

Date of Publication  
2025.05.02

Company Website  
[www.twkd.com](http://www.twkd.com)

Market Observation Post System  
[mops.twse.com.tw](http://mops.twse.com.tw)

2 0 2 4

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



I. Company spokesperson and acting spokesperson

Spokesperson Name: Lin, Mei-Wen

Job Title: Accounting Manager

Tel.: (02)2296-3999

Email: [ir@twkd.com](mailto:ir@twkd.com)

Acting Spokesperson Name: Wang, Kai-Chun

Job Title: Deputy Manager, Finance Department

Tel.: (02)2296-3999

Email: [ir@twkd.com](mailto:ir@twkd.com)

II. Headquarters and factory address, phone number

Headquarters: 15th Floor, No. 268, Fuhui Road, Xinzhuang District, New Taipei City

Tel.: (02)2296-3999

Dapumei Production Headquarters Factory 1: No. 10, Wu Road, Dapumei Park, Dalin Township, Chiayi County

Tel.: (05)295-6799

III. The agency handling stock transfers

Name: Agency Department of CTBC Bank Co., Ltd.

Address: 5th Floor, No. 83, Section 1, Chongqing South Road, Zhongzheng District, Taipei City

Website: <http://www.ctbcbank.com>

Tel.: (02)6636-5566

IV. Name, Address, and Phone Number of the CPA Signing the Financial Report for the Most Recent Fiscal Year

Name of CPA: Chuang, Pi-Yu; Wu, Se-Jong

Name: Deloitte & Touche Taiwan

Address: 20th Floor, No. 100, Songren Road, Xinyi District, Taipei City

Tel.: (02)2725-9988

Website: <http://www.deloitte.com.tw>

V. The name of the trading venue for the listing and trading of overseas securities and the method for querying information on these overseas securities: Not applicable

VI. Company website: <http://www.twkd.com>

**Table of Contents**

One.	Letter to Shareholders	1
Two.	Corporate Governance Report	5
I.	Information on directors, general managers, deputy general managers, associate managers, department and hub supervisors	5
II.	Corporate Governance Implementation	26
III.	Audit Fees of Independent Auditors	77
IV.	Information on Replacement of CPAs	77
V.	Where the company's Chairman of the Board, President, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm	77
VI.	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	77
VII.	Information on the 10 largest shareholders who are a related party, spouse, or relative within the second degree of kinship of one another	78
VIII.	Combined shareholding percentage	80
Three.	Fund Raising Status	81
I.	Company Capital and Shares	81
II.	Issuance of Corporate Bonds (Including Foreign Bonds)	84
III.	Issuance of Preferred Shares (Including Preferred Shares with a Stock Warrant)	85
IV.	Issuance of Global Depository Receipt	85
V.	Issuance of Employee Stock Warrant	85
VI.	Issuance of New Restricted Employee Shares	85
VII.	Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies	85
VIII.	Implementation of Capital Allocation Plans	85
Four.	Operational Highlights	86
I.	Business Activities	86
II.	Market and production and sale status	103
III.	Information on In-service Employees in the Most Recent Two Years and up to the Publication Date of This Annual Report	115

IV.	Environmental Protection Expenditure	115
V.	Labor Relations	115
VI.	Cybersecurity Management	117
VII.	Important Contracts	121
Five.	Review and Analysis of the Financial Position and Financial Performance, and Risks	122
I.	Financial Position Comparison and Analysis	122
II.	Financial Performance Comparison and Analysis	123
III.	Cash Flow Analysis	124
IV.	Effect of Major Capital Expenditures on Finance and Business Matters in the Most Recent Year	124
V.	Investment Policy for the Most Recent Year, the Main Reasons for Profit or Loss, Improvement Plan, and Investment Plan for the Coming Year	125
VI.	Assessment of Risks	127
VII.	Other Important Matters	133
Six.	Special Items	134
I.	Information on Affiliates	134
II.	Private Placement of Marketable Securities in the Most Recent Year and up to the Publication Date of This Annual Report	134
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	134
IV.	Other Matters that Require Additional Explanation	134
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	134

# One. Letter to Shareholders

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. 2024 Business Report

### (I) Operating Performance

In 2024, KD Enterprises recorded a consolidated operating revenue of NT\$2.503 billion, a growth of 5.4% over 2023, with a gross profit margin of 52%. The post-tax profits were NT\$386 million, an increase of NT\$147 million compared to the previous year's post-tax profits of NT\$238 million, marking a growth of 61.7%. Earnings per share rose from NT\$3.35 to NT\$4.93. The comparison with 2023 is as follows:

Unit: NT\$1,000

Item	2024	2023	Amount of increase (decrease)	Percentage of increase (decrease) (%)
Net operating revenue	2,503,330	2,374,947	128,383	5.4%
Operating costs	(1,202,083)	(1,271,004)	68,921	(5.4%)
Gross profit	1,301,247	1,103,943	197,304	17.9%
Operating expenses	(840,034)	(778,711)	(61,323)	7.9%
Operating profit	461,213	325,232	135,981	41.8%
Non-operating income and expenditures	11,390	(28,194)	39,584	(140.4%)
Pre-tax profits	472,603	297,038	175,565	59.1%
Income tax expense	(86,932)	(58,595)	(28,337)	48.4%
Net profit of the current period	385,671	238,443	147,228	61.7%

(II) Budget Implementation: Not applicable (No 2024 financial forecast was previously provided by The Company.)

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

Unit: NT\$1,000

Item		2024	2023 (restated)
Income and expenditures	Net cash inflow from operating activities	460,423	634,933
	Net cash outflow from investing activities	(625,345)	(484,936)
	Net cash flow from financing activities	154,368	(188,822)
Financial structure	Debt ratio (%)	70.65	64.71
	Ratio of long-term assets to property, plant, and equipment (%)	184.27	110.11
Item		2024	2023 (restated)
Profitability	Return on assets (%)	5.84	4.26
	Return on equity (%)	15.89	10.24
	As a ratio to the paid-in capital (%)	Operating profit	39.57
		Pre-tax profits	36.14
	Profit margin (%)	15.41	10.04
	Earnings per share (before retrospective adjustment)	4.93	3.35

## II. Summary of the 2025 Business Plan

### (I) Business policy

1. **Product R&D:** Guided by a blue ocean strategy, we focus on the field of healthy building materials with market potential and actively develop indoor building material products that align with future trends. With keen insight into market trends, we continuously launch innovative solutions to create a one-stop product and service system, which not only enhances customer satisfaction but also effectively drives overall revenue growth.
2. **Human Resource:** As the corporate territory continues to expand, excellent talents are the core driving force for KD's innovation and growth. To meet the needs of organizational development, we will continue to strengthen the talent cultivation mechanism, improve the retention system, and actively recruit high-level professional talents to enrich the management team, comprehensively enhancing the company's competitiveness and sustainable development capability.
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, Tiktok, Instagram, Xiaohongshu, 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:** Continuously strengthen financial management mechanisms, improve capital utilization efficiency and financial transparency, and reduce the risk of the company's accounts. Coordinate the capital allocation and production and marketing plans of each subsidiary, leverage the resource integration benefits of the group, and actively enrich our own capital to steadily support

operational needs and future development.

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 market 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, and through online 1-on-1 personal introduction to consolidate potential customers, further conduct offline visits, aiming to enhance customer adhesion and loyalty. In addition, we will strengthen our international market layout and actively expand overseas franchise business. By establishing a comprehensive franchise system, providing a standardized operating model and brand support, we aim to attract potential international partners to jointly expand KD's global market presence.

## (II) Important production and marketing policies

1. R&D technology: Through expanding color options, ECO+ Panels increased from the original 390 colors to 504 colors, significantly enhancing the design diversity of the product to meet a wider range of market demands and customer preferences. The ultra-durable KD Flooring has expanded from the original 6 styles to 24, not only enhancing the aesthetic expression of the product but also broadening its range of applications and strengthening market competitiveness. In addition, KD's Plywood has launched 36 new patterns, further enhancing the product line, providing customers with more choices, expanding application fields, and strengthening the brand's position in the market.
2. Manufacture: Promote standardization and integration of one-stop production and marketing operations, comprehensively optimize the development process of new products, effectively shorten the development cycle, enhance production capacity, stabilize product quality, and achieve energy conservation and efficient utilization. Further integrate big data analysis technology to gradually move towards automated and intelligent production, enhancing overall manufacturing efficiency and operational flexibility.
3. Sales market: With Taiwan as the foundation, focusing on the Asian market, actively expanding in Southeast Asia, while also exploring the European and American markets, targeting top international customers. We plan to establish directly operated branches in Japan, the UK, and Germany, and accelerate the promotion of overseas franchise business. It is expected to expand the existing 200 locations to 500, significantly enhancing our global market layout and strengthening the brand's international competitiveness and influence.
4. Logistics system establishment: The New Tree Logistics Park, which is under active construction, will be officially completed and operational this year, further strengthening logistics services and enhancing 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: With "healthy and non-toxic" as the core value, promote product diversification, combined with intelligent manufacturing transformation, to enhance production efficiency and quality. Simultaneously constructing the Xinshu Logistics Park to optimize logistics processes and quality management, strengthening supply chain resilience. Based on stable financial management, we widely recruit quality talents to strengthen the management team; at the same time, we enhance brand advertising and establish a proactive marketing mechanism to comprehensively improve market competitiveness. Through a multi-faceted growth strategy, drive the enterprise to continuously break through itself and move towards the vision of sustainable prosperity.

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

Facing the ever-changing international environment, KD Enterprise will continue to steadily advance various deployments in 2024, deepen its operational structure, and flexibly adjust its market strategies. The entire year welcomes the inauguration of the KD A3 building and the opening of the New Taipei flagship store, showcasing the upgrade in corporate scale and brand image. The completion of the beam-raising for the Xinshu Logistics Park lays a good foundation for optimizing supply chain efficiency. In terms of product offerings,

KD Interior Doors, super wear-resistant wooden flooring, and ECO<sup>+</sup> bathroom cabinets are launched, continuing the concept of health and non-toxicity, expanding market coverage, and further enhancing the competitive advantage of the brand's overall solutions. In terms of distribution, we promote franchise expansion, deepen regional market penetration, and continuously consolidate brand influence. Looking to the future, in addition to continuing to promote the upgrade of popular ECO<sup>+</sup> Panel designs, KD will also launch KD Composite Panels, adopting a diversification strategy to enter the modular cabinet market, creating price and product advantages. We plan to establish directly operated branches in Japan, the UK, and Germany, accelerating global expansion and strengthening international competitiveness.

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

KD Enterprise firmly believes that only by continuously improving details can it maintain a competitive advantage in a dynamic industry environment. Facing challenges such as design trend shifts, global supply chain restructuring, and the accelerated transformation of digital behavior, the company is actively strengthening its operational structure and system integration capabilities. Through data-driven market insights and the comprehensive implementation of digital tools, it continues to optimize customer experience and marketing efficiency, consolidating its brand market position.

In terms of product strategy, KD continues to focus on three core areas: health and non-toxicity, systematization, and modularization, deepening the application of eco-friendly materials, innovating research and development processes, and expanding application fields. By standardizing processes and incorporating highly flexible designs, we develop comprehensive building material solutions that can adapt to various styles, enhancing support for spatial design and engineering, and further increasing the overall value of the Product in practical applications.

Looking to the future, KD will continue to expand its global market layout, enlarge the franchise system and establish directly operated channels, integrating regional resources and brand services to build a more resilient and in-depth global business network. The company will adhere to the core philosophy of "utilizing technology, continuous innovation, deep rootedness, and stable growth" to continuously develop high-quality products, deepen brand management, and take concrete actions to fulfill corporate social responsibility, aiming to become an internationally trusted and sustainable leader in the healthy building materials industry.

Chairman of the Board: Tsao,  
Hsien-Chang

Manager: Tsao, Hsien-Chang

Accounting Manager: Lin, Mei-  
Wen



## Two. Corporate Governance Report

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

#### (I) Information on directors

##### 1. Information on directors

April 27, 2025; Unit: shares; %

Job title	Name	Gender	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	Share holding ratio (%)	Number of shares	Share holding ratio (%)	Number of shares	Share holding ratio (%)	Number of shares	Share holding ratio (%)			Job title	Name	Relationship
Corporate director	Zhou Ding Investment Co., Ltd.	-		ROC	2021.09.01	2024.06.25	3 years	16,218,666	19.74	16,218,666	19.74	-	-	-	-	-	-	-	-	-
Representative of a corporate director/Chairman of the Board	Tsao, Hsien-Chang	Male	61	ROC	2002.07.05	2024.06.25	3 years	-	0.00	14,000	0.02	7,400	0.01	18,163,858	22.10	Master of National Taiwan University-Fudan 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	Tsai, Sheng-Hang	Male	46	ROC	2024.06.25	2024.06.25	3 years	-	0.01	342,117	0.42	-	-	390,000	0.47	Department of Finance, 2-Year Junior College, Hsing Wu University	Vice President, Keding Enterprises Co., Ltd.	-	-	-

Job title	Name	Gender 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	Share hold- ing ratio (%)	Number of shares	Share hold- ing ratio (%)	Number of shares	Share hold- ing ratio (%)	Number of shares	Share hold- ing ratio (%)			Job title	Name	Relation- ship
Representative of a corporate director	Tsao, Ya-Lin	Female 33	ROC	2020.12.24	2024.06.25	3 years	-	-	11,400	0.01	-	-	-	-	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 66	ROC	2002.07.05	2024.06.25	3 years	2,047,000	2.49	2,047,000	2.49	11,330	0.01	-	-	Wanluan Junior High School Responsible person, Li Wei Engineering Co., Ltd. Founder, Keding Enterprises Co., Ltd.	-	-	-	-

Job title	Name	Gender 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	Share holdi ng ratio (%)	Number of shares	Share holdi ng ratio (%)	Numbe r of shares	Share holdi ng ratio (%)	Number of shares	Share holdi ng ratio (%)			Job title	Name	Rela tion ship
Independent Director	Cheng, Hung- Hui	Male 51	ROC	2017.12.2 8	2024.06.2 5	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 63	ROC	2017.12.2 8	2024.06.2 5	3 years	-	-	-	-	-	-	-	-	Bachelor of Business Administration, Chinese Culture University	Responsible person, KAYU TEXTILE CO., LTD.	-	-	-

Job title	Name	Gender 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	Share holdi ng ratio (%)	Number of shares	Share holdi ng ratio (%)	Number of shares	Share holdi ng ratio (%)	Number of shares	Share holdi ng ratio (%)			Job title	Name	Rela tion ship
Independent Director	Liu, Tin-Hsuan	Male 41	ROC	2023.06.28	2024.06.25	3 years	-	-	-	-	-	-	-	-	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.	-	-	-
Independent Director	Lo, Shu-Chen	Female 48	ROC	2024.06.25	2024.06.25	3 years	-	-	-	-	-	-	-	-	Master of National Taiwan University-Fudan EMBA Programs	Chairman of Zhang Fei Creative Marketing 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 manager 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 2024.



2. Major shareholders of corporate shareholders

March 31, 2025

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 the Independence of Independent Directors:

Qualification Name	Professional qualifications and experience	Independence status	No. of other public companies at which the person concurrentl y serves as an independent director
Zhou Ding Investment Co., Ltd. Representative: Tsao, Hsien- Chang	1. For the professional qualifications and experience of the directors, please refer to pages 5-6 of this annual report for information on directors.	Not applicable	None
Zhou Ding Investment Co., Ltd. Representative: Tsai, Sheng- Hang			None
Zhou Ding Investment Co., Ltd. Representative: Tsao, Ya-Lin			None
Huang, Tien- Hua			None
Cheng, Hung- Hui (Independent Director)	2. None of the directors have any of the circumstances listed in Article 30 of the Company Law. (Note 1)	According to the Company's Articles of Association and the "Corporate Governance Code of Practice," directors are elected through a candidate nomination system. During the nomination and selection of board members, the Company has obtained a written statement, resume, current employment verification, and a family relationship chart from each director to verify and confirm their independence relative to the company, including their spouse and relatives within the third degree of kinship. The Company has further verified that the following four Independent Directors have, for the two years prior to their appointment and during their tenure, met the qualification requirements set forth by the Financial Supervisory Commission's "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and Article 14-2 of the Securities and Exchange Act (Note 2). Moreover, the Independent Directors have been granted the full authority to participate in decision-making and express opinions in accordance with Article 14-3 of the Securities and Exchange Act, thus enabling them to independently execute their respective duties.	1
Yang, Hao-Ming (Independent Director)			None
Liu, Tin-Hsuan (Independent Director)			None
Lo, Shu-Chen (Independent Director)			None

Note 1: If any of the following circumstances apply, they cannot serve as managers, and if they are already serving, they shall be dismissed accordingly: 1. Having been convicted of offenses under the Organized Crime Prevention Act, with a guilty verdict confirmed, and either having not yet served the sentence, not having completed the sentence, or having completed the sentence, finished probation, or been pardoned less than five years ago. 2. Having been convicted of fraud, breach of trust, or embezzlement with a definitive sentence of one year or more, and either having not yet served the sentence, not having completed the sentence, or having completed the sentence, finished probation, or been pardoned less than two years ago. 3. Having been convicted of offenses under the Anti-Corruption Act, with a guilty verdict confirmed, and either having not yet served the sentence, not having completed the sentence, or having completed the sentence, finished probation, or been pardoned less than two years ago. 4. Declared bankrupt or have had a liquidation process initiated by the court, and have not yet been reinstated. 5. Being subject to banking restrictions due to the refusal of transactions related to negotiable instruments, with the restriction period not yet expired. 6. Those who lack legal capacity or have restricted legal capacity. 7. Subject to guardianship declaration and has not yet been revoked.

Note 2: 1. Not a government, juridical person, or its representative as stipulated in Article 27 of the Company Act. 2. Concurrently serves as an independent director for no more than three other public companies. 3. None of the following circumstances during the two years before the appointment or during the term of office: (1) Employee of the Company or its affiliates. (2) Director or supervisor of the Company or its affiliates. (3) A natural person shareholder who personally, or whose spouse and/or minor children, or who holds over 1% of the company's total issued shares in another person's name, or is among the top ten shareholders. (4) The spouse, relatives within the second degree of kinship, or direct blood relatives within the third degree of the managers listed in (1) or the individuals listed in (2) and (3). (5) Director, supervisor, or employee of a juridical person shareholder that directly holds more than 5% of the company's total issued shares, is among the top five shareholders, or appoints a representative to serve as a director of the company in accordance with Article 27 of the Company Act. (6) Director, supervisor, or employee of another company where the majority of the board seats or voting shares are controlled by the same person. (7) Director, supervisor, or employee of another company or organization where the same person or the spouse serves as the Chairman of the Board, General Manager, or an equivalent position in the Company. (8) Director, supervisor, manager, or shareholder holding more than 5% of a specific company or organization that has financial or business dealings with the Company. (9) Professional, sole proprietor, partner, director, supervisor, manager, or their spouse of a sole proprietorship, partnership, company, or organization that provides auditing or related commercial, legal, financial, or accounting services to the Company or its affiliates, or received cumulative compensation exceeding NT\$500,000 in the past two years. However, those serving as the Company's remuneration committee members are not subject to this limitation.

## (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.

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.

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, with the goal of increasing the number of female directors to more than one-third (i.e., 33%). Currently, the board has two female members (25%). 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 half 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



Name of director		Nationality	Gender	Age distribution				Tenure of Independent Directors		Professional knowledge and skills							
				Aged 31-40	Aged 41-50	Aged 51-60	Above 61 years old	Below 3 years	3 to 9 years	Business judgment ability	Accounting and financial analysis ability	Operation and management ability	Crisis handling ability	Building construction	International market outlook	Leadership ability	Decision-making ability
Representative of a corporate director	Tsao, Hsien-Chang	ROC	Male				V			V	V	V	V	V	V	V	V
Representative of a corporate director	Tsai, Sheng-Hang	ROC	Male		V					V	V	V	V	V	V	V	V
Representative of a corporate director	Tsao, Ya-Lin	ROC	Female	V						V	V	V	V		V	V	V
Director	Huang, Tien-Hua	ROC	Male				V			V	V	V	V	V	V	V	V
Independent Director	Cheng, Hung-Hui	ROC	Male			V			V	V	V	V	V		V	V	V
Independent Director	Yang, Hao-Ming	ROC	Male				V		V	V	V	V	V		V	V	V
Independent Director	Liu, Tin-Hsuan	ROC	Male		V			V		V	V	V	V		V	V	V
Independent Director	Lo, Shu-Chen	ROC	Female		V			V		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 page 8 of this annual report to "4. Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and the Independence of Independent Directors."

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

April 30, 2025; 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	14,000	0.02	7,400	0.01	18,163,858	22.10	Master of National Taiwan University-Fudan EMBA Programs Founder, Keding Enterprises Co., Ltd. President, Yuanbang Interior Decoration Design Co., Ltd.	-	-	-	-
Vice President	Tsai, Sheng-Hang	Male	ROC	2024.03.12	342,117	0.42	-	-	390,000	0.47	Department of Finance, 2-Year Junior College, Hsing Wu University Senior associate manager, Keding Enterprises Co., Ltd.	-	-	-	-
Associate manager	Peng, Sheng-Shiang	Male	ROC	2022.04.01	155,147	0.19	-	-	-	-	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	30,898	0.04	-	-	171,000	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	1,400	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 manager does not exceed the total number of directors. In the future, the Company will find a successor to the President.

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

## 1. Remuneration of Directors (including independent directors)

December 31, 2024; 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's total	Proportion of The Company	Total of all consolidated entities	Proportion of all consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities (Note 8)		The Company's total	Proportion of The Company	Total of all consolidated entities	Proportion of all consolidated entities	
																		Amount in cash	Amount in stock	Amount in cash	Amount in stock					
Chairman of the Board	Tsao, Hsien-Chang	-	-	-	-	-	-	29	29	29	0.01	29	0.01	2,191	2,191	-	-	-	6,160	-	6,160	8,380	2.17	8,380	2.17	None
Director	Huang, Tien-Hua	432	432	-	-	-	-	25	25	457	0.12	457	0.12	-	-	-	-	-	-	-	-	457	0.12	457	0.12	None
Director (Note 3)	Lin, Ta-Then-g	216	216	-	-	-	-	7	7	223	0.06	223	0.06	-	-	-	-	-	-	-	-	223	0.06	223	0.06	None
Director	Tsai, Sheng-Hang	-	-	-	-	-	-	18	18	18	0.01	18	0.01	1,724	1,724	60	60	-	8,153	-	8,153	9,955	2.58	9,955	2.58	None
Director	Tsao, Ya-Lin	-	-	-	-	-	-	25	25	25	0.01	25	0.01	1,427	1,427	40	40	-	1,359	-	1,359	2,851	0.74	2,851	0.74	None
Independent Director (Note 3)	Chen, Chun-Jen	216	216	-	-	-	-	11	11	227	0.06	227	0.06	-	-	-	-	-	-	-	-	227	0.06	227	0.06	None
Independent Director	Chen, Hung-Hui	432	432	-	-	-	-	29	29	461	0.12	461	0.12	-	-	-	-	-	-	-	-	461	0.12	461	0.12	None
Independent Director	Yang, Hao-Ming	432	432	-	-	-	-	29	29	461	0.12	461	0.12	-	-	-	-	-	-	-	-	461	0.12	461	0.12	None



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's total	Proportion of The Company	Total of all consolidated entities	Proportion of all consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities (Note 8)		The Company's total	Proportion of The Company	Total of all consolidated entities	Proportion of all consolidated entities		
																		Amount in cash	Amount in stock	Amount in cash	Amount in stock						
Independent Director	Liu, Tin-Hsuan	432	432	-	-	-	-	25	25	457	0.12	457	0.12	-	-	-	-	-	-	-	-	457	0.12	457	0.12	None	
Independent Director	Lo, Shu-Chen	216	216	-	-	-	-	18	18	234	0.06	234	0.06	-	-	-	-	-	-	-	-	234	0.06	234	0.06	None	
<div>1. 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</div> <div>2. Director Lin, Ta-Theng and Independent Director Cheng, Chun-Jen were relieved of their duties on June 25, 2024.</div>																											

2. Supervisor's remuneration: N/A

## 3. Remuneration to the President and Vice President

December 31, 2024; Unit: NT\$1,000

December 31, 2024, Unit: NT\$1,000

Job title	Name	Salary (A) (Note 2)		Retirement pay and pension (B)		Bonuses and special disbursements, etc. (C) (Note 3)		Employee Compensation (D) (Note 4)				Ratio of total compensation (A+B+C+D) to net income (%) (Note 8)		Remuneration from ventures other than subsidiaries or from the parent company (Note 9)
		The Company	All consolidated entities (Note 5)	The Company	All consolidated entities (Note 5)	The Company	All consolidated entities (Note 5)	The Company		All consolidated entities (Note 5)		The Company	All consolidated entities	
								Amount in cash	Amount in stock	Amount in cash	Amount in stock			
Chairman of the Board and President	Tsao, Hsien-Chang	1,694	1,694	-	-	526	526	-	6,160	-	6,160	8,380 (2.17%)	8,380 (2.17%)	None
Vice President	Tsai, Sheng-Hang	1,371	1,371	60	60	371	371	-	8,153	-	8,153	9,955 (2.58%)	9,955 (2.58%)	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)

December 31, 2024; Unit: NT\$1,000

Job title	Name	Salary (A) (Note 2)		Retirement pay and pension (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	All consolidated entities (Note 5)	The Company	All consolidated entities (Note 5)	The Company	All consolidated entities (Note 5)	The Company		All consolidated entities (Note 5)		The Company		All consolidated entities		
								Amount in cash	Amount in stock	Amount in cash	Amount in stock	Total	(%)	Total	(%)	
General Manager	Tsao, Hsien-Chang	1,648	1,648	-	-	526	526		6,160		6,160	8,380	2.17	8,380	2.17	None
Vice President	Tsai, Sheng-Hang	1,181	1,181	60	60	371	371		8,183		8,183	9,955	2.58	9,955	2.58	None
Associate manager	Peng, Sheng-Shiang	1,033	1,033	55	55	261	261		6,341		6,341	7,690	1.99	7,690	1.99	None
Senior Manager	Hou, Jyun-Yu	991	991	58	58	299	299		4,167		4,167	5,515	1.43	5,515	1.43	None
Manager	Yang, Ya-Wen	847	847	44	44	727	727		3,261		3,261	4,879	1.26	4,879	1.26	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). If a Director also serves as an aforementioned managerial officer, this table and Table 1 above should be filled out.

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. Additionally, fill in Table 5 below.

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

December 31, 2024; NT\$1,000

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	22,919	-	22,919	5.94
Vice President	Tsai, Sheng-Hang				
Associate manager of the Management Unit	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 2024; the job titles reflect the data as of the publication date of this annual report.

Note 2: This is the employee compensation for 2024 that was approved by the Board of Directors in 2025.

Note 3: Post-tax profits reflect the figures in the parent company only financial statements for 2024.

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\$1,000

Job title	Item		2023				2024			
			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	The Company	All consolidated entities
Directors' remuneration	9,237	9,237	3.72	3.72	23,706	23,706	6.14	6.14		
President and Vice Presidents										
Post-tax profits	248,604	248,604			386,374	386,374				

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

1. Directors' remuneration

The Company's current remuneration package for directors includes director salaries, remuneration, and transportation expenses, all handled in accordance with the Company's Articles of Incorporation. As stated in Article 19 of the Company's Articles of Incorporation, no more than 2% of annual profits, if any, shall be allocated as remuneration to directors. Additionally, there are established "Policies for Remuneration of Directors, Members of the Remuneration Committee, Members of the Audit Committee, and Managers." Considering the Company's operating performance and the level of participation and the value of contributions to the Company's operations, reasonable remuneration is provided. The reasonableness of the relevant remuneration has been reviewed by the Remuneration Committee and the Board of Directors. The Company completed the performance evaluation of the entire Board of Directors, individual director members, and functional committees for the period from January 1, 2024 to December 31, 2024, in January 2025, in accordance with the Company's "Regulations Governing the Performance of the Board of Directors." The evaluation methods included internal self-evaluation of the Board of Directors and functional committees, as well as self-evaluation of director members. The evaluation results will be reported at the board meeting on March 11, 2025.

The Company's board member performance evaluation measurement items include the following five major aspects:

- (1) Extent of participation in the Company's operations
  - (2) Improvement in the Board of Directors' decision-making quality
  - (3) Board of Directors composition and structure
  - (4) Election and continuing education of directors
  - (5) Internal control
2. The Company's board member performance evaluation measurement items include the following six major aspects:
    - (1) Grasp of company goals and tasks
    - (2) Understanding of directors' duties
    - (3) Extent of participation in the Company's operations
    - (4) Internal relationship management and communication
    - (5) Professionalism and continuing education of directors
    - (6) Internal control

The Company's board member performance evaluation measurement items (six major aspects) enumerate the important items and explain the weights as follows:

Measurement Aspects	Weight (%)	Explanation
Grasp of company goals and tasks.	13.04%	Understand the characteristics and risks of the industry in which The Company (the group) operates, as well as the strategic goals at different stages (including financial and non-financial aspects), and agree with The Company's core values of diligence and integrity, as well as the concepts of corporate sustainable management (ESG) and circular economy.
Understanding of directors' duties	13.04%	Fully understand the statutory obligations of directors, including the duty to ensure confidentiality concerning internal company information obtained while performing their duties.
Extent of participation in the Company's operations	34.78%	Attend the company's Boards of Directors and shareholders' meetings in person, without holding director or supervisor positions in more than three other publicly listed companies, to ensure sufficient time is dedicated to the Company's Board-related affairs, and to have a clear understanding of the Company (Group)'s management team and the industry in which the Company operates. This allows for professional and appropriate judgment, the provision of concrete suggestions, and the supervision of the Company's existing or potential various risks (including legal compliance, capital operations, ESG issues, etc.), thereby making effective contributions at the Board of Directors meetings.
Internal relationship management and communication	13.04%	Interaction with the Company's management team is good, and there is good communication with other directors. In meetings (including the Audit Committee and Boards of Directors), there has been sufficient communication and exchange with the certified accountant.
Professionalism and continuing education of directors	13.04%	Possess the necessary expertise in business, legal, financial, accounting, or company operations required for the execution of decisions by the Boards of Directors, and whether they continue education and absorb new knowledge as required by regulations, and engage in the development and activities of corporate sustainable management (ESG).

Measurement Aspects	Weight (%)	Explanation
Internal control	13.04%	Did directors duly recuse themselves from motions requiring directors' recusal due to a conflict of interest? Has the supervision and evaluation been conducted on the understanding, execution, and follow-up regarding the Company's (Group's) accounting system, financial condition and financial reports, audit reports, and their tracking status?

The Company's functional committee performance evaluation measurement items include the following five major aspects:

- (1) Extent of participation in the Company's operations
- (2) Understanding of the duties of the Audit Committee
- (3) Improvement in the decision-making quality of the functional committees
- (4) Functional committees composition and election of members
- (5) Internal control

The Company is coordinated by the Management Unit as the executive unit, while the Boards of Directors and the meeting units of each functional committee serve as the evaluation execution units. After the Management Unit collects the data, it records the evaluation result and reviews and improves it in the Boards of Directors' report.

The Company's board performance evaluation results should be used as a reference for the selection or nomination of directors. According to the Company's "Policies for Remuneration of Directors, Members of the Remuneration Committee, Members of the Audit Committee, and Managers," the individual director's performance evaluation results should serve as a reference for determining adjustments to their individual compensation and remuneration.

After completing the above evaluations, the results of the 2024 performance evaluation of the Company's Board of Directors, director members, and functional committees ranged from 97.22 to 100.00.

Boards of Directors: The questionnaire consists of 5 major aspects and 45 items, with an overall score of 4.9, which converts to a total percentage score of 98.02.

Director members' performance: The questionnaire consists of 6 major aspects and 23 items, with an overall score of 4.86, which converts to a total percentage score of 97.22.

The state of operation of the Board of Directors is excellent. Evaluation committee members indicated that the board's operations are well-structured and good, and it should continue to maintain a good state of operation.

Remuneration Committee: The questionnaire consists of 5 major directions and 21 items, with an overall score of 5.00, which converts to a total percentage score of 100. The operation of the Remuneration Committee is excellent, maintaining a good state of operation.

Audit Committee: The questionnaire consists of 5 major directions and 22 items, with an overall score of 4.96, which converts to a total percentage score of 99.27. The operation of the Audit Committee is

excellent, maintaining a good state of operation.

### 3. Remuneration for managers

According to Article 19 of the Company's Articles of Incorporation, if the Company makes a profit in the current year, no less than 2% shall be allocated as employee compensation. The Company has established "Policies for Remuneration of Directors, Members of the Remuneration Committee, Members of the Audit Committee, and Managers," as well as the "Global Gift, Bonus, and Reward Distribution Plan" and the "Global Employee Bonus Distribution Standard," providing reasonable bonuses based on the Company's overall operating performance and the individual's contribution to the Company's performance.

According to the aforementioned regulations, the remuneration for the Company's managers includes salaries and bonuses. Salaries are determined based on their years of service and the value of their positions. Bonuses include employee compensation, budget achievement bonuses, and year-end bonuses. The distribution is determined based on the usual industry standards, considering individual performance, the Company's operating performance, and the correlation with future risks. The remuneration system is reviewed in a timely manner based on the actual operating situation and relevant laws and regulations, to achieve a balance between the Company's sustainable operation and risk management.

## II. Corporate Governance Implementation

Information on the state of operation of the Board of Directors

In 2024, 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)	Remark
Chairman of the Board	Tsao, Hsien-Chang	8	0	100%	Re-elected on June 25, 2024
Director	Huang, Tien-Hua	8	0	100%	Re-elected on June 25, 2024
Director	Lin, Ta-Theng	2	1	66.7%	Relieved of duties on June 25, 2024.
Director	Tsao, Ya-Lin	7	1	87.5%	Re-elected on June 25, 2024
Director	Tsai, Sheng-Hang	5	0	100%	Take office on June 25, 2024.
Independent Director	Cheng, Chun-Jen	3	0	100%	Relieved of duties on June 25, 2024.
Independent Director	Cheng, Hung-Hui	8	0	100%	Re-elected on June 25, 2024
Independent Director	Yang, Hao-Ming	8	0	100%	Re-elected on June 25, 2024
Independent Director	Liu, Tin-Hsuan	7	1	87.5%	Re-elected on June 25, 2024
Independent Director	Lo, Shu-Chen	5	0	100%	Take office on June 25, 2024.

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 20 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: (1) directors recused themselves from the discussion and resolution involving their remuneration (2) Chairman of the Board Mr. Tsao, Hsien-Chang and the chairman of Jiunjia Interior Design Co., Ltd. are second-degree relatives, and Miss Tsao, Ya-Lin is a first-degree relative by blood of Chairman of the Board Mr. Tsao, Hsien-Chang, so they recused

themselves from the discussion and resolution on the motion regarding Jiunjia undertaking the office decoration project for the Company's A3 Office Building.

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.

- The Company completed the performance evaluation of the Board of Directors, individual director members, and functional committees in December 2024. The evaluation results will be reported at the board meeting on March 11, 2025.

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Execute once a year. (Internal Evaluation)	2024/01/01~2024/12/31	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 D. Election and continuing education of directors E. Internal control
			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
		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



Performance evaluation results:

- In 2024, the total performance evaluation score of the board of directors, individual board members and functional committee members reached more than 95 points, indicating that 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 95%; the average attendance rate of each functional committee reached 96%.

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:

Evaluation of implementation status:

- The Company's board members have diverse backgrounds, including different industries, academic, and accounting expertise. In the director re-election for this year, a new female director was added, and independent directors account for 50% of all director seats.
- To continuously pursue better corporate governance, the Board of Directors approved the establishment of the "Sustainable Development Committee" on January 13, 2025, to execute sustainable development goals, strengthen sustainable governance, and commit to the implementation of corporate social responsibility and sustainable development business philosophies.
- 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.
- 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 2024, a total of 8 directors will receive further training for a total of 63 hours. (Refer to Appendix 2 for director training status in 2024).

Information on the operation of the audit committee

1. Incorporation Information:

To strengthen the internal supervision mechanisms of corporate governance and enhance the operational efficiency of the company, the Company, in accordance with the Securities and Exchange Act, has established an "Audit Committee" to replace the Supervisor. The committee members are composed entirely of independent directors.

## 2. 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.

## 3. Members and professional qualifications, independence:

For details regarding the members of the Audit Committee and their professional qualifications and independence, please refer to page 6 of this annual report under "Information on Directors" and page 8 under "Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and Supervisors and the Independence of Independent Directors."

#### 4. Operation of the Audit Committee

The number of audit committee meetings held in the 2024 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	3	-	100%	Relieved of duties on June 25, 2024.
Independent Director	Cheng, Hung-Hui	7	-	100%	Re-elected on June 25, 2024
Independent Director	Yang, Hao-Ming	7	-	100%	Re-elected on June 25, 2024
Independent Director	Liu, Tin-Hsuan	6	1	85.7%	Re-elected on June 25, 2024
Independent Director	Lo, Shu-Chen	4	-	100%	Take office on June 25, 2024.

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	The measures taken by the Company based on the opinions of the audit committee
2024/01/23	The 17th meeting of the 3rd session	As of the end of December 2023, the company transferred the accounts receivable of each subsidiary to the amount of funds loaned to others.	The Audit Committee passed the proposal with all Independent Directors present.	All directors present approved the proposal as proposed.
2024/03/12	The 18th meeting of the 3rd session	The company's 2023 financial statements and business report The company's 2023 "Internal Control System Statement" As of the end of February 2024, the company transferred the accounts receivable of each subsidiary to the amount of funds loaned to others. 2024 operating plan and annual budget Our company's 2024 visa accountant independence and competency assessment case Our company's 2024 visa accountant		



		<p>appointment and remuneration case</p> <p>Proposal to amend the company's "Approval Authority List (Approval Standards for Various Operations)"</p> <p>The plan for Yang Jin Co., Ltd. for improving over-limit fund lending to Keding Enterprises India.</p>		
2024/05/09	The 19th meeting of the 3rd session	<p>The company's profit distribution plan for the second half of 2023</p> <p>The Company's Profit Distribution Plan for 2023.</p> <p>The company's financial report for the first quarter of 2024</p> <p>The Company's plan to change accounting policies after the start date of the 2024 fiscal year.</p> <p>Proposal to amend the company's "Articles of Association"</p> <p>Proposal to amend the company's "Approval Authority List (Approval Standards for Various Operations)"</p> <p>Proposal to amend the company's "Operating Procedures for Fund Loans to Others".</p> <p>Proposal to establish subsidiary Yang Jin Co., Ltd.'s "Operating Procedures for Fund Loans to Others".</p> <p>As of the end of April 2024, the company transferred the accounts receivable of each subsidiary to the amount of funds loaned to others.</p> <p>Implementation status of the plan for subsidiary Yang Jin Co., Ltd. for improving over-limit fund lending.</p>		
2024/07/04	1st meeting of the 4th term	<p>The company proposes to repurchase treasury shares for transfer to employees.</p> <p>Amendment to The Company's "General Principles of Pre-Approval for Non-Assurance Services" policy.</p> <p>As of the end of May and June 2024, the company transferred the accounts receivable of each subsidiary to the amount of funds loaned to others.</p>		
2024/08/09	2nd meeting of the 4th term	<p>The company's financial report for the second quarter of 2024</p> <p>The Company engages in transactions with Related Parties.</p> <p>Application for credit line from financial institution</p> <p>As of the end of July 2024, the company has transferred the accounts receivable of each subsidiary to the amount of funds loaned to others.</p>		

2024/09/05	3rd meeting of the 4th term	<p>The Company's Profit Distribution Proposal for the First Half of 2024</p> <p>Proposal for Distribution of Capital Reserves in Cash, Discussion Proposed.</p> <p>As of the end of August 2024, the company transferred the accounts receivable of each subsidiary to the amount of funds loaned to others.</p> <p>Proposal to amend the company's "Approval Authority List (Approval Standards for Various Operations)"</p>		
2024/11/11	4th meeting of the 4th term	<p>The company's financial report for the third quarter of 2024</p> <p>As of the end of October 2024, the company has transferred the accounts receivable of each subsidiary to the amount of funds loaned to others.</p> <p>The company's 2025 audit plan</p> <p>Application for credit line from financial institution</p> <p>The company's first repurchase of treasury shares in 2020 and the fifth employee transfer case</p> <p>Proposal to increase the budget for transactions with Related Parties.</p> <p>Proposal to amend the company's "Internal Control System".</p> <p>Proposed amendment to the Company's "Corporate Governance Practice Guidelines".</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.

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.

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):

- 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.
- 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 summited 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.

Summary of regular communication in 2024:



Date	Communication method	Communication item	Communication results
2024/03/12	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 2023. 3. Results of the self-evaluation of internal control system of 2023, and the implementation status of the "Statement of the Internal Control System."	1. Independent directors were informed. 2. No objection to the audit conclusion. 3. The Statement of Internal Control System of 2023 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.
2024/05/09	Audit Committee	Implementation of the audit work in the first quarter of 2024.	No objection to the audit conclusion.
2024/08/09	Audit Committee	Implementation of the audit work in the second quarter of 2024.	No objection to the audit conclusion.
2024/11/11	Audit Committee	Implementation of the audit work in the third quarter of 2024.	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 2024:

Date	Communication item	Communication results
2024/03/12	CPAs' reporting on the review of the Company's consolidated financial statements for 2023. 1. The consolidated financial statements for the 2023. 2. Communication on the key audit matters in the independent auditors' report. 3. Significant accounting policies, significant accounting estimates, and significant events or transactions. 4. Significant Risks and Key Audit Matters.	Approved by the Audit Committee, submitted to and approved by the Board of Directors, and disclosed and filed with the competent authority in time.

		<ul style="list-style-type: none"> <li>5. Reminder about the applicability of laws and regulations.</li> <li>6. Audit Quality Indicators (AQI) report</li> </ul>	
2024/11/11		<p>CPAs' reporting on the review of the Company's consolidated financial statements for the nine months ended September 30, 2024.</p> <ul style="list-style-type: none"> <li>1. The consolidated financial statements for the 9 months ended September 30, 2024</li> <li>2. Communication on the key audit matters in the independent auditors' report.</li> <li>3. Significant accounting policies, significant accounting estimates, and significant events or transactions.</li> <li>4. Significant Risks and Key Audit Matters.</li> <li>5. Audit Fees of Independent Auditors</li> <li>6. Reminder about the applicability of laws and regulations.</li> </ul>	

IV. Audit Committee's 2024 Work Focus:

1. Review the appropriateness of financial reports and accounting policies and procedures.
2. Review the business reports and proposals for profit distribution.
3. Review the independence and competency of the certified accountants.
4. Review the appointment and remuneration of certified accountants.
5. Review of procedures related to the internal control system.
6. Review the Annual Audit Plan.
7. Assessment of the effectiveness of the internal control system.
8. Review the buyback of treasury shares and its implementation status.
9. Review significant capital loans, endorsements, and guarantees.
10. Are there related party transactions and potential conflicts of interest between managers and directors?





(III) 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 TWSE/TPEX Listed Companies?	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. In addition to complying with laws and the articles of association, the Company's corporate governance system has established an effective governance framework that protects shareholder rights, strengthens the functions of the Board of Directors, respects the rights of stakeholders, and enhances information transparency.	No significant deviation.
II. Shareholding Structure and Shareholders' Rights	V		(I) 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.	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		(II) The Company and its stock affairs agency regularly grasps the Company's major shareholders with over 5% holdings 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.	
(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		(III) 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.	
(III) Has the Company established and			(IV) The Company has established the "Operating Procedures for Processing of Material Inside	

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	
<p>implemented risk control and firewall mechanisms between affiliated companies?</p> <p>(IV) Has the Company formulated internal regulations to prevent insiders from trading securities using undisclosed information on the market?</p>			<p>Information and Prevention of Insider Trading" (including procedures for handling, transmitting, keeping confidential, preserving, and disclosing material information, as well as promoting insider trading prevention and legal compliance). It is explicitly stipulated that Directors, Managers, and employees shall not disclose any confidential material inside information they are aware of to others, nor shall they inquire about or gather any undisclosed material inside information of the Company that is unrelated to their duties from individuals who are aware of such information. Additionally, they are prohibited from disclosing any undisclosed material inside information obtained not through the performance of their duties to others.</p> <p>Every year, at least once, the Company provides education and advocacy related to the prevention of insider trading laws to incumbent Directors. The "Operating Procedures for Processing of Material Inside Information" is designated as a mandatory educational training for all employees (including new employees) annually. Online course presentations and video files are available in the internal employee system throughout the year, offering diverse learning channels to all colleagues. Conduct advocacy on significant violations related to material inside information within the company (such as insider trading), the potential major impacts of such actions on the company, and the legal penalties stipulated. This is to guide colleagues in reviewing the attitude they should maintain and the legal operational procedures they must comply with when handling the company's material inside information.</p>	

37

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	
	V		<p>Development Committee," composed of four Independent Directors, the Vice President, and the chief financial officer. The tenure is the same as that of the appointed Board of Directors. The Vice President serves as the Convener, responsible for planning and reviewing strategies and systems related to sustainable development, social responsibility, and ethical management. Additionally, three task forces—Environmental Sustainability, Social Responsibility, and Corporate Governance—are established to execute and refine these strategies. The execution and improvements are reported to the Board of Directors regularly (at least once a year).</p> <p>(III) 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, the Audit Committee, and the Risk Management Committee for the 2024 year (covering the period from January 1, 2024, to December 31, 2024) in January 2025. The results of</p>	



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	
			<p>the evaluation and the direction of continuous improvement for the 2025 year will be reported during the board meeting held on March 11, 2025. The Board of Directors performance evaluation results should be used as a reference for the selection or nomination of directors. If the evaluation scores for 2024 between 96.67 and 100, it is considered fair. The implementation status and performance evaluation results are disclosed on the company's website and the MOPS.</p> <p>(IV) 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 Committee also conducts its evaluation according to the standards as listed in Table 1 and those 13 AQIs. It was confirmed that the CPAs - Chuang, Pi-Yu and Wu, Se-Jong 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 11, 2025, and submitted to the Board of Directors on March 11, 2025 and resolved to evaluate the independence and suitability of the CPAs.</p>	

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	
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)?	V		<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, including organizing the Board of Directors meetings, Audit Committee meetings, Remuneration Committee meetings and Shareholders' Meetings; assisting directors in taking office and continuing education; regularly reporting the operation of corporate governance to the Board of Directors. Providing the necessary materials and assisting directors in adhering to legal regulations. The business execution for the year 2024 is as follows:</p> <ol style="list-style-type: none"> <li>1. Develop and plan appropriate company systems and organizational structures to promote the independence of the Board of Directors, enhance the company's transparency, and ensure legal compliance as well as the implementation of internal audits and controls.</li> <li>2. Report to the Board of Directors, directors, and functional committees on the status of the company's corporate governance operations, confirming whether the convening of shareholders' meetings and board meetings complies with relevant laws and corporate governance codes.</li> <li>3. Prior to the board meeting, the opinions of each director are solicited to plan and draft the agenda. All directors are notified at least 7 days in advance to attend and are provided with sufficient meeting materials to facilitate their understanding of the relevant subject content. If the agenda content involves a related party with an interest and requires appropriate recusal, advance notice will be given to the relevant party.</li> <li>4. Each year, register the Date of the shareholders' meeting in accordance with the statutory deadline, prepare and submit the meeting notice, agenda</li> </ol>	No significant deviation.



		<p>manual, and minutes before the deadline, and handle after revising the articles of association or the re-election of directors.</p> <ol style="list-style-type: none"> <li>5. 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>6. 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>7. Plan the annual continuing education program and arrange courses for directors based on the company's industry characteristics and the educational and experiential background of the directors.</li> <li>8. 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>9. Assist in arranging meetings for communication between the Independent Director and the chief internal audit officer or the certified public accountant to understand the company's finances and business.</li> <li>10. Other matters stipulated by the company's articles of incorporation or contracts.</li> <li>11. In 2024 a total of 8 Board of Directors meetings and 7 Audit Committee meetings were held.</li> <li>12. A regular shareholders' meeting was convened once in 2024.</li> <li>13. Below are the continuing education courses taken by the Director of Corporate Governance: <table border="1"> <thead> <tr> <th>Organizer</th><th>Course name</th><th>Continuing education period</th><th>Hours</th></tr> </thead> <tbody> <tr> <td>Accounting Research and Development Foundation of the Republic of China.</td><td>Practical implementation of internal audit and internal control in the employee compensation system of an enterprise.</td><td>2024/07/10</td><td>6</td></tr> <tr> <td>ROC Enterprise Management and Sustainable</td><td>The trend of ESG and the pandemic</td><td>2024/09/12</td><td>3</td></tr> </tbody> </table> </li> </ol>	Organizer	Course name	Continuing education period	Hours	Accounting Research and Development Foundation of the Republic of China.	Practical implementation of internal audit and internal control in the employee compensation system of an enterprise.	2024/07/10	6	ROC Enterprise Management and Sustainable	The trend of ESG and the pandemic	2024/09/12	3	
Organizer	Course name	Continuing education period	Hours												
Accounting Research and Development Foundation of the Republic of China.	Practical implementation of internal audit and internal control in the employee compensation system of an enterprise.	2024/07/10	6												
ROC Enterprise Management and Sustainable	The trend of ESG and the pandemic	2024/09/12	3												



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										
			<table><tr><td>Development Association</td><td>environment discuss global tax reform and corporate tax governance.</td><td></td><td></td></tr><tr><td>Securities and Futures Institute R.O.C(TAIWAN)</td><td>2024 Insider Trading Prevention Seminar</td><td>2024/10/18</td><td>3</td></tr></table>		Development Association	environment discuss global tax reform and corporate tax governance.			Securities and Futures Institute R.O.C(TAIWAN)	2024 Insider Trading Prevention Seminar	2024/10/18	3	
Development Association	environment discuss global tax reform and corporate tax governance.												
Securities and Futures Institute R.O.C(TAIWAN)	2024 Insider Trading Prevention Seminar	2024/10/18	3										
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.								



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	
VII. Information Disclosure	V		(I) 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.	No significant deviation.
(I) Has the Company set up a website to disclose finance and business matters and corporate governance information?	V		(II) The Company has established departments such as the Finance Department, Investors' Relations, and Media, responsible for the collection and disclosure of information related to shareholders, regulations, investments, and the market. At the same time, the Company has established a spokesperson system to implement operations and procedures in compliance with relevant regulations. The presentations and videos from the quarterly institutional investor meetings are also disclosed in the Investors' Zone on the company's official website for the reference of shareholders and stakeholders.	No significant deviation.
(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	(III) The Company has scheduled to publish and file the Q1, Q2, and Q3 financial reports along with monthly business performance statements before the required due dates. However, due to the numerous overseas subsidiaries, the audit process for the annual financial report takes longer, making it impossible to publish and file the annual financial report within two months after the end of the fiscal year. Nevertheless, the Company will still strive to complete the publication and filing before the statutory deadline to enhance the transparency and timeliness of information disclosure.	Except for the Year financial report, Others comply.
(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				

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	
required due dates?				
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 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</p> <p>The Company assesses, and regularly evaluates, suppliers' quality and the reasonableness of their price in a fair, reciprocal, and legal manner. Upholding an ethical</p>	No significant deviation.



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	
			<p>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. The Company interacts with suppliers in accordance with its "Ethical Corporate Management Best Practice Principles," maintaining a good interactive relationship and conducting audits at irregular intervals to ensure supplier quality.</p> <p>4. Stakeholders' rights</p> <p>The Company has designated a spokesperson and an acting spokesperson, as well as contact phone numbers and email addresses for business personnel, investor relations, supplier relations, and employee welfare relations, enabling direct communication with stakeholders. The company website has been set up to disclose information on the company's finances, business operations, corporate governance, and stock affairs agency.</p> <p>5. State of continuing education of directors and supervisors</p> <p>The Company's directors, according to the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies," have all met the legally required hours of continuing education for directors (including Independent Directors) in the most recent year. For related information, see Table 2.</p> <p>6. Implementation status of risk management policies and risk measurement standards</p> <p>The Company formulates and abides by various internal regulations according to the law to control risks. Each unit regularly reviews and identifies whether there are any risks or information security incidents, analyzes and assesses the changes in related risks regularly, and takes appropriate measures. An annual performance report is presented at the Risk Management Committee and</p>	

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	
			<p>reported to the Board of Directors annually.</p> <p>7. Implementation of customer policies 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 The company has purchased liability insurance for directors and key personnel, and submitted it for approval by the Board of Directors.</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.				

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

Evaluation Items		Evaluation result	Independence
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

## Appendix 2: Director training status in 2024:

Job title	Name	Course date	Organizer	Course name	Hours
Independent Director	Cheng, Hung-Hui	2024/06/18	CPA Associations R.O.C(TAIWAN)	International Development Trends and Practices in Anti-Money Laundering	3
		2024/11/04	CPA Associations R.O.C(TAIWAN)	The money laundering patterns that accountants should pay attention to, and the analysis of tax crime cases.	3
		2024/11/18	CPA Associations R.O.C(TAIWAN)	Key Points in Designing ESG Evaluations	3
Independent Director	Yang, Hao-Ming	2024/10/18	Securities and Futures Institute R.O.C(TAIWAN)	2024 Insider Trading Prevention Seminar	3
		2024/11/12	Taiwan Project Management Association	Continuing education courses for listed directors - Succession team building and talent development	3
Independent Director	Liu, Tin-Hsuan	2024/08/05	Accounting Research and Development Foundation of the Republic of China.	Latest Analysis on "Annual Report Compilation" Related ESG Sustainability Policies, Regulations, and the Practical Impact of Net Zero Carbon Emissions on Financial Reports	6
Independent Director	Lo, Shu-Chen	2024/11/22	Taiwan Project Management Association	Continuing education courses for listed directors - Case analysis of enterprise digital transformation	3
		2024/11/28	Taiwan Project Management Association	Continuing education courses for listed directors - Performance Management System Operation and Evaluation of Corporate Governance	3
		2024/11/29	Securities and Futures Institute R.O.C(TAIWAN)	2024 Insider Shareholding Transaction Legal Compliance Seminar Explanation	3
		2024/12/23	Taiwan Project Management Association	Continuing education courses for listed directors - Corporate Sustainable Development and ESG, SDGs Action Plans and Strategy Formulation.	3
Representative of a corporate director	Tsao, Hsien-Chang	2024/11/12	Taiwan Project Management Association	Continuing education courses for listed directors - Succession team building and talent development	3
		2024/11/28	Taiwan Project Management Association	Continuing education courses for listed directors - Performance Management System Operation and Evaluation of Corporate Governance	3
Job title	Name	Course date	Organizer	Course name	Hours
Representat		2024/10/18	Securities and Futures Institute R.O.C(TAIWAN)	2024 Insider Trading Prevention Seminar	3

Job title	Name	Course date	Organizer	Course name	Hours
ive of a corporate director	Tsai, Sheng-Hang	2024/11/12	Taiwan Project Management Association	Continuing education courses for listed directors - Succession team building and talent development	3
		2024/11/28	The Institute of Internal Auditors-Chinese Taiwan	How to Utilize Big Data to Enhance Audit Operations	6
Representative of a corporate director	Tsao, Ya-Lin	2024/09/10	Taiwan Project Management Association	Continuing education courses for listed directors - Enterprise Digital Transformation and Digital Governance	3
		2024/09/19	Taiwan Project Management Association	Continuing education courses for listed directors - Application of Generative AI and ChatGPT	3
Director	Huang, Tien-Hua	2024/10/30	The Institute of Internal Auditors-Chinese Taiwan	Audit Practices for Annual Operating Plan and Budget Preparation Seminar	6

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

1. Professional qualifications and experience of Remuneration Committee members

Identity Category	Name	Professional qualifications and experience	Independence status	Number of other public companies at which the person concurrently serves as remuneration committee member
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.		-
Independent Director	Lo, Shu-Chen	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 was between September 1, 2021 and June 25, 2024.  
The tenure of members of the 5th term is between June 25, 2024 and June 24, 2027.

In 2024, a total of five (A) 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 of the 4th term	Cheng, Chun-Jen	3	-	100%	Dismissed on June 25, 2024.
Convener of the 5th term	Cheng, Hung-Hui	5	-	100%	Re-elected on June 25, 2024
Committee member	Yang, Hao-Ming	5	-	100%	Re-elected on June 25, 2024
Committee member	Liu, Tin-Hsuan	4	1	80%	Re-elected on June 25, 2024
Committee member	Lo, Shu-Chen	2	-	100%	Take office on June 25, 2024

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
2024/01/23	11th meeting of the 4th term	Proposal to Manager Spring Festival Bonus Distribution of 2023. Proposal to distribute employee bonus to managers of the fourth quarter of 2023.	All members approved and passed the proposal
2024/03/12	11th meeting of the 4th term	The company's manager promotion and salary adjustment case The company's employee remuneration and directors' remuneration distribution plan for 2023	
2024/05/09	11th meeting of the 4th term	Proposal to distribute employee bonus and manager salary adjustment for the first quarter of 2024.	
2024/08/09	1st meeting of the 5th term	Proposal to distribute employee bonus to managers of the second quarter of 2024.	
2024/11/11	2nd meeting of the 5th term	Proposal to distribute employee bonus to managers of the third quarter of 2024. The company's first repurchase of treasury shares in 2020 and the fifth 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

Identity Category	Qualification Name	Professional qualifications and experience
Convener	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

The tenure of members of the 1st term is between November 9, 2022 and June 25, 2024.

In 2024, a total of one (A) 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			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		<p>The Company designates the Board of Directors as the highest decision-making unit for sustainability-related matters. The "Corporate Social Responsibility Task Force" is responsible for promoting sustainability-related issues. On January 13, 2025, the Board of Directors officially approved the establishment of the "Sustainable Development Committee" as a dedicated unit, composed of four Independent Directors, the Vice President, and the chief financial officer. The tenure is the same as that of the appointed Board of Directors. The Vice President serves as the Convener, responsible for planning and reviewing strategies and systems related to sustainable development, social responsibility, and ethical management. Under this role, three task forces—Environmental Sustainability, Social Responsibility, and Corporate Governance—are established to execute and enhance these strategies. The outcomes of sustainable development execution and future work plans are reported to the Board of Directors regularly (at least once a year).</p> <p>The Board of Directors receives regular annual reports from the management team (including ESG reports) to confirm the company's sustainable development and ESG management policies. They supervise, track, and review the management team's annual sustainable development execution and the achievement of performance targets. When necessary, they urge the management team to make adjustments to strengthen the corporate structure.</p>	No significant deviation.

Promotion item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
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?	V		To identify and manage sustainability risks, the Company follows the GRI Universal Standards and uses a positive and negative impact questionnaire to determine the scope and boundaries through the identification of the company's management. It also considers issues of concern from regular communication channels and their impact on the company's operations. Ultimately, it summarizes them into major considerations based on high concern and high impact. Incorporate significant topics into the daily risk management system, striving to maintain a comprehensive risk management system with joint participation and promotion by the company's Board of Directors, management personnel at all levels, and employees to mitigate the impact of related risks. Relevant risk identification and response measures are disclosed in the Company's sustainability report.	No significant deviation.
III. Environmental Issues (I) Has the Company set up an appropriate environmental management system based on the characteristics of its industry?	V		The Company has formulated the operating procedures for the autonomous management system regarding environmental protection and occupational safety and health (OSH), and will irregularly audit the OSH and continuously maintain the effectiveness of the system. In 2008, obtained the ISO 14001 International environment management certification, achieving pollution prevention and environmental protection through international verification. (The latest certificate is valid from April 3, 2024 to April 19, 2027)	No significant deviation.

Promotion item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
(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> </ol>	No significant deviation.
			<ol style="list-style-type: none"> <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>	

Promotion item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
(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		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.	No significant deviation.

Promotion item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
(IV) Does the Company make statistics on 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?	V		The Company has formulated the "Corporate Energy Conservation and Carbon Reduction Management Regulations," promoting the requirement that paper not be recycled unless it is copied double-sided, thereby significantly reducing paper consumption by over 50%. It also encourages the use of email, video conferences, and other remote communication methods as much as possible. This effectively reduces carbon emissions, whether in recruitment or business communications. The Company's carbon dioxide emissions in 2023 are 4,130 (tons/CO <sub>2</sub> e) and 4,168 (tons/CO <sub>2</sub> e) in 2024/CO <sub>2</sub> e); total water consumption in 2023 is 31,485 kWh and 47,858 kWh in 2024; Total amount of general waste in 2023 35,866 kg in 2020 and 37,190 kg in 2024 Jin, and will continue to promote energy conservation, carbon reduction and greenhouse gas reduction in the future policy, and aims to achieve a 1% annual reduction in carbon emissions.	No significant deviation.
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.





Promotion item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
(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		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.	No significant deviation.
(III) Does the Company provide employees with a safe and healthy working environment, and related education?	V		New employees are offered the training courses on labor-related issues, environmental protection, safety and health, and ethics. In addition, regular employee health checks and occasional health activities are conducted every year to maintain employees' physical and mental well-being. 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.	No significant deviation.

Promotion item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
			The number of fires in the company in 2024 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, training employees on fire prevention and response skills, installing advanced fire alarm and fire extinguishing systems, and regularly inspecting and maintaining related equipment, etc.	
(IV) Has the Company established an effective career development training program for employees?	V		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.	No significant deviation.
(V) 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.



Promotion item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
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		The Company will publish the 2024 Sustainability Report by August 2025 in accordance with the GRI standards of the Global Sustainability Reporting Institute, and will make non-financial information such as corporate social responsibility available for inquiry on the Company's website.	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. Donated NT\$2 million to aid relief efforts for the Ishikawa Earthquake in Japan in 2024, and contributed NT\$3 million for Hualien disaster relief, assisting in the reconstruction of homes in the affected areas.</p> <p>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 in 2017. In 2022, the Company fully sponsored the</p>				

Promotion item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
			interior construction materials for the new type of sheltered workshop "Green Sprouting Hope Workshop," which helped children with special needs learn in a 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.	
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 in 2021, 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. In 2024, in collaboration with DOMI Green, a significant tree planting event was held in Yilan County, where 150 valuable Makao tree saplings were planted, aiming to reduce 3,000 to 4,000 kilograms of carbon emissions. In addition, the entire event revolved around the theme of "net zero carbon emissions." Besides using public transportation, we also insisted on using environmentally friendly products, replacing disposable bottled water and single-use tableware, implementing environmental protection in every action. Collaborate with "Heart of Hands" to regularly invite blind massage therapists to the company to help colleagues de-stress and relax. By engaging in such events, Keding Enterprises hope to inspire more people to care about the vulnerable and care for the Earth.	
5.			Donation of Public Resources: Donated 2 disaster response vehicles to the New Taipei City Government Fire Department in 2024 to help firefighters and volunteers address various disasters	

Promotion item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
			<p>more safely and swiftly engage in life-saving missions; supported NTU's "Century Push" fundraising project by donating NT\$2 million to assist with the NTU Centennial Memorial Hall and campus construction.</p> <p>(II) Foster forestry professionals in campus</p> <p>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.</p> <p>(III) Labor rights</p> <p>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.</p>	

(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	
<p>I. Formulate ethical corporate management policy and plan</p> <p>(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?</p> <p>(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?</p>	<p>V</p> <p>V</p> <p>V</p>		<p>(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.</p> <p>(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.</p>	<p>No significant deviation.</p>

[illegible]

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	
(III) Does the Company establish policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?	V		Board of Directors and management in formulating and supervising the implementation of ethical management policies and preventive measures to ensure the fulfillment of ethical management principles. It reports to the Board of Directors regularly each year on its progress. The implementation status in 2024 has been reported to the board of directors on March 11, 2025.	
(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		(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".	
(V) Does the Company provide internal and external ethical conduct training programs on a regular basis?			(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	





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	
			regularly report on the audit or review results.  (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.	
III. The operation of the Company's whistleblower reporting system (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?	V		(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.	No significant deviation.

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	
(II) Does the Company establish standard operating procedures for investigating the complaints received and the related confidentiality measures?	V		(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.	No significant deviation.
(III) Does the Company adopt proper measures to shield a whistleblower from retaliation for filing grievances?	V		(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.	No significant deviation.
IV. Enhance Information Disclosure Does the Company disclose the content and implementation results of its Ethical Corporate Management Best-Practice Principles on its website and the MOPS?	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.
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: 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 )				



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>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.</p> <p>2. For other information regarding the Company's ethical corporate management, see the Investors' Relation zone on the Company's website.</p>				

## (IX) Implementation status of climate-related information:

Item	Implementation status
1. Explain the Boards of Directors and management's oversight and governance of climate-related risks and opportunities.	The Board of Directors is the highest governance unit for the company's climate issues, responsible for overseeing climate-related risks and opportunities. In January 2025, a Sustainable Development Committee was additionally established to promote related policies in accordance with the regulations of the competent authority. Regular meetings are held on domestic and international climate-related issues to assist the Board in supervising the company's sustainable development. The execution of targets is tracked annually and reported regularly to the Board of Directors.
2. Explain how the identified climate risks and opportunities affect the company's business, strategy, and financial aspects (short-term, mid-term, long-term).	<p>Risks related to business, strategy, and financial aspects:</p> <p>Short-term: Fluctuations in raw material prices, construction delays, and disruptions in material transportation affect the company's profitability.</p> <p>Mid-term: The increasing frequency of extreme weather events impacts corporate electricity consumption and governmental electricity tariff policies, resulting in financial impacts on businesses.</p> <p>Long-term: Changes in low-carbon and energy policies lead to increased long-term operating and investment costs.</p> <p>Opportunities related to business, strategy, and financial aspects:</p> <p>Short term: Reassess internal management mechanisms to conserve</p>

	<p>energy and improve production efficiency.</p> <p>Mid-term: Enhance the market competitiveness and economic value of the product through resource recycling.</p> <p>Long-term: Analyze and evaluate business items that can be developed under the impact of climate change to increase the company's revenue sources.</p>
3. Explain the impact of extreme weather events and transition actions on financials.	<p>Potential Financial Impact of Climate Risks:</p> <ol style="list-style-type: none"> <li>1. Extreme weather conditions may impact the supply chain, such as causing work stoppages due to disaster prevention measures and transportation disruptions.</li> <li>2. The extreme weather indirectly leads to an increase in office and consumer goods prices due to increased electricity Volume and tariffs.</li> </ol> <p>Transition actions:</p> <ol style="list-style-type: none"> <li>1. The Company can implement remote meetings to reduce energy consumption and carbon emissions generated by off-site meetings.</li> <li>2. If the company has strategies to cope with extreme weather conditions, such as increasing the weight of green procurement, setting energy-saving goals, or developing green energy investments, the extent of impact can be reduced.</li> </ol>
4. Explain how the processes of identifying, assessing, and managing climate risks are integrated into the overall risk management system.	<p>The Sustainability Development Committee carries out the evaluation work, formulates adaptation and mitigation strategies, and submits the evaluation results to the Board of Directors. If the evaluation result indicates major risk issues, the committee should monitor and regularly track the progress of the response strategies, and report the overall risk improvement actions to the Board of Directors to ensure alignment with the company's sustainability strategy.</p>
5. If scenario analysis is used to assess resilience to climate change risks, an explanation should be provided of the scenarios, parameters, assumptions, analytical factors,	<p>The Sustainability Promotion Team evaluates climate risks and opportunities by referencing TCFD's official risk list and related information. Then, based on the RCP 8.5 climate scenario, they assess the potential impacts of climate disasters. By utilizing public climate models and chart websites, such as the "Taiwan Climate Change Projection and Adaptation Knowledge Platform" and the "3D Disaster Potential Map," they analyze possible physical climate disasters to assess the potential impacts and effects in the face of the most extreme climate conditions.</p> <p>Under the RCP 8.5 climate scenario assumption, extreme weather conditions, though causing disasters like heavy rain, may lead to interruptions due to disaster prevention measures, but the impact on the company is</p>



and key financial impacts used.	minimal.
6. If there is a transition plan to manage climate-related risks, provide an explanation of the Content of the plan, as well as the metrics and targets used to identify and manage physical and transition risks.	<p>To achieve the goal of carbon neutrality by 2050, The Company will develop a low-carbon transition plan in the future, which includes:</p> <p>Short Term (1 year): Plan and implement carbon reduction projects and various energy-saving measures to reduce potential financial impacts.</p> <p>Mid-term (3 years): Continue conducting greenhouse gas inventories and commission third-party verification.</p> <p>Long-term (2050): Achieve net-zero emissions target by 2050.</p>
7. If using internal carbon pricing as a planning tool, the explanation of the price-setting basis should be provided.	<p>The Company currently does not use internal carbon pricing as a planning tool, but in the future, it will consider planning for its introduction based on government regulations and international trends.</p>
8. If climate-related targets are set, an explanation should be provided of the activities covered, the scope of greenhouse gas emissions, the planning period, the annual progress achieved, etc. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve these targets, an explanation should be provided of the source and	<p>Short Term (1 year): Plan and implement carbon reduction projects and various energy-saving measures to reduce potential financial impacts.</p> <p>Mid-term (3 years): Continue conducting greenhouse gas inventories and commission third-party verification.</p> <p>Long-term (2050): Achieve net-zero emissions target by 2050.</p>

quantity of carbon offset credits or the quantity of RECs.	
9. Greenhouse gas inventory and assurance status, along with reduction targets, strategies, and specific action plans (to be filled out in sections 1-1 and 1-2).	

#### 1-1 Greenhouse gas inventory and assurance status for the most recent two years

##### 1-1-1 Greenhouse gas inventory information

State the greenhouse gas emissions for the most recent two years (tons of CO <sub>2</sub> e), intensity (tons of CO <sub>2</sub> e/million dollars), and the data coverage scope.
<p>Greenhouse gas emissions volume:</p> <p>2024: Scope 1: 971.1(tons of CO<sub>2</sub>e) Scope 2: 3,197 (tons of CO<sub>2</sub>e) Total 4,168 (tons of CO<sub>2</sub>e)</p> <p>2023: Scope 1: 1,057.32(tons of CO<sub>2</sub>e) Scope 2: 3,073 (tons of CO<sub>2</sub>e) Total 4,130 (tons of CO<sub>2</sub>e)</p> <p>Emission intensity:</p> <p>2024: 2,503 (tons of CO<sub>2</sub>e/million dollars)</p> <p>2023: 2,375 (tons of CO<sub>2</sub>e/million dollars)</p>

##### 1-1-2 Greenhouse gas assurance information

Explanation of the assurance status for the most recent two years up to the publication date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinions.
The Company plans to schedule future assurance.

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

State the baseline year and data for greenhouse gas reduction, reduction targets, strategies, and specific action plans, as well as the achievement status of the reduction targets.
The Company plans to plan the schedule in the future.

- (X) 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.

- (XI) 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.

- (XI) 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 11, 2025

The Company states the following for its 2024 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, 2024 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 four independent directors of the Company present at the board of directors meeting dated March 11, 2025.

Keding Enterprises Co., Ltd.

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

Signature



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 2024 regular meeting of shareholders on June 25, 2024. The resolutions passed by the shareholders present at the meeting and their implementation status are as follows:

Important resolution matters	Implementation status
1. Adoption of the company's 2023 financial statements and business report.	Resolution passed.
2. Adoption of the Proposal for Distribution of 2023 Profits.	Resolution passed. 1. In the first half of 2023, a cash dividend of NT\$6 per share will be distributed, with the distribution record date set for November 7, 2023, and full payment completed by November 29, 2023. 2. In the second half of 2023, a cash dividend of NT\$3 per share will be distributed, with the distribution record date set for July 7, 2024, and full payment completed by July 26, 2024.
3. Amendment to the Company's Corporate Charter, submitted for discussion.	Resolution passed. The registration was approved by the Ministry of Economic Affairs on July 19, 2024 and announced on the company's website.
4. Amendment to the "Director Selection Procedure", submitted for discussion.	Resolution passed. It will be announced on the company's website on June 30, 2024, and will be handled in accordance with the revised procedures.
5. Amendment to the Rules of Procedure for Shareholder Meetings.	Resolution passed. It will be announced on the company's website on June 30, 2024, 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 11 board meetings in 2024. A summary of important resolutions is as follows:

Date	Meeting title	Content
2024/01/23	20th meeting of the 9th Board of Directors	<p>Proposal 1: Change of registered address of the company</p> <p>Proposal 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</p> <p>Proposal 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.</p> <p>Proposal 4: Application for credit line from financial institution</p> <p>Proposal 5: Review the 2023 Spring Festival gift payment case for managers</p> <p>Proposal 6: The company's manager's employee bonus payment case for the fourth quarter of 2023</p>
2024/03/12	21st meeting of the 9th Board of Directors	<p>Proposal 1: The company's 2023 financial statements and business report</p> <p>Proposal 2: The company's 2023 "Internal Control System Statement"</p> <p>Proposal 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.</p> <p>Proposal 4: 2024 operating plan and annual budget</p> <p>Proposal 5: Our company's 2024 visa accountant independence and competency assessment case</p> <p>Proposal 6: Our company's 2024 visa accountant appointment and remuneration case</p> <p>Proposal 7: The company's manager promotion and salary adjustment case</p> <p>Proposal 8: Proposal to amend the company's "Approval Authority List (Approval Standards for Various Operations)"</p> <p>Proposal 9: Proposal to amend some provisions of the company's "Rules of Procedure for Shareholders' Meetings"</p> <p>Proposal 10: Plan to amend some provisions of the company's "Director Selection Procedure"</p> <p>Proposal 11: Re-election of the tenth session of directors (including independent directors) of the company</p> <p>Proposal 12: Matters concerning the convening of the company's 2024 regular shareholders' meeting and the contents of the agenda</p> <p>Proposal 13: The company's employee remuneration and directors' remuneration distribution plan for 2023</p>
2024/05/09	22nd meeting of the 9th Board of Directors	<p>Proposal 1: The company's profit distribution plan for the second half of 2023</p> <p>Proposal 2: The Company's Profit Distribution Plan for 2023.</p> <p>Proposal 3: The company's financial report for the first quarter of 2024</p> <p>Proposal 4: The Company's plan to change accounting policies after the start date of the 2024 fiscal year.</p> <p>Proposal 5: Proposal to amend the company's "Articles of Association"</p> <p>Proposal 6: Proposal to amend the company's "Approval Authority List (Approval Standards for Various Operations)"</p> <p>Proposal 7: Proposal to amend the company's "Operating Procedures for Fund Loans to Others".</p> <p>Proposal 8: Proposal to establish subsidiary Yang Jin Co., Ltd.'s "Operating Procedures for Fund Loans to Others".</p> <p>Proposal 9: As of the end of April 2024, the company transferred the</p>

Date	Meeting title	Content
		<p>accounts receivable of each subsidiary to the amount of funds loaned to others.</p> <p>Proposal 10: Implementation status of the plan for subsidiary Yang Jin Co., Ltd. for improving over-limit fund lending.</p> <p>Proposal 11: Proposal to distribute employee bonus and manager salary adjustment for the first quarter of 2024.</p> <p>Proposal 12: Application for credit line from financial institution</p> <p>Proposal 13: Proposal to establish the company's "Organizational Rules for the Corporate Sustainability Development Committee"</p> <p>Proposal 14: The qualification review of candidates for directors (including independent directors) for re-election at the company's 2024 regular shareholders' meeting.</p> <p>Proposal 15: Additional matters to be discussed at the company's 2024 shareholders' regular meeting</p>
2024/06/25	1st meeting of the 10th term	Proposal 1: Proposal for electing the Chairman of the Board
2024/07/04	2nd meeting of the 10th term	<p>Proposal 1: The company proposes to repurchase treasury shares for transfer to employees.</p> <p>Proposal 2: Amendment to The Company's "General Principles of Pre-Approval for Non-Assurance Services" policy.</p> <p>Proposal 3: Proposal to amend the company's "Organizational Rules for the Remuneration Committee"</p> <p>Proposal 4: Appointment of the Company's Fifth Remuneration Committee Members Proposal</p> <p>Proposal 5: As of the end of May and June 2024, the company transferred the accounts receivable of each subsidiary to the amount of funds loaned to others.</p>
2024/08/09	3rd meeting of the 10th term	<p>Proposal 1: The company's financial report for the second quarter of 2024</p> <p>Proposal 2: The Company engages in transactions with Related Parties.</p> <p>Proposal 3: Proposal to review the distribution of employee bonus to managers of the second quarter of 2024</p> <p>Proposal 4: Application for credit line from financial institution</p> <p>Proposal 5: As of the end of July 2024, the company has transferred the accounts receivable of each subsidiary to the amount of funds loaned to others.</p>
2024/09/05	4th meeting of the 10th term	<p>Proposal 1: The Company's Profit Distribution Proposal for the First Half of 2024</p> <p>Proposal 2: Proposal for Distribution of Capital Reserves in Cash</p> <p>Proposal 3: As of the end of August 2024, the company transferred the accounts receivable of each subsidiary to the amount of funds loaned to others.</p> <p>Proposal 4: Proposal to amend the company's "Approval Authority List (Approval Standards for Various Operations)"</p>
2024/11/11	5th meeting of the 10th term	<p>Proposal 1: The company's financial report for the third quarter of 2024</p> <p>Proposal 2: As of the end of October 2024, the company has transferred the accounts receivable of each subsidiary to the amount of funds loaned to others.</p> <p>Proposal 3: The company's 2025 audit plan</p> <p>Proposal 4: Application for credit line from financial institution</p> <p>Proposal 5: Proposal to distribute employee bonus to managers of the third quarter of 2024.</p> <p>Proposal 6: The company's first repurchase of treasury shares in 2020 and the fifth employee transfer case</p> <p>Proposal 7: Proposal to increase the budget for transactions with Related</p>

Date	Meeting title	Content
		Parties. Proposal 8: Proposal to amend the company's "Internal Control System". Proposal 9: Proposal to amend the company's "Corporate Governance Practice Code".
2025/01/23	6th meeting of the 10th term	Proposal 1: Plan to invest in establishing subsidiaries in the United Kingdom and Germany. Proposal 2: Review of the distribution of employee bonuses for the fourth quarter of 2024 for executives. Proposal 3: Review the 2024 Spring Festival gift payment case for managers Proposal 4: As of the end of December 2024, the company transferred the accounts receivable of each subsidiary to the amount of funds loaned to others. Proposal 5: Proposal to establish the "Sustainable Development Committee" and appoint Committee members.
2025/03/11	7th meeting of the 10th term	Proposal 1: The company's 2024 financial statements and business report Proposal 2: The company's 2024 "Internal Control System Statement" Proposal 3: As of the end of February 2025, the company transferred the accounts receivable of each subsidiary to the amount of funds loaned to others. Proposal 4: Application for credit line from financial institution Proposal 5: 2025 operating plan and annual budget Proposal 6: Our company's 2025 visa accountant independence and competency assessment case Proposal 7: The proposal to change the Company's visa accountant starting from the first quarter of the 2025 fiscal year. Proposal 8: Our company's 2025 visa accountant appointment and remuneration case Proposal 9: Proposal to amend the company's "Articles of Association" Proposal 10: Proposal to amend the company's "Approval Authority List (Approval Standards for Various Operations)" Proposal 11: The company's employee remuneration and directors' remuneration distribution plan for 2024 Proposal 12: Matters concerning the convening of the company's 2025 regular shareholders' meeting and the contents of the agenda
2025/04/10	8th meeting of the 10th term	Proposal 1: The company's first repurchase of treasury shares in 2020 and the sixth employee transfer case Proposal 2: Conversion of outstanding receivables from subsidiaries into loans to third parties as of the end of March 2025. Proposal 3: Plan for Lending Funds to the Japanese Subsidiary

(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.



### III. Audit Fees of Independent Auditors

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

Unit: NT\$1,000

Name of accounting firm	Name of CPA	Audit period	Audit fee	Non-audit fee (Note)	Total	Remark
Deloitte & Touche Taiwan	Chuang, Pi-Yu Wu, Se-Jong	2024.01.01~2024.12.31	4,105	1,865	5,970	-

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) If the audit fees have decreased by 10 percent or more compared to the previous year, the amount, percentage, and reasons for the decrease shall be disclosed: No such occurrence.

### IV. Information on Replacement of CPAs

- (I) Predecessor CPA: Not applicable.
- (II) Successor CPA: Not applicable.
- (III) Response letter from the predecessor CPA: Not applicable.

### V. 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.

### VI. 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: The Company has duly announced on the MOPS [Insiders' Shareholding Change Post-Declaration Form]. Website: [https://mops.twse.com.tw/mops/#/web/query6\\_1](https://mops.twse.com.tw/mops/#/web/query6_1)
- (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.

## VII. 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, 2025; Unit: shares; %

Name	Number of shares held by the person		Number of shares held by the person's spouse and/or minor children		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	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Title (or Name)	Relationship	
Yangding Investment Co., Ltd.	18,163,858	22.10%	-	-	-	-	-	-	-
Representative: Tsao, Hsien-Chang	14,000	0.02%	7,400	0.01%	-	-	Zhou Ding Investment Co., Ltd. Representative: Chen, Mei-Yun	spouse	-
Zhou Ding Investment Co., Ltd.	16,218,666	19.74%	-	-	-	-	-	-	-
Representative: Chen, Mei-Yun	7,400	0.01%	14,000	0.02%	-	-	Yangding Investment Co., Ltd Representative: Tsao, Hsien-Chang	spouse	-
Yi Zheng Investment Co., Ltd.	10,239,301	12.46%	-	-	-	-	-	-	-
Representative: Chen, Huai-Jhen	18,274	0.02%	-	-	-	-	-	-	-
RAINBOW JOY INVESTMENT LIMITED	6,452,372	7.85%	-	-	-	-	-	-	-
Representative: Liu, Yu-Ling	11,330	0.01%	2,047,000	2.49%	-	-	Huang, Tien-Hua	spouse	-
Huang, Tien-Hua	2,047,000	2.49%	11,330	0.00%	-	-	RAINBOW JOY INVESTMENT LIMITED Representative: Liu, Yu-Ling Zhengyi Investment Co., Ltd. Representative: Huang, Shu-Fen	spouse Relative within the second degree of kinship	-
Yongfeng Commercial Bank entrusts the trust property account of the Employee Stock Trust Management Committee of Keding Enterprise Co., Ltd.	1,630,800	1.98%	-	-	-	-	-	-	-
Zhengyi Investment Co., Ltd.	1,344,586	1.64%	-	-	-	-	-	-	-
Representative: Huang, Shu-Fen	727,626	0.89%	-	-	-	-	Huang, Tien-Hua	Relative within	-

Name	Number of shares held by the person		Number of shares held by the person's spouse and/or minor children		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	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Title (or Name)	Relationship	
								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%	-	-	-	-	-	-	-
Yuan Ding Investment Co., Ltd.	825,735	1.00%	-	-	-	-	-	-	-
Representative: Zeng, Cing-Shan	146,704	0.18%	-	-	-	-	-	-	-

Note: As of the shareholding record date on April 30, 2025, the Company held 3,688 thousand treasury shares, accounting for 4.49% of total number of shares.

**VIII. 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, 2024; Unit: 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.	4,510,000	100.00	0	0	4,510,000	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.	110	100.00	0	0	110	100.00
Keding Enterprises Private Limited	1,200,000	100.00	0	0	1,200,000	100.00
PT Keding Panels Indonesia	37,530	60.00	0	0	37,530	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.	20,000	100.00	0	0	20,000	100.00
Keding Enterprises ( Thailand ) Co., Ltd.	30,000	100.00	0	0	30,000	100.00
Keding Enterprises (Australia) Pty Ltd	-	-	-	-	-	-
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
Keding (Wuxi) New Decorative Materials Co., Ltd.	(Note)	100.00	0	0	(Note)	100.00

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



## Three. Fund Raising Status

### I. Company Capital and Shares

#### (I) Source of share capital

Unit: New Taiwan dollars; 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
2024.02	10	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

April 30, 2025; 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 3,688 thousand shares held by the Company.

Information on shelf-registration: Not applicable.

#### (II) List of major shareholder

Shareholding record date: April 27, 2025; Unit: shares

Name of major shareholder	Number of shares held	Shareholding percentage (%)
Yangding Investment Co., Ltd.	18,163,858	22.10%
Zhou Ding Investment Co., Ltd.	16,218,666	19.73%
Yi Zheng Investment Co., Ltd.	10,239,301	12.45%
RAINBOW JOY INVESTMENT LIMITED	6,452,372	7.85%
Huang, Tien-Hua	2,047,000	2.49%
Yongfeng Commercial Bank entrusts the trust property account of the Employee Stock Trust Management Committee of Keding Enterprise Co., Ltd.	1,630,800	1.98%
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%
Yuan Ding Investment Co., Ltd.	825,735	1.00%
Huang, Shu-Fen	727,626	0.89%

Note: As of the shareholding record date on April 27, 2025, the Company held 3,688 thousand treasury shares, accounting for 4.49% of total number of shares.

(III) 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. 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.

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 2024 earnings distribution plan was approved by the boards of directors on September 5, 2024, and May 12, 2025. The company's accumulated undistributed earnings at the beginning of the period (the same below) were NT\$645,779,726, and the surplus in 2024 was NT\$386,374,140. The impact of accounting policy changes reduced by NT\$7,185,953, a special surplus reserve of NT\$21,240,000, and according to law 10% of the statutory surplus reserve of NT\$37,918,819 was allocated, resulting in an accumulated distributable surplus of NT\$966,025,094. On September 5, 2024, the board of directors resolved to distribute dividends of NT\$338,161,809, with a cash allocation of NT\$4.35 per share, and on May 12, 2025, the board of directors resolved to distribute dividends of NT\$235,673,451, 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, 2025.

3. Is there any significant change in the expected dividend policy: No.

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

(V) 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\$9,597 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\$6,169 thousand was distributed in cash.
  - (2) Difference between the amount of distribution passed by the Board of Directors and the actually distributed amount: There is no difference between the actual amount of employee compensation distributed for 2023 and the amount proposed to be distributed by the original board of directors.

(VI) Status of a company repurchasing its own shares:

1. Completed: None

2. Not completed yet.

As of April 30, 2025; Unit: New Taiwan dollars

Number of repurchases	The first time	The third time	The fourth time
Date of Major Resolutions of the Board of Directors	March 17, 2020	March 15, 2023	July 4, 2024
Purpose of repurchase	Transfer shares to employees.	Transfer shares to employees.	Transfer shares to employees.
Repurchase period	March 18, 2020 ~ May 17, 2020	March 16, 2023 ~ May 15, 2023	July 5, 2024 ~ September 4, 2024
Repurchase range price	\$24 ~ \$57	\$86 ~ \$190	\$86 ~ \$187
Type and quantity of shares repurchased	Common shares 4,000,000 shares	Common shares 1,059,000 shares	Common shares 955,000 shares
Amount of shares repurchased	165,010,171	136,454,770	132,153,583
The percentage (%) of repurchased quantity against the intended repurchase quantity.	100%	70.60%	79.58%
Quantity of shares canceled and transferred	2,326,000 shares	Have not yet transferred.	Have not yet transferred.
Accumulated number of shares held of The Company	1,674,000 shares	2,733,000 shares	3,688,000 shares
Accumulated number of shares held of The Company as a percentage (%) of the total number of issued shares.	2.04%	3.33%	4.49%

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

(I) Corporate bonds information: None.

(II) Information on convertible corporate bonds: None.

(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 Depository 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 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: None.
- (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.
- (II) 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.

## Four.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, KD Room Doors, ECO<sup>+</sup> Bathroom Cabinets, and other interior decorating materials.
2. Main products' weight of operating revenue

Unit: NT\$1,000

Product \ Year	2023		2024	
	Amount	Percentage (%)	Amount	Percentage (%)
Prefinished veneered panels	1,198,633	50.48	926,394	37.01
ECO <sup>+</sup> Panels	1,036,197	43.63	1,206,775	48.21
ECO <sup>+</sup> Laminates	-	-	205,862	8.22
KD Wooden flooring	50,367	2.12	45,776	1.83
KD Modular Cabinet	55,439	2.33	68,068	2.72
Others	34,311	1.44	50,455	2.01
Total	2,374,947	100.00	2,503,330	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 Wooden flooring	Laid in indoor space
ECO <sup>+</sup> Laminates	Used in interior decorative elements, e.g. cabinets, doors, ceilings, and walls.
KD Modular Cabinet	Modular wood cabinet customization service, from measurement to installation, strictly implement standardized operating procedures, fast assembly, and effectively shorten the on-site woodworking hours.
ECO <sup>+</sup> Particle board	Used in modular cabinets, doors, and other interior decorative elements.
KD Bathroom Cabinets	Provides a variety of combination options, combining practicality and design, suitable for various bathroom spaces, balancing aesthetics and storage functionality.
KD Interior Doors	Used in interior spaces, it provides a quick installation solution that leaves wall structures clean and undamaged, enhancing both the aesthetic appeal and practicality of the space.
Others	KD Cabinet Doors, ECO <sup>+</sup> PVC Board, and ECO <sup>+</sup> Magnetic Boards, and other interior decoration building materials etc.

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

Based on years of experience in KD Panels technology, the Company upholds the core concept of health and non-toxicity, focusing on the development of building materials with market potential and continuously promoting product innovation and application extension through a blue ocean strategy. In recent years, we have successively developed ECO<sup>+</sup> Laminates, ECO<sup>+</sup> bathroom cabinets, KD Interior Doors, and other product series. We plan to launch KD Composite Panels to strengthen the price and application advantages in the modular cabinet market, expand our diverse product line, and provide more complete and consistent building material solutions. Adopt a horizontal diversification strategy, committed to addressing the shortcomings of traditional decoration building materials, and establish a one-stop integrated service system with design consistency and construction efficiency. In addition to continuously investing in research and innovation, we are also upgrading the digital service experience by establishing online platforms for appointments, ordering, and personalized introductions. This enhances real-time interaction and service efficiency with customers, meeting the actual needs of diverse fields and customer groups.

## (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.11) 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.



Industry name	Definition
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.11), 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

With the increasing awareness of home quality, the renovation and design market is set for steady growth in 2024. KD Enterprise will continue to deepen its operations and expand its market. Since 2020, we have been expanding into the Southeast Asian and Middle Eastern markets. In 2021, the launch of ECO<sup>+</sup> Panels drove revenue growth. In 2022, the KD Modular Cabinets expanded application fields, and in 2023, the ECO<sup>+</sup> Laminates broke market stereotypes and strengthened brand positioning. In 2024, KD Interior Doors will be launched, integrating the selection of panels, cabinets, and door materials to create a one-stop spatial solution, enhancing overall design integration capability. KD continues to use a product strategy that emphasizes systematization, eco-friendliness, and diversification to expand market coverage and steadily accumulate the brand's long-term competitiveness.

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	2019	2020	2021	2022	2023	2024
Percentage of domestic sales	87%	88%	89%	88%	88%	88%
Percentage of exports	13%	12%	11%	12%	12%	12%

Data source: Compiled from MOEA's Statistics Database

In addition, the current status of Prefinished veneered panels, KD Wooden 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. Prefinished veneered 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 Wooden flooring

The main categories of wood flooring can be divided into solid wood flooring, engineered flooring, eco-friendly wood flooring, and high-durability wood flooring. Solid wood flooring is made by cutting whole logs, featuring natural texture and feel. However, it is sensitive to humidity and temperature changes, making it prone to deformation. Engineered flooring consists of a solid wood surface layer and a plywood structure, offering both aesthetics and stability, effectively reducing movement caused by thermal expansion and contraction. Environmentally friendly wood flooring utilizes non-toxic PP surface materials and a composite structure, featuring moisture and heat resistance suitable for variable climate environments. The ultra-durable wood flooring is composed of a scratch-resistant finish and a waterproof, soundproof substrate. It features high abrasion resistance, scratch resistance, waterproof properties, and deformation resistance, making it suitable for high-use frequency spaces such as residential and commercial areas.

The Company is a leading enterprise in selling wood flooring among domestic listed companies, mainly focusing on engineered type KD Wooden flooring, ECO<sup>+</sup> Flooring, and high-durability wood flooring. The engineered type KD Wooden flooring is divided into Hand-scraped and Wide Plank series, combining over 20 years of craftsmen's manual planing and coloring techniques, retaining the natural texture of solid wood and enhancing anti-slip safety. ECO<sup>+</sup> Flooring uses non-toxic PP surface material, has obtained the patent of invention, and is equipped with high-precision printing technology, combining environmental protection, safety, and visual texture. KD's super wear-resistant wood flooring is manufactured with a high-density abrasion-resistant layer and stable substrate, offering excellent scratch resistance, waterproofing, and deformation resistance. It continues the brand's consistent wood grain aesthetics, making it suitable for residential and high-traffic areas. The entire series offers professional on-site installation services, showcasing high quality and comprehensive spatial solutions.

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, flame resistance, and antibacterial properties. For daily maintenance, they can be wiped directly with a dry or wet rag, featuring easy maintenance. 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, painting, mosaic, and pure colors, so that we can provide a wide range of product styles to satisfy various scenes.

d. KD Modular Cabinet

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 continue the essence of ECO<sup>+</sup> 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<sup>+</sup> 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. 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

Continuing the setup of modular woodworking system furniture provided by KD Modular Cabinets, a series of related products, KD Cabinet Doors, has been launched. The base material can be chosen according to needs as low formaldehyde F1 gravity-resistant particle board or plywood, and the surface material can be selected as KD Panels or ECO<sup>+</sup> Panels based on requirements. 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.

g. KD Interior Doors

KD Interior Doors inherit KD's consistent high quality and design language of panels, integrating surface aesthetics and door functionality to create a cohesive style and unified material selection for comprehensive spatial solutions. The door panel structure is sturdy, combined with a lightweight design and a silent door leaf system, effectively enhancing comfort and daily functionality. The surface material is made of non-toxic PP raw materials, featuring abrasion resistance, moisture resistance, and easy cleaning properties, making it suitable for various residential and commercial settings. In terms of color and pattern options, a variety of classic wood grains, solid colors, and different material textures are offered, extending KD's panel design concept. This ensures that walls, cabinets, and doors complement each other, creating a highly integrated spatial style. It also supports various door designs and opening methods to meet the needs of different usage scenarios.

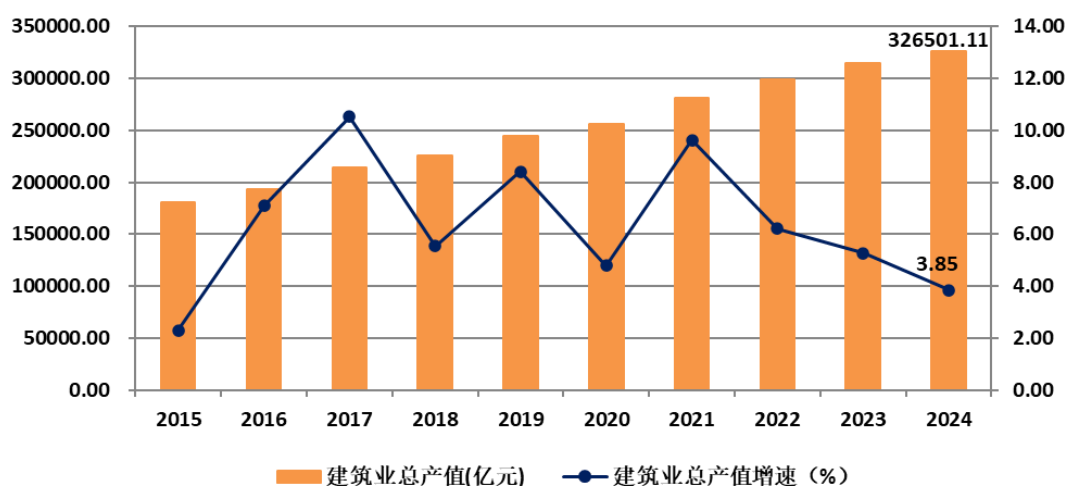
(2) China

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, bringing 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 2024" published by China Construction Industry Association, the total output of the building interior decoration industry increased from CNY18.0757 trillion in 2015 to CNY32.6501 trillion in 2024, an increase of 3.35% YoY from 2023, with the growth rate slightly decreasing by 3.85% compared with the previous year.

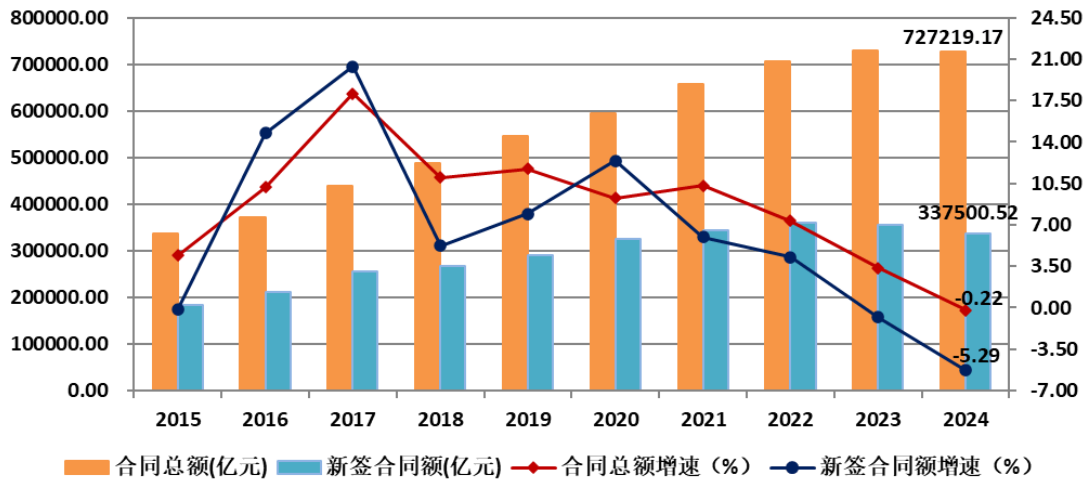
China's build interior decoration industry total output and the growth rate thereof between 2015 and 2024



Data source: CHINA CONSTRUCTION INDUSTRY ASSOCIATION

In 2024, the contracts signed by construction companies in China was worth CNY72.7219 trillion, a growth of 0.34% YoY from 2023. Among them, the value of newly signed contracts this year was CNY33.75 trillion, a decrease of 5.21% from last year.

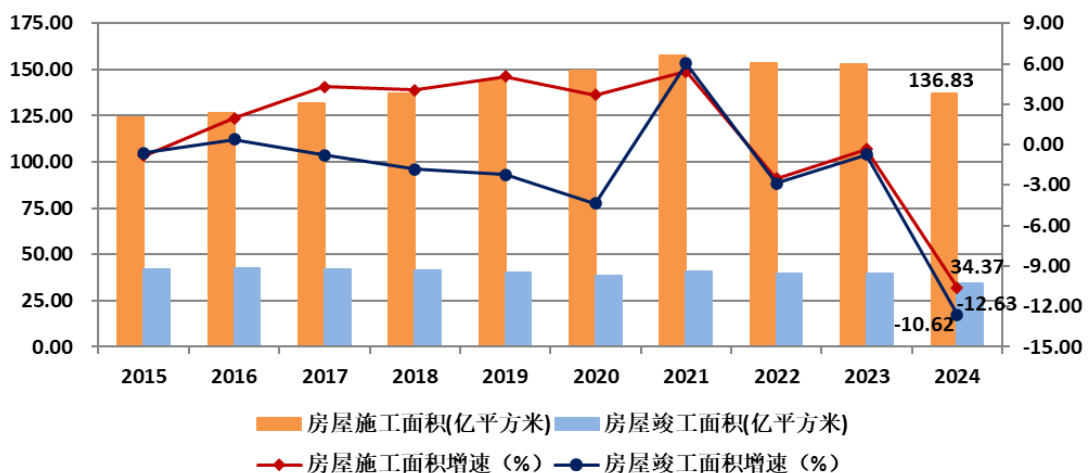
The worth of all the contracts signed by construction companies in China, the worth of newly signed contracts, and the growth rate, between 2015 and 2024



Data source: CHINA CONSTRUCTION INDUSTRY ASSOCIATION

In 2024, the total floor area under construction by China's construction companies is projected to be 13.683 billion square meters, a decrease of 9.59% from the previous year. The total completed construction area is expected to be 3.437 billion square meters, a decrease of 10.87% from the previous year.

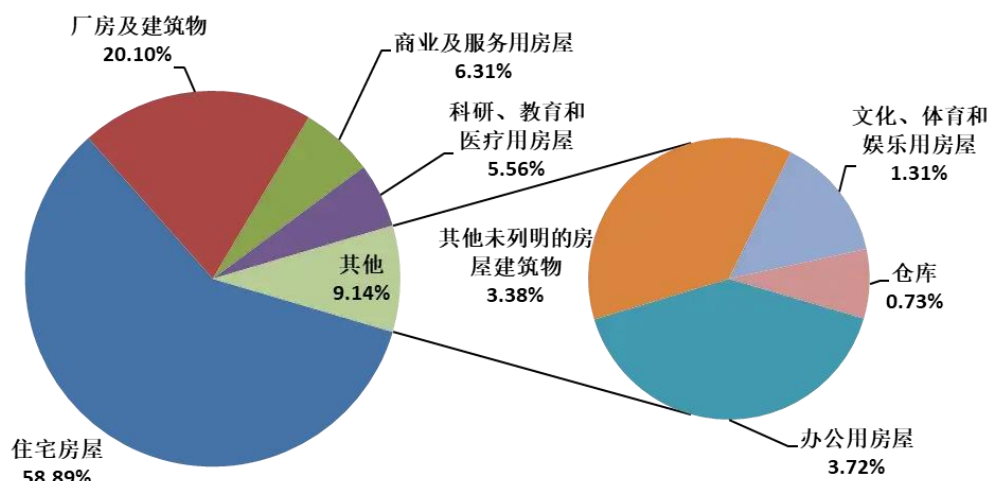
Total building in area terms under construction or completed construction by China's construction companies, and the growth rate thereof, between 2015 and 2024



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 58.89%; the area of completed plants and buildings, accounting for 20.1%; the area of completed commercial and service premises, accounting for 6.31%; the area of completed buildings for research, education, and healthcare, accounting for 5.56%; and the area of other completed housing units, accounting for less than 5% each.

Composition of the total area of enterprise buildings completed by China's construction companies in 2024

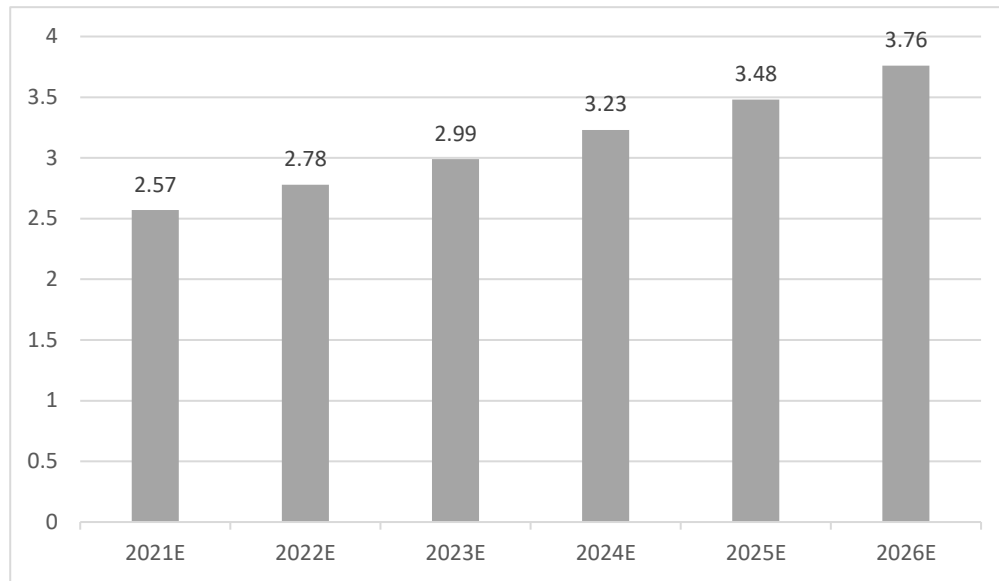


Data source: CHINA CONSTRUCTION INDUSTRY ASSOCIATION

According to the "2024–2029 Home Decoration Industry Status and Future Development Trend Analysis Report" by CIConsulting, the market size of China's home decoration industry reached CNY4.28 trillion in 2023, demonstrating strong growth momentum. Although affected by fluctuations in the real estate market, the home decoration market in 2024 is estimated to reach CNY3.56 trillion, entering an adjustment phase in the short term. However, the overall market has a large base and holds long-term growth potential. As an important component of the home decoration industry, the fully decorated market is also continuously expanding, reaching CNY1.3356 trillion in 2023, and is estimated to reach CNY1.3831 trillion in 2024, with an annual growth rate of 3.6%.

On the other hand, with the continuous advancement of new-type urbanization policies, the proportion of urban population in China is steadily increasing. According to the data from the National Bureau of Statistics of China, by the end of 2023, the urbanization rate of the resident population nationwide had reached 66.16%. The optimization of the urban population structure and the improvement in living quality trends drive the release of diverse demands such as old house renovation, full house remodeling, and partial refurbishments, providing stable and continuous growth momentum for the home decoration industry.

Forecast of the output of the interior decoration of residential units between 2021 and 2026 (Unit: in trillions of CNY)



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

The current status of Prefinished veneered panels, KD Wooden flooring, and ECO<sup>+</sup> Panels in Mainland China is described below:

a. Prefinished veneered panels

Prefinished veneered panels, referred to as wood veneers 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 wood veneer include stone, ceramic, metal, wood, and more. Common types of wood 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.

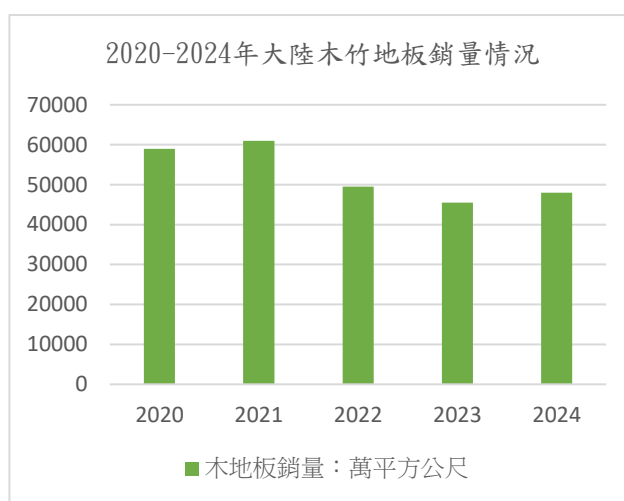
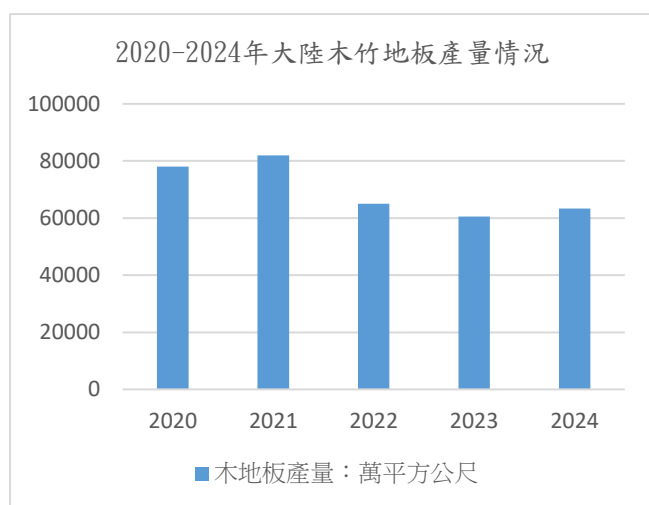
According to the "2024-2029 China Residential Renovation Industry In-depth Research and Investment Opportunity Analysis Report" by CIConsulting, it is estimated that by 2025, the market size of China's home decoration industry will reach CNY3.78 trillion, with demand for decorative panels used as key materials for walls, floors, and cabinets also growing in tandem. This trend is driven by multiple factors: the ongoing advancement of urbanization is boosting the demand for new residential and commercial space decoration; the acceleration of renovations for a large number of existing homes is injecting new momentum into the mid-to-high end decoration materials market; at the same time, consumers' increasing emphasis on living quality and personalized design is driving the demand for diversified and high-quality surface materials. Furthermore, the widespread awareness of environmental protection has also made green building materials popular, with demands such as low formaldehyde and low VOC emissions becoming key considerations in material selection. Overall, the decorative panel market is expected to maintain a stable growth trend driven by the dual demands of



stock and increment. Therefore, the Company will continue to keep abreast of market trend changes and flexibly adjust product layouts and strategic directions to enhance overall competitiveness and steadily expand market opportunities.

b. KD Wooden flooring

Since the 1980s, the KD Flooring industry in China has developed over several decades, gradually establishing a complete industrial system that encompasses production, sales, installation, and after-sales service, along with a diverse range of categories and specifications. According to the statistics of the China Forestry Industry Association, the total sales volume of flooring products from enterprises with a certain scale in China reached 917 million square meters in 2021, with wood and bamboo flooring accounting for approximately 413 million square meters. Among wood and bamboo flooring, engineered hardwood flooring performed better in sales, reaching 148 million square meters, with an annual growth of 7.03%. Meanwhile, laminate flooring, solid wood flooring, and bamboo flooring showed declines of varying degrees, with sales of 195 million square meters (-2.01%), 39 million square meters (-4.88%), and 26 million square meters (-9.09%), respectively. In recent years, with the steady increase in national income and overall consumption level in China, KD Flooring has become an important option for residential renovation. Additionally, the rapid development of e-commerce platforms and project channels has driven overall market demand.



Data source: National Forestry and Grassland Administration of China, CEIC

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

ECO<sup>+</sup> 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<sup>+</sup> Panels and KD Panels, and the development of different materials market, which will help ECO<sup>+</sup> Panels to grow in sales volume.

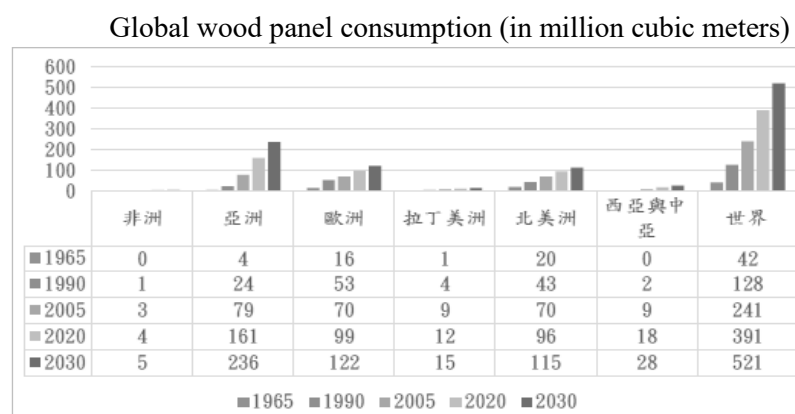


## B. Overview of the green building industry

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.



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<sup>+</sup> Panels, ECO<sup>+</sup> Laminates, KD Modular Cabinet, KD Interior Doors, and other related 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<sup>+</sup> 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<sup>+</sup> 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<sup>+</sup> 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

With the increasing emphasis on energy conservation, carbon reduction, and ESG sustainability issues globally, green buildings have become an important development trend in the building materials industry. According to market research agencies, the size of the global green building market is projected to grow from USD272.05 billion in 2024 to USD432.79 billion in 2029, with a compound annual growth rate of 9.73%, indicating a continuous rise in demand for eco-friendly building materials. The Company continuously invests in the research and development of eco-friendly materials and processes, and has obtained multiple professional certifications such as the FSC forest certification, ISO 14001 environmental management certification, and the Green Building Material Mark. Its products meet the standards of green buildings for health, environmental protection, and low emissions, providing a competitive advantage in the growing global market.

(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.

(6) The demand for diverse styles and modular applications has increased.

As residential space design becomes increasingly personalized, the market's demand for flexibility in building material styles and sizes has significantly increased. The Company, responding to design trends, has expanded product color options and launched various different material textures and customizable large-size panels to meet the demand for customization and system modular applications, enhancing spatial integration and construction efficiency.

#### 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) Overview of Technology and Research and Development (R&D expenses incurred and technologies or products successfully developed during the most recent year and up to the publication date of this annual report)

Although the Company does not engage in foundational independent technology research and development, it continuously incorporates advanced technologies with market maturity in the field of KD Panels manufacturing. These technologies are widely applied to automated processes, quality control, and the use of eco-friendly materials, comprehensively enhancing production efficiency and product competitiveness.

In terms of health and eco-friendly building materials, KD Enterprise upholds its commitment to user safety and environmental sustainability by actively selecting low-formaldehyde, low-VOC (volatile organic compounds) substrates and eco-friendly bonding technologies. The company has fully implemented and obtained the Japanese F★★★★ certification, which represents the lowest formaldehyde emission level in Japan's building standard regulations, ensuring that the products comply with the highest safety standards for indoor air quality. In addition, the Company's products have also obtained the Singapore Green Label certification, highlighting international recognition for its environmental friendliness, energy conservation, carbon reduction, and sustainability, further expanding trust and sales advantages in the overseas market.

KD Enterprise also maintains close cooperation with industry chain partners and academic and research institutions, actively participating in government-promoted green manufacturing and industrial upgrading projects. Through data integration and process optimization, the company enhances production efficiency, stabilizes quality, and reduces energy consumption, laying a solid foundation for achieving sustainable development goals.

#### (IV) 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, KD continues to focus on the field of healthy building materials with market potential. With keen market foresight, the company continuously develops innovative products to provide customers with one-stop indoor building material solutions. In 2024, KD Interior Doors will be launched with ECO<sup>+</sup> Panels as the primary surface material, extending the concept of health and non-toxicity to door applications, and constructing a stylistically consistent interior building material system. In the same year, ECO<sup>+</sup> bathroom cabinets with PP-faced materials and moisture-resistant structures will also be launched, expanding healthy building materials to bathroom spaces to meet the needs of diverse living environments. In the future, we will continue to deepen the application of PP materials and plan to upgrade the ECO<sup>+</sup> Panel designs in 2025. This will further enhance product design diversity and market appeal, as well as optimize existing printing technology and process stability, continually strengthening the core competitiveness of healthy building materials.

###### C. Content Marketing and Promotion

Continuously promoting content marketing strategies by producing practical and valuable content, deepening customers' understanding and positive perception of the brand and products. The content format includes blog articles, social media posts, and multimedia materials, leveraging platforms such as Facebook, YouTube, Instagram, TikTok, and Xiaohongshu for diverse promotions, aligning closely with the usage habits of the target audience. In recent years, we have also invited celebrities and influencers to share their testimonials and collaborate in live shoots, expanding the brand's influence and product reach. In response to changes in digital usage behavior, KD further optimizes digital service processes by offering online appointment booking, quick ordering, and one-to-one personalized introductions. Through tools like LINE and SMS, KD proactively interacts with customers, guiding them to the official website or service forms. This enhances the customer experience and establishes real-time, two-way digital 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, and strengthen relationships with local partners to steadily promote brand internationalization. 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. In 2024, we actively expanded the franchise system, with locations across Taiwan surpassing 200. Simultaneously, plans are underway to promote overseas



franchise business. Looking to 2025, we will expand the scale of regional operations and plan to establish directly operated branches in Japan, the UK, and Germany. This will combine local operations with brand services to create a flexible and in-depth global market layout. With short delivery times, high quality, and a focus on health and non-toxicity as core advantages, KD continues to expand its international customer base, moving towards becoming a leading global 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

In the face of continued shifts in industry structure and intensifying international market competition, KD still adheres to the management principles of "utilizing technology, continuous innovation, deep rootedness, and stable growth," continuously optimizing operational performance and R&D capabilities, expanding market territory, and deepening brand value. In recent years, we have actively promoted product diversification, digital transformation, and international deployment, creating a flexible and resilient operational system. In the future, we will continue to focus on health, environmental protection, and high quality as our core values, precisely responding to market demands and steadily moving towards becoming a leading global brand in healthy building materials.

## II. Market and production and sale status

### (I) Market analysis

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

Unit:

NT\$1,000

Area \ Year		2023		2024	
		Amount	Percentage (%)	Amount	Percentage (%)
Domestic sales		1,603,915	67.53	1,925,344	76.91
Exports	Mainland China	551,766	23.23	296,906	11.86
	Other areas (note)	219,266	9.24	281,080	11.23
	Sub-total	771,032	32.47	577,986	23.09
Total		2,374,947	100.00	2,503,330	100.00

Note: Other areas include other Asian countries, the Americas, Oceania, etc.

#### 2. Market share

There are no listed companies which simultaneously engage in the production and sale of prefinished veneered panels, wood flooring, ECO+ Panels, ECO+ Laminates, system cabinets, 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

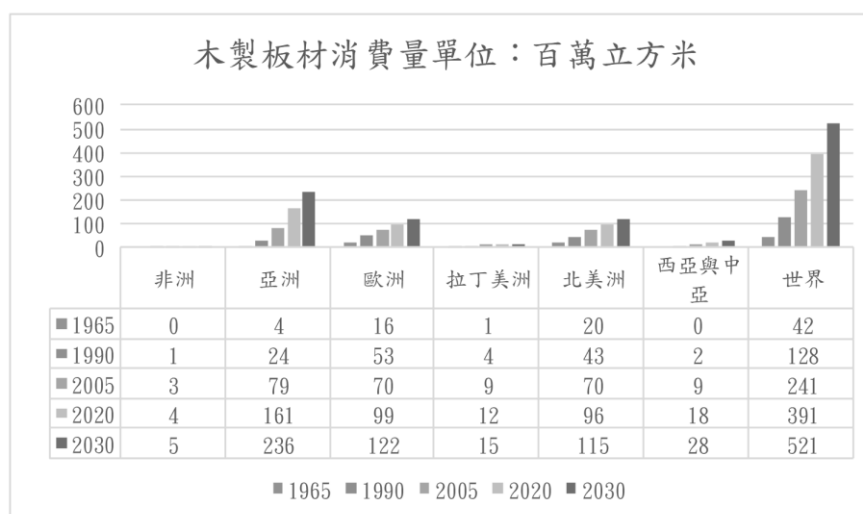
publishes a sales statistics report of this industry. Therefore, the Company is unable to make any consumption-based calculation of its market share.

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 "2024–2029 Home Building Materials Industry Market In-depth Analysis Report" published by CIconSulting, the market size of China's home building materials industry has grown from CNY1.51 trillion in 2011 to CNY3.9 trillion in 2021, with an average annual compound growth rate of 9.7%. The retail chain market size also increased from CNY565 billion in 2015 to CNY1.3239 trillion in 2023. It is estimated that by 2025, the total retail sales will reach CNY5.2 trillion, with a compound annual growth rate of approximately 3% between 2021 and 2025.

In the first half of 2024, as fixed asset investment and manufacturing capital expenditure gradually recover, investment and consumer demand in building materials also rebound simultaneously. The renovation peak season, "Golden September and Silver October," is expected to drive an increase in the demand for the renovation of existing homes and construction decoration materials. The production and sales performance of products such as ceramic tiles, stone, and waterproof materials are gradually rebounding, and prices are also stabilizing.

Overall, the market supply and demand structure is gradually balancing, and consumers' demand for high-quality, eco-friendly, and smart building material products is steadily increasing. The



industry is moving towards added value and research and development orientation, providing The Company with favorable opportunities to deepen its layout and launch high-value products.

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.

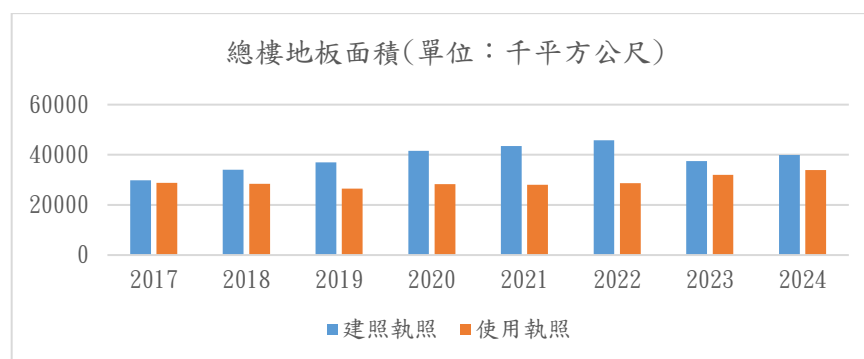
KD products, with quality superior to market offerings, better meet market demand. Full renovation of residences is an inevitable trend in the future development of the real estate industry. On May 4, 2017, the Ministry of Housing and Urban-Rural Development of China issued the "13th Five-Year Plan for 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 positive growth for six consecutive years, though it slightly declined in 2023, reflecting a slight slowdown in demand for new construction projects. However, in the same year, 31,956 building use licenses were issued, a significant increase from 2022, indicating that the market remains dynamic and the number of proposals has not seen a noticeable slowdown. By 2024, both building construction licenses and usage licenses show a growth trend, indicating that the construction market continues to be active. The simultaneous growth in developer project proposals and completed handovers helps drive subsequent renovation demand and the stable development of the building materials market.

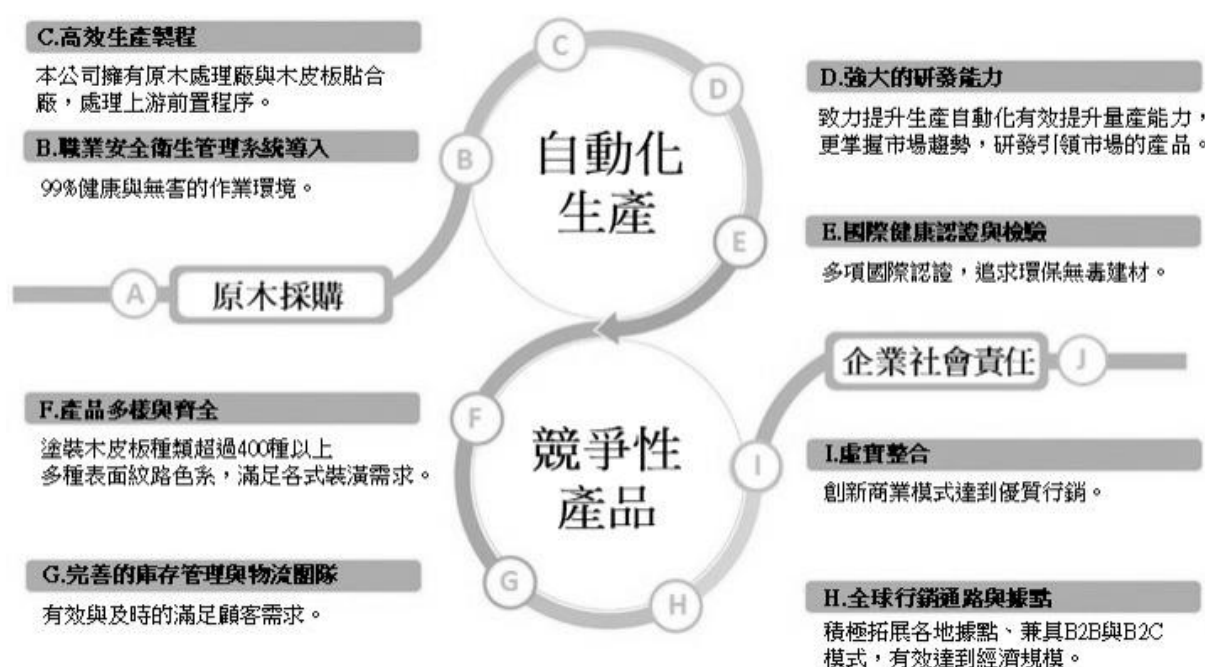
Total floor area represented by the building construction permits and building use permits issued between 2017 and 2024 (unit: in thousand square meters)



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&D capability:






- 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.
- 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.
- 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:

- 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.
- 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.
- 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.
- The ECO+ Laminates have passed various tests, such as Grade 1 flammability, abrasion resistance, pollution resistance, water resistance, surface abrasion resistance, alternation of heat and coldness, formaldehyde emissions, and antibacterial tests.

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

Certification and marks				
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**

Through a sound inventory management operating system, KD precisely grasps product inventory and sets up logistics centers and its own logistics vehicle fleet at key locations. The overall logistics service outperforms competitors, capable of quickly delivering quality products to customers and responding to market demands in a timely manner.

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

In response to the digital transformation trend, KD has established a professional customer service team at its headquarters in Taiwan and set up online appointment and ordering platforms to enhance remote sales services. Through data analysis and real-time communication tools, combined with local business support, we quickly respond to customer needs. In 2024, we focus on the in-depth expansion of the franchise business, enhancing market penetration through high-density distribution layouts. Coupled with standardized store management and brand support mechanisms, we assist franchise partners in swiftly integrating systems to ensure quality consistency. Throughout the year, we actively expanded, with national locations surpassing 200, effectively constructing a scaled and efficient channel network. Looking to 2025, KD will continue to strengthen its franchise system while simultaneously advancing its directly operated layout. It plans to establish directly operated branches in Japan, the UK, and Germany, steadily expanding its overseas market operations.

**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. It also encourages employees to participate in environmental actions such as beach cleanups and tree planting, combining corporate sustainability

concepts with local action to deepen the value of social engagement. Upholding the original intention of "Share Company Profits with Employees and Society," Keding continues to fulfill its corporate social responsibility, thereby shaping a good corporate image and injecting a positive influence into the industry.

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

A. Positive factors

a. Globally concerned environmental issues

In response to the trends of net-zero carbon emissions and green buildings, 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. Among the green building materials applied, paints account for 32% and panels for 40%, representing the largest proportions (Source: Industrial Economics and Knowledge Center [IEK]), indicating the high market demand for eco-friendly coating and panel products.

The Company holds multiple professional eco-friendly certifications, including the Green Building Material Mark and certification by the Forest Stewardship Council (FSC). The prefinished veneered panels under the brand are treated using special technology, which can significantly reduce the formaldehyde content generated during the laminating process. Spray-painting is completed before leaving the factory, eliminating the need for on-site sanding, reducing construction pollution and occupational hazards for decoration workers, and simultaneously lowering the health risks caused by toluene residue after moving in. The eco-friendly manufacturing process not only reflects the importance placed on the environment and living quality but also aligns with market policy directions, helping to enhance product competitiveness and business growth.

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, possessing the advantages of economies of scale and systematic operations. With the continuous expansion of sales regions, in addition to being able to strictly control product quality and lead time, high-level services can also be steadily provided. This gives the company a comprehensive competitiveness that other SMEs in the industry find difficult to match, making it highly favored in the market.

At the same time, The Company is actively promoting product line diversification by launching new series such as super wear-resistant wooden flooring and KD Interior Doors, further expanding application fields and broadening market coverage. Diversified operations help to disperse risks, stabilize operational momentum, and strengthen the brand's capability in providing comprehensive solutions in the building materials field.

B. Negative factors

a. Shortage of mid-level and top management

As the corporate territory continues to expand, including rapid overseas market expansion

and franchise system growth, the demand for talent in organizational management, operational coordination, and brand maintenance is increasingly rising. In the current market, mid-to-high level talents with industry experience and international vision are relatively scarce and difficult to quickly recruit in large numbers, posing challenges to the globalization and stable growth of enterprises. At the same time, in response to the needs for digital transformation and product innovation, there is an urgent demand for outstanding talents with cross-disciplinary integration, data application, and marketing activation abilities. It is necessary to continuously strengthen recruitment, training, and retention strategies to support enterprise transformation and sustainable growth.

Response measures:

To address the challenge of a shortage of mid-level and senior talents, the Company continues to implement a dual strategy of retention and cultivation of talents. Apart from providing comprehensive welfare and smooth promotion systems, the Company also plans job rotations, project assignments, and overseas postings to encourage employees to develop multi-functional capabilities. Through internal training and external manager courses, we cultivate potential talents for promotion to management positions, gradually strengthening the succession pipeline for mid-level and top management. And continue to recruit professional talents with industry experience and international vision to enrich the management team, supporting the development needs of the company's local rooting and overseas expansion.

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

Affected by the global tightening of wood supply, increasing demand for certain tree species, and adjustments in some international import and export policies, prices of raw materials such as logs have fluctuated. Coupled with rising transportation fees and labor costs in recent years, the overall procurement cost continues to rise. Under the interaction of the above factors, the overall price of raw materials shows an upward trend.

Response measures:

In order to stabilize the supply of raw materials and respond to price fluctuations, the



Company not only continues to expand the development and cooperation scope of its suppliers but also enhances the flexibility of its procurement strategy by adopting multiple sources to diversify risk. Conduct regular comprehensive assessments of price and quality for key materials such as logs, and build bargaining advantages on the basis of long-term stable orders. At the same time, prepare materials in advance according to market changes and manage the procurement pace to reduce the impact of sudden price increases on cost control.

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.

e. Price competition pressure on products such as ultra-durable KD Flooring

In recent years, products with price advantages, such as ultra-durable KD Flooring and SPC flooring, have rapidly penetrated the market, becoming the main options for price-oriented customers like the construction industry and developers. This has led to challenges in maintaining the competitiveness of The Company's high-end KD Flooring products in certain markets.

Response measures:

The Company has leveraged the opportunity to launch super wear-resistant KD Flooring products with waterproof, silent, and commercial-grade scratch-resistant features, extending the product line to cover different budget levels. This expansion targets a broader market audience and enhances overall brand coverage, meeting more diverse consumer needs and strengthening market competitiveness.

(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. The eco-friendly wood flooring uses non-toxic PP surface material and employs ultra-realistic printing technology to perfectly replicate the texture and appearance of real wood. It features an upgraded scratch-resistant and wear-resistant coating, and the island-style composite structure effectively resists moisture expansion. 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.

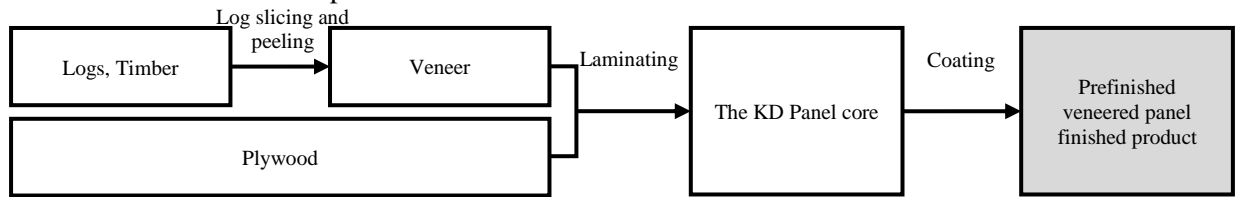
#### E. ECO<sup>+</sup> Laminates

ECO<sup>+</sup> Laminates continue the essence of ECO<sup>+</sup> 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<sup>+</sup> 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. The length of the customized size can reach 36 feet, which can perfectly support various types of casework, including high ceiling commercial space.

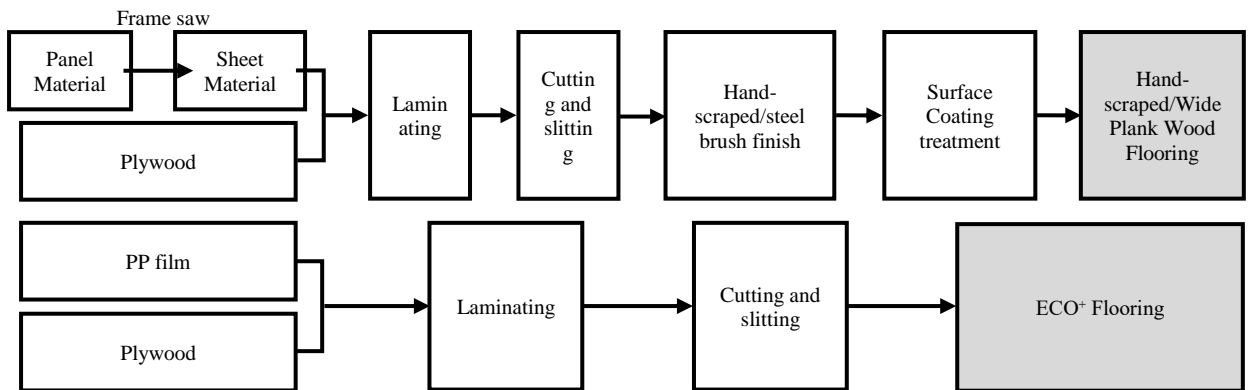


2. Production process: Below is a summary of the production process by type of products:

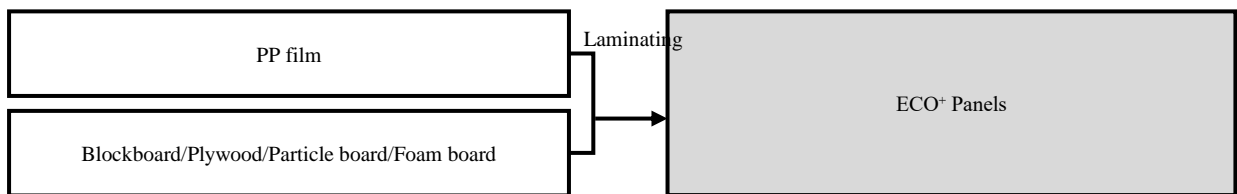
A. Prefinished veneered panels



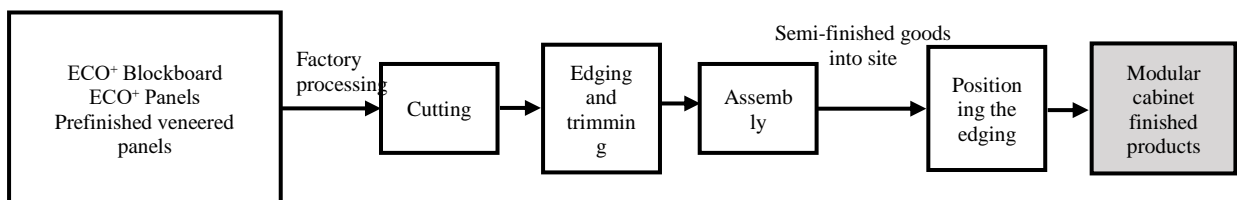
B. KD Wooden flooring



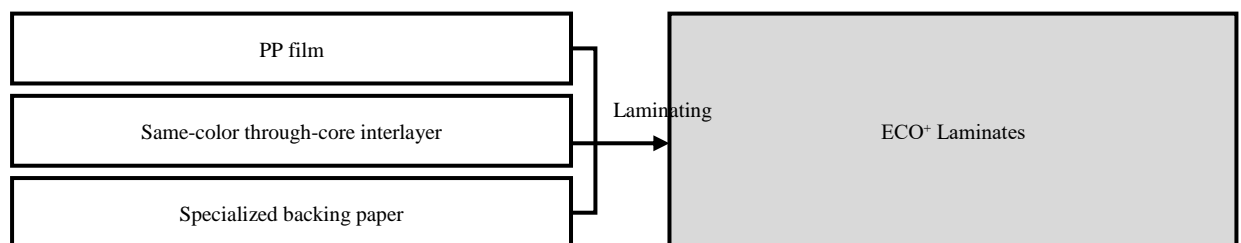
C. ECO+ Panels



D. KD Modular Cabinet



E. ECO+ Laminates



(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, Blockboard	Taiwan, Malaysia, Indonesia, China	Good
PP film	Japan, China	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: NT\$1,000

Item	2023				2024			
	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	20,084	3.07	None	Company A	178,443	18.29	None
2	Company B	96,312	14.72	None	Company B	160,292	16.43	None
3	Company C	83,274	12.72	None	Company C	119,609	12.26	None
4	Others	454,769	69.49	—	Others	517,498	53.02	—
	Net purchase amount	654,439	100.00	—	Net purchase amount	975,842	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 4.23% and 4.46% in 2023 and 2024, respectively. There was no single customer who accounted for 10% or more of the Company's total sales.

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

March 31, 2025

Year		2023	2024	As of March 31, 2025
Number of employees	Managers	4	4	4
	General staff	369	410	411
	Production line operators	297	237	346
	Total	670	651	761
Average age		33.92	34.15	33.88
Average service years		3.9	3.82	3.8
Education dispersion rate (%)	Ph.D.	0.15	0.31	0.26
	Master	6.42	9.55	8.28
	Junior college	66.33	60.86	63.73
	Senior high school	24.71	26.04	24.44
	Below senior high school	2.39	3.24	3.29

### IV. Environmental Protection Expenditure

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 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 2024, the Company's internal training courses totaled 95 courses and 251 hours. The external training courses totaled 42 courses and 197 hours, and the total training cost was approximately NT\$576 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 NT\$17,204 thousand in 2024.
- (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 44% 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 2021, the Company conducted mediation between the Company and four former business associates regarding overtime wage benefit recognition discrepancies.

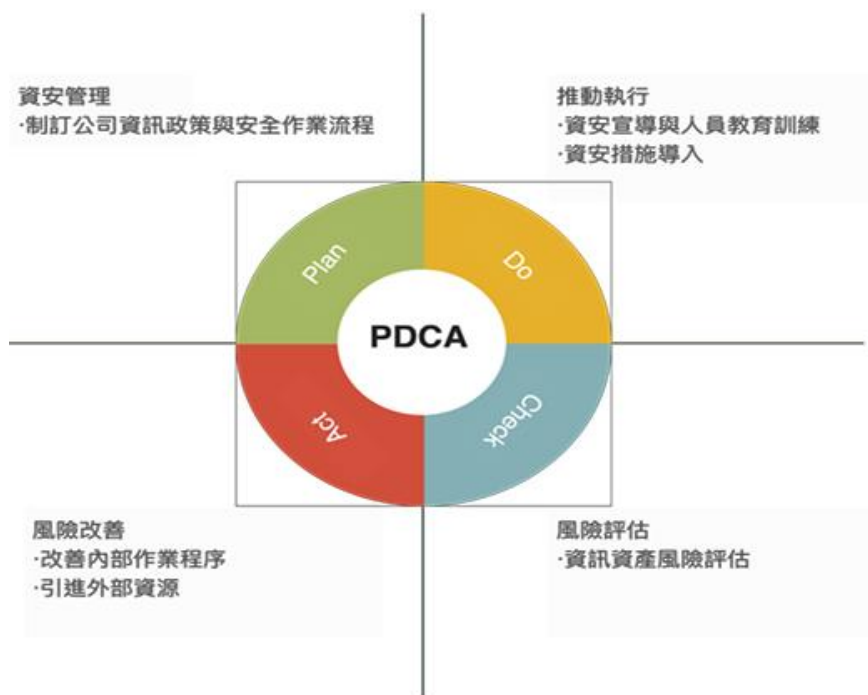
The debate ended on April 12, 2023, and the court ruled on June 5, 2023, that Keding must pay the plaintiff a total of NT\$63,695 for overtime. Dissatisfied with the judgment, the plaintiff filed an appeal on June 15, 2023. The second mediation was originally scheduled for December 14, 2023, but due to the plaintiff's low cooperation, it was canceled and moved directly into court proceedings. On January 25, 2024, a court hearing notice was received, scheduling the preparation procedure for March 14, 2024, at 3:30 PM, with an extension set for May 2, 2024, at 4:00 PM to continue the preparation procedure. As of the date of the annual report printing, the litigation is still ongoing. The estimated amount that may occur in the future is very small and has no significant impact on the company.

## 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 information 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	<ol style="list-style-type: none"> <li>1. Asset Inventory Regular annual inventory.</li> <li>2. Signing of renewal maintenance and warranty operations for important assets.</li> <li>3. Important system and data for local backup, off-site backup or cloud backup mechanism.</li> </ol>
2. Personnel management and training	<ol style="list-style-type: none"> <li>1. Continuously build up, publicize and promote the awareness of information security among employees to enhance information security progress.</li> <li>2. Irregular information security promotions.</li> </ol>
3. Physical and Environmental Safety Management	<ol style="list-style-type: none"> <li>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.</li> <li>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.</li> </ol>
4. Computer system and network security management	<ol style="list-style-type: none"> <li>1. External and personal computer network devices are not allowed to connect to the company network privately.</li> <li>2. Enterprise Wi-Fi systems can only be connected after system integration and validation. Important The data is protected by a file encryption mechanism.</li> <li>3. Use professional anti-virus software and update it automatically.</li> <li>4. Set up the new generation network firewall and set up the connection rules to ensure the safety of use.</li> <li>5. Set up endpoint protection for server hosts, information units, and senior executives.</li> <li>6. Use SSL VPN to add a secondary authentication MFA mechanism.</li> <li>7. Mail system spam transfer, virus threat protection and host computer vulnerability scanning and major patch updates.</li> </ol>

Management Issues	Work Instructions
5. System access control security	1. System privileges are accessed according to the employee's duties and functions through the privilege application process. Yearly Conduct regular authority reviews. 2. Principles for setting passwords, locks and complexity. 3. Server login adopts an MFA mechanism.
6. Security management for system development, exploitation and maintenance.	1. The information security requirements of self-developed or outsourced systems should be taken into consideration. Maintaining, updating, upgrading and version change operations of the system to avoid improper hazards.
7. Operational continuity	1. Risk assessment and disaster recovery drills are conducted annually in accordance with the company's business continuity plan. The company also conducts system disaster recovery drills to ensure the availability of the information system. 2. The backup mechanism follows the 3-2-1 principle.

(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. 2025 Estimated Input Security Budget, approximately NT\$3.3 million, consisting of:

Information Security Classification	Content	Amount (NT\$10 thousand/year)
Operational Continuity and Disaster Preparedness	Backup Equipment and Exercise Related Costs	1.5 million
Information Security Boundary Protection	Replacement and maintenance costs for anti-virus software, SPAM, endpoint protection, MFA, and other protective equipment.	1.8 million

(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
Event statistics for 2024 (cases)	0	0	0 [Note 1]
Event statistics for 2025 (cases)	0	1 [Note 2]	0

[Note 1] On January 9, 2024, 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.

[Note 2] On March 17, 2025, 07:30, "CrazyHunter" ransomware attack occurred with no leakage of personal data files. The affected systems were operated using backup systems, and the systems were gradually restored from March 17 to March 26. However, the EIP system was damaged and cloud backup files were abnormal. As it coincided with the introduction of a new BPM system, it was decided to abandon the rescue operation.





## VII. Important Contracts

Contract type	Party	Contract term	Main content	Restrictive covenants
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	Chang Hwa Commercial Bank, Ltd.	2024.07.03-2027.07.03	Capital loan	Land and buildings as collateral
Loan agreement	Chang Hwa Commercial Bank, Ltd.	2024.06.26-2031.06.26	Capital loan	Land and buildings as collateral
Loan agreement	Chang Hwa Commercial Bank, Ltd.	2024.06.26-2044.06.26	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	Taiwan Business Bank	2024.05.30-2027.05.30	Capital loan	Land as collateral - factory financing
Loan agreement	Sunny Bank	2023.09.28-2026.09.28	Capital loan	Land and buildings as collateral
Project contract	Lih Hwa Construction Company Limited	2023.09.04-2025.11.02	Owned land entrusted construction project contracting	-

## Five. 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	2023	2024	Difference	
			Amount	%
Current assets	1,546,191	1,724,484	178,293	11.53%
Property, plant, and equipment	4,546,635	3,698,250	(848,385)	(18.66%)
Intangible assets	6,529	12,355	5,826	89.23%
Other assets	643,753	3,001,992	2,358,239	366.33%
Total Assets	6,743,108	8,437,081	1,693,973	25.12%
Current liabilities	1,736,823	1,622,243	(114,580)	(6.60%)
Non-current liabilities	2,626,669	4,338,895	1,712,226	65.19%
Total liabilities	4,363,492	5,961,138	1,597,646	36.61%
Share capital	821,813	821,813	0	0.00%
Capital reserves	364,036	78,385	(285,651)	(78.47%)
Retained earnings	1,118,608	930,740	(187,868)	(16.79%)
Other equity interest	308,275	979,741	671,466	217.81%
Treasury shares	(236,661)	(337,671)	(101,010)	42.68%
Total Equity	2,379,616	2,475,943	96,327	4.05%

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 Other assets: Mainly due to an increase in investment real estate.
- (2) Increase in non-current liabilities: Mainly due to an increase in long-term loans.
- (3) Decrease in capital reserves: Mainly due to the distribution of cash dividends.
- (4) Increase in other equity interest: Mainly due to revaluation appreciation of investment real estate.
- (5) 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	2023	2024	Increase or decrease amount	Percentage of change (%)
Net operating revenue	2,374,947	2,503,330	128,383	5.41%
Gross profit	1,103,943	1,301,247	197,304	17.87%
Operating profit or loss	325,232	461,213	135,981	41.81%
Non-operating income and expenditure	(28,194)	11,390	39,584	140.40%
Profit before tax	297,038	472,603	175,565	59.11%
Net profit of the current period	238,443	385,671	147,228	61.75%
Other comprehensive income (net after tax) for the period	5,945	671,559	665,614	11,196.20%
Total comprehensive income for the period	244,388	1,057,230	812,842	332.60%
Net profits attributable to owners of the Company	237,072	386,374	149,302	62.98%
Total comprehensive income attributable to owners of the parent.	243,131	1,057,840	814,709	335.09%
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 or loss: Mainly due to revenue increase and process automation improvements leading to cost reduction.				
(2) Non-operating income and expenditure: Mainly due to the increase in gain from the fair value adjustment of investment real estate and an increase in net foreign exchange gains.				
(3) Profit before tax and net profit of the current period: Mainly due to an increase in revenue and process automation improvements leading to cost reduction, resulting in an increase in profit before tax and net profit of the current period.				
(4) Other comprehensive income: Mainly due to revaluation appreciation of investment real estate.				
(5) Total comprehensive income, net profit, and total comprehensive income attributable to owners of the company: Mainly due to an increase in profit before tax and revaluation appreciation of investment real estate.				

### III. Cash Flow Analysis

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

Unit: 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
124,912	460,423	-469,252	116,083	-	-
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.					

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: 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
116,083	1,027,111	-945,556	197,638	-	-
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\$505,021 thousand and NT\$624,583 thousand in 2023 and 2024 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: NT\$1,000

Investee	Profits (losses) recognized in 2023	Profits (losses) recognized in 2024	Reason for profits or losses	Improvement plan
Keding (Hong Kong) Enterprises Limited	3,434	1,296	Mainly due to stable growth in orders.	-
Keding Enterprises Pte.Ltd.	28,252	20,282	Mainly due to stable growth in orders.	-
Keding Enterprises Sdn. Bhd.	9,075	1,222	Mainly due to stable growth in orders.	-
Keding Enterprises Co., Ltd.	(5,678)	30,236	Gains on investment in investees in China that are accounted for using the equity method.	-

Investee	Profits (losses) recognized in 2023	Profits (losses) recognized in 2024	Reason for profits or losses	Improvement plan
Keding Enterperises Inc.	(1,581)	(2,559)	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	(2,670)	(4,821)	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	(2,298)	(1,054)	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)	(4,832)	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 Vietnam Co., Ltd	(428)	636	Mainly due to stable growth in orders.	-
Keding Enterprises (Korea) Co., Ltd.	2	(110)	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.



Investee	Profits (losses) recognized in 2023	Profits (losses) recognized in 2024	Reason for profits or losses	Improvement plan
Keding Enterprises (Thailand) Co., Ltd.	(1,744)	(2,659)	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.	2,622	(383)	Mainly due to a slight decline in orders.	-
Keding (Shanghai) Trading Co., Ltd.	(5,633)	30,265	Mainly due to the implementation of cost control, leading the operations from loss to profit.	-
Keding (Wuxi) New Decorative Materials Co., Ltd.	-	(4,215)	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.

(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 expenses in 2023 and 2024 were NT\$61,327 thousand and NT\$71,578 thousand, respectively, accounting for 2.58% and 2.86% of the operating revenue in each period. These expenses mainly stem from the financial costs of short and long-term borrowings, short-term notes payable, and lease liabilities. Given that the amounts are relatively minor, their impact on the Company's overall operations is minimal. Therefore, the effect of interest rate changes on the Company's profits or losses is limited. Moving forward, the Company will continue to monitor changes in the domestic and international economic environment and take necessary measures in a timely manner to mitigate the risks posed by interest rate fluctuations on the Company's profits and losses.

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 2023 and 2024 were NT\$(6,605) thousand and NT\$9,634 thousand, respectively, accounting for (0.28%) and 0.38%, respectively, of the operating revenue in each period. Sales transactions between the Company and foreign customers are primarily denominated in USD, while procurement transactions with suppliers are mainly denominated in NT\$ and USD. Therefore, changes in the exchange rate of USD against NT\$ will impact the Company's profits or losses to a certain extent. Additionally, since the purchases made by the Company's subsidiaries in China are mainly denominated in USD, and CNY is used for daily operations, the appreciation of CNY against USD might increase the exchange gains of such subsidiaries. Hence, exchange rate fluctuations 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

The Company has consistently adhered to a market-oriented R&D philosophy, continuously investing resources in innovation of products and process technologies. We are committed to developing products with market potential, foresight, and growth to respond to the rapid changes in industry trends and customer demands.

Currently, the focus of research and development is on ECO<sup>+</sup> Laminates and KD Modular Cabinet related products, including KD Cabinet Doors and KD Interior Doors. In terms of material innovation, ECO<sup>+</sup> Laminates are made of non-toxic PP surface materials and feature a same-color translucent structure, effectively improving the common issues of black edges and lines found in traditional laminated products. Additionally, the bendable design enhances design flexibility and versatility in various applications.

In terms of modular cabinet products, KD Cabinet Doors and KD Interior Doors can be selected with KD Panels or ECO<sup>+</sup> Panels as surface materials according to customer needs, with a variety of options such as plywood and particle board available for the base material. The combination of mechanically processed rounded thick edge design can effectively prevent chipping and warping, improving the durability and overall quality of the Product.

In terms of process technology, the Company continuously refines the pre-processing technology of wood to increase the yield rate of the products, enhance color performance, and improve overall quality stability. In addition, in response to rising labor costs and demands for quality consistency, the company is actively promoting the integration of automated equipment and the optimization of production line processes, including the development of automation functions for the production process. This aims to save human resources, enhance mass production capability, and further consolidate market competitive advantage.

Looking to the future, KD will continue to uphold the spirit of "innovation, quality, and aesthetics," continually launching diverse and high-quality interior building materials and decoration products. We are committed to realizing consumers' visions of ideal living spaces and striving for dual enhancement of brand value and industry impact.

2. Expenditures expected for research and development work:

The Company's R&D expenditures are primarily allocated based on the rolling progress of new product and new technology development, with the aim of continuously enhancing innovation capabilities and consolidating market competitive advantage. It is expected that 2% to 5% of the operating revenue for the current period will be invested as R&D expenditures for manpower and resources dedicated to new

product development and technology upgrades.

The company will dynamically adjust the allocation of R&D resources based on actual operational conditions and market demand, ensuring that R&D plans remain sufficiently flexible to swiftly adapt direction and progress in response to market trends. While steadily advancing R&D output, we also ensure the maximization of resource utilization efficiency, further consolidating the Company's leading technological position in the building materials industry.

(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 main operational locations cover Taiwan, China, Singapore, and Malaysia, and the overall political and economic environment is currently considered stable. Production, sales, and operational activities of all products are conducted in accordance with the laws and regulations of the country where they are registered and where they actually operate. They strictly comply with local tax, labor, environmental, and import/export management regulations.

The Company has established a "Policy Monitoring and Risk Response Mechanism," comprised of a cross-departmental task force from finance, legal, and each Operation Unit. This team continuously monitors and analyzes policy trends and legal amendments in each operating region, with particular attention to changes related to industry development, trade regulations, labor laws, and tax systems. This approach enables the early identification of potential risks and proactive planning of response measures. For example, in response to trade barriers, export controls, changes in labor costs, or adjustments in minimum wage policies that may affect cross-border supply chains, The Company will address these issues by diversifying production locations, adjusting contract qualifications, optimizing operation models, or strengthening compliance internal control mechanisms to ensure operational stability and financial soundness.

Up to the most recent fiscal year and the publication date of this annual report, there have been no significant policy or regulatory changes domestically or internationally that have materially adversely affected the Company's financial condition and operations. Nevertheless, the Company will prudently respond to changes in the global political, economic, and regulatory environment, adjusting its business strategies in a timely manner to reduce potential impact risks.

(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.

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

Since incorporation, the Company has adhered to professional operations in running its core business, complied with relevant laws and regulations, continuously strengthened its internal management systems, and improved operational quality and performance to maintain a good corporate image and customer trust. In recent years and up to the printing date of the annual report, there has been no occurrence of changes in corporate image affecting operations. However, with the acceleration of information dissemination and the diversification of social focus issues, corporate image management has become a key issue. In the future, if there are occurrences of negative Volume, operational disputes, or poor ESG performance, they may all impact brand and trustworthiness. The Company will continue to implement corporate governance and principles of ethical business conduct, strengthen crisis response and communication mechanisms to reduce corporate risks, and steadily maintain corporate image and sustainable development.

- (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.

## 2. Sale

Sales to the 10 largest customers in 2023 and 2024 were 4.23% and 4.46%, 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) 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.**

## **Six. Special Items**

### **I. Information on Affiliates: The Company has duly announced on the MOPS [Affiliates and Related Parties Table Section].**

The access path is as follows: MOPS> Single Company> Electronic Document Download> Three-Book Form Area for Related Enterprises.

Website: [https://mopsov.twse.com.tw/mops/web/t57sb01\\_q10](https://mopsov.twse.com.tw/mops/web/t57sb01_q10)

### **II. Private Placement of Marketable Securities in the Most Recent Year and up to the Publication Date of This Annual Report: None.**

### **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.**



---

KD Panels | KD Flooring | ECO+ Panels | ECO+ Laminates