT\$1,053,338 thousand and NT\$505,021 thousand in 2022 and 2023 respectively. Such capital was mainly composed of own funds and bank borrowings, and was used for setting up automation equipment and incorporating the planing process in the upstream into the production lines. By integrating the productions line and through the automated production mode, the Company not only saved manpower, energy and materials consumption, but also improved the production capacity as a whole and optimized products.

#### V. Investment Policy for the Most Recent Year, the Main Reasons for Profit or Loss, Improvement Plan, and Investment Plan for the Coming Year

(I) Reinvestment policy:

To promote the Company's high-quality products, develop markets with great potential in line with its business strategy, and serve existing customers attentively, the Company continues to seek the markets suitable for investment at home and abroad, thereby scaling up the Group's operations, strengthening the group's vertical integration and horizontal expansion of core resources, and enhancing core competitiveness.

The Company's investment policy is centered on the requirements for the development of existing business, and long-term strategic investment, as opposed to based on short-term financial investment. Currently the investment policy and operating procedures thereof are all based on the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and "Regulations for Supervision and Management of Subsidiaries" passed by the Board of Directors and the Shareholders' Meeting, and on the investment cycle of the internal control system; each investee subsidiary, aside from abiding by the Company's regulations, also conducts proper internal control management based on local laws and the actual operational status.

The Company improves the management execution and performance of investees after investing in them; enhance the consolidation of the resources of the Company and strategic partners; and fully implements business collaboration with investees. In addition, the Company requires that they abide by the laws and

regulations governing labors, human trafficking, and slavery, and connect to relevant customer websites and information website. By applying high standards to investees, the Company continues to yield operating performance.

(II) Main reasons for profit or loss on investment in the most recent year, and the improvement plan thereof:

Unit: In NT\$1,000

Investee (Note)	Profits (losses) recognized in 2022	Profits (losses) recognized in 2023	Reason for profits or losses	Improvement plan
Keding (Hong Kong) Enterprises Limited	6,050	3,434	Mainly due to stable growth in orders.	-
Keding Enterprises Pte.Ltd.	28,136	28,252	Mainly due to stable growth in orders.	-
Keding Enterprises Sdn. Bhd.	8,546	9,075	Mainly due to stable growth in orders.	-
Keding Enterprises Co., Ltd.	(83,037)	(5,678)	Gains on investment in investees in China that are accounted for using the equity method.	Actively promote new products, explore the mainland market to increase revenue, and integrate various locations to reduce expenses..
Keding Enterperises Inc.	(1,906)	(1,581)	The loss was because the expenditures on the new operation exceeded the gross profits.	Actively help put the operations of the new operation on track as soon as possible, so as to yield the benefits of expansion.
Keding Enterprises Private Limited	(1,510)	(2,670)	The loss was because the expenditures on the new operation exceeded the gross profits.	Actively help put the operations of the new operation on track as soon as possible, so as to yield the benefits of expansion.
PT Keding Panels Indonesia	(2,000)	(2,298)	The loss was because the expenditures on the new operation exceeded the gross profits.	Actively help put the operations of the new operation on track as soon as possible, so as to yield the benefits of expansion.
Keding Enterprise, Llc	-	(2,584)	The loss was because the expenditures on the new operation exceeded the gross profits.	Actively help put the operations of the new operation on track as soon as possible, so as

Investee (Note)	Profits (losses) recognized in 2022	Profits (losses) recognized in 2023	Reason for profits or losses	Improvement plan
				to yield the benefits of expansion.
Keding Vietnam Co., Ltd	-	(428)	The loss was because the expenditures on the new operation exceeded the gross profits.	Actively help put the operations of the new operation on track as soon as possible, so as to yield the benefits of expansion.
Keding Enterprises (Korea) Co., Ltd.	-	2	-	-
Keding Enterprises (Thailand) Co., Ltd.	-	(1,744)	The loss was because the expenditures on the new operation exceeded the gross profits.	Actively help put the operations of the new operation on track as soon as possible, so as to yield the benefits of expansion.
Yang Jin Co., Ltd.	25	2,622	Mainly due to stable growth in orders.orders.	-
Keding (Shanghai) Trading Co., Ltd.	(83,017)	(5,633)	The main reason is that due to the decline in revenue due to the impact of the epidemic, operating expenses exceeded gross profit, resulting in losses.	Actively promote new products, open up the mainland market to increase revenue and integrate various bases to reduce expenses.

(III) Investment plan for the following year:

In the future, the Company will develop Southeast Asia markets, increase company revenue and earnings, improve company awareness in foreign markets, and head towards global management. We will base our operations in Taiwan as a niche market, focus on the Asian markets, penetrate Southeast Asia markets, and expand to the European and American markets, to target customers at the top of the pyramid.

## VI. Assessment of Risks

(I) The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future:

1. The effect upon the company's profits (losses) of interest rate fluctuations, and response measures to be taken in the future.

The Company's interest expense in 2022 and 2023 was NT\$43,786 thousand and NT\$61,327 thousand, respectively, accounting for 1.80% and 2.58% respectively, of the operating revenue in the respective year. Such expense was mainly the financial cost of long-term borrowings, short-term borrowings, short-



term bills payable, and lease liabilities. Since the interest amount is small, it won't significantly impact the Company's operations. Therefore, interest rate changes will only have minor impact on the Company's profits or losses. In the future, the Company will pay attention to the changes in economic environment at home and abroad and adopt necessary measures, so as to reduce the risk of impact on the Company's profits or losses as a result of interest rate changes.

2. The effect upon the company's profits (losses) of exchange rate fluctuations, and response measures to be taken in the future.

The Company's net exchange losses in 2022 and 2023 were NT\$9,596 and NT\$(6,605), respectively, accounting for 0.39% and (0.28)%, respectively, of the operating revenue in each period. Sale from the Company to foreign customers is denominated in USD and the purchase by the Company from suppliers is denominated mainly in TWD and USD; therefore, changes in the exchange rate of USD against TWD will impact the Company's profits or losses to a certain extent. In addition, since the purchase made by the Company's subsidiaries in China is denominated mainly in USD, appreciation of CNY against USD might increase the exchange gains of such subsidiaries. Therefore, changes in exchange rate will slightly impact the Company's operating revenue and profits.

The Company's financial units will keep in close contact with each financial institution depending on the situations, and will ask them to provide professional consulting services in order to grasp the international exchange rate trend. Meanwhile, when giving quotations, sales specialists must factor in possible effects arising from exchange rate changes, so as to avoid the impact of exchange rate changes on the selling price.

3. The effect upon the company's profits (losses) of inflation, and response measures to be taken in the future.

Inflation has no significant impact on the Company's profit and loss. The Company always pays close attention to market prices fluctuation and inflation. If the cost of goods sold increases due to inflation, the Company will also raise the materials price and selling price and notify customers in a timely manner. Therefore, the Company is still able to effectively control the impact of inflation on its profits.

- (II) The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future.

1. The company's policy regarding high-risk investments and highly leveraged investments; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future.

The Company focuses on its operations based on the principle of robustness and the philosophy of practicality. In the most recent year and in the current year up to the publication date of this annual report, the Company did not engage in any high-risk investments or highly leveraged investments.

2. The company's policy regarding loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future.

In the most recent year and in the current year up to the publication date of this annual report, the Company did not engage in loaning of funds to others or making endorsements or guarantees, except for business needs with its subsidiaries. If the Company wish to engage in loaning of funds to others,

making endorsements or guarantees, and transacting derivatives in the future, the Company will do so by its “Regulations Governing Loaning of Funds” and “Regulations Governing Making of Endorsements/Guarantees.”

The Company transacts derivatives in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” passed by the Board of Directors and Shareholders’ Meeting, and mainly to hedge risks and reduce the risk of impact of interest rate changes or exchange rate changes on the assets and liabilities substantively owned by the Company. Under such principle, derivatives transaction made by the Company correspond to the position substantively held by the Company. The gain or loss incurred in the interim is mainly due to the difference between the time when the gain or loss on disposal of substantive assets is recognized and the time when the gain or loss on derivatives transaction is recognized; the actual gain or loss is not significant. Except for that purpose, the Company did not engage in any high-risk derivatives transaction.

(III) Research and development work to be carried out in the future, and further expenditures expected for research and development work:

1. Research and development work to be carried out in the future

Our company has always adhered to the principle of keeping in line with the needs of our customers and the market, and we continue to devote ourselves to the development of products and technologies. We actively pay attention to the future trends and development of the industry, with the goal of developing products and technologies that have market potential, future and growth. Nowadays, we are focusing on the development of ECO<sup>+</sup> Laminates and KD Modular Cabinets related products (KD Cabinet doors, KD Interior Doors). Meanwhile, we continue to improve the pre-processing technology of wood to increase the yield rate of the products and to enhance the color performance and the quality of the products.

ECO<sup>+</sup> Laminates are made of non-toxic PP panels, with the same-color translucent structure that effectively improves the unattractive black edges and lines of the finished products, and the bendable design can be more flexibly applied to a variety of scenes; KD Cabinet Doors and KD Interior Doors can be selected from KD Panels or ECO<sup>+</sup> Panels as the surface material, and the substrate can be selected from plastic plywood or wood-core panels, and the rounded edges are not easy to be chipped and warped by the machine. KD will continue to innovate and introduce a wide range of interior products in pursuit of the ultimate excellence in living aesthetics to meet a wider range of consumer needs, so that more people can fulfill their ideal life.

In addition, we are also working towards strengthening automation equipment, such as the development of automation functions for production line flow and production process, which can save manpower, improve product quality and stability, and enhance mass production capability and competitive advantage.

2. Expenditures expected for research and development work:

R&D expenditures are budgeted in line with the progress of the development of new products and technologies, so as to ensure and improve the Company’s competitive advantages. The Company expects to invest 2%–5% of the operating revenue of the current year, plus manpower and resources, in the development of new products. The amount is subject to change, depending on the operational status and requirements, in order to ensure that the adjustment flexibility in response to the market (i.e.

development of new products) can be achieved without losing the highly competitive advantages.

- (IV) 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:

The Company's operations mainly sit in Taiwan, China, Malaysia, Singapore, and Hong Kong, where the political and economic climate is deemed stable. Production of all the Company's products and its business activities are all carried out by the national policy, laws, and by-laws of the country where it operates or is registered. In addition, the Company pays close attention to policy development and changes in laws and by-laws in order to fully grasp changes in the markets, and to propose response measures in a timely manner. In the most recent year and in the current year up to the publication date of this annual report, the Company's financial affairs and operations were not impacted by important policies adopted and changes in the legal environment at home and abroad.

- (V) Effect on the company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response.

In response to the growing importance of information security issues, the Company has been actively cultivating information security talents, introducing more comprehensive and complete security protection from the network to the endpoints, and continuing to strengthen the detection, monitoring and notification mechanism of information security incidents. We have also joined the Taiwan Computer Network Crisis Response and Coordination Center (TWCERT/CC) information sharing organization to obtain information on security alerts, threats, and vulnerabilities, and to discuss and respond to security issues of concern to all parties. Meanwhile, in order to raise employees' awareness of information security, we regularly implement measures such as information security and anti-virus notification, information security publicity, social engineering email drills, and information security education and training. We have adopted the strategies of strengthening internal protection, minimizing external attacks, and enhancing information security awareness to build up a resilient corporate information security in the face of more severe cyber threats. For the recent years and up to the printing date of the annual report, there were no significant impacts on the Company's financial operations due to technological and industrial changes.

Recently, due to the global epidemic situation and the international situation, the Company has still demonstrated solid operating results. For future development, it is still necessary to continuously invest in research and development, improve technology and reduce costs, optimize the operational structure internally and actively expand the market externally. In recent years, the Company has continued to promote organizational changes to enhance the added value of its products in order to secure more quality orders and increase the rate of return on shareholders' equity.

- (VI) Effect of changes in corporate image on corporate crisis management, and measures to be taken in response:

Since incorporation the Company has been focusing on running its core business, complying with laws and by-laws, and actively improving internal management and management quality and performance, in order to maintain a good corporate image and earn more trust from customers. In the most recent year and in the current year up to the publication date of this annual report, the Company did not see any change in corporate image that would put the Company in an operational crisis. However, a crisis, if occurring, will devastate an enterprise. Therefore, the Company will fulfill the various corporate governance requirements in order to reduce the risk of impact of an occurring crisis on the Company.

- (VII) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken:

The Company continues to promote organizational reform, adjust its fitness, and promote rational management. As of the publication date of the annual report, the Company and its subsidiaries did not have and M&A plan, so M&A should not significantly impact the Company's shareholder equity. If the Company has any M&A plan in the future, such plan may be carried out only after a careful assessment in accordance with the Company's "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", so as to ensure the interests of the Company and shareholders.

- (VIII) Expected benefits and possible risks associated with any factory expansion, and mitigation measures being or to be taken:

In order to satisfy customers' demand for diversified customized plates and to increase sales by direct local processing and fast delivery, the expansion of the plant will enable the Company to enhance its production capacity to compete for more orders, which will have a beneficial effect on revenues and achieve a more advantageous position in the industry. KD Enterprise has established a forecast and evaluation system to assess the benefits of expanding production capacity in light of future market demand, and as of the date of publication of the annual report, the benefits of expanding the Company's plant are still in line with the Company's expectations.

- (IX) Risks associated with any concentration of sales or purchasing operations, and mitigation measures being or to be taken:

1. Purchase:

The major raw materials of Company's products include logs, veneer, wood flooring, substrate, and paints. The raw material purchase strategy takes into account the comprehensive assessment of suppliers' quality, price, lead time, and extent of cooperation. Currently the Company mainly purchases from suppliers at home and abroad. Aside from maintaining a good relationship with existing suppliers, the Company also actively seeks and develops new, good suppliers. Each type of raw material is purchased from at least two suppliers. In addition, the Company always has a proper amount of raw materials inventory, which is readily available at the time of an emergency or force majeure. Therefore, the Company does not face the risk of concentration of purchase.

1. Sale

Sales to the 10 largest customers in 2022 and 2023 were 3.17% and 4.23%, respectively, of the net operating revenue of the period. Judging from that, the Company's sales were not concentrated. In addition, the Company sells to more than 60,000 customers every year. Moreover, there was no single customer who individually accounted for 10% of the Company's operating revenue. Therefore, the Company's sales were not excessively concentrated on a single customer.

- (X) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken.

In the most recent year and in the current year up to the publication date of this annual report, there was no occurrence where a major quantity of shares belonging to a director, supervisor, or shareholder holding

greater than a 10 percent stake in the company has been transferred or has otherwise changed hands.

(XI) Effect upon and risk to Company associated with any change in management rights:

The management team of the Company is committed to sustainable development and operations. In the most recent year and in the current year up to the publication date of this annual report, the Company did not see its management rights change hands.

(XII) Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, any company supervisor, the president, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) 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 the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report:

1. List major litigious, non-litigious or administrative disputes that: (1) involve the company; (2) have been concluded by means of a final and unappealable judgment, or are still under litigation; and (3) could materially affect shareholders' equity or the prices of the company's securities:

(1) Koliang Machinery Co., Ltd. has no right to occupy the land ownership of Lot No. 0160-0001, Xinshu Road, and the Company requested to demolish the house and return the land to the land. In March 2024, both parties agreed to complete the demolition by April 2024. Since the case involves a limited amount of money, it should not have any material adverse effect on the Company's finances, business and shareholders' equity.

(2) The mediation between the Company and the former employees regarding the discrepancy in the recognition of overtime pay in 2021 has not yet reached a conclusion, and is currently awaiting a court hearing. It was assessed that the case would have no material adverse impact on the Company's finances, operations and shareholders' equity due to the limited amount of money involved.

Since the said litigation content does not involve the Company's products, the Company's financial and business affairs should not be affected. Therefore, the litigation results are not likely to materially impact the Company's shareholder equity or securities price.

2. List major litigious, non-litigious or administrative disputes that: (1) involve any company director, any company supervisor, the president, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation; and (3) could materially affect shareholders' equity or the prices of the company's securities: None.

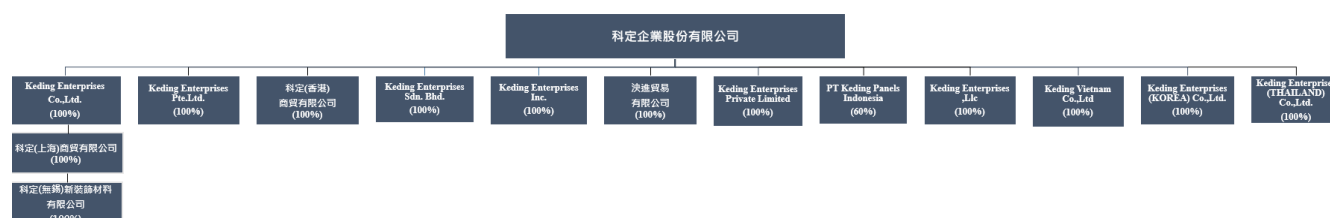
(XIII) Other critical risks and response measures: None

**VII. Other Important Matters: None.**

## Eight. Special Items

### I. Information on Affiliates

#### (I) Organizational chart of affiliates



#### (II) Basic Information on Affiliates

Company name	Date of incorporation	Address	Currency	Paid-in Capital	Main business activities or products
Keding (Hong Kong) Enterprises Limited	2014.01.22	Room A10, 2nd Floor, Pak Fuk Industrial Building, 615-617 Tai Nan West Street, Lai Chi Kok, Kowloon, Hong Kong	HKD	4,000 thousand	Trading of veneered panels and other products
Keding Enterprises Pte. Ltd.	2011.09.14	60 Sungei Kadut Loop, Singapore 729500	SGD	50 thousand	Trading of veneered panels and other products
Keding Enterprises Sdn. Bhd.	2014.10.10	No. 23, Jalan STR 2, Saujana Technology Rawang, 48000 Rawang, Selangor, Malaysi	MYR	5,000 thousand	Trading of veneered panels and other products
Keding Enterprises Co., Ltd.	2010.04.16	306 House of Francis, Room 303, Ile Du Port, Mahe, Seychelles	USD	4,510 thousand	Reinvestment business
Keding Enterprises Inc.	2020.02.17	Unit 2209, The Tycoon Centre, Pearl Drive, Ortigas Center, Pasig City, 1605 Metro Manila	PHP	50,000 thousand	Trading of veneered panels and other products
Keding Enterprises Private Limited	2022.02.11	505, Corporate Annexe, Near Udyog Bhawan, Sonawala Road, Goregaon East, , Mumbai Maharashtra 400063	INR	12,000 thousand	Trading of veneered panels and other products
PT Keding Panels Indonesia	2022.06.20	Jl. H. Benyamin Suaeb blok D6 Ruas D7 Gedung springhill office tower unit 3F, Kemayoran-Jakarta Utara 14410	IDR	6,255,000 thousand	Trading of veneered panels and other products
Keding Enterprise, LLC	2023.01.12	20159 Paseo Del Prado St, Unit 2C, Walnut CA 91789	USD	100 thousand	Trading of veneered panels and other products
Keding Vietnam Co., Ltd	2023.05.09	SAV2-01.21 The Sun Avenue, 28 Mai Chi Tho - Thu Duc City - Ho Chi Minh.	VND	4,720,600 thousand	Trading of veneered panels and other products
Keding Enterprises (Korea) Co., Ltd.	2023.06.14	(Banghwa-dong) 202-A132, 94, Yangcheon-ro, Gangseo-gu, Seoul	KRW	100,000 thousand	Trading of veneered panels and other products
Keding Enterprises (Thailand) Co., Ltd.	2023.01.12	111/10 Moo 2 Soi Wat Bang Pla, Bang Pla, Bang Phli District, Samut Prakan 10540	THB	1,000 thousand	Trading of veneered panels and other products

Company name	Date of incorporation	Address	Currency	Paid-in Capital	Main business activities or products
Yang Jin Co., Ltd.	2012.12.24	No. 17, Ally 36, Lane 145, Section 3, Mingzhi Road, Taishan District, New Taipei City	TWD	29,500 thousand	Wholesale of building materials in the upstream
Keding (Shanghai) Trading Co., Ltd.	2010.09.21	Room 701, Block T1, SOHO Tianshan Plaza, No. 421 Ziyun Road, Changning District, Shanghai	USD	4,500 thousand	Trading of veneered panels and other products
科定(無錫)新裝飾材料有限公司	2023.04.23	Floor 1, Warehouse 1, No. 7, Jingxin Road, Xibei Town, Xishan District, Wuxi City	CNY	2,500 thousand	Processing of veneer boards and other commodities

(III) Presumed to have a relationship of control or subordination: None.

(IV) The industries covered by the business operated by the affiliates overall; a description of the mutual dealings and division of work among such affiliates

The affiliates of the Company as a whole are mainly engaged in the R&D and marketing of prefinished veneered panels, KD veneered panels, and other wood products, and in general investment business. The Company is a production base in Taiwan, and sell products to the world through each subsidiary around the world.

(V) Information on the directors, supervisors, and president of affiliates

Company name	Job title	Name or representative	Number of shares held	
			Number of shares	Shareholding percentage
Keding (Hong Kong) Enterprises Limited	Director	Tsao, Ya-Lin; Tsai, Chia-Wei	400,000 shares	100%
Keding Enterprises Pte. Ltd.	Director	Peng, Sheng-Shiang; Tsao, Ya-Lin	50,000 shares	100%
Keding Enterprises Sdn. Bhd.	Director	Peng, Sheng-Shiang; Huang, Yung-Sheng; Tsao, Ya-Lin	5,000,000 shares	100%
Keding Enterprises Co., Ltd.	Director	Tsao, Hsien-Chang	4,510,000 shares	100%
Keding Enterprises Inc.	Director	Lin, Ta-Theng; Tseng, Chiung-Yu; Chang, Yu-Ting	500,000 shares	100%
Keding Enterprises Private Limited	Director	Tsao, Ya-Lin	1,200,000 shares	100%
PT Keding Panels Indonesia	Director Supervis	Tsao, Ya-Lin; Hsu, Pei-Yuan Lin, Mei-Wan	30,030 shares	60%
Yang Jin Co., Ltd.	Director	Peng, Sheng-Shiang	Capital contribution in TWD 29,500,000	100%
Keding (Shanghai) Trading Co., Ltd.	Director Supervis	Xu, Wei-zhen; Tsao, Ya-Lin	Capital contribution in USD 4,500,000	100%
科定(無錫)新裝飾材料有限公司	Director Supervis	Wang, Wan-lin; Xu, Wei-zhen	Capital contribution in CNY 2,500,000	100%



## (VI) Operational highlights of affiliates

December 31, 2023; Unit: NT\$1,000.


Company name	Capital stock (in thousands)	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit	Profit or loss for the current period (after tax)	Earnings per share (NT\$) (after tax)
Keding (Hong Kong) Enterprises Limited	HKD 400	14,619	2,240	12,379	23,348	3,703	3,434	8.58
Keding Enterprises Pte. Ltd.	SGD 50	105,737	31,315	74,422	128,044	32,498	28,252	565.03
Keding Enterprises Sdn. Bhd.	MYR 5,000	35,758	4,302	31,456	41,209	9,340	9,075	1.81
Keding Enterprises Co., Ltd.	USD4,510	200,937	307,169	(106,232)	568,721	(9,489)	(5,678)	(1.26)
Keding Enterprises Inc	PHP50,000	30,901	7,212	23,689	3,641	(1,393)	(1,581)	(3.16)
Keding Enterprises Private Limited	INR12,000	17,806	17,460	346	5,991	(1,994)	(2,670)	(2.23)
PT Keding Panels Indonesia	IDR6,255,000	17,333	8,470	8,863	8,701	(372)	(927)	(14.81)
Keding Enterprise, LLC	USD100	7,457	6,933	524	277	(2,631)	(2,584)	(25.84)
Keding Vietnam Co., Ltd	VND4,720,600	12,468	6,982	5,486	2,054	(505)	(428)	-
Keding Enterprises (Korea) Co., Ltd.	KRW100,000	2,442	49	2,393	43	1	2	0.11
Keding Enterprises (Thailand) Co., Ltd.	THB1,000	10,309	11,153	(844)	1,011	(1,802)	(1,744)	(174.36)
Yang Jin Co., Ltd.	NTD29,500	32,456	653	31,803	1,885	(257)	2,622	0.89
Keding (Shanghai) Trading Co., Ltd.	USD4,500	200,856	307,169	(106,313)	568,721	(9,444)	(5,633)	-

**II. Private Placement of Marketable Securities in the Most Recent Year and up to the Publication Date of This Annual Report****III. Shares of the Company Held or Disposed of by Subsidiaries in the Most Recent Year and up to the Publication Date of This Annual Report: None.****IV. Other Matters that Require Additional Explanation: None.****V. Where any of the situations listed in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, have occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.**

Appendix 1: Consolidated Financial Statements for the Most Recent Year : Refer to Public Information Observatory

Appendix 2: Parent Company Only Financial Statements for the Most Recent Year : Refer to Public Information Observatory



 **KEDING** 裝潢用KD·健康又安心

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塗裝木皮板 | 環保批批板 | 環保美耐板 | 環保塑合板  
KD木地板 | 科定系統櫃 | 科定櫥櫃門 | 科定房間門