

U-Best Innovative Technology Co., Ltd.

2024 Annual Report

Annual report available at: <http://www.u-best-inno.com>

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II. U-Best Innovative Technology Co., Ltd.

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Name of CPA: Hsu Cheng-Long, Kao Yu-Lun

Name of firm: KPMG Taiwan

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URL: <http://www.kpmg.com>

V. Name of overseas exchange where securities are listed, and method of inquiry:

None

VI. Company website: <http://www.u-best-inno.com>

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One. A Message to Shareholders

Ladies and gentlemen:

Thank you for taking part in our 2025 general shareholders' meeting.

It is our utmost privilege to have you here in the shareholders' meeting, and we sincerely appreciate your long-term support and assistance to the Company.

I. 2024 business report

(I) Progress of the 2024 business plan and budget execution

For 2024, consolidated revenue was NT\$825,783 thousand, which was 52.74% of the estimated revenue of NT\$1,565,699 thousand and 59.88% higher than the consolidated revenue of NT\$516,505 thousand for 2023. Net loss attributable to the parent company for 2024 was NT\$64,924 thousand, which did not meet the target net income after tax, but an increase in profit compared to the net income attributable to the parent company of NT\$19,886 thousand for 2023. Major reason:

- (1) The main reason for not achieving the budget target is that the construction progress did not meet expectations.
- (2) Compared to the same period last year, the main reason for the increase is that the customer orders returned, the sales of new products and the consolidated revenue of the subsidiaries increased, and the unrealized gain on investment was recognized.

(II) Revenues, expenses, and profitability analysis

Unit: NTD thousands

Analysis	Item	2024	2023
Financial revenue and expenditure	Interest income	13,093	4,695
	Interest expenses	37,988	33,900
Profitability	Return on assets (%)	9.35	1.62
	Return on equity (%)	14.57	1.99
	Pre-tax profit to paid-up capital ratio (%)	42.26	5.36
	Net profit margin (%)	88.21	14.08
	Earnings per share (NTD)	0.38	0.14

(III) Research and development

In 2024, the Company spent NT\$18,773 thousand, or 2.27% of its revenue, on research and development. In 2024, the Company conducted testing and certification of various resins and composites.

II. Summary of the business plan for 2025

(I) Business strategy for the year

The Company's business strategy is "to seek vertical integration between peers in the industry and actively develop new markets and new products to increase the added value of products", and to pursue diverse development so that the company can focus on both the traditional PU market and the high-tech electronics industry, and can achieve the goal of developing and improving products for different applications and needs in the market with its own production and formula adjustment technology.

(II) Expected sales volume and its basis

There have been numerous unfavorable factors such as the continuation of the Russo-Ukrainian war, the uncertainty of the U.S. interest rate cuts, and the pressure of inflation. After the destocking of global footwear terminal brands in 2023, the Paris Olympics taking place in July helped the growth of orders for PU shoe materials and vapor-permeable films. The mobile phone manufacturers competed to launch foldable mobile phones will help the shipment of flexible HC materials. The Jiujiang construction project is being completed and the housed delivered, which will help the operational growth, and the revenue target is expected to increase from that in 2024.

(III) Important production and marketing policy - new market targets:

1. In light of environmental protection concerns, the Company will reduce the use of PU surface/base material resins and high-solids (85% and above) solvents, while focusing on the development of DMF/DMAC-free materials and solvent-free moisture curing PUR and TPU products.
2. Oil- and water-based furniture leather and automotive leather product development, and water-based surface treatment development.
3. In addition to the existing polyol products, the Company intends to develop special polyol applications and actively work with major manufacturers to increase production capacity utilization.
4. Fast-drying crosslinking agent application market development.
5. Dry and wet PU property enhancement and water-based products for garment products.
6. Strengthen quality control and reduce the occurrence of customer complaints to ensure profitability.
7. With the assistance of the ITRI, the Company aims to upgrade its precision coating process technology, so as to accelerate the mass production of hard coat film products and actively develop new sales items for its customers.

8. The Hu Mei Ti Ching project was launched for pre-sale in 2016. Due to the shrinkage of the high-total-priced luxury residential market as a result of the government's Integrated Housing and Land Tax policy, the project was closed in 2019 to be built first and sold later. The project was completed in April 2022 and licensed. During the same month, the original pre-sale deals closed progressively, and renovation of public facilities began. The project is expected to be officially completed and sold in the second quarter of 2024.
9. Continued construction projects and new projects to build various types of properties are expected to bring the Company abundant revenue and profitability.

III. The Company's development strategies

With its roots in Taiwan, the Company takes its Taiwan plant as the center of innovation, research and development, and operation and management. The Company also actively engages in strategic alliances in overseas markets, aiming to create maximum value for customers.

IV. Impact of the external competition, legal, and overall business environments

The Company has been in the PU resin field for many years and has rich and professional experience in PU resin manufacturing and service, and has formed a co-prosperity and mutual dependence relationship with its customers. Despite the constant fluctuation of petrochemical raw material prices, increasingly stringent environmental protection regulations, challenging changes in the external competitive environment, regulatory environment, overall business environment and market trend, the Company believes it can identify the situation and obtain the latest information through interaction with customers or various channels, and make appropriate countermeasures to overcome such challenges.

We appreciate your continued support and encouragement

Chairman: Chang Yu-Ming

President: Huang Nan-Hao



Two. Corporate Governance Report

II. Background information of directors, the President, vice presidents, assistant vice presidents, and heads of departments and branch offices: Background of directors (I)

March 30, 2025

Title (Note 1)	Nationality or place of registration	Name	Gender/age (Note 2)	Date elected/onboard	Term of service	Date first elected (Note 3)	Shareholding when elected		Current shareholding		Shareholding of spouse and underage children		Shares held in the names of others		Main career (academic) backgrounds (Note 4)	Concurrent duties in the Company and in other companies	Spouse or relatives second degree or closer acting as manager, director, or supervisor		
							No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage			Title	Name	Relationship
Chairperson	R.O.C.	Mason Holdings Co., Ltd.		2023.05.29	3 years	2010.06.18	90,000	0.06	90,000	0.05	-	-	-	-					
		Corporate representative: Chang Yu-Ming	Male 51-60				-	-	-	-	-	-	-	-	EMBA, National Taiwan University	Sun Yad Construction Co., Ltd. - Chairperson; Hsin-Li Chemical Industrial Corp. - Chairperson; Feei Cherng Enterprise Co., Ltd. - Chairperson; Myson Century Inc. - Chairperson			
Vice Chairperson	R.O.C.	Sun Yad Construction Co., Ltd.		2023.05.29	3 years	2011.06.18	22,506,152	16.14	22,506,152	12.64	-	-	-	-					
		Corporate representative: Liu Chen-Hsien	Male 51-60				-	-	-	-	-	-	-	-	Department of Business Administration, Shu-Te University, Kaohsiung Business Bank - Auditor	Director of Hsing Yi Asset Management Co., Ltd., Corporate director of Pony Leather Corporation	None	None	None
Director	R.O.C.	Sun Yad Construction Co., Ltd.		2023.05.29	3 years	2019.02.01	22,506,152	16.14	22,506,152	12.64	-	-	-	-					

		Corporate representative: Huang Nan-Hao	Male 41-50						40,000	0.02	-	-	-		Graduated from Feng Chia University; Boromi Optronics Corp. President; Sun Yad Technology Co., Ltd. - Assistant Vice President of Optoelectronics Segment	President of the Company, President of Pony Leather Corporation	None	None	None
Independent Director	R.O.C.	Yao Yu-Wen	Female 41-50	2023.05.29	3 years	2023.05.29					-	-	-		Vice CEO of Dao Teng Co., Ltd., Vice Chairman of Howard Eyewear,	Vice CEO of Dao Teng Co., Ltd.	None	None	None
Independent Director	R.O.C.	Chen Li-Hsin	Male 51-60	2023.05.29	3 years	2017.06.08	-	-	-	-	-	-	-		Master of Management, Nanhua University	Hua En Tobacco & Liquor Co., Ltd. - Manager	None	None	None
Independent Director	R.O.C.	Lin Yi-Chi	Female 51-60	2023.05.29	3 years	2020.06.18					-	-	-		EMBA, National Sun Yat-sen University	Jun-Feng Human Resources Co., Ltd. - Chairman	None	None	None
Independent Director	R.O.C.	Hu Ching-Hsi	Male 51-60	2023.05.29	3 years	2020.06.18	-	-	-	-	-	-	-		Department of Economics, Tunghai University	Feei Cherng Enterprise Co., Ltd. - Independent Director	None	None	None

Note 1: For corporate shareholders, list the names and representatives of the corporate shareholders separately (if it is a representative of a corporate shareholder, the name of the corporate shareholder should be indicated), and fill in Table 1 below.

Note 2: Please provide the actual age and expression in an interval is allowed, such as 41-50 years old or 51-60 years old.

Note 3: Fill in the time when first serving as a director or supervisor of the company. If there is any interruption, please provide an explanation.

Note 4: If the person is employed by the CPA firm or any of its affiliated company during the aforementioned time period, the job title and responsibilities must be stated.

Note 5: If the chairman of the company and the president or equivalent position (top manager) are the same person, spouse, or relative, explain the reasons, reasonableness, necessity, and corresponding measures (such as increasing the number of independent director seats, and having more than half of the directors not serving as employees or managers).

Major shareholders of corporate shareholders

March 24, 2025

Name of corporate shareholders (Note 1)	Major shareholders of corporate shareholders (Note 2)	Shareholding percentage
Sun Yad Construction Co., Ltd.	U-Best Innovative Technology Co., Ltd.	5.44%
	Ho Jui Investment Limited	1.42%
	Kao Jung-Te	1.35%
	Chi Hang Investment Limited	1.31%
	Shi Sheng-Chang	1.09%
	Citibank as custodian of Berkeley Capital S B L / P B investment account	1.04%
	Jing Hong Ltd.	0.71%
	Yang Wen-Ching	0.54%
	Mega Bank as custodian of Sandong Investment Co., Ltd.	0.47%
	Investment Account of JP Morgan Securities Co., Ltd. in the Trust of JP Morgan Chase Bank	0.42%
Mason Holdings Co., Ltd.	Chang Bai-Hung	30%
	Chang Jen-Wei	30%
	Chang Yu-Ming	20%
	Chang Hui-Fen	20%

Note 1: For directors and supervisors who are representatives of corporate shareholders, fill in the names of the corporate shareholders.

Note 2: Fill in the names of the major shareholders of the corporate shareholder (with the shareholding ratio among top 10) and the shareholding ratio. If the main shareholder is a corporate shareholder, the following Table 2 should be filled out.

Note 3: If the corporate shareholder is not a company, the name of the shareholder and shareholding ratio that should be disclosed in the preceding paragraph are the capital contributor's or donor's

(refer to the announcement of the Legislative Yuan) name and contribution or donation ratios. If the donor is deceased, please mark "deceased".

Table 2: If the major shareholder in Table 1 is a legal entity, list its major shareholders.

April 2, 2024

Ho Jui Investment Limited	Chang Yu-Ming	48.90%
	Chang Jen-Wei	24.50%
	Chang Bai-Hung	24.50%
	Chang Hui-Fen	2.1%
Chi Hang Investment Limited	Chang Jen-Wei	21.48%
	Chang Bai-Hung	21.48%
	Lai Hsiu-Chiung	16%
	Chang Yu-Chin	12%
	Chang Yu-Chen	11%
	Chang Yueh-Hua	10.28%
	Chang Chao Su-Chu	6.28%
	Chang Yu-Ming	1%
	Chang Hui-Fen	0.48%
Jing Hong Ltd.	Chang Hui-Fen	40%
	Chang Jen-Wei	25%
	Chang Bai-Hung	25%
	Chang Yu-Ming	10%

Note 1: If the main shareholder listed in table 1 is a legal entity, the name of that entity should be provided.

Note 2: Fill in the names of the major shareholders of the corporate shareholder (with the shareholding ratio among top 10) and the shareholding ratio.

Note 3: If the corporate shareholder is not a company, the name of the shareholder and shareholding ratio that should be disclosed in the preceding paragraph are the capital contributor's or donor's (refer to the announcement of the Legislative Yuan) name and contribution or donation ratios. If the donor is deceased, please mark "deceased".

Background of directors and supervisors (II)

Criteria Name	Professional qualification and <u>experience</u> (Note 1)	Independence criteria (Note 2)	Number of concurrent positions as independent director in other public companies
Mason Holdings Co., Ltd. Corporate representative: Chang Yu-Ming	Master of Business Administration, National Taiwan University. Specializes in entrepreneurship, administration, and practices of the technology industry, venture investment, and operational planning for new businesses. Offers practical experience, strategic management, leadership, and academic background as well as more than 20 years of operational management in plastics and construction industries; contributes to corporate governance with a broad diversity of skills including finance, accounting, commerce, marketing, technology know-how, operational planning, and business administration. Does not violate any of the conditions stated in Article 30 of The Company Act.	1. Assumes concurrent positions as director and chairperson of the Company's corporate director - Sun Yad Construction Co., Ltd. 2. Assumes concurrent position as director in the Company's affiliated enterprise. 3. Verified to have conformed with the remaining independence criteria stipulated by the Financial Supervisory Commission in "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."	None
Sun Yad Construction Co., Ltd. Corporate representative: Liu Chen-Hsien	Studied in the Department of Business Administration, Shu-Te University. Formerly served as auditor of Kaohsiung Business Bank and director of Hsin-Li Chemical Industrial Corp. Offers skills in a broad diversity of expertise such as law, finance, business administration, and corporate governance that support the Board of Directors in corporate governance, management, and supervision. Does not violate any of the conditions stated in Article 30 of The Company Act.	Verified to have conformed with the independence criteria stipulated by the Financial Supervisory Commission in "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."	None
Sun Yad Construction Co., Ltd. Corporate representative: Huang Nan-Hao	Bachelor of Transportation, Feng Chia University. Formerly served as President of Boromi Optronics Corp. and Assistant Vice President of Optoelectronics Segment at Sun Yad Technology Co., Ltd. Assumed the President role at the Company in September 2018. Specializes in the administration and strategic planning of optoelectronics and technology industries. Serves as a member of the board and communicates and interacts with directors as a manager on matters concerning management strategies. Contributes opinions on business administration as well as expertise in commerce, marketing, and industry technologies.	1. Assumes concurrent position as President of the Company, a director with managerial duties. 2. Verified to have conformed with the remaining independence criteria stipulated by the Financial Supervisory Commission in "Regulations Governing Appointment	None

Criteria Name	Professional qualification and <u>experience</u> (Note 1)	Independence criteria (Note 2)	Number of concurrent positions as independent director in other public companies
	Does not violate any of the conditions stated in Article 30 of The Company Act.	of Independent Directors and Compliance Matters for Public Companies."	
Hu Ching-Hsi	Studied in the Department of Economics, Tunghai University. A former officer at Bank of Panhsin. Contributes finance, investment management, and corporate governance skills to support the Board of Directors and the Audit Committee in management and supervisory duties. Does not violate any of the conditions stated in Article 30 of The Company Act.	According to the Company's Articles of Incorporation and "Corporate Governance Best Practice Principles," directors are to be elected using the candidate nomination system. When nominating and electing Board members, the Company obtained written statement, work experience, proof of employment, and a kinship chart from each director for verification purpose, and took actions to verify the independence of the directors themselves, their spouses, and any relatives within 3rd degree to the Company. Furthermore, it has been verified that all three independent directors mentioned in the left column had satisfied the eligibility requirements stipulated in "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by FSC and Article 14-2 of the Securities and Exchange Act within two years prior to assuming positions and throughout the entirety of their service. These independent directors have also been empowered to participate in decision	1

Criteria Name	Professional qualification and <u>experience</u> (Note 1)	Independence criteria (Note 2)	Number of concurrent positions as independent director in other public companies
		making and express opinions under Article 14-3 of the Securities and Exchange Act, and are able to perform their job duties independently.	
Chen Li-Hsin	Studied in Chang Jung Senior High School. A former manager at Hua En Tobacco & Liquor Co., Ltd. Contributes commerce, marketing, operational planning, practical administration, and corporate governance skills to support the Board of Directors and the Audit Committee in management and supervisory duties. Does not violate any of the conditions stated in Article 30 of The Company Act.	Same as above	None
Lin Yi-Chi	Earned master's degree at the Postgraduate Institute of Management, Sun Yat-sen University. Formerly served as chairperson of Jun-Feng Human Resources Co., Ltd. Specializes in the evaluation and planning of human resources. Contributes commerce, operational planning, practical administration, and corporate governance skills to support the Board of Directors, the Remuneration Committee, and the Audit Committee in management and supervisory duties. Does not violate any of the conditions stated in Article 30 of The Company Act.	Same as above	1
Yao Yu-Wen	Studied in San Sin High School of Commerce and Home Economics. A former Vice President at Dao Teng Hua En. Contributes commerce, marketing, operational planning, practical administration, and corporate governance skills to support the Board of Directors and the Audit Committee in management and supervisory duties. Does not violate any of the conditions stated in Article 30 of The Company Act.	Same as above	None

II. Diversity and independence of the board of directors:

(I) Board diversity:

According to the Company's Corporate Governance Code of Conduct, members of the board shall possess the knowledge, skills, and characters needed to execute their duties. For ideal corporate governance, the Board of Directors as a whole shall possess the following capacities:

- I. Ability to make operational judgments.
- II. Accounting and financial analysis ability.
- III. Management skills.
- IV. Crisis management.
- V. Knowledge of the industry.
- VI. An international market perspective.
- VII. Leadership.
- VIII. Decision-making ability.

All seven directors of the Company are R.O.C. nationals and possess the knowledge, skills, and characters needed to perform duties (please see directors' academic and career backgrounds above). Collectively, they offer strong expertise in terms of accounting, finance, commerce, law, marketing, and industry technology. Diversity of Board of Directors is explained below:

Name of director	Gender	Age	Whether having served as independent director for more than three terms	Measurements of diversity				
				Finance and accounting	Commerce	Law	Marketing	Industrial technology
Mason Holdings Co., Ltd. Corporate representative: Chang Yu-Ming	Male	52		V	V		V	V
Sun Yad Construction Co., Ltd. Corporate representative: Liu Chen-Hsien	Male	59		V	V	V		
Sun Yad Construction Co., Ltd. Corporate representative: Huang Nan-Hao	Male	51			V		V	V
Hu Ching-Hsi	Male	61	No	V	V			V
Chen Li-Hsin	Male	54	No		V		V	
Lin Yi-Chi	Female	57	No	V	V	V	V	
Yao Yu-Wen	Female	50	No		V		V	

(II) Board independence:

According to the Company's Corporate Governance Code of Conduct, more than half of board members shall consist of persons who are neither a spouse nor a second-degree relative or closer to any director. Furthermore, all board members shall be free of violation against Article 30 of The Company Act, and verified to have conformed with the independence criteria stipulated by the Financial Supervisory Commission in "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."

The three independent directors were verified to have conformed with the eligibility requirements stipulated in Article 14-2 of the Financial Supervisory Commission's "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" two years before being elected the role and for the entirety of their services. Additionally, all independent directors have been adequately empowered according to Article 14-3 of the Securities and Exchange Act to participate in decision-making, express opinions, and perform duties in an independent manner.

Note 1: Professional qualification and experience: Describe the professional qualification and experience of individual directors and supervisors; for Audit Committee members with accounting or financial expertise, describe their background and work experience in the field of accounting or finance. Also, explain whether any of the conditions mentioned in Article 30 of The Company applies.

Note 2: For independent directors, describe compliance with the independence criteria, including but not limited to: whether they themselves or spouse or 2nd-degree relatives or closer serve as director, supervisor, or employee at the Company or any of its affiliated enterprises; the number and percentage of shareholding in the Company by self, spouse, 2nd-degree relative or closer (or proxy holder); whether they assume position as director, supervisor, or employee in any entity that the Company has special relationship with (see Subparagraphs 5-8, Paragraph 1, Article 3 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); and amount of compensation received from the Company or affiliated enterprises thereof in the last 2 years for commercial, legal, financial, or accounting services rendered.

Note 3: For the disclosure method, please refer to the Best Practice Reference Example on the website of the Corporate Governance Center of the Taiwan Stock Exchange.

2. Background information of the President, vice presidents, assistant vice presidents, and heads of departments and branches

April 2, 2024

Title	Nationality	Name	Gender	Date elected/ onboard	Shareholding		Shareholding of spouse and underage children		Shares held in the names of others		Main career (academic) backgrounds	Concurrent duties in other companies		Spouse or relatives of second degree or closer serving as managers		
					No. of shares	Shareholding percent age	No. of shares	Shareholding percent age	No. of shares	Shareholding percent age				Title	Name	Relationship
President	R.O.C.	Huang Nan-Hao	Male	2018.09.18	40,000	0.02	0	0	0	0	Graduated from university; Boromi Optronics Corp. - President; Sun Yad Technology Co., Ltd. - Assistant Vice President of Optoelectronics Segment; General Consultant for the Company's OLED R&D Office, President of the Company	None	None	None	None	None
Vice president	R.O.C.	Hsiao Shih-Neng	Male	2023.01.01	123,450	0.07					Junior College Graduate, Vice President of the Company	None	None	None	None	None

Title	Nationality	Name	Gender	Date elected/ onboard	Shareholding		Shareholding of spouse and underage children		Shares held in the names of others		Main career (academic) backgrounds	Concurrent duties in other companies		Spouse or relatives of second degree or closer serving as managers		
					No. of shares	Shareholding percent age	No. of shares	Shareholding percent age	No. of shares	Shareholding percent age		None	None	Title	Name	Relationship
Head of Finance and Accounting	R.O.C.	Chao Ying-Chu	Male	2012.07.01	50,000	0.03	0	0	0	0	Graduated from university; head of finance and accounting and chief internal auditor of the Company	None	None	None	None	None

II. Compensation to directors, supervisors, President, and vice presidents

(1) Compensation to non-independent and independent directors

Unit: NTD thousands

Title	Name	Directors' compensation								Sum of A, B, C and D as a percentage to net income		Compensation received as employee								Sum of A, B, C, D, E, F, and G as a percentage to net income		Compensation from parent company or business investments other than subsidiaries	
		Compensation (A)		Severance pay and pension (B)		Director remuneration (C)		Fees for services rendered (D)				Salaries, bonuses, special allowances etc. (E)		Severance pay and pension (F)		Employee remuneration (G)							
		The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report				
																Amount paid in cash	Amount paid in shares	Cash Amount	Amount paid in shares Amount				
Chairperson	Mason Holdings Co., Ltd. Corporate representative: Chang Yu-Ming																						
Vice Chairperson	Sun Yad Construction Co., Ltd. Corporate representative: Liu Chen-Hsien	-	-	-	-	2026	-	-	417	-	3.76%	23,312	45,057	108	108	-	-	-	-	39.19%	73.33%	None	
Director	Sun Yad Construction Co., Ltd. Corporate representative: Huang Nan-Hao																						
Independent Director	Hu Ching-Hsi																						
Independent Director	Chen Li-Hsin																						
Independent Director	Lin Yi-Chi	-	-		-	-	-	513	641	0.79%	0.99%	-	-	-	-	-	-	-	-	0.79%	0.99%	None	
Independent Director	Yao Yu-Wen																						

1. The policy, system, standards and structure by which independent director compensation is paid, and association between the amount paid and independent directors' responsibilities, risks, and time committed: Except for travel allowances, which are paid in fixed amounts, full-year earnings are allocated to directors and supervisors in the form of remuneration according to individual contribution.

2. Compensation received by director for providing service (e.g. consultancy service without the title of an employee) to the parent company, any company included in the financial statements, or any business investment in the last year, except those disclosed in the above table: None.

Compensation range

Range of compensation paid to directors of the Company	Name of director (Note)			
	Sum of first 4 compensations (A+B+C+D)		Sum of the 7 compensation amounts (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial report (H)	The Company	All companies included in the financial report (I)
Below NT\$1,000,000	Corporate representative of Mason Investment Co., Ltd.: Chang Yu-Ming Corporate representative of Sun Yad Construction Co., Ltd.: Huang Nan-Hao Corporate representatives of Sun Yad Construction Co., Ltd.: Liu Chen-Hsien, Hu Ching-Hsi, Chen Li-Hsin, Lin Yi-Chi, Yao Yu-Wen	Corporate representative of Mason Investment Co., Ltd.: Chang Yu-Ming Corporate representative of Sun Yad Construction Co., Ltd.: Huang Nan-Hao Corporate representatives of Sun Yad Construction Co., Ltd.: Liu Chen-Hsien, Hu Ching-Hsi, Chen Li-Hsin, Lin Yi-Chi, Yao Yu-Wen	Hu Ching-Hsi, Chen Li-Hsin, Lin Yi-Chi, Yao Yu-Wen	Hu Ching-Hsi, Chen Li-Hsin, Lin Yi-Chi, Yao Yu-Wen
NT\$1,000,000 (inclusive) - NT\$2,000,000 (non-inclusive)	—	—	Corporate representative of Sun Yad Construction Co., Ltd.: Liu Chen-Hsien,	—
NT\$2,000,000 (inclusive) - NT\$3,500,000 (non-inclusive)	—	—	—	Corporate representative of Sun Yad Construction Co., Ltd.: Liu Chen-Hsien,

NT\$3,500,000 (inclusive) - NT\$5,000,000 (non-inclusive)	—	—	—	—
NT\$5,000,000 (inclusive) - NT\$10,000,000 (non-inclusive)	—	—	Corporate representative of Sun Yad Construction Co., Ltd.: Huang Nan-Hao	—
NT\$10,000,000 (inclusive) - NT\$15,000,000 (non-inclusive)	—	—	—	Corporate representative of Sun Yad Construction Co., Ltd.: Huang Nan-Hao
NT\$15,000,000 (inclusive) - NT\$30,000,000 (non-inclusive)	—	—	Corporate representative of Mason Investment Co., Ltd.: Chang Yu-Ming	—
NT\$30,000,000 (inclusive) - NT\$50,000,000 (non-inclusive)	—	—	—	Corporate representative of Mason Investment Co., Ltd.: Chang Yu-Ming
NT\$50,000,000 (inclusive) - NT\$100,000,000 (non-inclusive)	—	—	—	—
NT\$100,000,000 and above	—	—	—	—
Total	7 persons	7 persons	7 persons	7 persons

(2) Compensation to President and vice presidents

Unit: NTD thousands/thousand shares

Unit: RMB thousands/thousand shares														
Title	Name	Salary (A)		Severance pay and pension (B)		Bonus and special allowances (C)		Employee remuneration (D)				Sum of A, B, C, and D as a percentage of net income (%)		Compensation from parent company or business investments other than subsidiaries
		The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company		All companies included in the financial report		The Company	All companies included in the financial report	
								Profit sharing in cash	Profit sharing in shares	Profit sharing in cash	Profit sharing in shares			
President	Huang Nan-Hao	2,435	2,435	108	108	2,847	4,562	0	0	0	0	8.3	10.94	0

Compensation range

Range of compensation to President and vice presidents of the Company	Name of President and vice president	
	The Company	All companies included in the financial report (E)
Below NT\$1,000,000	None	None
NT\$1,000,000 (inclusive) - NT\$2,000,000 (non-inclusive)	None	None
NT\$2,000,000 (inclusive) - NT\$3,500,000 (non-inclusive)	None	None
NT\$3,500,000 (inclusive) - NT\$5,000,000 (non-inclusive)	None	None
NT\$5,000,000 (inclusive) - NT\$10,000,000 (non-inclusive)	Huang Nan-Hao	Huang Nan-Hao
NT\$10,000,000 (inclusive) - NT\$15,000,000 (non-inclusive)	None	None
NT\$15,000,000 (inclusive) - NT\$30,000,000 (non-inclusive)	None	None
NT\$30,000,000 (inclusive) - NT\$50,000,000 (non-inclusive)	None	None
NT\$50,000,000 (inclusive) - NT\$100,000,000 (non-inclusive)	None	None
NT\$100,000,000 and above	None	None
Total	1 persons	1 persons

Names of managers receiving employee remuneration

December 31, 2024

Unit: NTD thousand

	Title	Name	Profit sharing in shares	Profit sharing in cash	Total	Total as a percentage of net income (%)
Managerial Officers	President	Huang Nan-Hao	0	675	675	1.04
	Vice president	Hsiao Shih-Neng				
	Head of Finance and Accounting	Chao Ying-Chu				

4. Amount of compensation paid in the last 2 years by the Company and All companies included in the financial report to the Company's directors, supervisors, President, and vice presidents, and their respective proportions to net income, as well as the policies, standards, and packages by which they were paid, the procedures through which compensations were determined, and their association with business performance and future risks.

(1) Percentage (%) of net income paid by the Company and all companies included in the consolidated financial statements as compensation to the Company's directors, supervisors, the President, and vice presidents in the last 2 years:

Title	2023	2024
	Percentage (%) of net income paid by the Company and all companies included in the consolidated financial statements as compensation to the Company's directors, supervisors, the President, and vice presidents	Percentage (%) of net income paid by the Company and all companies included in the consolidated financial statements as compensation to the Company's directors, supervisors, the President, and vice presidents
Director	145.56	74.37
Supervisor		
President		
Vice president		

(2) Compensation policies, standards, packages, and procedures, and association with future risks and business performance:

Directors' and supervisors' compensations include travel allowance and remuneration, which are paid according to the Articles of Incorporation. Managers' salary is resolved by the Board of Directors after taking into consideration various factors such as corporate business performance, peer level, corporate profitability, and contribution to the Company's operations. The President has been authorized to adjust salaries of department heads based on individual performance and corporate earnings. Directors' compensation package includes travel allowance and benefit, whereas the President's compensation package includes basic salary, special allowance, grade-based additional pay, and meal allowance; salary is determined based on education, experience, performance, and seniority, which ranges from NT\$100,000 to NT\$200,000 and may change in line with business performance, future risks, and profits. Directors, supervisors, President, and vice presidents of the Company are all professionals who have extensive understanding of the industry the Company operates in, and do not act beyond the Company's risk tolerance in pursuit for short-

term gain. Furthermore, the Company has implemented the policy of granting compensations based on beneficiaries' duties within the Company. Given that compensations are made in line with relevant rules, they should not give rise to risks or pose any major adverse impact in the future.

III. Corporate governance:

1. Functionality of the Board of Directors: number of meetings held, directors' attendance rates, enhancements to the functionality of Board of Directors in the current and most recent year, and other relevant disclosures.

A total of 8 (A) board meetings were held in the year; below are directors' attendance records:

Title	Name	No. of actual voting (non-voting) attendance (B)	No. of proxy attendance	Actual voting (non-voting) attendance rate (%) [B/A]	Remarks
Chairperson (Representative of Mason Holdings Co., Ltd.)	Chang Yu-Ming	8	-	100%	
Corporate director (Representative of Sun Yad Construction Co., Ltd.)	Huang Nan-Hao	8	-	100%	
Corporate director (Representative of Sun Yad Construction Co., Ltd.)	Liu Chen-Hsien	8	-	100%	
Independent Director	Hu Ching-Hsi	8	-	100%	
Independent Director	Chen Li-Hsin	8	-	100%	
Independent Director	Lin Yi-Chi	8	-	100%	
Independent Director	Yao Yu-Wen	8	-	100%	

Other mandatory disclosures:

I. Disclosures required by Article 14-3 of the Securities and Exchange Act and any documented opposition or reservations made by independent directors against board of directors' resolutions; state the date and details of the resolution, the meeting session, the independent directors' opinions and how the Company has responded:

(I) Conditions described in Article 14-3 of the Securities and Exchange Act:

Board of Directors	Motion details	Conditions described in Article 14-3 of the Securities and Exchange Act:	Objections or reservations from independent directors

1st meeting of the Board in 2024 January 25, 2024	1. The Company's 7th domestic unsecured convertible corporate bonds conversion and issuance of new shares. 2. Change of share capital through the first issuance of employee share options to common shares in 2020.	V	None
2nd meeting of the Board in 2024 March 12, 2024	1. Appointment of the audit head.	V	None
3rd meeting of the Board in 2024 April 9, 2024	1. The Company's 6th domestic issuance of secured convertible bonds and 7th domestic issuance of unsecured convertible bonds for new shares. 2. Change of share capital through the first issuance of employee share options to common shares in 2020. 3. Acquisition of land at Yintong Section, Tainan City.	V	None
5th meeting of the Board in 2024 August 12, 2024	1. The Company's 7th domestic unsecured convertible corporate bonds conversion and issuance of new shares. 2. Change of share capital through the first issuance of employee share options to common shares in 2020. 3. Addition to the Company's "Internal Control System" - "Construction Procurement and Payment Cycle". 4. Acting as a collateral provider for financing the remaining houses of Sun Yad.	V	None
6th meeting of the Board in 2024 November 12, 2024	1. Change of share capital through the first issuance of employee share options to common shares in 2020. 2. Addition to the Company's "Internal Control System" - "Management of Sustainability Information".	V	None
8th meeting of the Board in 2024 December 27, 2024	1. Appointment of the finance head. 2. Lifting of the non-compete restriction on the Company's managers.	V	None

(II) Any other documented objections or reservations raised by independent director against board resolution in relation to matters other than those described above: None.

II. Disclosure regarding avoidance of interest-conflicting motions, including the names of directors concerned, the motions, the nature of conflicting interests, and the voting process:

Board of Directors	Discussion Item	Board Resolution
1st	1. The Company's "New Construction	Motions 1-2 were passed with no

meeting in 2024	of Multi-family Residential Buildings in Beihua Section, Tainan City" contracted by the related party. 2. Proposal to acquire building materials from the related party. 3. Matters reviewed in the Remuneration Committee's 1st meeting in 2024.	objection after discussion by the directors present, except for Directors Chang Yu-Ming and Hu Ching-Hsi, who recused themselves from the resolution due to conflict of interest. The 3rd motion was passed with no objection after discussion by the directors present, except for Directors Chang Yu-Ming, Liu Chen-Hsien and Huang Nan-Hao, who recused himself from the resolution due to conflict of interest.
5th time in 2024	1. Acting as a collateral provider for financing the remaining houses of Sun Yad. 2. The Company's "New Construction of Multi-family Residential Buildings in Dong'an Section, Tainan City" contracted by the related party.	1. Except for Directors Chang Yu-Ming, Liu Chen-Hsien and Huang Nan-Hao, who recused himself from the resolution due to conflict of interest. 2. The motions were passed with no objection after discussion by the directors present, except for Directors Chang Yu-Ming who recused himself from the resolution due to conflict of interest.
6th time in 2024	1. The Company's "New Construction of Multi-family Residential Buildings in Dong'an Section, Tainan City" contracted by the related party. 2. The Company's "New Construction of Multi-family Residential Buildings in Lixiang Section, Tainan - Public Facility Decoration and Landscape Work" to be contracted by a related party. 3. Matters reviewed in the Remuneration Committee's 2nd meeting in 2024.	Motions 1-2 were passed with no objection after discussion by the directors present, except for Director Chang Yu-Ming who recused himself from the resolution due to conflict of interest. The 3rd motion was passed with no objection after discussion by the directors present, except for Directors Chang Yu-Ming and Huang Nan-Hao who recused himself from the resolution due to conflict of interest.
8th time in 2024	1. Lifting of the non-compete restriction on the Company's managers.	The motion was passed with no objection after discussion by the directors present, except for Director Huang Nan-Hao, who recused himself from the resolution due to conflict of interest.

III. Enhancements to the functionality of board of directors in the current and the most recent year (e.g. assembly of Audit Committee, improvement of information transparency etc.), and progress of such enhancements: The Company continues to enforce continuing education among directors and encourage attendance in board meetings, where they are able to communicate with department representatives and learn issues concerning the Company's operations. All directors have completed continuing education in 2024, and communicated extensively with CPAs and the management team.

2. Execution of board performance evaluation

Assessment cycle	Assessment duration	Scope of assessment	Assessment method	Assessment details
Once a year	Board performance for the period from January 1 to December 31, 2024 was assessed	Covering the performance of the board as a whole, the individual directors, and functional committees.	Covering director self-assessment and peer assessment.	Covering performance self-assessment and peer assessment.

Board of Directors Performance Evaluation Report

Serial No.	Assessment criteria	Explanation	Average self-assessment score	Indicator	Assessment criteria	Explanation	Average peer assessment score	Indicator
1	Attendance (excluding proxy attendance) at board meetings	Excludes proxy attendance at board meetings during the year. According to Article 21-1 of the Articles of Incorporation, board of directors meetings are to be convened once per quarter.	100	8 times	Other directors' pre-meeting comprehension and in-meeting discussion of the motions raised	Whether participants comprehend materials prior to a meeting, offer relevant opinions at an appropriate time, and respect resolutions of each meeting.	99.29	Proactive
2	Pre-meeting comprehension and in-meeting discussion of the motions raised	Whether participants comprehend materials prior to a meeting, offer relevant opinions at an appropriate time, and respect resolutions of each meeting.	97.86	Proactive	Other directors' interaction with the management team	Ability to exchange information and communicate opinions with the management team, and make independent and objective judgment and decision.	98.57	Proactive
3	Interaction with the management team	Ability to exchange information and communicate opinions with the management team, and make	99.29	Proactive	Functionality of the board of directors and functional committees	Are meetings convened according to policies? Has the board of directors been able to improve the efficiency of its	100	Proactive

		independent and objective judgment and decision.				meetings? Was there any substantive contribution to helping the board of directors fulfill its duty and role?		
4	Compliance with laws and codes of conduct	Ability to exercise authority in accordance with related laws and regulations.	97.14	Proactive	Other directors' compliance with laws and codes of conduct	Ability to exercise authority in accordance with related laws and regulations.	97.86	Compliance
5	Enhancement of corporate governance	Establishment of corporate governance policies, support for corporate governance evaluation, protection of policyholders' and shareholders' interests etc.	98.57	Proactive	Other directors' understanding toward the functions and role of the board of directors	Strategic guidance and supervisory function.	97.86	Proactive
6	Education	Continuing education, skill improvement, and knowledge and familiarity with government laws and regulations.	100	Equivalent to the legal number of hours of further education	Whether other directors have duly fulfilled director duty and role	Strategic guidance and supervisory function.	98.89	Proactive
7	Understanding of the company, its management team,	Adequate understanding of the Company's	99.29	Sufficient	Whether other directors are actively involved	Establishment of corporate governance policies, support for	97.14	Proactive

	and industry	vision, the management team's strategies, and industry prospects.			in the enhancement of corporate governance	corporate governance evaluation, protection of policyholders' and shareholders' interests etc.		
8					Other directors' understanding of the company, its management team, and industry	Adequate understanding of the Company's vision, the management team's strategies, and prospects of the finance/insurance industry.	99.29	Sufficient
Average score			98.88		Average score		98.61	

Assessment score for 2024 = average sum of self-assessment and peer assessment scores = $(98.88+98.61)/2=98.75$ ("Excellent").

Operation of the Audit Committee

A total of 6 (A) Audit Committee meetings were held in the last year; independent directors' attendance records are summarized below:

Title	Name	No. of actual voting (non-voting) attendance (B)	No. of proxy attendance	Actual voting (non-voting) attendance rate (%) [B/A]	Remarks
Independent Director	Hu Ching-Hsi	6	-	100%	
Independent Director	Lin Yi-Chi	6	-	100%	
Independent Director	Chen Li-Hsin	6	-	100%	
Independent Director	Yao Yu-Wen	6		100%	

Other mandatory disclosures:

I. For Audit Committee meetings that meet any of the following descriptions, details such as the date and session of Audit Committee meeting held, the motions discussed, independent directors' objections, reservations, or key recommendations, the Audit Committee's resolution, and how the Company has responded to Audit Committee's opinions shall be explained.

(I) Conditions described in Article 14-5 of the Securities and Exchange Act:

Audit Committee	Motion details	Article 14-5 of the Securities and Exchange Act.	Objections or reservations from independent directors
1st meeting of the Audit Committee in 2024 January 25, 2024	1. The Company's 7th domestic unsecured convertible corporate bonds conversion and issuance of new shares. 2. Procedures governing the issuance and subscription of the first employee stock options in 2020. 3. Review of CPAs' independence evaluation and 2024 accountants' fee. 4. The Company's "New Construction of Multi-family Residential Buildings in Beihua Section, Tainan City" contracted by the related party.	V	None

		5. Proposal to acquire building materials from the related party.		
	2nd meeting of the Audit Committee in 2024 March 12, 2024	1. 2023 internal control system effectiveness assessment and internal control system statement. 2. Appointment of the audit head. 3. Change of the CPAs in 2024. 4. Discussion about lifting the non-compete restriction on the Company's newly elected directors 5. Evaluation of the independence and suitability of CPAs and review of 2023 CPA fees.	V	None
	3rd meeting of the Audit Committee in 2024 May 9, 2024	1. Proposal to establish the general principles of the Company's pre-approved non-assurance service policy.	V	None
	4th meeting of the Audit Committee in 2024 August 12, 2024	1. Addition to the Company's "Internal Control System" - "Construction Procurement and Payment Cycle". 2. Acting as a collateral provider for financing the remaining houses of Sun Yad. 3. The Company's "New Construction of Multi-family Residential Buildings in Dong'an Section, Tainan" to be contracted by a related party.	V	None
	5th meeting of the Audit Committee in 2024 November 12, 2024	1. Addition to the Company's "Internal Control System" - "Management of Sustainability Information". 2. Proposal to establish the general principles of the Company's pre-approved non-assurance service policy. 3. The Company's "New Construction of Multi-family Residential Buildings in Dong'an Section, Tainan" to be contracted by a related party. 4. The Company's "New Construction of Multi-family	V	None

		Residential Buildings in Lixiang Section, Tainan - Public Facility Decoration and Landscape Work" to be contracted by a related party.		
6th meeting of the Audit Committee in 2024 December 27, 2024	1. Appointment of the finance head. 2. Lifting of the non-compete restriction on the Company’s managers.		V	None

(II) Other than those described above, any resolutions unapproved by the Audit Committee but passed by more than two-thirds of directors: None.

II. Avoidance of involvements in interest-conflicting discussions by independent directors; state the names of concerned independent directors, the discussions, the nature of conflicting interests, and the voting process:

Audit Committee	Discussion Item	Board Resolution
1st time in 2024	1. The Company's "New Construction of Multi-family Residential Buildings in Beihua Section, Tainan City" contracted by the related party. 2. Proposal to acquire building materials from the related party.	The resolution was passed with no objection after discussion by the directors present, except for Director Hu Ching-Hsi who recused himself from the resolution due to conflict of interest.

III. Communication between independent directors and internal/external auditors (e.g. discussions concerning the Company's financial and business affairs, the method of communication used, and the outcome): See the corporate website for details.

3. Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies:

Assessment criteria	Current practices			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies				
	<u>Yes</u>	<u>No</u>	<u>Summary</u>					
I. Has the Company established and disclosed its corporate governance principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"?	V		The Company has established such a policy in accordance with "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" with the approval of the Board of Directors on December 25, 2015. Details of the policy are disclosed on the Investors section of the corporate website.	No deviation was found.				
II. Shareholding structure and shareholders' interests (I) Has the Company implemented a set of internal procedures to handle shareholders' suggestions, queries, disputes, and law suits? (II) Is the Company constantly informed of the identities of its major shareholders and the ultimate controller? (III) Has the Company established and implemented risk management practices and firewalls for companies it is affiliated with? (IV) Has the Company established internal policies that prevent insiders from trading securities against non-public information?	V		(I) The Company has dedicated personnel available to handle shareholders' suggestions or disputes. Investors service contact and hotline: +886 6 592 0381 ext 103 (II) The Company is constantly informed of the identities of its controlling and major shareholders. (III) These measures have been established as part of the internal control system. (IV) The Company prohibits insiders such as directors and employees from exploiting non-public information for profit. An "Insider Trading Prevention Policy" has been established as part of the internal control system, and details of which have been disclosed on the investors section of the corporate website.	(I) No material deviation was found. (II) No material deviation was found. (III) No deviation was found. (III) No deviation was found.				
III. Composition and responsibilities of the board of directors (I) Does the board of directors have a diversity policy and management goals on the composition of board members that are duly enforced? (II) Apart from the Remuneration Committee and Audit	V		(I) The Company has a total of seven directors, including four independent directors. Collectively, the directors offer an extensive range of expertise from industry, academics, finance, accounting to business administration, and have met the board diversity guidelines. <table><tr><td>Name</td><td></td><td></td><td>Measurements of diversity</td></tr></table>	Name			Measurements of diversity	(I) The Board of Directors has approved amendments to the Articles of Incorporation for
Name			Measurements of diversity					

Assessment criteria	Current practices										Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary								
Committee, has the Company assembled other functional committees at its own discretion? (III) Has the Company established a set of policies and assessment tools for evaluating board performance, and conducted performance evaluation on a yearly basis? Are performance evaluation results reported to the board of directors and used as reference for compensation and nomination decisions? (IV) Are external auditors' independence assessed on a regular basis?				Gen der	A ge	Financ e and accou nting	Com mer ce	Law	Marke ting	Indust rial techno logy	the assembly of Audit Committee. (II) No deviation was found. (III) No deviation was found. (IV) No deviation was found.
			Chang Yu-Ming	Male	52	V	V		V	V	
			Huang Nan-Hao	Male	51		V		V	V	
			Liu Chen-Hsien	Male	59	V	V	V			
			Hu Ching-Hsi	Male	61	V	V			V	
			Lin Yi-Chi	Fem ale	57	V	V	V	V		
			Chen Li-Hsin	Male	54		V		V		
			Yao Yu-Wen	Fem ale	50		V		V		
			(II) The Company assembled a Corporate Governance Committee and a Nomination Committee on June 18, 2020. (III)A Board of Directors Performance Evaluation Policy was established on December 27, 2016 with Board of Directors' approval, and performance evaluation was completed on December 30, 2024 (please refer to page 24). The outcome of the performance evaluation will serve as reference for								

Assessment criteria	Current practices			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	<u>Yes</u>	<u>No</u>	<u>Summary</u>	
			compensation and nomination of individual directors in the future. (IV) The Board of Directors evaluates financial statement auditor's independence and suitability at least once a year. The most recent review was completed on January 25, 2024. The process involved a series of evaluation and review on 25 factors that are likely to affect CPA's independence. (Please see page 50)	
IV. Has the TWSE/TPEX listed company allocated adequate number of competent corporate governance staff and appointed a corporate governance officer to oversee corporate governance affairs (including but not limited to providing directors/supervisors with the information needed to perform their duties, assisting directors/supervisors with compliance issues, convention of board meetings and shareholder meetings, and preparation of board/shareholder meeting minutes)?	V		On July 7, 2020, the Board of Directors passed a resolution to appoint the Assistant Vice President of Financial Management Department as the Company's corporate governance officer.	No deviation was found.
V. Has the Company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)?	V		Hotlines to the spokesperson and acting spokesperson have been disclosed publicly. The Company values stakeholders' rights and strives to maintain an efficient communication channel. Contact and hotline for investor relations have also been disclosed on the corporate website: +886 6 592 0381 ext 103.	
VI. Does the Company engage a share transfer agent to handle shareholder meeting affairs?	V		The Company has engaged the Stock Affairs Agency Department of ChinaTrust Commercial Bank as the stock transfer agent.	No deviation was found.

Assessment criteria	Current practices			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	<u>Yes</u>	<u>No</u>	<u>Summary</u>	
VII. Information disclosure (I) Has the Company established a website that discloses financial, business, and corporate governance-related information? (II) Has the Company adopted other means to disclose information (e.g. English website, assignment of dedicated personnel to collect and disclose corporate information, implementation of a spokesperson system, and broadcasting of investor conferences via the company website)? (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 monthly business performance before the designated due dates?	V		(I) The Company maintains an official website (http://www.u-best-inno.com) and discloses financial, business, and corporate governance information over the Market Observation Post System (MOPS). (II) The Company has assigned dedicated personnel to gather and disclose company information, and has enforced a spokesperson system according to policy. (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 monthly business performance before the required due dates	(I) No deviation was found. (II) No deviation was found. (III) No deviation was found.

Assessment criteria	Current practices			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	<u>Yes</u>	<u>No</u>	<u>Summary</u>	
VIII. Does the Company have other information that enables a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' interests, continuing education of directors/supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, and purchase of liability insurance for directors and supervisors)?	V		1. Employee rights: The Company has implemented a retirement policy, assembled an "Employee Welfare Committee," and made regular contributions to the welfare fund to finance various activities. The Company recognizes the importance of harmonic employment relationship, and respects employees' suggestions and requests relating to work. 2. Employee care, investor relations, supplier relation, and stakeholders' rights: Bilateral communication channels have been created, and attention is being directed to cater for the interests of relevant parties. 3. Directors' and supervisors' ongoing education: The Company provides directors and supervisors with timely information regarding available education opportunities, and discloses their education progress over MOPS. 4. Risk management policy, risk assessment standards, and execution of customer policy: All of the above have been duly enforced according to the internal control system for effective risk reduction. 5. Purchase of liability insurance for directors and supervisors: The Company has purchased liability insurance covering all of its directors and supervisors for a total sum assured of NT\$60,000,000.	No deviation was found.
IX. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified. (not required if the Company is not one of the evaluated objects)			1. The Company has appointed dedicated corporate governance personnel. 2. The Company has implemented a whistleblowing system to facilitate reporting of illegal (including bribery) and unethical behaviors involving insiders and	

Assessment criteria	Current practices			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	<u>Yes</u>	<u>No</u>	<u>Summary</u>	
			outsiders. Access to this system has been disclosed on section: Investors/12. Corporate Governance of the corporate website. 3. The Company has amended its Articles of Incorporation to introduce a candidate nomination system for all director/supervisor elections. This system was first executed during the re-election in 2023. 4. Additional independent director seats were created during the re-election in 2023. 5. An Audit Committee was assembled following the re-election in 2023. 6. The Company is currently evaluating the feasibility of maintaining its own English website. 7. The Company organizes annual seminars to communicate with employees on issues concerning insider trading prevention and business integrity.	

Directors' continuing education

Title	Name	Organizer	Course name	Training hours	Conformity with "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies"
Chairperson	Chang Yu-Ming	Taiwan Corporate Governance Association	How Lighthouses Use Digital Transformation to Achieve Sustainable Development	3.0	Yes
		Taiwan Institute of Directors	Basic Security Does Not Mean True Security - Supply Chain Security Management for Corporate Resilience	3.0	Yes
Vice Chairperson	Liu Chen-Hsien	Taiwan Corporate Governance Association	How Lighthouses Use Digital Transformation to Achieve Sustainable Development	3.0	Yes
		Taiwan Corporate Governance Association	Building Sustainability and Resilience with Dynamic Thinking	3.0	Yes
		Taiwan Corporate Governance Association	Enterprise Risk Management and Investment and Financing Tools	3.0	Yes
Representative of corporate director	Huang Nan-Hao	Taiwan Corporate Governance Association	How Lighthouses Use Digital Transformation to Achieve Sustainable Development	3.0	Yes
		Taiwan Institute of Directors	Basic Security Does Not Mean True Security - Supply Chain Security Management for Corporate Resilience	3.0	Yes
Independent Director	Hu Ching-Hsi	Taiwan Corporate Governance Association	How Lighthouses Use Digital Transformation to Achieve Sustainable Development	3.0	Yes
		Taiwan Institute of Directors	Basic Security Does Not	3.0	Yes

		Directors	Mean True Security - Supply Chain Security Management for Corporate Resilience		
Independent Director	Chen Li-Hsin	Taiwan Corporate Governance Association	How Lighthouses Use Digital Transformation to Achieve Sustainable Development	3.0	Yes
		Taiwan Institute of Directors	Basic Security Does Not Mean True Security - Supply Chain Security Management for Corporate Resilience	3.0	Yes
Independent Director	Lin Yi-Chi	Taiwan Corporate Governance Association	How Lighthouses Use Digital Transformation to Achieve Sustainable Development	3.0	Yes
		Taiwan Institute of Directors	Basic Security Does Not Mean True Security - Supply Chain Security Management for Corporate Resilience	3.0	Yes
Independent Director	Yao Yu-Wen	Taiwan Corporate Governance Association	Global Future Risks and Opportunities for Sustainability Transformation	3.0	Yes
		Taiwan Corporate Governance Association	How Lighthouses Use Digital Transformation to Achieve Sustainable Development	3.0	Yes
		Taiwan Corporate Governance Association	Practical Analysis of Corporate Governance 3.0 "ESG Report"	3.0	Yes
		Taiwan Corporate Governance Association	How to Plan Shareholding Planning and Organizational Structure Design for Start-Ups	3.0	Yes

4. Disclose the composition, responsibilities, and functioning of remuneration committee, if available: Below are details of the Company's Remuneration Committee:

- (1) Composition: The committee comprises 3 members; all of whom are appointed under Board of Directors' resolution, and one of whom serves as the convener. Committee members have possessed the level of professionalism and independence mentioned in Articles 5 and 6 of Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange.
- (2) Duties: Duties of the committee are to evaluate directors' and managers' salary and compensation policy in the utmost professionalism and objectivity. The committee then presents recommendations to the Board of Directors for decision-making.
- (3) Operations of the committee: The committee is functioning as expected.

(1) Information of Remuneration Committee members

Role (Note 1)	Criteria	Professional qualification and experience (Note 2)	Independence criteria (Note 3)	Number of concurrent positions as Remuneration Committee member in other public companies
	Name			
Independent Director (Convener)	Hu Ching- Hsi	Studied in the Department of Economics, Tunghai University. A former officer at Bank of Panhsin. Contributes finance, investment management, and corporate governance skills to support the Board of Directors and the Audit Committee in management and supervisory duties. Does not violate any of the conditions stated in Article 30 of The Company Act.	According to the Company's Articles of Incorporation and "Corporate Governance Best Practice Principles," directors are to be elected using the candidate nomination system. When nominating and electing Board members, the Company obtained written statement, work experience, proof of employment, and a kinship chart from each director for verification purpose, and took actions to verify the independence of the directors themselves, their spouses, and any relatives within 3rd degree to the Company. Furthermore, it has been verified that all three independent directors mentioned in the left column had satisfied the eligibility requirements stipulated in "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by FSC and Article 14-2 of the Securities and Exchange Act within two years prior to assuming positions and throughout the entirety of their service. These independent directors have also been empowered to participate in decision making and express opinions under Article 14-3 of the Securities and Exchange Act, and are able to perform their job duties independently.	1
Independent Director	Chen Li-Hsin	Studied in Chang Jung Senior High School. A former manager at Hua En Tobacco & Liquor Co., Ltd. Contributes commerce, marketing, operational planning, practical administration, and corporate governance skills to support the Board of Directors and the Audit Committee in management and supervisory duties.	Same as above	None

Role (Note 1)	Criteria	Professional qualification and experience (Note 2)	Independence criteria (Note 3)	Number of concurrent positions as Remuneration Committee member in other public companies
	Name			
		Does not violate any of the conditions stated in Article 30 of The Company Act.		
Independent Director	Lin Yi- Chi	Earned master's degree at the Postgraduate Institute of Management, Sun Yat-sen University. Formerly served as chairperson of Jun-Feng Human Resources Co., Ltd. Specializes in the evaluation and planning of human resources. Contributes commerce, operational planning, practical administration, and corporate governance skills to support the Board of Directors, the Remuneration Committee, and the Audit Committee in management and supervisory duties. Does not violate any of the conditions stated in Article 30 of The Company Act.	Same as above	1

Note 1: Years of work experience, professional qualification, and independence of each Remuneration Committee member are explained in the chart. For members who are also independent directors, references have been made to Attachment 1 - Directors' and Supervisors' Background (I) on page ___. In the identity field, please fill in independent director or other (with additional remark for the role of convener).

Note 2: **Professional qualification and experience:** Professional qualification and experience for each member of the Remuneration Committee is explained.

Note 3: **Compliance of independence:** Independence of Remuneration Committee members is evaluated using several criteria including but not limited to: whether they or their spouse or 2nd-degree relatives or closer serve as director, supervisor, or employee in the Company or any of its related businesses; the number and percentage of Company shares held in their own names or names of spouse, 2nd-degree relative or closer (or proxy shareholder); whether they serve as director, supervisor, or employee in any entity that has certain relationship with the Company (refer to Subparagraphs 5-8, Paragraph 1, Article 6 of Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); and the amount of compensation received in the last two years for providing commercial, legal, financial, accounting or other professional services to the Company and its related businesses.

(2) Functionality of the Remuneration Committee

I. The Remuneration Committee comprises 3 members.

II. The term of office of the current members: From May 29, 2023 to May 28, 2026. The Remuneration Committee met 2 times (A) in the most recent year, and the qualifications and attendance of members are as follows:

Title	Name	No. of in-person attendance (B)	No. of proxy attendance	In-person attendance rate (%)	Remarks
				(B/A)(Note)	
Convener	Hu Ching-Hsi	2	0	100	Re-elected and continued in office on May 29, 2023
Member	Chen Li-Hsin	2	0	100	Re-elected and continued in office on May 29, 2023
Member	Lin Yi-Chi	2	0	100	Re-elected and continued in office on May 29, 2023

Other mandatory disclosures:

- I. In the event where the Remuneration Committee's proposal is rejected or amended in a board of directors meeting, please describe the date and session of the meeting, details of the motion, the board's resolution, and how the Company had handled the Remuneration Committee's opinions (describe the differences and reasons, if any, should the board of directors approve a solution that was more favorable than the one proposed by the Remuneration Committee): None.
- II. Should any committee member object or express reservations to the resolution made by the Remuneration Committee, whether on-record or in writing, please state the date and session of the meeting, details of the motion, the entire members' opinions, and how their opinions were addressed: None.

Note: (1) Date of resignation is shown for members of the Remuneration Committee who had resigned prior to the close of the financial year. The percentage of in-person attendance (%) is calculated based on the number of Remuneration Committee meetings held and the number of meetings attended in-person during active duty.

- (2) If a re-election of Remuneration Committee members had taken place prior to the close of the financial year, members of both the previous and the current Remuneration Committee are listed; in which case, the remarks column would specify whether the committee member was elected in the previous board, the new board, or both. Percentage of in-person attendance (%) is calculated based on the number of Remuneration Committee meetings held and the number of meetings actually attended during active duty.

III. Significant resolutions of the Remuneration Committee in the most recent year and up to the publication date of annual report:

Date	Motion details	Resolution
2024/01/15	2023 year-end and performance bonuses for managers and above. - Review of 2024 remuneration to directors and managers.	Approved.
2024/11/12	Review of the allocation of the land purchase bonus and construction stage performance bonus for the Shihua Plaza building, the Chun Wang Tzu section and the Bei Xiaoxin section.	Approved as proposed
2025/01/22	2024 year-end and performance bonuses for managers and above. - Review of the salary proposal for the promoted financial supervisor. - Review of 2025 remuneration to directors and managers.	Approved.

5. Enforcement of sustainable development: The Company's policies, measures, and fulfillment toward environmental protection, community engagement, society contribution, social services, public interests, consumers' rights, human rights, safety, health and other social responsibilities.

Sustainable development implementation status, and deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Assessment criteria	Current practices			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
I. Has the Company implemented a governance framework that supports sustainable development, and designated a unit that specializes (or is involved) in the promotion of sustainable development? Is the unit empowered by the board of directors and run by senior management, and how does the board supervise progress?	V		The Company has assembled a "Sustainable Development Committee" and designated the President to serve as the lead committee member. A "Corporate Governance Task Force," a "Sustainable Development Task Force," and a "Charity Task Force" have been created under the committee to execute sustainability-related projects. All progress and outcomes have been disclosed in the "Sustainable Development Report" and published on the corporate website. Details of which are reported to the Board of Directors on a yearly basis.	No deviation was found.
II. Has the Company conducted risk assessment on environmental, social, and corporate governance issues that are relevant to its operations, and implemented risk management policies or strategies based on principles of materiality? (Note 2)	V		The Company has implemented a risk management policy with an emphasis on developing "risk culture and sustainable practices" as a way to reduce overall business risks while staying highly competitive. The following strategies are being taken to enforce the policy: 1. Establish a risk management system that covers the entirety of group operations; 2. Implement	No deviation was found.

Assessment criteria	Current practices			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			training programs aimed at raising employees' risk awareness; 3. Enhance corporate governance practices; 4. Comply with international product safety rules; 5. Support environment, safety, and health policies; and 6. Exercise management over suppliers' conducts and fluctuation in raw material supply. The President and heads of production, R&D, safety, environment, marketing, materials, finance, and internal audit are jointly involved in the enforcement of risk management policy, and they convene regular meetings to discuss related issues. The Company recognizes business continuity as an important part of enterprise risk management. For the protection of stakeholders' interests and corporate reputation, the Company has implemented a business continuity policy with an emphasis on "fulfilling corporate commitments and adopting sustainable practices," and set the following goals: 1. Ensure cash flow balance and financial continuity; 2. Ensure uninterrupted supply of critical goods; 3. Prioritize local purchase of raw materials; 4. Improve operational capacity of critical business activities; and 5. Continually reduce potential business risks.	

Assessment criteria	Current practices			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
III. Environmental issues (I) Has the Company developed an appropriate environmental management system, given its distinctive characteristics?	V		(I) The Company enforces effective sustainability strategies from a product, marketing, and service aspect, and sets operational goals accordingly. All products offered to customers are designed and manufactured in compliance with environmental protection requirements. Through rigorous environmental management, the Company hopes to improve environmental performance and contribute toward lessening pollution, mitigating environmental impact, promoting environment/safety awareness, conserving energy, and making efficient use of resources. By advocating strong values and delivering solid results on environmental management, we aim to fulfill our corporate social responsibilities toward sustainability.	(I) No deviation was found.
(II) Is the Company committed to achieving efficient use of resources, and using renewable materials that produce less impact on the environment?			(II) The Company has adopted various measures to improve the efficiency of resources such as power, fuel, and water, and set goals to lower the K-value on a yearly basis. Total volume of the Company's waste disposal in 2024: 0.4843	(II) No deviation was found.

Assessment criteria	Current practices			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(III) Does the Company assess potential risks and opportunities associated with climate change, and undertake measures in response to climate issues?			million liters of waste liquid (incinerated by the Company itself) and 222.9 metric tons of dimethylformamide (recycled for the Company's use). 610 barrels of empty iron drums, 3.63 metric tons of waste resin, 1.924 metric tons of waste iron containers, and 5.47 metric tons of waste activated carbon were recycled. The Company will gradually increase the percentage of reused and recycled waste over time, and continue to reduce waste at the source. (III) The Company assesses potential risks and opportunities associated with climate change, and undertakes the following measures in response to climate issues: 1. Reducing waste at the source and increasing the percentage of waste reused. 2. Switching fuel to liquid petroleum gas for boilers and natural gas for incinerators. 3. Making more efficient use of energy and resources and increasing the percentage recycled/reused (such as: shipping products in ISO containers or IBC tanks for less use of packaging materials, reusing coolants, recycling/reusing solvents etc.), adopting	(III) No deviation was found.

Assessment criteria	Current practices			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(IV) Does the Company maintain statistics on greenhouse gas emission, water usage, and total waste volume in the last two years, and implement policies aimed at reducing energy, carbon, greenhouse gas, water, and waste?			green transformation at factory sites, and planting additional trees. (IV) The Company is a member of the Association of Synthetic Leather Industries. Description of energy, carbon, and greenhouse gas reduction strategies: The Company has adopted measures to improve efficiency of power, fuel, and water usage, and set goals to reduce energy, carbon, and greenhouse gas by lowering K-value on a yearly basis.	(IV) No deviation was found.
IV. Social issues (I) Has the Company developed its policies and procedures in accordance with laws and International Bill of Human Rights? (II) Has the Company developed and implemented reasonable employee welfare measures (including compensation, leave of absence, and other benefits), and appropriately reflected business performance or outcome in employees' compensations?	V		(I) The Company has complied with employment regulations and are committed to protecting employees' rights. The Company adopts open communication to promote its policies and learn employees' opinions, and has published its own human rights policy over the corporate website. (II) The Company provides a comprehensive range of salary, bonus, profit sharing, and welfare that encourages employees to deliver their best work performance and reflects business outcomes in employees' compensations. Welfare measures offered to employees include: Labor	(I) No deviation was found. (II) No deviation was found.

Assessment criteria	Current practices			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(III) Does the Company provide employees with a safe and healthy work environment? Are employees trained regularly on safety and health issues? (IV) Has the Company implemented an effective training program that helps employees develop skills over their career? (V) Has the Company complied with laws and international standards with respect to customers' health, safety, and privacy, marketing and labeling in all products and services offered, and implemented consumer/customer protection policies and complaint procedures?			Insurance/National Health Insurance/group insurance coverage, festive cash, annual health checkup, overseas trip for senior employees, meal/compassionate/disability subsidies, assembly of Employee Welfare Committee, and wedding/childbirth/travel/injury/illness/death subsidies. The Company also allows applications for parental leave (number of applicants for parental leave in 2024: 1 person). (III) The Company complies with ISO9000 and organizes employee health checkups and safety and health seminars on a yearly basis. There were no occupational disasters in 2024. (IV) Employees are assigned to external training courses from time to time to help develop professional capacity. (V) The Company has developed standard procedures for handling customers' complaints and feedbacks, and adopted a customer-driven quality system that takes an objective approach to evaluate customers' satisfaction with the products or services received, as well as any deviation	(III) No deviation was found. (IV) No deviation was found. (V) No deviation was found.

Assessment criteria	Current practices			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(VI) Has the Company implemented a supplier management policy that regulates suppliers' conducts with respect to environmental protection, occupational safety and health, or work rights/human rights issues, and tracked suppliers' performance on a regular basis?			from their needs and expectations. Based on these findings, the Company aims to make ongoing improvements to the quality system and accomplish its sustainability goals. Grievance e-mail: ub1234@ms12.hinet.net (VI) The Company requires all raw material suppliers to sign a RoHS commitment, which promises that all products supplied have been designed and manufactured strictly in compliance with environmental protection laws and rules, and that they are willing to work with the Company toward adopting global environmental protection standards by enforcing effective control over raw materials and production procedures, while assuring that the products supplied continue to conform with ROHS. In doing so, the Company contributes its effort toward protecting Earth's environment and reducing damage to the ecosystem, while at the same time making sure that its products conform with EU ROHS and relevant environmental directives. Although the Company has not signed contracts with key suppliers in this	(VI) No deviation was found.

Assessment criteria	Current practices			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			regard, all suppliers are made aware of such requirements prior to transaction.	
V. Does the Company prepare its sustainability report or any report of non-financial information based on international reporting standards or guidelines? Are the abovementioned reports supported by assurance or opinion of a third party?	V		The Company completed the preparation of its 2023 ESG report in June 2024. The report was prepared based on guidelines and structures of the "Core" option stated in GRI Standards published by the Global Sustainability Standards Board (GSSB). This report has been disclosed on the Company's website and will be uploaded onto MOPS. Obtained limited assurance report from the CPA.	No material deviation was found
VI. If the Company has established sustainability policies in accordance with "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," please describe its current practices and any deviations from the Best Practice Principles: The Board of Directors passed a set of Corporate Social Responsibility Best Practices on December 27, 2016 and later amended it into Sustainable Development Best Practices in 2022. The Company has duly followed the best practices and no material deviation is found.				
VII. Other information useful to the understanding of corporate social responsibilities: (I) For three decades, the Company has adopted an innovative spirit and persisted in its pursuit for excellence, offering customers the most suitable products and the best services while at the same time contribute to the development and innovation of Taiwan's PU resin industry. By contributing core technologies and know-how, the Company hopes to make its products more practical and relevant to real-life scenarios, and help raise the global competitiveness of Taiwan's PU resin industry. (II) The Company has been fully committed in the hiring of local workers since it was first founded as a way to protect employment opportunities. (III) The Company advocates a corporate culture of integrity, pragmatism, gratitude, and appreciation, which is why it encourages employees to take part in charity as a means to give back to the society and fulfill social obligations of the organization. Below is a list of charity activities that the Company has taken part of:				

Assessment criteria	Current practices			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
1. The Company makes annual donations totaling NT\$30,000 to the "Association of Synthetic Leather Industries."				
2. Donations totaling NT\$20,000 were made to support the training of volunteer police in Anding District (Shanhua Volunteer Police).				
3. The Company has set up factories in Anding and Madou, two agricultural districts in Tainan that are characterized by relatively simple lifestyle. For this reason, we have chosen to contribute to the local society by engaging in religious activities and making donations. The Company also serves as consultant for Changxing Temple Emergency Aid Foundation, and actively takes part in local activities to get in touch with those in need. In 2024, the Company offered assistance to 112 people, made monthly donations to 16 underprivileged children, and distributed rice and oil to low-income households before Chinese New Year all through the foundation.				

Climate related information of TWSE/TPEX listed company

1 Execution of climate related information

Item	Execution progress
1. Explain the supervision and governance of climate related risks and opportunities by the board of directors and management.	1. (1) The board of directors needs to identify various risks related to climate change, including physical risks (such as extreme weather, floods, droughts, etc.) and transition risks (such as changes in policies and regulations, adoption of low-carbon technologies, changes in consumer preferences, etc.). Climate risks may affect the production process, supply chain, raw material procurement, energy costs, etc. of factories. The board of directors needs to ensure that these risks are incorporated into the overall risk management framework and specific response plans are proposed by the management. (2) The management needs to conduct regular risk assessments to identify climate risks that may have an impact on production, supply chain, and operations. This includes predicting the impact of extreme weather events on factory facilities and ensuring appropriate protective measures are in place. The management needs to evaluate the impact of policy changes (such as carbon emission pricing), market demand changes (such as increasing demand for environmentally friendly products), and technological innovation on the Company, and adjust the Company's strategy based on these evaluations. It may be necessary to increase investment in clean production technologies (such as low-carbon processes) or

2. Explain how the identified climate risks and opportunities affect the business, strategy, and finances (short-term, medium-term, long-term) of the enterprise.	environmentally friendly raw materials. Lead the development of environmentally friendly chemicals and promote the Company's transition to the green chemical market. Collaborate with suppliers to reduce carbon emissions and ensure sustainable sources of raw materials. 2. (1) Short-term impact (1-3 years): <a> Risk: Extreme weather events (such as floods, droughts, blizzards, etc.) may cause immediate damage to production facilities, supply chains, and logistics operations, leading to factory shutdowns, raw material shortages, or product delivery delays, ultimately affecting business operations and revenue. Governments around the world may implement new climate related regulations or policies in the short term (such as carbon emission limits or carbon taxes), forcing companies to increase compliance costs in the short term and affecting cash flow and profits. As consumer demand for sustainable products increases, the Company may need to quickly adjust their product portfolio, which may involve high market transformation costs. Opportunity: Consumer demand for environment-friendly and sustainable products may sharply increase in the short term, and companies can seize this market opportunity by developing and promoting green products to increase sales and market share. The Company's efforts to improve energy efficiency and reduce emissions in the short term may immediately lower energy costs and improve short-term financial performance during operations. (2) Mid-term impact (3-10 years): <a> Risk: If the frequency and intensity of extreme weather events increase, the Company may need to invest more funds to repair damaged facilities or implement post disaster response plans, thereby increasing mid-term operating costs. As the global financial market becomes more aware of the importance of climate risk, financial institutions may begin to increase financing costs for high-risk companies (such as companies with high carbon emissions or no environmental protection policy) and, in turn, affect mid-term capital operations. Opportunity: With changes in policies and market demand, the Company has the opportunity to increase its research and development investment in sustainable technologies and low-carbon products in the medium term, develop new business models or product lines, which may create new sources of revenue for the Company and enhance market competitiveness. If the Company actively integrates into green finance (such as green bonds, green loans, etc.), it may obtain more favorable financing conditions and reduce financing costs in the medium term.
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3. Explain the impact of extreme climate events and transitional actions on finances.	(3) Long-term effects (over 10 years): <a> Risk: As climate change continues, certain regions may become unsuitable for certain types of business operations (such as rising sea levels threatening coastal facilities, extreme droughts affecting agricultural production, etc.).If the Company fails to adjust to these changes, it may face long-term risks of business exit or closure.If the Company fails to adapt to the market's demand for low-carbon or sustainable products in a timely manner, or fails to comply with potentially stricter carbon emission regulations in the future, it may lose market share in the long term and even face risks such as legal action or environmental compensation. Opportunity: In the long run, if the Company can successfully transform into a low-carbon or circular economy model, it may become an industry leader and benefit from consumer and investor preferences for sustainable enterprises.This will help the Company enhance brand value and increase market share.The government's support for climate related policies will continue to strengthen, and may provide subsidies, tax incentives, and other policy incentives for enterprises that actively reduce emissions and support sustainable development. These long-term policy supports help the Company to have a strong position in the market. 3.(1) In the event of extreme weather, the production facilities, warehouses, distribution centers and other infrastructure may be damaged. The Company needs to repair them, which will increase direct costs. (2) If the factory is damaged, it may lead to a production interruption, which will directly affect revenue and may lead to a loss of future production capacity. (3) After experiencing extreme weather events, the Company may need to pay high insurance premiums to compensate for losses. In the event of damage to the customer or supplier, the Company may be liable for compensation. (4) In the long run, with the increasing frequency of extreme weather events, insurance expenses may increase significantly, and thus increase the operating costs of the Company. (5) Extreme weather events can affect the transportation of raw materials and commodities, leading to supply chain disruptions and subsequently impacting production progress. This may require additional transportation expenses or replacement costs, which may lead to short-term liquidity difficulties. (6) Extreme weather events may lead to instability in consumer demand.For example, floods may reduce the demand for certain sports shoes, thereby lowering prices; floods may destroy retail stores and warehouses, leading to a
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4. Explain how the identification, evaluation, and management processes of climate risks are integrated into the overall risk management system.	decline in product sales. (7) Climate events may result in the company being unable to fulfill their financial obligations on schedule, thereby adversely affecting their credit ratings. Financial institutions may increase loan interest rates for companies or require higher collateral. (8) The Company needs to make significant capital expenditures in the early stages of transformation, such as upgrading equipment to achieve energy efficiency, purchasing renewable energy facilities, and developing low-carbon technologies. These investments will increase the Company's financial burden in the short term. (9) With the increasing demand for sustainable products from consumers, if the Company can successfully launch environmentally friendly products, it will be able to attract new customer groups and increase revenue. (10) More and more investors attach great importance to environmental, social, and governance (ESG) factors, and companies that actively transform can attract more investors and low interest financing. Green financial products, such as green bonds, can provide more favorable financing conditions and help companies reduce their capital costs. (11) With the increasing frequency of extreme weather, the Company needs to strengthen risk management and purchase appropriate insurance to reduce financial losses caused by natural disasters. In addition, the transformation of mobile services also needs to take into account market risks and policy risks to ensure the feasibility of transformation and avoid unnecessary waste of capital. 4. (1) Identify whether the climate risk type is physical risk or transitional risk (policy risk, technology risk, market risk). (2) After identifying the climate risk, the Company needs to conduct a qualitative and quantitative risk assessment of the system, or a risk matrix analysis and scenario analysis and stress test. (3) Based on the results of risk identification and assessment, the Company needs to formulate corresponding risk management strategies, which are risk avoidance, risk reduction, risk transfer, and risk acceptance. (4) Incorporating climate risk into the Company's overall risk management system requires ensuring that climate risk operates in synergy with other types of risks (such as financial risk, operational risk, etc.). The board of directors should regularly discuss climate related risk issues and guide management in
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5. If scenario analysis is used to evaluate resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and major financial impacts used should be explained.	implementing relevant risk response strategies. A dedicated risk management committee should be established to coordinate the management of climate risk and coordinate with other risk management areas. The company should follow the Climate Related Financial Disclosure Task Force (TCFD) According to international standards, regularly disclose the identification, evaluation results, and management measures of climate risks, enhance transparency, and report the climate risk status to stakeholders (such as investors, regulatory agencies, consumers, etc.), establish performance indicators related to climate risks (such as carbon emission reduction, energy consumption reduction rate, etc.), and incorporate them into the Company's performance evaluation system. 5.(1) Scenario setup Including: (a) Stable scenario: assuming that the current trend of climate change continues without significant policy or technological breakthroughs.(b) High carbon scenario: Assuming that global carbon emissions continue to increase and climate change intensifies.(c) Low carbon scenario: Assuming that the world achieves large-scale emissions reductions and the risk of climate change is significantly reduced.(d) Moderate scenario: Assuming that the world takes certain emission reduction actions, but has not reached a significant level of reduction. (2) Parameters Including: (a) Climate change indicators: such as the frequency and intensity of global warming prediction, extreme weather events (rainstorm, drought, heat wave, etc.).(b) Ecosystem changes, such as rising sea levels, land loss caused by extreme weather, or changes in water resources.(c) Energy transition indicators: such as changes in energy structure, development of renewable energy, etc. (3) Actuarial assumptions Including: (a) Policy assumption: assuming the degree and intensity of cooperation among governments on climate policies, such as whether the goals of the Paris Agreement will be achieved. (b) Market assumption: such as the assumption about changes in energy prices (e.g. the rise or fall in the price of fossil fuels). (c) Assumptions about technology development: such as, whether breakthrough low-carbon technology will emerge, or the commercialization of existing technologies. (4) Analysis factors (a) Resilience in business operation: Including sustainability of supply chain, transportation and raw material supply. (b) Financial stability: How to cope with additional costs caused by climate change, such as losses from extreme weather
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6. If there is a transition plan for managing climate related risks, explain the content of the plan, as well as the indicators and objectives used to identify and manage physical and transition risks.	events, carbon taxes, or the implementation of new regulations.(c) Capital structure and risk management: How the organization manage long-term capital risks caused by climate change risks. (5) Main financial impact Including: (a) Cost increase: Due to extreme weather events or carbon emission policies, the Company may need to increase capital expenditures or operating costs, such as strengthening infrastructure, transforming energy structures, etc.(b) Decreased income: For example, due to changes in weather patterns, the output of agriculture or tourism may be affected.(c) Capital flows and investment risks: There may be a decrease in investment in high carbon industries or an increase in capital demand for low-carbon projects.(d) Changes in insurance premiums: Losses caused by extreme weather can increase insurance premiums and affect the financial stability of the Company. 6. (1) Content of transformation plan Including the following core aspects: (a) Carbon reduction strategy: setting specific emission reduction targets and measures to achieve greenhouse gas emissions reduction. Setting the carbon neutrality targets for 2030 and 2050. (b) Energy transformation: adjust the energy structure, increase the use of renewable energy, and reduce dependence on fossil fuels. (c) Capital expenditure and investment: Invest capital in sustainable technologies, infrastructure and products, such as green buildings, low-carbon transportation, and circular economy projects. (d) Product and service innovation: Develop products or services that meet the low-carbon requirements and launch them to the market in order to adapt to the changes in policies and market demand. (e) Management structure adjustment: The Company has established the function of climate change management internally, strengthened the cross-department cooperation, and promoted each department and the supply chain to actively participate in the climate risk management. (f) Education on employees and stakeholders: Employees, investors, and other stakeholders are trained and communicated to improve their knowledge and response to climate risks. (2)(A) Physical risk Physical risk refers to the direct or indirect impacts caused by climate change, which may result in business interruption, asset loss, etc.Manage through the following indicators and objectives: Indicator: (a) Frequency of extreme weather events: Monitor the frequency and
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intensity of extreme weather events such as typhoons, floods, droughts, etc.(b) Sea level rise risk: Evaluate the exposure risk of organizational assets (located near the river channel of our company).(c) Supply Chain Vulnerability Index: measures whether there are high-risk suppliers or regions in the supply chain that are affected by climate change.(d) Water resource utilization and risk: Evaluate the availability of water resources and whether they are facing water scarcity issues, especially in extreme weather conditions.

Goals: (a) Reduce losses caused by extreme weather events: Set an annual reduction in the amount of losses or accident frequency caused by extreme weather events.(b) Strengthen the disaster resilience of critical infrastructure: Ensure that all critical facilities can withstand predicted extreme weather events within 5 years.(c) Supply chain resilience enhancement: Conduct climate risk assessments on major suppliers for at least 3 years and collaborate with high-risk suppliers to reduce risk exposures.

(B) Transformation risk

Transition risk refers to the risks that may arise from policy, legal, market, or technological changes during the process of transitioning to a low-carbon economy.Manage through appropriate indicators and goals:

Indicator: (a) Carbon emission intensity: measures the carbon emissions per unit of output or revenue, which is an indicator that companies need to closely monitor during the low-carbon transformation process.(b) Carbon pricing risk: Tracking fluctuations in carbon fees or carbon trading prices, predicting the impact of carbon emission costs on business.(c) Policy Risk Index: Evaluating the potential impact of climate related policies (such as carbon fees, emission reduction targets, etc.) on business.(d) Progress in low-carbon technology innovation: Monitor the development and market acceptance of emerging low-carbon technologies to evaluate their impact on business model transformation.

Goals: (a) Achieve emission reduction target: Set a 10% annual reduction in carbon emissions until the ultimate carbon neutrality goal is achieved.(b) Market regulation capability improvement: Achieve the transformation of 30% of products or services to low-carbon or zero carbon within 3 years to meet the market's demand for green products.(c) Carbon pricing risk management: Conduct a risk assessment of changes in carbon pricing within 2 years and develop response strategies to avoid excessive cost increases.

7. If internal carbon pricing is used as a planning tool, the basis for pricing

7. The basis for internal carbon pricing includes:

should be explained.

8. If climate related goals are set, information on the activities covered, greenhouse gas emission categories, planning schedule, and annual progress achieved should be provided; If carbon credits or renewable energy credits (RECs) are used to achieve relevant goals, the source and quantity of the carbon reduction credits or RECs exchanged should be explained.

(1) Future policy expectations: The Company will set prices based on the expectations of future carbon pricing policies. If stricter carbon taxes or carbon emission trading mechanisms are expected to be implemented in the future, higher internal carbon prices may be set. This can not only help the Company prepare in advance for possible policy changes in the future, but also guide the business towards low-carbon transformation. (2) External market price: If the Company participates in the carbon trading market, it can set an internal carbon price based on the market's carbon price. Such prices usually reflect the supply and demand relationship for carbon emission quotas in the market. (3) Industry standards and benchmarks: Internal carbon prices set by peers or similar companies can be referenced, which helps ensure that prices are not too low or too high and maintain a certain level of market competitiveness. If other companies invest or adjust their carbon pricing, it will also help ensure that the Company's carbon price does not fall behind. (4) Carbon emission reduction target: When setting internal carbon prices, the Company needs to consider the carbon emission reduction targets. If a commitment is made to achieve carbon neutrality goals in the future, it may be necessary to set an internal carbon price that increases annually to promote emission reduction and energy efficiency improvement. 5. Risk management: When setting the internal carbon price, the Company must also consider the carbon risk, including legal risks, policy risks, and the possible reputation risk due to excessive carbon emissions. A higher internal carbon price can help the Company better cope with these risks.

8. Strategic objectives and control mechanism

Social issues	Meaning to the Company	Strategic objectives	Achievement status in 2024	Control mechanism
Resource management	Reduce energy consumption and improve operational performance. Reduce the impact on the	DMF washing solution recycling rate > 98%. (output/reuse volume)	Output: 222.92 T Reuse volume: 222.9 T Recycling rate: 100%	DMF washing solution reuse (manufacturing)

		environment.			
	Waste Disposal	Reduce waste. Reduce environmental load and damage.	Number of recycled old iron drums>500 per year.	610 old iron drums are recycled and reused.	Recycling of old iron drums (materials)
	Renewable energy settings	Reduce air pollution and carbon emissions	Complete the establishment of a stable factory by 2023. Complete the establishment of the Ma Dou factory by 2024.	Installed 302.6 kWh of solar energy in the Anding factory area in 2023. Installed 439.3 kilowatts of solar energy in the Madou factory area in 2024.	Set up solar panels (management) in Anding and Madou factories
9. Greenhouse gas inventory and assurance, reduction goals, strategies and concrete action plans (see 1-1 and 1-2). 9. Please refer to the explanation below.					

1-1 Greenhouse gas inventory and assurance for the last 2 years

1-1-1 Greenhouse gas Inventory Information

State the emissions of greenhouse gases (metric tons) CO₂ e), density (metric tons) CO₂ e/NTD million) and data coverage scope in the past two years.

The Company referred to the Greenhouse Gas Protocol - A Corporate Accounting and Reporting Standard, revised edition jointly released jointly published by the World Business Council for Sustainable Development (WBCSD) and the World Resource Institute (WRI), and adopted the control method for the calculation of carbon emissions within organizational boundaries in the report.

		2023		2024	
		Emissions (metric tons CO ₂ e)	Density (metric tons CO ₂ e/NTD million)	Emissions (metric tons CO ₂ e)	Density (metric tons CO ₂ e/NTD million)
The Company	Scope 1 Direct greenhouse gas emissions	573.314	1.5633	636.422	1.1355
	Scope 2 Indirect greenhouse gas emissions from energy sources	404.403	1.1108	475.301	0.8480
	Subtotal	977.717	2.6660	1,111.723	1.9836
Consolidated financial reports of all subsidiaries	Scope 1 Direct greenhouse gas emissions	669.728	4.1341	1,367.908	3.9504
	Scope 2 Indirect greenhouse gas emissions from energy sources	702.081	3.3927	1,339.731	3.8025
	Subtotal	1371.809	6.6293	2,707.639	7.6849
Total		2,349.526	4.0957	3,819.362	4.1842

1-1-2 Greenhouse gas assurance information

Provide an explanation of the confirmed situation for the past two years and as of the date of publication, including the scope of assurance, assurance institution, assurance criteria, and assurance opinion.

At present, there is no complete greenhouse gas assurance opinion obtained, and it will be planned according to the sustainable development roadmap of TWSE/TPEX listed companies.
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Note 1: The procedures shall be carried out in accordance with the provisions of Paragraph 2, Article 10 of these Regulations. If the company fails to obtain a complete greenhouse gas assurance opinion by the date of publication of the annual report, it should be noted that “Complete assurance information will be disclosed in the sustainability report”. If the company has not prepared a sustainability report, it should be noted that “Complete assurance information will be disclosed on the MOPS”, and complete assurance information shall be disclosed in the next annual report.

Note 2: The assurance institutions shall comply with the relevant regulations for the sustainability report’s assurance institution established by the Taiwan Stock Exchange Corporation and the Taipei Exchange.

Note 3: For the disclosure content, please refer to the Best Practice Reference Example on the website of the Corporate Governance Center of the Taiwan Stock Exchange.

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

Describe the greenhouse gas reduction base year and its data, reduction targets, strategies, and specific action plans, as well as the achievement of reduction targets.
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It will be planned according to the sustainable development roadmap of TWSE/TPEX listed companies.
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Note 1: The procedures shall be carried out in accordance with the provisions of Paragraph 2, Article 10 of the Regulations.

Note 2: The base year should be the year in which the audit is completed based on the boundary of the consolidated financial report. For example, according to the provisions of Paragraph 2, Article 10 of the Regulations, companies with a capital of more than NT\$10 billion should complete the audit of the consolidated financial report for 2024 in 2025. Therefore, the base year is 2024. If the company has completed the audit of the consolidated financial report in advance, the earlier year can be used as the base year, and the data of the base year can be calculated based on the average of a single year or several years.

Note 3: For the disclosure content, please refer to the Best Practice Reference Example on the website of the Corporate Governance Center of the Taiwan Stock Exchange.

6. Integrity policies and practices:

Business integrity management

Assessment criteria	Current practices			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
I. Establishment of integrity policies and solutions (I) Has the Company established a set of board-approved business integrity policy, and stated in its Memorandum or external correspondence about the policies and practices it implements to maintain business integrity? Are the board of directors and the senior management committed to fulfilling this commitment?	V		(I) The Company has established accounting policy and internal control system to enforce business integrity throughout the organization. Internal auditors have been assigned to conduct regular audits to ensure compliance. The Company has clearly stated its core values of: integrity, pragmatism, gratitude, and appreciation in external communications, and established business integrity policies that all directors, supervisors, managers, employees, and the controller are bound to obey when carrying out duties. The Company established its own "Business Integrity Code of Conduct" in 2015; details of which have been disclosed in the Investors section of the corporate website.	(I) No deviation was found.
(II) Has the Company developed systematic practices for assessing integrity risks? Does the Company perform regular analyses and assessments on business activities that are prone to higher risk of dishonesty, and implement preventions against dishonest conducts that include at least the measures mentioned in Paragraph 2, Article 7 of "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?			(II) The Work Rules explicitly prohibit employees from speculation, concealing facts, and conspiring for illegitimate gains. Personnel who are found to have violated the business integrity policy will be disciplined according to the Work Rules. In the above situation, employees who consider themselves having been disciplined unfairly or violated may seek remedy by filing a	(II) No deviation was found.

Assessment criteria	Current practices			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(III) Has the Company defined and enforced operating procedures, behavioral guidelines, penalties, and grievance systems as part of its preventive measures against dishonest conducts? Are the above measures reviewed and revised on a regular basis?			complaint with the Management Department according to the Company's grievance rules. (III) The Company has established policies on internal communication and investor relationship management, and organizes training and seminars from time to time to promote awareness. Internet and intranet mailboxes have been made available for employees and relevant personnel to report any inappropriate business conduct. All reported misconducts are handled personally by the senior management. Insiders and outsiders may report illegal (including bribery) and unethical conducts via e-mail through: ub1234@ms12.hinet.net.	(III) No deviation was found.
II. Enforcement of business integrity (I) Does the Company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners? (II) Does the Company have a unit that enforces business integrity directly under the board of directors? Does this unit report its progress (regarding implementation of business integrity policy and prevention against dishonest conducts) to the board of directors on a regular basis (at least once a year)?	V		(I) Trade partners that exhibit history of dishonest conduct must undergo rigorous assessments and credit reviews before transaction. (II) The Company has designated its Management Department as the Responsible Unit that enforces business integrity directly under the Board of Directors. Personnel of the Responsible Unit conduct regular audits regarding employees' compliance, and enforce business integrity by monitoring and reporting	(I) No deviation was found. (II) No deviation was found.

Assessment criteria	Current practices			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(III) Does the Company have any policy that prevents conflict of interest, and channels that facilitate the report of conflicting interests? (IV) Has the Company implemented effective accounting policy and internal control system to maintain business integrity? Has an internal or external audit unit been assigned to devise audit plans based on the outcome of integrity risk assessment, and to audit employees' compliance with various preventions against dishonest conduct? (V) Does the Company organize internal or external training on a regular basis to maintain business integrity?			on various operations. The Responsible Unit makes reports on business integrity at least once a year during Board of Directors meetings. (III) Internet and intranet mailboxes have been made available for employees and relevant personnel to report any inappropriate business conduct. All reported misconducts are handled personally by the senior management. (IV) The Company has established effective accounting policies and internal control system to enforce business integrity throughout the organization. Internal auditors are assigned to conduct regular audits to ensure compliance of the abovementioned policies/system. The Company is not required to have CPAs conduct audit at the moment. (V) The Company has established policies on internal communication and investor relationship management, and organizes training and seminars from time to time to promote awareness.	(III) No deviation was found. (IV) No deviation was found. (V) No deviation was found.
III. Whistleblowing system (I) Does the Company provide incentives and means for employees to report misconducts? Does the Company assign dedicated personnel to investigate the reported misconducts?	V		(I) The Company has implemented a whistleblowing system to facilitate reporting of illegal (including bribery) and unethical behaviors involving insiders and outsiders. Grievance mailboxes have been made available to facilitate misconduct report, and all misconduct reports are handled by the Management Department. Grievance mailbox:	(I) No deviation was found.

Assessment criteria	Current practices			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(II) Has the Company implemented any standard procedures for handling reported misconducts, and subsequent actions and confidentiality measures to be undertaken upon completion of an investigation? (III) Has the Company provided proper whistleblower protection?			ub1234@ms12.hinet.net (II) Personnel who are found to have violated the business integrity policy will be disciplined according to the Work Rules. (III) In the above situation, employees who consider themselves having been disciplined unfairly or violated may seek remedy by filing a complaint with the Management Department according to the Company's grievance rules.	(II) No deviation was found. (III) No deviation was found.
IV. Enhanced information disclosure (I) Has the Company disclosed its integrity principles and progress onto its website and MOPS?	V		The Company has created its own website and disclosed "Business Integrity Code of Conduct" publicly. Details regarding business integrity practices have been disclosed in the annual report, which can be downloaded from MOPS.	(I) No deviation was found.
V. If the Company has established business integrity policies in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies," please describe its current practices and any deviations from the Best Practice Principles: The Company has established its own "Business Integrity Code of Conduct" based on "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" to support sustainable development and the creation of an integrity-driven corporate culture. A set of service code of conduct has been implemented to facilitate management, and there was no material deviation from either rules.				
VI. Other information relevant to understanding business ethical corporate management of the Company (e.g. review of business integrity principles): None.				

7. Other important information material to the understanding of corporate governance within the Company: None.

8. Implementation of internal control system:

(1). Statement of Internal Control

U-Best Innovative Technology Co., Ltd.
Statement of the Internal Control System

Date: March 11, 2025

Based on the findings of the self-assessment, the Company states the following with regard to its internal control system during 2024:

- I. The Company is clearly aware that the establishment, implementation, and maintenance of an internal control system are the responsibility of the Company's Board of Directors and managers, and the Company has established such a system. Its purpose is to provide reasonable assurance on the achievement of operating effectiveness and efficiency (including profits, performance, and assets safeguarding), reporting matters with reliability, timeliness, and transparency, and compliance with relevant laws and regulations.
- II. Some limitations are inherent in all internal control systems. No matter how perfect the design is, an effective internal control system can only provide a reasonable assurance regarding the achievement of the above three intended objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system is equipped with a self-monitoring mechanism. Once a defect is identified, the Company will take action to rectify it.
- III. The Company judges whether the design and implementation of the internal control system is effective based on the criteria for judging the effectiveness of the internal control system set out in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). Said criteria under the Regulations are divided into five constituent elements as per the management and control process: 1. control environment, 2. risk assessment, 3. control activities, 4. information and communication, and 5. monitoring. Each constituent element includes several items. For said items, please refer to the Regulations.
- IV. The Company has adopted the above criteria of internal control systems to assess the effectiveness of the design and implementation of the internal control system.
- V. Based on the findings of the assessment, the Company believes that, as of December 31, 2024, its internal control system (including the supervision and management of subsidiaries), including the monitoring of the achievement of its objectives concerning operational effectiveness and efficiency, the reliability, and timeliness and transparency of the reporting and compliance with applicable laws and regulations, is effective in design and implementation, and can reasonably assure the achievement of the above-mentioned objectives.
- VI. This Statement is the content of our annual report and prospectus for the information of the public. If the disclosed content above is false or there is material information concealed deliberately or otherwise, the Company will be legally liable pursuant to Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This Statement has been approved by the Company's Board of Directors on March 11, 2025. Among the 7 directors present, none of them expressed objections. All the others agreed with the content of this statement.

U-Best Innovative Technology Co., Ltd.

Chairman:

Signature/stamp

President:

Signature/stamp

(2). If the internal control system was reviewed by an external CPA, the result of such review must be disclosed: None

9. Major resolutions passed in shareholders' meetings and board meetings held in the last year and up to the publication date of the annual report:

(1). Shareholder meeting minutes in 2024 and up to the publication date of the annual report:

Date		Motion details	Resolution	Execution progress
2024/05/31	Proposals	1. The Company's 2023 business report and financial statements	The proposal was approved by the shareholders present at the meeting as a result of the vote. Number of voting rights: 94,642,429, number of votes in favor: 92,829,783 (98.08%), votes against: 37,791 (0.03%), invalid: 0 (0.00%), abstentions and non-voting votes: 1,774,855 (1.87%)	The resolution has been followed.
		2. The Company's 2023 profit appropriation and loss compensation.	The proposal was approved by the shareholders present at the meeting as a result of the vote. Number of voting rights: 94,642,429, number of votes in favor: 92,801,378 (98.05%), votes against: 57,423 (0.06%), invalid: 0 (0.00%), abstentions and non-voting votes: 1,783,628 (1.88%)	The resolution has been followed.
	Questions and Motions	None.	-	-

(2) Important resolutions adopted by the Board of Directors during 2024 and up to the publication date of this annual report:

Date	Motion details	Resolution
2024/01/25	1. The Company's 7th domestic unsecured convertible corporate bonds conversion and issuance of new shares. 2. Change of share capital through the first issuance of employee share options to common shares in 2020. 3. Application for a loan facility from CTBC Bank. 4. Application for a civil engineering financing facility at Chang Hwa Bank. 5. Review of CPAs' independence evaluation and 2024 accountants' fee. 6. The Company's "New Construction of Multi-family Residential Buildings in Beihua Section, Tainan City" contracted by the related party. 7. Proposal to acquire building materials from the related party. 8. Matters reviewed in the Remuneration Committee's 1st meeting in 2024.	Motions 6-7 were passed with no objection after discussion by the directors present, except for Chang Yu-Ming and Hu Ching-Hsi, who recused themselves from the resolution due to conflict of interest. Motion 8 was passed with no objection after discussion by the directors present, except for Chang Yu-Ming, Huang Nan-Hao and Liu Chen-Hsien, who recused themselves from the resolution due to conflict of interest. All other motions were approved as proposed.
2024/03/12	1. Review of the Company's 2023 business report and financial statements 2. The Company's 2023 profit appropriation and loss compensation. 3. 2023 internal control system effectiveness assessment and internal control system statement. 4. Proposal of application for credit line from Mega Bills. 5. Proposal of application for credit line from Mega International Commercial Bank. 6. Audit officer 7. Change of the CPAs in 2024. 8. Convening of the 2024 general shareholders' meeting and related matters.	The motion was unanimously approved as approved by all directors.
2024/04/09	1. New share issuance for conversions of the Company's 6th domestic secured and 7th domestic unsecured convertible corporate bonds. 2. Change of share capital due to the conversion of the first employee stock options to ordinary shares in 2020. 3. Acquisition of land at Xiwan Section, Yongkang District, Tainan 4. Proposal to apply for a credit line from Taipei Fubon Bank.	The motion was unanimously approved as approved by all directors.
2024/05/09	1. Consolidated financial report for Q1 2024. 2. Proposal to establish the general principles of the Company's pre-approved non-assurance service policy.	The motion was unanimously approved as approved by all directors.
2024/08/12	1. The Company's 6th domestic issuance of secured convertible bonds and 7th domestic issuance of unsecured convertible bonds for new shares. 2. Change of share capital through the first issuance of employee share options to common shares in 2020. 3. Consolidated financial report for the first half of	The 7th motion was passed with no objection after discussion by the directors present, except for Directors Chang Yu-Ming, Liu Chen-Hsien and Huang Nan-Hao, who recused himself from the

	2024. - Proposal to apply for a credit line from Cathay United Bank. - Earnings distribution for the first half of 2024. - Addition to the Company's "Internal Control System" - "Construction Procurement and Payment Cycle". - Acting as a collateral provider for financing the remaining houses of Sun Yad. - The Company's "New Construction of Multi-family Residential Buildings in Dong'an Section, Tainan City" contracted by the related party. - The Company's 2023 Business Report and Financial Statements.	resolution due to conflict of interest. Motions 8 were passed with no objection after discussion by the directors present, except for Chang Yu-Ming and Hu Ching-Hsi, who recused themselves from the resolution due to conflict of interest. All other motions were approved as proposed.
2024/11/12	- The Company's consolidated financial report for Q3 2024. - Change of share capital through the first issuance of employee share options to common shares in 2020. - Proposal to apply for a loan facility from First Commercial Bank. - Proposal to apply for a credit line from Shin Kong Commercial Bank. - Proposal to apply for a loan facility from Taichung Commercial Bank. - Addition to the Company's "Internal Control System" - "Management of Sustainability Information". - Proposal to establish the general principles of the Company's pre-approved non-assurance service policy. - The Company's "New Construction of Multi-family Residential Buildings in Dong'an Section, Tainan City" contracted by the related party. - The Company's "New Construction of Multi-family Residential Buildings in Lixiang Section, Tainan - Public Facility Decoration and Landscape Work" to be contracted by a related party. - Matters reviewed in the Remuneration Committee's 2nd meeting in 2024.	Motions 1-7 were unanimously approved as approved by all directors. Motions 8-9 were passed with no objection after discussion by the directors present, except for Chang Yu-Ming and Hu Ching-Hsi, who recused themselves from the resolution due to conflict of interest. The 10th motion was passed with no objection after discussion by the directors present, except for Chang Yu-Ming and Huang Nan-Hao, who recused themselves from the resolution due to conflict of interest.
2024/11/26	- Replace the stock agency of the Company. - Ratification for the acquisition of Sun Yad shares.	The motion was unanimously approved as approved by all directors.
2024/12/27	- Proposal of the 2025 audit plan. 2025 business plan. - Proposal of application for a loan line from Taichung Commercial Bank. - Appointment of the finance head. - Lifting of the non-compete restriction on the Company's managers.	Motions 1-4 were unanimously approved as approved by all directors. The 5th motion was passed with no objection after discussion by the directors present, except for Director Huang Nan-Hao who recused himself from the resolution due to conflict of interest.
2025/01/22	- Proposal to apply for a credit line from Hua Nan Commercial Bank, Ltd. - Proposal of application for credit line from Mega	Motions 1-3 were unanimously approved as approved by all directors.

	International Commercial Bank. 3. Application for a loan facility from CTBC Bank. 4. Matters reviewed in the Remuneration Committee's 1st meeting in 2025.	The 4th motion was passed with no objection after discussion by the directors present, except for Directors Chang Yu-Ming and Huang Nan-Hao who recused themselves from the resolution due to conflict of interest.
2025/03/11	1. Review of the Company's 2024 business report and financial statements 2. The 2024 employee remuneration and directors' remuneration distribution proposal. 3. The 2024 Earnings Distribution Table. 4. 2024 internal control system effectiveness assessment and internal control system statement. 5. Proposal of application for credit line from Mega Bills. 6. Amendment to the "Articles of Incorporation". 7. Amendments to the Company's level of authority schedule. 8. Review of CPAs' independence evaluation and 2025 accountants' fee. 9. Change of share capital through the first issuance of employee share options to common shares in 2020. 10. Convening of the 2025 general shareholders' meeting and related matters. 11. The Company's "New Construction of Multi-family Residential Buildings in Beixiaoxin Section, Tainan" to be contracted by a related party.	Motions 1-10 were unanimously approved as approved by all directors. The 11th motion was passed with no objection after discussion by the directors present, except for Directors Chang Yu-Ming and Huang Nan-Hao who recused themselves from the resolution due to conflict of interest.

10. Documented opinions or declarations made by directors or supervisors against board resolutions in the most recent year, and up to the publication date of annual report: None.

IV. Disclosure of CPAs' remuneration:

Unit: NTD thousands

Name of accounting firm	Name of CPA		Audit period	Auditing fee	Non-auditing fee	Total	Remarks
KPMG Taiwan	Hsu Cheng-Long	Kao Yu-Lun	2024.1-2024.12	1,914	672	2,586	

Please specify the content of non-audit services: audit fee for business tax under the direct deduction method for concurrently undertaking businesses: NT\$20 thousand for audit fee for business tax settlement, NT\$220 thousand for audit and certification fee for business income tax settlement, NT\$300 thousand for assurance service for sustainability report, NT\$15 thousand for trust account audit, NT\$16 thousand for non-managerial full-time employees' salary information checklist, and NT\$101 thousand for service fee for handling registration of changes for issuing new shares, etc.

Note: If there is any change of auditor or accounting firm during the year, please specify the duration of their services separately and state the reason for making the change in the remarks field. Any audit and non-audit fees paid to auditors should also be disclosed separately. Provide detailed explanations to non-audit service.

V. Change of CPA: Not applicable.

VI. Disclosure of any of the Company's Chairman, President, or managers responsible for financial or accounting affairs being employed by the CPA's firm or any of its affiliated company in the last year, including their names, job titles, and the periods during which they were employed by the CPA's firm or any of its affiliated company

Independence and suitability assessment for the certifying statement auditor

(I) Certifying auditor: KPMG Taiwan

(II) Statement of independence of the CPAs

(III) The audit and non-audit services provided by CPAs must be reviewed by the Audit Committee in advance to ensure that the non-audit services will not affect the audit results.

(IV) Obtain information on the 13 Audit Quality Indicators (AQIs) provided by the CPA firm, and assess the audit quality of the CPA firm and the audit team in accordance with the "Guidelines for the Interpretation of the Audit Committee's Audit Quality Indicators (AQI)" issued by the competent authority.

(V) Assessment content

With reference to Article 47 of the Certified Public Accountant Act and No. 10 Public Accountant Code of Ethics:

Factors affecting CPAs' independence		Yes	None
1.	Up to the most recent certification, no replacement has been made in 7 years		✓
2.	Whether the CPAs have direct or material indirect financial interest with the Company		✓
3.	The CPA has any inappropriate relationship with the client.		✓
4.	The CPA has caused his/her assistant to fail to maintain his/her integrity, impartiality and independence.		✓
5.	The CPA's name is used by another party.		✓
6.	The CPA holds shares in the Company or its affiliates.		✓
7.	The CPA has loaned/borrowed from the Company and its affiliates.		✓

8.	The CPA has a joint investment or profit-sharing relationship with the Company or its affiliated enterprises.		✓
9.	The CPA is responsible for the management and decision-making of the Company or its affiliates.		✓
10.	The accountant is engaged in other businesses that may lose his/her independence.		✓
11.	The CPA has been subject to disciplinary actions or has violated the independence principles.		✓
12.	Whether the CPAs are involved in any financing or guarantee arrangement with the Company or its directors/supervisors.		✓
13.	Whether the CPAs are concerned with the possibility of losing customer.		✓
14.	Whether CPAs have extensive commercial relationship with the Company.		✓
15.	Whether CPAs have potential employment relationship with the Company.		✓
16.	Whether CPAs receive contingent remuneration relating to the audit service.		✓
17.	Whether members of the audit service team undertook directorship, supervisorship, managerial role or any position in the Company that has material effect on the audit task, whether currently or at anytime in the last 2 years.		✓
18.	Whether CPA's non-audit services to the Company may directly affect key parts of the audit service.		✓
19.	Whether the CPAs promote or serve as any form of intermediary to the shares or securities issued by the Company.		✓
20.	Whether the CPAs serve as defense attorney for the Company, or represent the Company in mediating any conflict with a third party.		✓
21.	The CPA and the Company's management are spouses, direct blood relatives, or second-degree relatives.		✓
22.	Whether any CPA partner resigned in the last year currently serve as the Company's director, supervisor, manager or employee of any position that has material effect on the audit task.		✓
23.	Whether CPAs receive gifts of significant value from the Company or its directors, supervisors or managers.		✓
24.	Whether the CPAs are requested to tolerate the management's inappropriate choice of accounting policy or inappropriate disclosure on financial statements.		✓
25.	Whether the Company had urged the CPAs to forgo mandatory audit tasks for reduced fees.		✓

VII. Details of shares transferred or pledged by directors, supervisors, managers, and shareholders with more than 10% ownership interest in the last year, and up to the publication date of annual report:

Change of shareholdings of directors, supervisors, managers and major shareholders

Title (Note 1)	Name	2024		Current year up until March 30	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairperson and director	Mason Holdings Co., Ltd.	0	0	0	0
Representative	Chang Yu-Ming	0	0	0	0
Director	Sun Yad Construction Co., Ltd.	0	0	0	0
Representative and Vice Chairman	Liu Chen-Hsien	0	0	0	0
Representative and President	Huang Nan-Hao	0	0	10,000	0
Independent Director	Chen Li-Hsin	0	0	0	0
Independent Director	Hu Ching-Hsi	0	0	0	0
Independent Director	Lin Yi-Chi	0	0	0	0
Independent Director	Yao Yu-Wen	0	0	0	0
Vice president	Hsiao Shih-Neng	150,000 (89,000)	0	50,000	0
Accounting Officer	Chao Ying-Chu	0 (110,000)	0	40,000	0
Head of Finance and Accounting	Chao Shang-Wei	0	0	0	0

Transfer of shareholding: None

Pledge of shareholding: None

VIII. Relationships characterized as spouse or second-degree relatives or closer among top-ten shareholders:

Relationships among top-10 shareholders

Name		Shareholding of the individual		Shareholding of spouse and underage children		Total shareholding by nominee arrangement		Information on the relations among the top 10 shareholders if anyone is a related party, a spouse, or a relative within second degree of kinship of another and their names		Remarks
		No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	Name	Relationship	
Sun Yad Construction Co., Ltd.		22,506,152	12.64%	0	0	0	0			
Representative	Liu Chen-Hsien	0	0	0	0	0	0	Sun Yad Construction Co., Ltd.	Director	
Representative	Huang Nan-Hao	40,000	0.02%	0	0	0	0	Sun Yad Construction Co., Ltd.	Director	
Tseng Chun-Jung		1,917,954	1.08%	0	0	0	0			
Cheng-chuan Lin		1,463,538	0.82%	0	0	0	0			
Chen Su-Ling		1,382,000	0.78%	0	0	0	0			
Tseng-Chen Dui-Yu		790,327	0.44%	0	0	0	0			
Citibank as custodian of Berkeley Capital SBL/PB investment account		706,865	0.40%	0	0	0	0			
Chen Chia-Hong		700,000	0.40%	0	0	0	0			
Yeh Lun-Yin		668,000	0.38%	0	0	0	0			
Ou Shu-Juan		650,255	0.37%	0	0	0	0			
Fan Zuo-Sheng		606,000	0.34%	0	0	0	0			

IX. Investments jointly held by the Company, the Company's directors, supervisors, managers, and enterprises directly or indirectly controlled by the Company; disclose shareholding in aggregate of the above parties

Aggregate shareholding percentage

March 30, 2025
Unit: NTD thousands

Name of affiliated enterprise	Relationship with the Company	The Company's shareholding in the affiliated enterprise			The affiliated enterprise's shareholding in the Company		
		Amount invested	No. of shares held	Shareholding percentage	Amount invested	No. of shares held	Shareholding percentage
Sun Yad Construction Co., Ltd.	The Company's parent company	NT\$253,785	19,983,058	5.46%	NT\$195,802	22,506,152	12.64%

Three. Capital Raising Status

I. Capital and shares

(I) Source of capital

Unit: NTD; share

Month/ year	Issua nce price	Authorized capital		Paid-in capital		Remarks		
		No. of shares	Amount	No. of shares	Amount	Source of capital	Paid with proporti es other than in cash	Othe rs
1991.08	10	8,000,000	80,000,000	8,000,000	80,000,000	Founded in cash Share capital	None	-
1997.05	10	12,800,000	128,000,000	12,800,000	128,000,000	Capitalization of earnings	None	Note 1
1997.08	10	15,800,000	158,000,000	15,800,000	158,000,000	Cash issue	None	Note 2
1998.05	10	22,120,000	221,200,000	22,120,000	221,200,000	Capitalization of earnings	None	Note 3
1999.05	10	31,725,200	317,252,000	31,725,200	317,252,000	Capitalization of earnings and capital surplus	None	Note 4
2000.03	10	38,070,240	380,702,400	38,070,240	380,702,400	Capitalization of earnings	None	Note 5
2001.05	10	41,877,264	418,772,640	41,877,264	418,772,640	Capitalization of earnings	None	Note 6
2002.06	10	43,971,127	439,711,270	43,971,127	439,711,270	Capitalization of earnings	None	Note 7
2005.11	10	42,444,679	424,446,790	42,444,679	424,446,790	Capital reduction following merger	None	Note 8
2011.07	10	80,000,000	800,000,000	42,444,679	424,446,790	-	None	Note 9
2014.04	10	80,000,000	800,000,000	50,284,055	502,840,550	Shares from corporate bond conversion	None	Note 10
2014.07	10	80,000,000	800,000,000	53,999,377	539,993,770	Shares from corporate bond conversion	None	Note 11
2014.09	10	80,000,000	800,000,000	56,303,002	563,030,020	Shares from capitalization of earnings and corporate bond conversion	None	Note 12
2014.10	10	80,000,000	800,000,000	56,687,617	566,876,170	Shares from	None	Note

Month/ year	Issua nce price	Authorized capital		Paid-in capital		Remarks		
		No. of shares	Amount	No. of shares	Amount	Source of capital	Paid with properti es other than in cash	Othe rs
						corporate bond conversion		13
2015.04	10	80,000,000	800,000,000	59,561,864	595,618,640	Shares from corporate bond conversion	None	Note 14
2015.08	10	80,000,000	800,000,000	63,939,916	639,399,160	Shares from corporate bond conversion	None	Note 15
2015.10	10	80,000,000	800,000,000	65,523,246	655,232,460	Shares from corporate bond conversion	None	Note 16
2017.01	10	80,000,000	800,000,000	77,315,056	773,150,560	Shares from corporate bond conversion	None	Note 17
2017.04	10	100,000,000	1,000,000,000	81,728,385	817,283,850	Shares from corporate bond conversion	None	Note 18
2017.08	10	100,000,000	1,000,000,000	83,184,086	831,840,860	Shares from conversion of warrants and corporate bonds	None	Note 19
2017.10	10	100,000,000	1,000,000,000	84,730,387	847,303,870	Capitalization of earnings	None	Note 20
2017.11	10	100,000,000	1,000,000,000	84,996,617	849,966,170	Shares from conversion of warrants and corporate bonds	None	Note 21
2018.01	10	100,000,000	1,000,000,000	85,303,117	853,031,170	Shares from conversion of warrants	None	Note 22
2018.06	10	100,000,000	1,000,000,000	86,284,117	862,841,170	Shares from conversion of warrants	None	Note 23
2018.09	10	200,000,000	2,000,000,000	102,284,117	1,022,841,170	Cash issue	None	Note 24
2019.07	10	200,000,000	2,000,000,000	102,565,117	1,025,651,170	Shares from conversion of	None	Note 25

Month/ year	Issua nce price	Authorized capital		Paid-in capital		Remarks		
		No. of shares	Amount	No. of shares	Amount	Source of capital	Paid with proporti es other than in cash	Othe rs
						warrants		
2019.11	10	200,000,000	2,000,000,000	103,267,148	1,032,671,480	Shares from conversion of warrants and corporate bonds	None	Note 26
2020.05	10	200,000,000	2,000,000,000	103,593,386	1,035,933,860	Shares from conversion of warrants and corporate bonds	None	Note 27
2020.08	10	200,000,000	2,000,000,000	106,309,697	1,063,096,970	Shares from conversion of warrants and corporate bonds	None	Note 28
2020.11	10	200,000,000	2,000,000,000	116,392,771	1,163,927,710	Shares from conversion of warrants and corporate bonds	None	Note 29
2021.07	10	200,000,000	2,000,000,000	134,808,108	1,348,081,080	Shares from corporate bond conversion	None	Note 30
2021.12	10	200,000,000	2,000,000,000	139,463,818	1,394,638,180	Capitalization of earnings	None	Note 31
2022.06	10	350,000,000	3,500,000,000	139,463,818	1,394,638,180	-	None	Note 32
2023.08	10	350,000,000	3,500,000,000	139,683,510	1,396,835,100	Shares from corporate bond conversion	None	Note 33
2023.11	10	350,000,000	3,500,000,000	140,048,510	1,400,485,100	Shares from conversion of warrants	None	Note 34
2024.03	10	350,000,000	3,500,000,000	142,114,573	1,421,145,730	Shares from conversion of warrants and corporate bonds	None	Note 35
2024.05	10	350,000,000	3,500,000,000	168,395,204	1,683,952,040	Shares from conversion of warrants and corporate	None	Note 36

Month/ year	Issua nce price	Authorized capital		Paid-in capital		Remarks		
		No. of shares	Amount	No. of shares	Amount	Source of capital	Paid with proporti es other than in cash	Othe rs
						bonds		
2024.09	10	350,000,000	3,500,000,000	177,021,688	1,770,216,880	Shares from conversion of warrants and corporate bonds	None	Note 37
2024.12	10	350,000,000	3,500,000,000	177,292,438	1,772,924,380	Shares from conversion of warrants	None	Note 38

Note 1: Approved by the Ministry of Economic Affairs through Correspondence No. (86)-Shang-110085 dated July 11, 1997.

Note 2: Approved by the Ministry of Economic Affairs through Correspondence No. (86)-Shang-120176 dated October 14, 1997.

Note 3: Approved by the Securities and Futures Bureau through Correspondence No. (87)-Tai-Cai-Zheng-(I)-43499 dated May 18, 1998.

Note 4: Approved by the Securities and Futures Bureau through Correspondence No. (88)-Tai-Cai-Zheng-(I)-49011 dated May 26, 1999.

Note 5: Approved by the Securities and Futures Bureau through Correspondence No. (89)-Tai-Cai-Zheng-(I)-27419 dated March 28, 2000.

Note 6: Approved by the Securities and Futures Bureau through Correspondence No. (90)-Tai-Cai-Zheng-(I)-132651 dated May 28, 2001.

Note 7: Approved by the Securities and Futures Bureau through Correspondence No. (91)-Tai-Cai-Zheng-(I)-0910135169 dated June 27, 2002.

Note 8: Approved through Correspondence No. Jing-Shou-Zhong-09433078410 dated November 1, 2005.

Note 9: Approved through Correspondence No. Jing-Shou-Zhong-10032236100 dated July 8, 2011.

Note 10: Approved through Correspondence No. Jing-Shou-Shang-10301072810 dated April 22, 2014.

Note 11: Approved through Correspondence No. Jing-Shou-Shang-10301146050 dated July 31, 2014.

Note 12: Capitalization of earnings was registered through Correspondence No. Jing-Shou-Shang-10301187170 dated September 11, 2014.

Note 13: Approved through Correspondence No. Jing-Shou-Shang-10301219180 dated October 22, 2014.

Note 14: Approved through Correspondence No. Jing-Shou-Shang-10401071320 dated April 17, 2015.

Note 15: Approved through Correspondence No. Jing-Shou-Shang-10401151300 dated August 7, 2015.

Note 16: Approved through Correspondence No. Jing-Shou-Shang-10401221430 dated October 21, 2015.

Note 17: Approved through Correspondence No. Jing-Shou-Shang-10601008730 dated January 24, 2017.

Note 18: Approved through Correspondence No. Jing-Shou-Shang-10601054440 dated April 26, 2017.

Note 19: Approved through Correspondence No. Jing-Shou-Shang-10601106900 dated August 1, 2017.

Note 20: Approved through Correspondence No. Jing-Shou-Shang-10601141330 dated October 2, 2017.

Note 21: Approved through Correspondence No. Jing-Shou-Shang-10601148990 dated October 30, 2017.

Note 22: Approved through Correspondence No. Jing-Shou-Shang-10701008480 dated January 26, 2018.

Note 23: Approved through Correspondence No. Jing-Shou-Shang-10701060040 dated June 12, 2018.

Note 24: Approved through Correspondence No. Jing-Shou-Shang-10701060040 dated September 10, 2018.

Note 25: Approved through Correspondence No. Jing-Shou-Shang-10801101340 dated July 24, 2019.

Note 26: Approved through Correspondence No. Jing-Shou-Shang-10801148930 dated November 4, 2019.

Note 27: Approved through Correspondence No. Jing-Shou-Shang-10901070190 dated May 7, 2020.

Note 28: Approved through Correspondence No. Jing-Shou-Shang-10901142520 dated August 24, 2020.
Note 29: Approved through Correspondence No. Jing-Shou-Shang-10901199440 dated November 5, 2020.
Note 30: Approved through Correspondence No. Jing-Shou-Shang-11001127260 dated July 26, 2021.
Note 31: Approved through Correspondence No. Jing-Shou-Shang-11001228020 dated December 13, 2021.
Note 32: Approved through Correspondence No. Jing-Shou-Shang-11101103210 dated June 28, 2022.
Note 33: Approved through Correspondence No. Jing-Shou-Shang-11230141110 dated August 10, 2023.
Note 34: Approved through Correspondence No. Jing-Shou-Shang-11230204770 dated November 13, 2023.
Note 35: Approved through Correspondence No. Jing-Shou-Shang-11330022680 dated March 7, 2024.
Note 36: Approved through Correspondence No. Jing-Shou-Shang-11330067590 dated May 2, 2024.
Note 37: Approved through Correspondence No. Jing-Shou-Shang-11330159910 dated September 18, 2024.
Note 38: Approved through Correspondence No. Jing-Shou-Shang-11330209420 dated December 2, 2024.

March 31, 2024; unit: share

March 31, 2024, and June 30, 2024

Share category	Authorized capital					Remarks
	Outstanding shares			Unissued shares	Total	
	Listed on TPEX	Not listed on TPEX	Total			
Common shares	177,292,438	--	177,292,438	172,707,562	350,000,000	None

Information relevant to the aggregate reporting policy: None

Preferred shares: None

(II)List of major shareholders

Shares Name of major shareholder	No. of shares held	Shareholding percentage
Sun Yad Construction Co., Ltd.	22,506,152	12.64%
Tseng Chun-Jung	1,917,954	1.08%
Cheng-chuan Lin	1,463,538	0.82%
Chen Su-Ling	1,382,000	0.78%
Tseng-Chen Dui-Yu	790,327	0.44%
Citibank as custodian of Berkeley Capital SBL/PB investment account	706,865	0.40%
Chen Chia-Hong	700,000	0.39%
Yeh Lun-Yin	668,000	0.38%
Ou Shu-Juan	650,255	0.37%
Fan Zuo-Sheng	606,000	0.34%

(VI) Dividend policy and execution status

1. Dividend policy

The industry that the Company is engaged in is highly competitive. After taking into consideration capital requirements, financial plans, and business continuity concerns, the Company has set its dividend policy as follows:

- 1.1 Distributions or appropriations of the Company's earnings or loss may be made after the end of each half of fiscal year.

A company distributing surplus earning in accordance with the provision of the preceding paragraph shall estimate and reserve the taxes and dues to be paid, the losses to be covered, the employee remuneration to be reserved, and the legal reserve to be set aside. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply. In addition, the Company shall appropriate or reverse the special reserve in accordance with the law or the regulations of the competent authority. If there is any surplus, the remaining balance may be added to the accumulated undistributed earnings as dividends to shareholders, and the board of directors shall prepare a proposal for distribution. If the distribution is made by issuing new shares, a resolution shall be submitted to the shareholders' meeting for distribution. If the distribution is made in cash, the Board of Directors shall resolve the distribution.

- 1.2 Net income concluded from a given year is first subject to taxation and reimbursement of previous losses, followed by a 10% provision for legal reserve; however, no further provision is needed when legal reserve has accumulated to an amount equal to paid-up capital. Any surpluses remaining shall then be subject to provision or reversal of special reserve according to Article 41 of the Securities and Exchange Act. The residual balance may then be added to unappropriated earnings carried from previous years and distributed to shareholders at Board of Directors' proposal in line with business performance and balanced dividends, subject to resolution in a shareholder meeting.

In accordance with Article 240 of the Company Act, the Company authorizes the board of directors to distribute shareholders' dividends, legal reserves, and capital surplus (subject to compliance with Article 241 of The Company Act) wholly or partially in cash, provided that such decision is resolved in a board meeting with at least two-thirds of directors present and supported by more than half of attending directors, and reported in the upcoming shareholder meeting.

2. Conditions and timing of dividend distribution:

The Company distributes dividends at levels that aim to satisfy future growth and operational requirements. The decision takes into account a number of factors such as financial position, consistency of dividend, and reasonable returns to shareholders. Earnings distribution is proposed by the Board of Directors in accordance with the Articles of Incorporation, and paid with the approval of shareholders and the competent authority when the distribution is to be made through new share issuance.

- 3.1 (Each half fiscal year)

Cash and stock dividends distribution ratio: The Company pays dividends to shareholders in the form of stock dividends and cash dividends. In consideration of a balanced and stable dividend policy, at least 30% of the Company's distributable

earnings for each half fiscal year is set aside as dividends to shareholders. However, if the distributable earnings are less than 10% of the paid-in capital, the Board of Directors may decide not to distribute them. Dividends may be distributed in stock or cash, with cash dividends not less than 10% of the total dividends.

3.2 (Each fiscal year)

Proportion of cash and stock dividends: The Company distributes profits to shareholders using a combination of cash and stock dividends. For the balance and consistency of dividend payouts, the Company has adopted the principle to distribute at least 30% of distributable earnings to shareholders each year, with cash dividends representing no less than 10% of total dividends.

The Company has reported earnings and paid cash dividends of at least NT\$0.1 per share almost on a yearly basis since 2006, except in 2012 where the Company provided for special reserves on the earnings generated and decided to withhold dividends. All above dividend payments accounted for at least 30% of distributable earnings net of legal reserve and special reserve provisions in the respective years. The Company will aim to maintain a consistent and sustainable dividend policy, and may consider increasing cash dividends per share only if free cash flow adequately meets the above dividend payments and covers loan repayment needs upon maturity.

Dividend distribution proposed for the next annual general meeting:

- I. The profit distribution for the 2024 is as follows: The total cash dividends distributed to shareholders is NT\$35,537,438. The dividends are calculated based on the shareholders recorded on the shareholders roster and the shareholding percentages on the distribution base date. An amount of NT\$0.2 per share is distributed, and it is rounded down to the nearest NT\$1. For the total of the fractional amounts less than NT\$1, the Chairman shall assign specific personnel to make adjustments.
- II. The present earnings distribution proposal is approved through the resolution of the shareholders' meeting, and the Chairman is authorized to specify the ex-dividend date, issuance date and other relevant matters.
- III. For the distribution of dividends, in case of subsequent change in the share capital of the Company and the number of outstanding shares is affected such that the shareholders' dividend ratio is changed, the Chairman is authorized to handle such matter with full discretion according to the Company Act or relevant laws and regulations.

U-Best Innovative Technology Co., Ltd.

Earnings Distribution Table

2024

Unit: NTD

Item	Amount
Opening balance	0
Add (less):	
Less: Changes in the remeasured amount of the defined benefit plan in the current period	(129,413)
Add: Profit after tax	64,924,225
Less: Provision for legal reserve	(6,479,481)
Distributable earnings	58,315,331
Less: Shareholder dividends - cash (NT\$0.2/share)	(35,537,438)
Less: Shareholder dividends - stock (NT\$0/share)	0
Closing balance	22,777,893

(IV) Impact of proposed stock dividend on the Company's business performance and earnings per share:
None.

(V) Remuneration to employees, directors, and supervisors:

(1) Percentage or range of employee profit sharing and director/supervisor remuneration stated in the Articles of Incorporation:

Annual profits concluded by the Company are subject to employee remuneration of 1%-10%, which the Board of Directors may decide to distribute in cash or in shares. Employees of subsidiaries who meet certain criteria are also entitled to receive remuneration, and this criteria is determined by the Board of Directors. Up to 5% of the aforementioned profit may be distributed as directors' or supervisors' remuneration at the discretion of the Board of Directors. However, profits must first be reserved to offset against cumulative losses, if any, before the remainder can be distributed as employee/director/supervisor remuneration in the above percentages.

Annual profit shall refer to profit before tax and employees' and directors' remuneration in the current year.

Distribution of employee/director/supervisor remuneration is subject to resolution in a board meeting with more than two-thirds of the board present, and voted in favor by more than half of all attending directors. This decision shall be reported in shareholder meeting.

(2) Basis for estimating employee/director/supervisor remuneration and allocating stock dividends, and accounting treatments for any discrepancies between the amounts estimated and the amounts paid: Any discrepancy will be treated as profit or loss in the following year.

(3) Proposed employee remuneration which is resolved by the board of directors:

1. Distribution of employees' cash and stock dividends and director/supervisor remuneration. Disclose the amount, causes and treatments of any differences between the amount paid and the amount estimated in the year the expense was recognized:

2. Proposed employee share-based profit sharing as a percentage to standalone/separate net income and total employees' bonus: Not applicable.

3. Earnings per share after taking into account the proposed employee profit sharing and director/supervisor remuneration: Not applicable.
- (4) Actual payment of employee profit sharing and director/supervisor remuneration in the previous year (including the number of shares allocated, the sum of cash paid, and the price at which shares were issued), and any differences from the figures estimated (explain the amount, the cause, and treatment of such discrepancies): Not applicable.

(VI) Buyback of company shares: None.

II. Corporate bond processing: None.

III. Preferred share processing: None.

IV. Overseas depository receipt processing: None.

V. Employ stock option processing:

1. Employee warrants unexpired and outstanding as at the publication date of annual report, and impacts to shareholders' equity:

March 31, 2025 Unit: thousand shares/NTD thousand

Type of employee stock options (Note 2)	2020 first employee warrant (Note 5)
Date of authority's approval	September 23, 2020
Issuance (processing) date (Note 4)	October 14, 2020
Units issued	5,000
Exercisable shares as a percentage of total outstanding shares Percentage	3.52%
Duration of warrant	4.5 years, from October 14, 2020 to April 13, 2025
Method of delivery (Note 3)	Issuance of new shares
Period and percentage (%) of exercise restriction	None
No. of shares acquired through exercise	4,122
Amount of shares subscribed through exercise	48,639.6
No. of shares unexercised	878
Subscription price per unexercised share	11.8
Number of unexercised stock options as a percentage of total outstanding shares (%)	0.49%
Effect on shareholders' interests	Not applicable.

Note 1: Employee stock options include those that are issued through public offering and private placement. Employee warrants currently undergoing public offering refer to issues that have already been effected by FSC. Employee warrants currently undergoing private placement refer to issues that have already been approved by the Board of Directors.

Note 2: Adjust the number of columns as needed.

Note 3: Please specify whether the delivery involves existing shares or issuance of new shares.

Note 4: Offerings of different issuance (processing) dates should be listed separately.

Note 5: Private placements have been highlighted in a visible manner.

2. Names of managers who have acquired employee stock options and employees ranking top ten in exercisable shares as of the publication date of annual report:

March 31, 2025 Unit: share

	Title (Note 1)	Name	Exercisable shares	Exercisable shares as a percentage of total outstanding shares	Exercised (Note 2)				Not exercised (Note 2)			
					Quantity exercised	Exercise price	Subscription amount	Exercised shares as a percentage of total outstanding shares	Quantity exercised	Exercise price	Subscription amount	Exercised shares as a percentage of total outstanding shares
Managerial Officers	Chairperson of the Company	Chang Yu-Ming	698,000	0.39%	200,000	11.80	2,360,000	0.11%	498,000	11.80	0	0.28%
	President of the Company	Huang Nan-Hao										
	Head of Finance and Accounting	Chao Ying-Chu										
Employee (Note 3)	Head of International Businesses Department	Hsiao Shih-Neng	1,217,000	0.68%	1,083,000	11.80	12,779,400	0.61%	134,000	11.80	0	0.07%
	Head of Project Office	Cheng Yu-Tang										
	Special Assistant of President's Office	Chiang Meng-Chang										
	Section Chief of International Businesses Department	Kuo Sheng-Hsiung (Resigned)										
	Head of Materials Warehousing Department	Lin Hui-Chen										
	Head of Production Department	Wang Sheng-Hsiung										
	Head of Production Department at Madou Plant	Liu Teng-Fu										
	Head of Construction Department	Yang Chih-Chien										
	Head of Research and Development Department	Tsai Li-Hsiang										
	Head of HR & General Affairs Sub-section	Su Su-Chuan										

Note 1: Includes managers and employees (additional remarks are made for those resigned or deceased).

Names and titles have been disclosed separately, whereas the amount of warrants granted and exercised has been disclosed in aggregate.

Note 2: Adjust the number of columns as needed.

Note 3: Employees ranking top ten in terms of exercisable shares refer to employees other than managers.

VI. New shares with restricted employee rights: None.

VII. New shares issued for merger or acquisition: None.

VIII. Progress on planned use of capital: None.

Four.Operations Overview

I. Business activities

(I) Business scope:

1. Principal business activities:

- ①Polyurethane resin
- ②Adhesive
- ③Surface treatment agent
- ④Manufacturing and trading of solvents and polymer chemical raw materials
- ⑤Import/export trade, agency, distribution, quotation, and tendering

2. Main products and weight:

Key product categories	Revenue weight in 2024 (%)
PU resin	52.93%
Dry and wet PU synthetic leather and plastic leather	29.90%
Sale of property	1.43%
Rental income from investment property	1.85%
Electricity sales revenue	0.97%
Split leather	11.90%
Others	1.02%
Total	100.00%

1.New product development plans:

- (1) In light of environmental protection concerns, the Company will reduce the use of PU surface/base material resins and high-solids (85% and above) solvents, while focusing on the development of DMF/DMAC-free materials and solvent-free moisture curing PUR and TPU products.
- (2) Wet PU property enhancement and water-based products for garment products.
- (3) Collaborate with customers to develop bulletproof fiber related products.
- (4) Cooperate with grandson companies to develop a specialized dye for sports shoes - metallic color series to meet the needs of major brands around the World.
- (5) Collaborate with clients to develop optical films that are compatible with applications on mobile phones.

(II) Industry overview:

1. Current status and development of the industry

In 2024, the size of the synthetic leather market is expected to reach USD43.18 billion, and is projected to reach USD111.9 billion by 2037, with a compound annual growth rate of approximately 7.6% during the forecast period from 2025 to 2037. Driven by the rapid economic expansion in the region, it is expected that by 2037, industry in the Asia Pacific region will account for the largest share of revenue, reaching 32%.

Synthetic leather is becoming increasingly popular in the fashion industry due to its ability to regulate temperature, provide excellent comfort, and facilitate styling. In addition, the investment of top fashion brands in synthetic leather clothing and footwear, as well as the continuous growth of consumer demand, will accelerate industry expansion in the coming years. Due to the efforts of some online and social media platforms, consumers are increasingly aware of the negative impact of producing natural leather on the environment. Therefore, customers are increasingly inclined to choose natural leather alternatives to contribute to environmental protection. The demand for the footwear industry is constantly increasing, and due to its broad prospects, the footwear industry is currently the main user of synthetic leather. This growth is particularly evident in Europe, South America, and the Asia Pacific region, which is good news for the synthetic leather market. The strong demand for modern fashion footwear brands and the acceleration of urbanization are the main factors driving the expansion of this market. As long as there is a sustained demand for fashionable footwear, the synthetic leather market is constantly growing and is a dynamic industry with broad prospects.

According to the application situation, the footwear segment is expected to maintain its leading position in the polyurethane (PU) leather market, accounting for approximately 30%, within the expected time. Due to various interrelated variables, the combination of artistic, ethical, and economic factors has contributed to its dominant position. For shoe manufacturers, synthetic leather is an economical choice that seamlessly combines economy, style, and quality. Its inherent elasticity is crucial as it can withstand the pressure of frequent use while maintaining its shape and aesthetics over time. The fact that synthetic leather can be personalized further strengthens its prominent position in the footwear industry. In 2022, the global footwear production was 23.9 billion pairs. According to their types, the polyurethane leather market's PU segment is expected to grow with a share of approximately 28% during the forecast period. PU Synthetic leather is the most widely used type in the synthetic leather market, applied to clothing, footwear, furniture, automobiles, bags, wallets, and other end use industries. Its versatility, economy, durability, and environmental benefits further promote its popularity. Synthetic leather based on polyurethane (PU) has a longer service life as it can withstand wear and tear.

The prosperity of the footwear industry has arrived, with factories such as Pou Chen, Fen Tay, Fulgentsun-KY, Laiyih-KY, Sportsgear-KY, and Chunjye-KY investing in capacity expansion or new factories. Global shoe manufacturer Pou Chen's India factory has started construction; the board of directors of the shoe king Laiyih has just approved a USD100 million investment plan to establish its third factory in Indonesia with a planned annual production capacity of 10 million pairs; Fen Tay's new factory located in Nanhe Small Industrial Zone, Binh Thuan Province, Vietnam and the Third Industrial Zone of India will be put into production of non-Nike shoes.

As the new US President Donald Trump once said that all goods exported to the United States from China would be subject to a 60% tariff, plus the consideration of factory land and manpower, most shoemakers chose to establish new factories outside China.

Adidas announced its financial information for the third quarter of 2024, and its shoe product performance increased by 14% YoY, with the sales of originals and basketball series increasing by 20% YoY. Due to the hot sales of popular shoe models, including the 327, 1000, and 9060 models of the US NB brand, as well as the Comet, GF1911, Vibe, Carrot, and Nellie of ANTA of China, and Li Ning's Rookie, BTC, Red Rabbit 8pro and Xingchuan. After two years of destocking, brand owners have received optimistic news at the end of 2024.

Taiwan's long-term development has been mainly based on manufacturing. After decades of refinement, "Made in Taiwan" has gradually been widely distributed around the world, from chemical raw materials, specialty chemicals, footwear, textile industry, bicycles, computers, displays, semiconductor wafers, etc., all of which have been the efforts of Taiwan's industries. This is also the main reason why Taiwan can maintain a small but beautiful economy globally. Since the COP15 conference in 2009, the term "carbon reduction" has entered the public domain from the realm of science. After more than a decade of contemplation, it has gradually become deeply ingrained in people's hearts. Today, carbon reduction has become a prominent subject and a familiar term even among elementary school students in Taiwan. Net zero carbon emission have become the main policy of various countries, and in addition to the will to contribute to the Earth's environment, it has become a trade barrier and a tool for major economies to compete in trade. Taiwan's export-oriented economic system is unable to place itself out of this global movement.

Turning the time back to 2020, most Taiwanese companies adopted a wait-and-see attitude towards carbon reduction. However, after important international events such as Sino-US trade and the EU's green new policy turned around in recent years, European countries and the US realized that carbon reduction can be valuable and low-carbon can become a new trade obstacle. Therefore, successive policies emerged one after another. Taiwan's products, under the dual pressure of foreign brand customers and domestic government policies, ultimately need to face the practical promotion of carbon reduction within enterprises. Based on the experience of leading foreign resin and coating companies, such as the well-known European resin company DSM and paint company AkzoNobel, the results of their carbon footprint inventory for the entire product life cycle show that nearly 70% of the carbon footprint of resin and coating products comes from chemical raw materials. Therefore, selecting low-carbon raw materials to produce products has become the primary direction of efforts for the resin and the coating industry. The long-term development of the domestic special synthetic resin and coating industry still relies mainly on providing domestic raw materials for many domestic brand OEM manufacturing companies, or exporting them to high-end customers in Europe and the US. In order to compete with the gradually rising Chinese and Southeast Asian peers and quickly become a part of the low-carbon product supply chain, carbon reduction is bound to be an important issue for domestic coating and resin industry players.

The trend of projects in Tainan this year still focuses on controlling the total price, and the selling price per ping will remain high. In order to cater to loan policy support towards new houses for young people and first home buyers, small houses within 30 pings will become the mainstream in the market. According to statistics, the number of house transfers in the six metropolitan areas in December 2024 declined by 10%, and the decline in pre-sale houses in October reached 60~70% from the peak season in the first half of the year. The market has gradually returned to rational development from overheating. The recent performance of the Tainan housing market has not been ideal, with a significant

reduction of over 50% of intended home buyers. However, there has been no decrease in the selling price of new properties, and on the contrary, there is still a phenomenon of rising prices for new properties in the hot selling areas. The real estate project launchers pointed out that this year's trend still focuses on controlling the total price, and the selling price per ping will remain high. In order to cater to the loan policy support towards new houses for young people and first home buyers, small houses within 30 pings will become the mainstream in the market.

According to statistics from the Tainan City Government's Land Bureau, the recent housing price index shows a slight increase in most administrative districts. In terms of transaction volume, the total number of houses transferred in the city in October last year was 2,285, an increase of 3.91% from the previous period. The price index of each administrative district showed a slight increase from the previous period and the same period last year. Among them, the highest increase was in Xinshi District, followed by Xinying District and Guiren District. If compared with the same period last year, the top three administrative districts with the highest increase are Xinshi District, Guiren District, and South District.

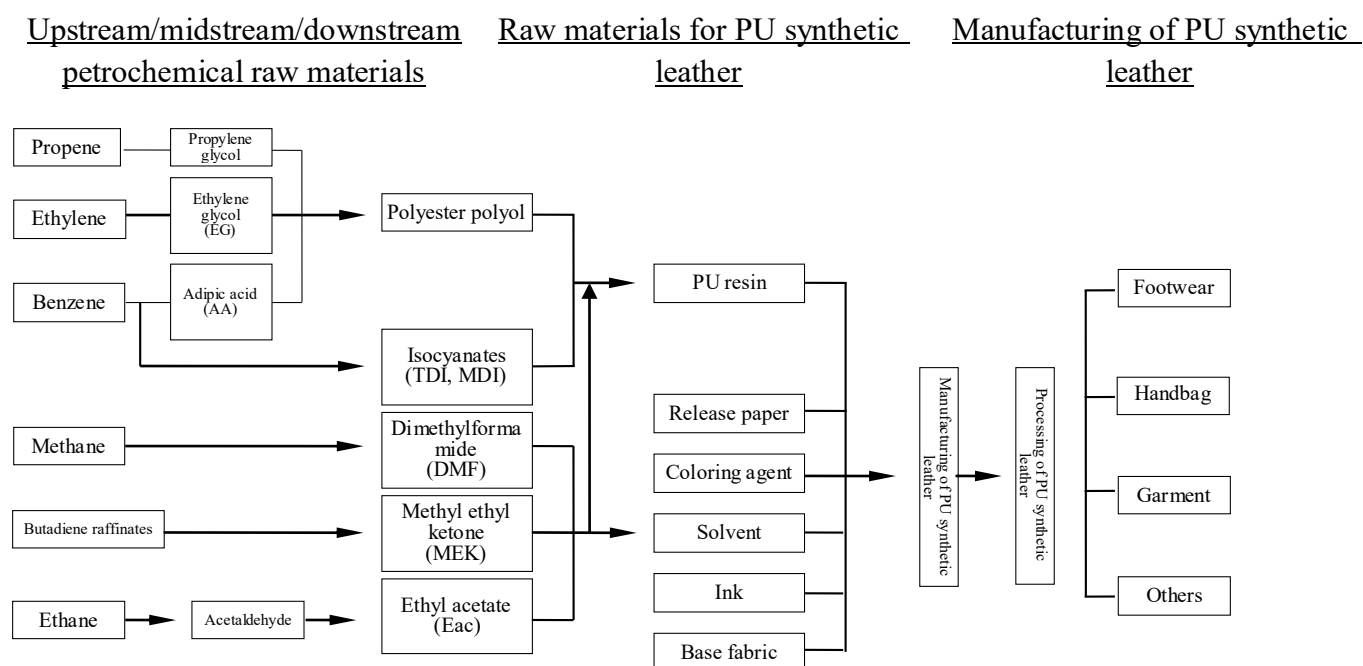
The Chairman of the Tainan Real Estate Sales Association pointed out that although the overall performance of the Tainan housing market has been relatively weak recently, the government's anti-speculation policy on real estate and the Central Bank's selective credit control as well as bank loan restriction have indeed affected the number of people looking for houses in the market. However, there has been no significant decrease in the selling price of new properties per ping, and even some new properties in the hot areas of new projects continue to rise, highlighting the mentality of businesses to wait for changes and insistence on selling prices. However, in order to cater to the loan policy support towards new houses for young people and first home buyers, Tainan developers are currently adopting a small house promotion strategy. Under the premise of controlling the total price, the selling price per ping has slowly increased, while the selling area of houses has reduced to small houses of 30 pings which are expected to become the mainstream.

Due to the conservative mentality of Tainan developers, there is not yet a phenomenon of planning small 3-bedroom apartments with less than 25 pings as in the north in the short term. Tainan developers insist that even for small houses, the minimum area of the bedroom should be at least 2.5 pings, and 3-bedroom apartments with an area of just over 30 pings still have high market acceptance.

According to the market survey, currently Tainan developers' new buildings planned for first time home buyers are 2~3 bedrooms between 23 and 35 pings. Some developers are also controlling the 2-bedroom area to 25 pings, but planning to build 2 bathrooms. Some developers also adopts a 30 ping 2+1 rooms with 2 bathrooms to provide a near-3 room function. The total price difference can reach millions of NTD to achieve the goal of controlling the total price and meeting the residential needs of first-time home buyers.

2. Association between upstream, midstream, and downstream industry participants:

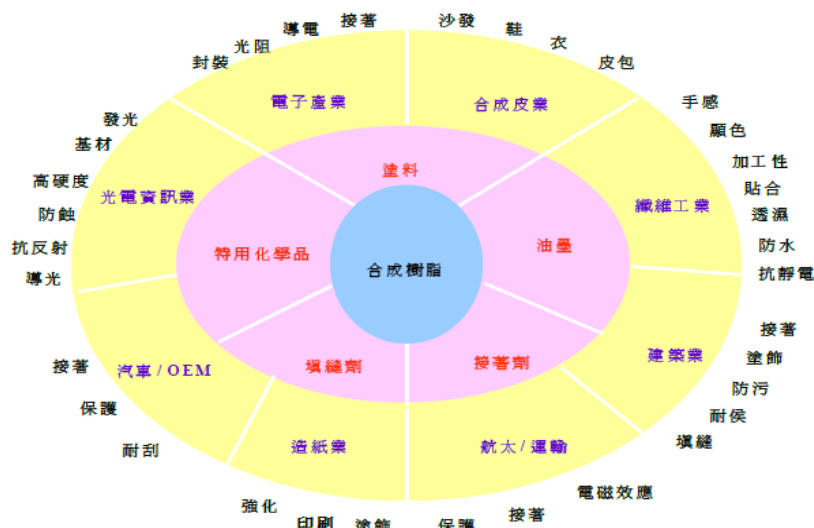
①PU resin and synthetic leather



Raw materials used in the PU resin industry mainly comprise polyester polyol, TDI, MDI, and solvents such as DMF and MEK. MDI is not produced in Taiwan, and as a result, the industry is entirely dependent on imports, primarily from Japan followed by USA and Korea. Polyester polyol, however, is produced in Taiwan. It is made primarily from propylene glycol, EG, and AA, all of which are midstream materials of the petrochemical industry and produced by domestic petrochemical manufacturers, albeit at a lower volume than is required, which makes the material partially dependent on imports.

PU resin is a type of synthetic high polymer used primarily for making plastic materials. It often has auxiliaries added for ease of processing and performance improvement, and are sometimes processed and formed without auxiliaries. PU resin is also a base material for synthetic fiber, coating, adhesive, and insulation (see the following chart); its formula can be adjusted to achieve such a broad diversity of physical properties and functions that makes it an essential part of virtually every industry from electronics, synthetic leather, synthetic fiber, construction, aerospace, transportation, paper making, automobile to optoelectronics and information. Synthetic resin not only has profound effects on a nation's economic development, its broad application in consumer as well as industrial goods makes it less susceptible to the cyclicity of any single industry.

合成樹脂產業及應用圖



資料來源：工研院 IEK

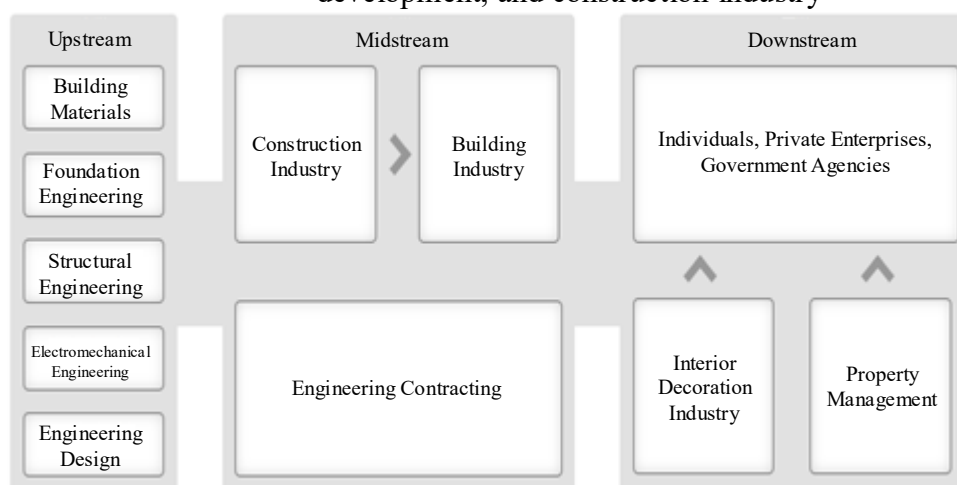
合成樹脂產業及應用圖	Synthetic Resin Industry and Application Diagram
接著	Adhesive
沙發	Sofa
導電	Conductive
鞋	Shoe
光阻	Photoresist
衣	Clothing
封裝	Packaging
皮包	Leather Bag
電子產業	Electronics Industry
合成皮革	Synthetic Leather
手感	Feel
發光	Luminescent
顯色	Color Rendering
基材	Substrate
加工性	Processability
塗料	Coating
高硬度	High Hardness
貼合	Bonding
光電資訊業	Optoelectronics Industry
纖維工業	Fiber Industry
防蝕	Corrosion Resistance
透濕	Moisture Permeability
抗反射	Anti-reflection
特用化學品	Specialty Chemicals
合成樹脂	Synthetic Resin
抗靜電	Anti-static
導光	Light Guide
汽車/OEM	Automotive/OEM
填縫劑	Sealant
接著劑	Adhesive
建築業	Construction Industry

塗飾	Coating
防污	Anti-fouling
保護	Protection
耐候	Weather Resistance
耐刮	Scratch Resistance
造紙業	Paper Industry
航太/運輸	Aerospace/Transportation
電磁效應	Electromagnetic Effect
強化	Reinforcement
印刷	Printing
防水	Waterproof
資料來源工研院 IEK	Source: Industrial Technology Research Institute (ITRI) IEK

②Real Estate Development and Construction

The process of real estate investment and development, construction and marketing is related to many industries, including construction, building materials, utilities, advertising, finance, land administration agency, decoration and building management and maintenance. The construction industry plays a role of coordination and integration, complementing and interdependent with its upstream and downstream. The upstream, midstream and downstream linkages are as follows:

Upstream, midstream, and downstream correlations of the real estate investment, development, and construction industry



Source: Industry value chain information platform of Taipei Exchange

3. Product development trends

Competition within the synthetic resin industry is so intense that some products are no longer profitable to make, forcing manufacturers of low-margin products to migrate to regions that are close to the actual demand; as a result, both users and producers in Taiwan are gradually shifting focus toward high value-adding products. Overall, the future of Taiwan's synthetic resin industry will exhibit the following trends:

A. Upgrades in line with downstream/consumer demand and development of high value-adding products

PU resins are supplied to the downstream primarily for applications such as adhesive, paint material, plastics processing, and coating & laminating. Coating & laminating is a process applied to fabrics, and is mostly customized according to the needs of the functional textile

manufacturer. As downstream demand grows in terms of sophistication and diversity, it is essential for upstream manufacturers to undergo upgrades and direct attention toward developing high value-adding and high performance applications, products, and technologies.

B. Market expansion and global markets

Downstream users of synthetic resin continue to move production activities overseas due to concerns for labor cost, environmental awareness, and availability of land, which presents synthetic resin producers with a shrinking domestic market. In response, synthetic resin producers not only have to explore new added values and applications of existing products, but are also required to expand market overseas, particularly when Southeast Asia and other low-cost regions are still producing synthetic resins at inferior level of technology and stability. This discrepancy in quality presents matured manufacturers with the opportunity to supply better products and services to the downstream, and expand global markets through differentiation.

C. Value-adding transformation trends and strategies

Aside from competing for what remains of the existing market at reduced cost with existing technologies, synthetic resin producers may also explore high value-adding transformations by: seeking new demand or application for existing technologies (with adjustments to the resin formula), using new technologies to produce existing products (nanotechnology and water-based technology), and developing new products with new technologies (such as LCD display materials, PCB materials, semiconductor materials, TPU etc.).

D. Future technology trends

According to the Industry Technology White Paper, functional nano hybrids and environment-friendly PU resins in Taiwan are being produced not as commodities, but with increasing levels of added value and customization for nano functions and environmental features. Nano innovations, environmental values, and environment-friendly TPU/PUD thin films will emerge as the dominant trend in the future.

E. Real estate development trends and strategies

In recent years, the housing market in Taiwan has shown a stable trend of rising prices and volumes, and the market is overall thriving. In terms of the performance of each region, the southern and central regions has shown more obvious signs of recovery compared to the north. The stable volume of sales is due to the significant trend of small residential project launch and the increase in the number of sales due to the growth of the number of units launched. In terms of the sales amount of project launch, the change of the subsequent sales volume and amount will be a key area of observation. The possible changes in the domestic housing market can be illustrated with the following components:

A. Diversified land development

The large amount of capital required for land development and the long payback time make landowners and investors cautious about development. In order to reduce the difficulty of acquiring land and the resistance encountered, land development is moving towards diversification. In addition to the common models of land purchase, landowner cooperative construction and joint development with cross-industry alliances, there are also BOT models of participation in public construction by government departments, land rights for state-owned non-public land and urban renewal projects. In terms of fundraising, land trusts and real estate securitization have become new options. The increasing diversity of land development models affects the level of participation, benefits and constraints of the

construction industry.

B. Energy-saving green buildings are becoming mainstream

As global climate change intensifies, "energy saving and carbon reduction" and "sustainable development" have become issues of great concern. According to a study by the United Nations Environment Programme, buildings account for 40% of the total energy consumed and more than 33% of carbon emissions. Therefore, green buildings with the goal of "ecology, energy saving, or waste, and health" are becoming a trend. In recent years, the government has continued to promote green building policies and established a green building label system to fully grasp the characteristics of energy consumption, water consumption, waste discharge and environmental protection of domestic buildings, and to develop and complete a set of localized green building assessment system, focusing on nine indicators, including "base greening", "base water conservation", "water resources", "daily energy saving", "carbon dioxide reduction", "waste reduction", "sewage and waste improvement", "biodiversity" and "indoor environment", to develop quantifiable assessment benchmarks. In addition, with the gradual rise of environmental protection and health awareness, people are beginning to pursue a comfortable and safe living environment, and tend to choose green building materials with low toxicity and low risk of harm for the use of housing construction and decoration materials. It is obvious that energy-saving green building has become the mainstream.

C. Smart housing is on the rise

With the advancement of living standards, smart housing has become a development trend. Through the integration of technology into buildings, it provides occupants with health care, security monitoring, smart home appliances and home entertainment services, and with the development of the Internet of Things, buildings can automatically detect changes in the external environment and analyze the content to predict demand and take appropriate responses to achieve a convenient and comfortable life. At present, smart housing is not yet widely available, and is mostly used for luxury and high-end residential properties. However, with the accelerated aging of the population in the future, the demand for smart housing will continue to grow and more and more builders will invest in the research and development of such construction projects.

4. Product competition and main competitors

The Company was founded in 1991 as a manufacturer and trader of high polymer materials such as PU resin, PU adhesive, nylon resin, and polyester polyol, and an R&D Department was also created right from the start. In the early days, the Company produced only resins for dry and wet processing of synthetic leather while the R&D Department focused on the development of green flex-resistant series, Lamy Suede & Nubuck series, and dry and wet products. In 1996, the Company successfully developed leather alternative resin; in 2008, water-based environment-friendly PU resin was introduced to replace the more harmful oil-based resin; and in 2011, the Company acquired nano milling machines that improved its production procedures from 200-300nm to 20nm, which increases light transmission of organic substances to replace glass in certain applications or to increase light transmission in acrylics. With regards to resin production, the Company is in control of several key technologies including synthesizing, formulation, analyzing, and testing. The Company adopts an R&D strategy that emphasizes on developing products that contribute to overall margins, competitiveness, and customers' dependence to the Company. The Company's R&D focus is driven not only by the needs of downstream partners, but also by demands of high sophistication. PU composite materials, for example, are being developed to be used as PCB substrate and alternative to conductive film in LCD panels. The success of which will help expand product application to substrate, ITO film, electronics cases, and carbon fiber

composites.

With regards to operational performance, the Company and subsidiaries not only specialize in the manufacturing and sale of high polymer materials such as PU resin, their management teams are highly educated and experienced in the PU resin industry and are committed to ensuring continuity of business growth. The group as a whole has been able to maintain long-lasting relationship with customers by delivering on quality and timing in a consistent manner. Judging by the favorable changes in financial ratios concerning financial position, solvency, and operating efficiency, the Company continues to deliver strong business and financial performance and has limited exposure to business risks.

Furthermore, the Company currently does not lend capital to external parties, and is run by a strong and stable management team. All members of the management are highly skilled and experienced in their respective areas of expertise, and are able to contribute in terms of production efficiency, technological improvement, and cost reduction. They are also highly sensitive to changes in market demand, and are able to respond in ways that enhance operating efficiency and competitiveness.

(III) Technology and R&D overview:

(1) Technological complexity and trends concerning the Company's businesses

A. History of the R&D Department

The Company created an R&D Department in 1991 at the time it was founded. In the early days, the Company produced only resins for dry and wet processing of synthetic leather while the R&D Department focused on the development of green flex-resistant series, Lamy Suede & Nubuck series, and dry and wet products. In 1996, the Company successfully developed leather alternative resin; in 2008, water-based environment-friendly PU resin was introduced to replace the more harmful oil-based resin; and in 2009, the Company created an R&D department specifically for electronic materials to secure competitiveness in the future. In addition to ensuring consistent quality in the products delivered by the Company and subsidiaries, the R&D Department is also responsible for procedure improvements and development of new products for new markets.

B. Technology R&D

In 2011, the Company acquired nano milling machines that improved its production procedures from 200-300nm to 20nm, which increases light transmission of organic substances to replace glass in certain applications or to increase light transmission in acrylics. With regards to resin production, the Company is in control of several key technologies including synthesizing, formulation, analyzing, and testing. In the case of OEM, R&D personnel would make improvements based on the issues raised by customers, and work with customers toward quality enhancement. For non-OEM products, the Company would observe foreign concepts and have R&D Department develop internally. The Company adopts an R&D strategy that emphasizes on developing products that contribute to overall margins, competitiveness, and customers' dependence to the Company. The addition of PU resin for waterproof and moisture-permeable fabrics, for example, has satisfied the needs of downstream manufacturers. The Company's R&D focus is

driven not only by the needs of downstream partners, but also by demands of high sophistication. As of today, the Company has been awarded invention patent on “polymer composite materials and its synthesis method,” whereas application for the patent “organic-inorganic composite materials and its synthesis method” is currently pending approval.

(2) Academic/career backgrounds of R&D personnel

Unit: persons

Year Education	2021		2022		2023		2024	
	Count	%	Count	Count	%	Count	Count	%
Master's Degree	4	30.77%	3	21.42%	4	21.42%	6	18.18%
Bachelor Degree	6	46.15%	9	64.29%	8	64.29%	22	66.67%
Senior high school	3	23.08%	2	14.29%	2	14.29%	5	15.15%
Total	13	100%	14	100%	14	100%	33	100%

(3) R&D expenses for the last 5 years:

Unit: NTD thousands

Year Expenses	2020	2021	2022	2023	2024
R&D expenses	17,693	17,526	15,428	19,392	18,773
Net operating revenues	339,183	706,252	888,893	516,505	825,783
Percentage	5.22%	2.48%	1.74%	3.75%	2.27%

(4) Technologies or products successfully developed in the last 5 years

Year	R&D outcomes
2020	1. Yellow-resistant fabrics & base materials, flex-resistant 2. Basketball skin astringency treatment agents
2021	1. Development of yellow-resistant and moisture-permeable film resin 2. PC base materials for tent 3. Water-based wear-resistant resin 4. Co-development of PMMA for use as renovation material and decorative panel for electronic products 5. Co-development of PET for use as laptop case 6. Development of high solids foamed products for use in furniture 7. Development of recycled yarn fabric for Adidas for use in gloves 8. Development of color films for use in garments 9. Development of PU moisture-permeable film for use in garment composite materials 10. Development of houndstooth and linen denim sofa leather, MHL

	series, and KON series for use in automobiles 11. Development of fabrics with woven pattern, arrow flax pattern, and irregular square pattern for customer's new season offerings 12. Development of CDD for 3rd-generation linen and sofa fabric 13. Development of CDD for non-slip leather in gloves
2022	1. Hydrophilic water-based treatment agent 2. Flex- and abrasion-resistant automotive fabrics
2023	1. Biowet resin 2. Aqueous astringency treatment agent
2024	1. Bright/matte anti-fouling resin 2. Biogenic soft base

(5) Future research and development plans and projected expenses

A: R&D projects

In the future, U-Best will continue building on up of its success in PU resins and develop advanced resins that are suitable for high value-adding applications such as specialized or high-quality adhesives, synthetic leathers, elastics etc. Meanwhile, the Company will also expand product lines to produce environment-friendly, toxicity-free PUs for broader uses such as electronics, construction materials, ink, paint, and fabrics. IT and environment friendliness are expected to be the dominant trends of the market in the future.

B: R&D expenses

R&D expenses in the last three years averaged NT\$17,449 thousand per year.

The Company expects to allocate R&D budgets at equivalent level in the future, and will engage research institutions local and abroad for the development of new technologies; additional expenses may be allocated to research and development for the above collaboration and in line with revenue growth.

(IV) Long and short-term business plans:

(1) Short-term business plans:

- A. Strengthen R&D efforts and expand the professional line of PU products to prevent recession or price competition of any single product from affecting performance and profit in an adverse manner.
- B. Closely monitor market demand, enforce the ISO quality system, and deliver to the satisfaction of customers.
- C. Adjust the procurement strategy, reduce inventory, and improve the competitiveness of popular products.
- D. Enhance management practices and enforce the internal control system.
- E. Develop catalytic polymer crosslinking agent technology and products and

introduce them into the Vietnam market for use as exterior coatings on wood carving, furniture, and electronic products.

- F. In addition to being used as eco-friendly materials for automotive exterior accessories and cable sheathing, PUR will also be promoted as a preferred, next-generation environment-friendly material for woodworking, books, smart phones, and home appliances.
- G. High moisture permeability multi-pore functional resin, thin-film bonding, and airtight coating technology may be applied to high-end cold weather clothing, wetsuits, and high-end outdoor clothing.
- H. Development of EVA-related products may improve the quality of adhesive, insulation, and thermally-conductive coating materials, whereas technologies for toughened epoxy, a composite material for packaging and abrasive applications, may be widely adopted for semiconductor packaging and as industrial parts as well as composite materials for various industrial uses.
- I. Development and mass production of wear-resistant layer materials for flexible display surfaces.
- J. Acceleration of urban renewal

Given the scarcity of urban land supply, urban renewal becomes the only means through which developers are able to acquire large area of land. This makes old houses in prime districts highly sought-after treasures and presents property owners with the opportunity to sell to the highest bidder. Urban renewal presents such immense opportunities that developers are willing to promote and speed up the process.

(2) Long-term business plan:

- A. The Company will continue to adjust product portfolio, explore potential markets, form cross-industry or upstream-downstream strategic alliance, engage in horizontal integrations, and diversify business activities for improved competitiveness.
- B. Support leading products and projects, and shift attention toward eco-friendly PU to conform with the environmental protection trend. Water, high solid, powder, and solvent-free transformations. Water-based PU and polyurethane reactive for adhesives.
- C. Develop applications for TPU (thermoplastic polyurethane) and composite materials.
- D. Develop high functional and high value-adding products in line with customers' needs.
- E. Develop a reputable brand in the construction industry; introduce projects in line with current trends such as rising environmental awareness, increasing product diversity, diversified ways of land development, and lifestyle-based community planning.

II. Market, production, and sales overview

(I) Market analysis

(1) Locations where products are mainly sold

Unit: NTD thousands

Year of sale Sales value	2023		2024	
	Sales value	Weight (%)	Sales value	Weight (%)
Domestic sale	507,610	98.28	747,782	90.55
Export sale - Asia	8,895	1.72	49,225	5.96
Other countries			28,776	3.49
Total	516,505	100	825,783	100

(2) Market share

Unit: tonnes; %

Year	Item	Production		Sale	
		Volume	Market share	Volume	Market share
2023		4,973	4.07	4,746	4.05
2024		7,777	5.71	7,053	5.42

Note: Market share is calculated based on industry-wide statistics on PU resin published by the Department of Statistics, Ministry of Economic Affairs, and PU resins produced and sold by the Company and subsidiaries

Industry-wide production and sale of PU resins published by the Department of Statistics, Ministry of Economic Affairs in 2023 and 2024, and the market share of PU resins produced and sold by the Company and subsidiaries in 2023 and 2024 are presented in the table above.

(3) Future market supply, demand and growth:

There have been numerous unfavorable factors such as the continuation of the Russo-Ukrainian war, the uncertainty of the U.S. interest rate cuts, and the pressure of inflation. After the destocking of global footwear terminal brands in 2023, the Paris Olympics taking place in July 2024 helped the growth of orders for PU shoe materials and vapor-permeable films. The mobile phone manufacturers competed to launch foldable mobile phones will help the shipment of flexible HC materials. The Jiujing construction project is being completed and the housed delivered, which will help the operational growth, and the revenue target is expected to increase.

(4) Competitive advantage:

A. Professional management team

Senior management of the Company and subsidiaries is consisted entirely of professionals who have extensive practical experience in the domestic PU industry. Their accurate market insight, robust

connection with distribution partners, strong technical know-how, and ability to deliver products at consistent quality are what enabled the Company and subsidiaries to secure a solid foothold in the industry.

B. Exceptional R&D team

The Company has invested significant manpower and resources into R&D, and assigned highly capable managers to spearhead R&D projects. The Company actively invests into the research of functional products and eco-friendly resins, and takes the initiative secure an early advantage in all of its markets. For fashion products, the Company and subsidiaries not only accelerates research of product formulas in line with fashion trends, but also enhances fundamental research persistently on substrates of high physical properties as a way to secure long-term competitiveness.

C. New product development with upstream and downstream partners

To secure market presence, the Company and subsidiaries not only cooperate with downstream customers on new product development, but also coordinate with upstream raw material suppliers to develop new products with new raw materials. Meanwhile, a broad diversity of sales channels are being used to entice downstream partners into adopting products that are developed based on new raw materials. Doing so not only creates market differentiation, but also helps avoid risk of material shortage and price fluctuation associated with the use of conventional materials, which contributes to price stability.

D. Robust internal management and ISO9000 quality certification

The Company has robust systems in place to support personnel, management, and production activities. In addition to applying rigorous controls over the production process, the Company also imposes intensive quality inspections on the products made. The Company passed ISO9002 quality management certification in 1998, which provides higher assurance to product quality.

E. Strong financial position and consistent performance

As at the end of 2024, the Company and its subsidiaries reported a proprietary capital ratio of 61%, indicating a strong financial position that is favorable to the Company's operations.

(5). Future opportunities, threats, and response strategies:

(1) Opportunities:

A. The Company and subsidiaries plan to expand machinery and automated equipment for improved production capacity and product quality, and thereby secure a dominant position amidst the competitive market.

B. Competent R&D capacity; consistent quality that is well recognized by customers; and ability to improve profit margin through

development of new products.

C. The Company spares no resource on the research and development of new products, and aims to diversify product offerings in ways that create market differentiation and competitive advantage.

D. Owing to its conservative business practices, the Company has built up strong credit history and the financing flexibility needed to withstand market changes.

(2) Threats and response measures:

A. Prices of oil and petrochemical materials are fluctuating, and the undesirable outlook of the economy may severely impact the PU industry.

B. Low-price products in the downstream are gradually taken over by Mainland and Southeast Asian manufacturers.

Response strategy: Strive to increase stability of product quality and create market differentiation with the introduction of high value-adding products.

C. The industry is characterized by an over-abundance of small factories trying to seize the market share at low price.

Response strategies: (A) Maintain productive relationship with downstream customers and secure marketing channels with stronger product offerings.

(B) Respond quickly to fashion trends and launch fashion-oriented resins ahead of peers for competitive advantage.

D. Key materials including TDI and MDI are not produced in Taiwan, which makes the domestic industry largely dependent on imports. Meanwhile, raw material prices are susceptible to changes in the global supply and demand for petrochemicals, and may exhibit high degree of volatility.

Response strategies: (A) Maintain productive relationship with suppliers and maintain safety stock at reasonable level.

(B) Seek alternative raw materials to mitigate risk of price fluctuation, and work with upstream and downstream partners to adopt alternative raw materials for reduction in production costs while maintaining market competitiveness.

E. Downstream customers have progressively migrated dry synthetic leather production lines that are no longer competitive, which will ultimately affect demand for PU resins.

Response strategies: (A) Adjust product portfolio and strengthen the production and sales of resin for wet synthetic

leather.

- (B) Direct focus toward the development of high value-adding products, such as microfibers and resins for non-woven fabrics, as a way to avoid price competition.

F. Housing prices have risen to new heights, and the cooling measures implemented by the government have limited the public's and investors' access to financing channels including banks.

Response strategies: (A) Launch development projects at prime, prestigious locations with easy access to traffic and lifestyle services for market differentiation.

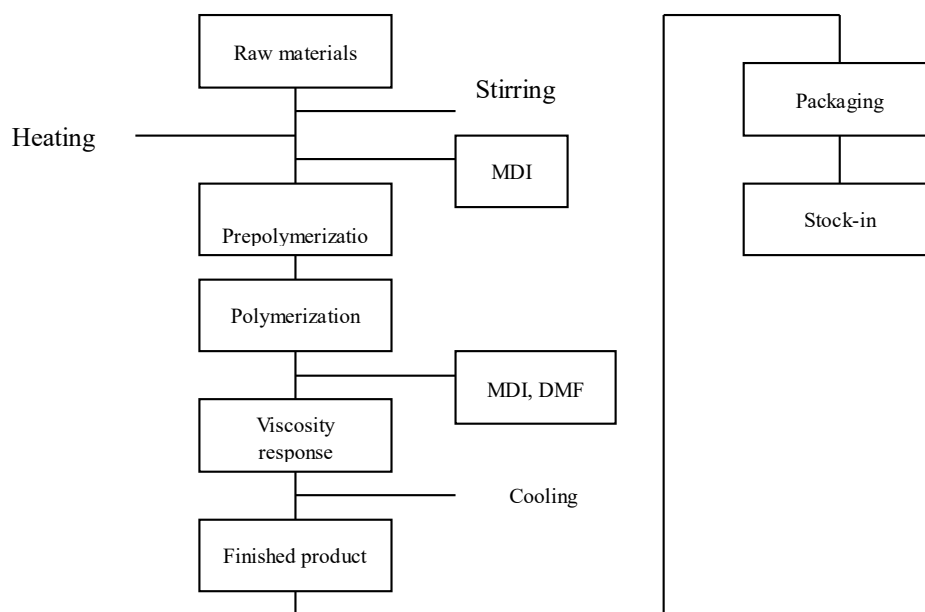
- (B) Refrain from developing projects indiscriminately, and replace volume goals with quality goals. Aim to plan and design each project from scratch and emphasize on distinctive values and characters. Strengthen financial structure with proper planning and management, and maintain a conservative business approach.

(II) Main product applications and production processes

1. Main product applications:

Main products	Product applications
PU resin	Manufacturing of PU synthetic leather and artificial leather for footwear, leather bags and garments
PU adhesives	PU synthetic leather, PVC latex leather and leather bonding, nylon setting and bonding of various fibers
Nylon resin	Manufacturing of waterproof nylon fabrics including raincoats, luggage and tents, etc.
Polyester polyol	TPU raw materials
Crosslinking agent	Two-component PU resin, acrylic resin for crosslinking
Wear-resistant layer materials for flexible display surfaces	High hardness and wear-resistant protective panels for flexible AMOLED

2. Production process:



(III) Supply of key materials

Category	Raw materials	Supply of key materials
Solvent	DMF Dimethylformamide	Consistently supplied by domestic and foreign sources; the Company also purchases recycled goods from domestic downstream manufacturers to reduce cost.
	MEK Methyl Ethyl Ketone	Entirely sourced domestically; supply has been stable.
	TOL Toluene	Entirely sourced domestically; supply has been stable.
Esters	PolyEster Polyester polyol	Self-produced.
	PTMG Polyether polyol, PPG	Sourced domestically and abroad; supply has been stable.
Glycols	1.4BG 1.4 Butanediol	Not produced domestically for the time being, but adequately supplied overseas.
	EG Ethylene Glycol	Entirely sourced domestically; supply has been stable.
Isocyanates	MDI Methylene bisphenyl isocyanate	Entirely sourced overseas, primarily from Japan.
	TDI Toluene diisocyanate	Entirely sourced from abroad, and well supplied overseas.

(IV) Name of trade partner representing more than 10% of total purchases (sales) in any of the previous two years, and the amount and percentage of purchase (sale):

Name of trade partner representing more than 10% of total purchases in any of the previous two years, and the amount and percentage of purchase:

Main suppliers in the last two years

Unit: NTD thousand

Item	2023				2024			
	Name	Amount	As a percentage of annual net purchases (%)	Relationship with the issuer	Name	Amount	As a percentage of annual net purchases (%)	Relationship with the issuer
1	ZZ1250	96,695	14.15	None	Vendor W	1,415,388	64.25	None
2	Natural person H	75,000	10.97	None				
3	-			-	-			-
4	-			-	-			-
	Others	511,821	74.88		Others	787,635	35.75	
	Net purchase	683,516	100		Net purchase	2,203,023	100	

Name of customer representing more than 10% of total sales in any of the previous two years, and the amount and percentage of sales:

Main customers in the last two years

Unit: NTD thousands

Item	Name	Amount	2023		Name	Amount	2024	
			As a percentage of annual net sales (%)	Relationship with the issuer			As a percentage of annual net sales (%)	Relationship with the issuer
1	AA119	81,799	15.84	None	AA119	109,380	13.25	None
2	NA019	71,148	13.77	None	NA019	88,781	10.75	None
3	Customer B	58,565	11.34	None	Customer B	87,286	10.57	None
4								
	Others	304,993	59.05	None	Others	540,336	65.43	None
	Net sales	516,505	100		Net sales	825,783	100	

III. Employees

Employee size, average years of service, average age, and academic background in the last 2 years and up to the publication date of annual report:

Year		2023	2024	2025 up until March 28
Employee count	Direct labor	38	124	129
	Indirect labor	86	173	174
	Total	124	297	303
Average age		44.81	46.40	47.12
Average years of service		8.99	10.60	10.46
Academic background	Ph.D.	0	2	1
	Master's Degree	12	19	20
	Bachelor Degree	66	140	140
	Below senior high school	46	136	142

IV. Environmental protection expense information

1. Description of compliance regarding pollutive facility installation permit, pollutant discharge permit, payment of pollution prevention expenses, or appointment of environmental protection personnel, where required by law:

(1) Environmental protection permits obtained:

Name of permit	Permit No.	Validity period
Operation permit for stationary sources of pollution	Tainan City Government-Huan-Kong-Cao-Zheng-Zi No. D0196-01	From February 20, 2025 to February 19, 2030
Operation permit for stationary sources of pollution	Tainan City Government-Huan-Cao-Zheng-Zi No. D0511-02	From September 3, 2024 until September 2, 2029
Toxic chemical substance manufacturing permit	Tainan City-Du-Xu-Zi No. 000010	From September 14, 2021 until January 8, 2027
Toxic chemical substance registration	Tainan City-Du-Deng-Zi No. 000044	From June 10, 2020 until April 14, 2025

document		
Toxic chemical substance registration document	Tainan City-Du-Deng-Zi No. 000044	From June 10, 2020 until April 14, 2025
Category 4 toxic chemical substance approval document	Tainan City-Du-He-Zi No. 000283	From June 3, 2020 until July 20, 2025
Toxic chemical substance import permit	Tainan City-Du-Xu-Zi No. 000045	From June 10, 2020 until April 5, 2025

The Company has obtained operation permit for stationary sources of pollution and manufacturing permit for toxic chemical substance.

(3) Dedicated personnel of the Company:

Name	Permit details	Permit No.
Liu Yi-Ting	Class-A personnel dedicated to prevention of air pollution	(89) Huan-Shu-Xun-Zheng-Zi No. FA140297
Wang Sheng-Hsiung	Class-B boiler operator	Zhong-Zai-Fang-Xun-Zheng-No. 9120114
Chiu Sheng-Tung	Class-B boiler operator	Zhong Level B Boiler Certificate 00606
Chang Pei-Feng	Class-B boiler operator	Zhong Rong Level B Boiler Certificate 01504
Su Ying-Hua	Class-B boiler operator	Zhong Rong Level B Boiler Certificate 05820
Chen Wen-Hsiung	Class-A boiler operator	Tainan City-Lao-Fu-Zi No. 1020926999
Chiu Sheng-Tung	Class-A toxic chemical substances management specialist	(91) Huan-Shu-Xun-Zheng-Zi No. JA100072
Chuang Tsung-Ren	Class-A toxic chemical substances management specialist	(104) Huan-Shu-Xun-Zheng-Zi No. JA100162

(3) Payment of pollution control fee: In 2024, the Company paid a total air pollution control fee of NT\$54,357.

2. Investment in pollution prevention equipment, the purpose of equipment, and possible benefits:

December 31, 2024/unit: NTD

Name of Equipment	Count	Date of Acquisition	Investment cost	Remaining book value	Purpose and expected benefits
DMF detection system	3 pieces	2002.03.27	104,762	14,812	DMF Leak Detector
VOC condensation recovery system	1 unit	2006.12.28	2,332,000	64,778	Prevention of air pollution
Liquid level sensor	1 pieces				Toxic substance leak detector
Oil-water separation facility	5 sets				Prevents public hazardous materials from leaking and directly into drains
Air pollution prevention equipment	2 sets				Particulate matter pollution control equipment
Exhaust equipment at premises where public hazardous materials are stored	2 sets				Prevents explosion when public hazardous materials are leaked

3. Efforts undertaken by the Company to rectify pollution in the last two years and up to the publication date of annual report; where dispute had arisen due to pollution, describe the progress of such dispute: None.
4. Any losses (including compensations) or fines incurred due to pollution in the last year and up to the publication date of annual report. State any future response strategies (including improvement measures) and possible expenses (including possible losses due to absence of response strategy, estimated amount of penalties and compensations etc.; provide explanation if amounts can not be reasonably estimated): The Company incurred no loss from pollution of the environment.
5. Describe the current state of pollution and how improvements may affect the Company's earnings, competitiveness, and capital expenditure; estimate major capital expenditures on environmental protection in the next 2 years: None.
6. Products produced by the Company remain unaffected by RoHS.

V. Labor-management relations

(I) Availability and execution of employee welfare, education, training, and retirement policies, as well as the agreements between the employer and employees, and measures of protection of employee rights:

(1) Employee welfare measures:

A. All employees of the Company are covered by Labor Insurance. Benefits on childbirth, injury, healthcare, disability, and death are paid according to Labor Insurance Act.

B. All welfare-related matters are supervised by the Employee Welfare Committee.

(A) The Company has assembled an Employee Welfare Committee in accordance with the Employees' Welfare Funds Act and makes monthly contributions to the welfare fund to finance various welfare measures.

(B) The Company offers a comprehensive range of welfare measures for employees. In addition to providing daily meals, the Company has also created an entertainment center that employees may use for recreational activities after work hours, and organizes birthday celebrations, meal gatherings, trips, and outdoor activities on a regular basis. Furthermore, the Company purchases group accident insurance to protect its employees.

(2) Employee training and education:

The Company has implemented an Education and Training Policy to improve the quality of its human resources and support continuity of future operations. The Company's training system covers internal training, external training, overseas training, and career development.

Item	Enrollments	Hours	Total expense
Internal Training	198	481.5	0
External Training	48	243	33,100
Overseas Training	0	0	0
Career Development	0	0	0

(3) Retirement system and implementation:

The Company has developed a retirement system and established Employee Retirement Policy in full compliance with the Labor Standards Act. Employees who voluntarily retire after 15 years of service or after 25 years of service at the age of 55 are awarded pension based on years of service. Two basis points are awarded for every full year of service rendered up to 15 years, whereas one basis point is awarded for every full year of service rendered afterwards, subject to a maximum of 45 basis points. The Company has also assembled a Labor Pension Fund Supervisory Committee and makes monthly contributions to the pension fund. No employee applied for

retirement in 2024.

(4) Enforcement of labor agreements and employee rights:

- A. Code of conduct or ethics: The Company has always placed emphasis on maintaining a clear and rational management system. A set of "Work Rules" has been established in accordance with the Labor Standards Act and relevant laws to serve as guidance.
 - B. Communication with employees: The Company convenes regular labor-management meetings to enhance communication with employee representatives, and in doing so promotes harmonic work relationship.
 - C. Work environment and protection of employees' safety:
 - (A) Premise security: All of the Company's premises are protected with surveillance system and security personnel 24 hours a day, including night time and holidays.
 - (B) Equipment maintenance and inspection: The Company complies with the Building Public Safety Inspection and Reporting Policy by having professional service providers conduct public safety inspection every 2 or 4 years. The Company also complies with the Fire Services Act by having external service providers inspect fire safety according to labor safety and health regulations on a yearly basis. Furthermore, air conditioning and fire safety equipment are serviced and inspected regularly.
 - (C) Physiological/mental health: In support of government laws and policies, the Company prohibits smoking anywhere within the workplace, and posts no-smoking signs as reminder. This is to maintain the quality of the work environment. Further, the Company arranges regular as well as unscheduled health checkups for employees to keep the employees healthy physically and mentally.
 - (D) Insurance: The Company subscribes to labor insurance (including occupational accident insurance), national health insurance, and group insurance as required by laws. In the event of accidental injury or death, the HR unit would provide assistance on insurance matters.
- The Company values occupational safety and health, and has adopted a safety and health policy that is inspired by "respect for life and pursuit for hazard elimination" and supported with the following strategies: 1. Pre-job safety and health training; 2. On-job training aimed at raising employees' safety awareness and skills; 3. Total participation and enforcement in routine activities; 4. Empowering managers to oversee ongoing improvements in safety and health performance; and 5. Compliance with safety and health laws including emphasis on industrial safety and personnel health. Meanwhile, the Company applies the plan-do-check-act (PDCA) cycle as part of its management practice. The Company duly enforces tidiness and equipment safety within the workplace, and ensures the effectiveness of protection measures.

Workers are educated and communicated regularly on safety and health issues. Through implementation of work safety rules and training policies, annual employee health checkups, regular emergency drills, and zero hazard campaigns, the Company aims to prevent occurrence of work accident and minimize chances of occupational injury. The Company actively assigns employees to factory tours and seminars where they have the opportunity to observe and learn safety management practices of others. With regards to contractor management, all contractors and workers thereof seeking to enter plant premise are bound to obey safety and health rules for safety purpose.

The Company's statistics on work-related injuries in 2024 are shown in the following table.

Anding Plant		Madou Plant		Total	
Male	Female	Male	Female	Male	Female
0	0	0	0	0	0

- (II) Losses arising from employment disputes in the last year and up to the publication date of annual report; quantify the estimated losses and state any response actions, or state the reasons if the losses can not be reasonably estimated: None.

VI. Cyber security management:

(I) Describe the security risk management framework, security policy, specific management plan, and resources invested in cyber security management.

I. Cyber security policy

In order to demonstrate the Company's emphasis on information security, establish an information security management mechanism to truly grasp the security of information equipment and networks, and ensure the confidentiality, availability, and integrity of the Company's computerized planning and data processing, when an information security risk or emergency occurs, the specific principles and capabilities of the Company's response and disposal are established to ensure the rapid resumption of normal business operations.

1. Objects: All employees of the Company and partners and outsourced vendors which have access to the Company's business-related information.
2. Scope: All cyber assets of the Company, or other cyber assets that the Company does not actually own but can dispose of based on contractual, legal, and regulatory obligations.

II. Cyber security risk management framework

The responsible unit for cyber security in the Company is the Information Office, with Lin Zong-Pei serving as the dedicated Information Security Supervisor leading one information security specialist to formulate the Company's cyber security policies, plan cyber security measures, and carry out relevant cyber security operations, as well as comprehensively manage the promotion of cyber security policies and resource scheduling affairs, and regularly review and revise the "Cyber Security Policy" and annual implementation status to ensure that confidential information of the Company and customers is not leaked and the Company's business may continue to operate. In addition, to strengthen the joint defense of corporate information security, the information security officer has joined the Taiwan Computer and Network Crisis Management and Cooperation Center (TWCERT) to share information on information security.

The Audit Office includes the "Cyber Security Inspection Operation" in the annual audit plan for auditing operations, and the audited unit will improve the deficiencies and track the progress in order to implement the Company's information security policy.

III. Cyber security policy

Establish a secure and trustworthy information operation environment, ensure the confidentiality, integrity, and availability of information assets, and enhance employees' awareness of information security to protect the rights and interests of employees, customers, and the Company.

IV. Specific management plan and resources invested in cyber security management

Item	Specific action
Firewall protection	Firewall setting and connection rules. If there are special connection requirements, an additional application is required. Monitor and analyze firewall data reports.
User Internet control mechanism	Use an automatic website protection system to control users' online behavior. Automatically filter out websites where users may connect to Trojan viruses, ransomware, or malicious programs while surfing the internet.
Anti-virus software	Use multiple anti-virus software and automatically update virus codes to reduce the chance of virus infection.
Operating system updates	The operating system is automatically updated. For those which are not updated due to unforeseen circumstances, the information department will assist in updating.
Information backup mechanism	The important information database is set to full daily backup. Regularly conduct data resumption drills.
Remote site storage.	The server and various information system backup files are stored separately at the subsidiary company.
Information center inspection record	The information center checks data backups and anti-virus software updates.
Information security joint defense.	Apply to join TWCERT/CC as a source for information security sharing and advocacy activities.
Education and Training	Regularly conduct security education and training for all employees to enhance their awareness of information security.

(II) Losses arising from material cyber security incidents in the last year and up to the publication date of annual report; quantify the estimated losses and state any response actions, or state the reasons if the losses can not be reasonably estimated: None.

VII. Major contracts:

(I) The Company:

Nature of contract	Counterparty	Contract start/end date	Main contents	Restrictive clauses
Loan agreement	First Commercial Bank	2024/08/19~2025/08/19	Purchases and working capital loan	None
Loan agreement	Mega International Commercial Bank	2024/01/18~2025/01/17	Purchases and working capital loan	None
Loan agreement	Land Bank of Taiwan	2019/08/22~2026/08/22	Land purchase guarantee and construction lending (Li Hisang Section)	None
Loan agreement	Mega Bills	2024/05/29~2025/05/28	Working capital loan (San Yad Plaza)	None
Loan agreement	Bank of Panhsin	2022/07/08~2025/07/08	Working capital loan	None
Loan agreement	Shin Kong Commercial Bank	2024/10/21~2025/10/17	Working capital loan (Ching Nien Section)	None
Loan agreement	Hua Nan Commercial Bank	2024/11/22~2025/11/22	Purchases and working capital loan	None
Loan agreement	Hua Nan Commercial Bank	2020/03/05~2025/09/30	Unsafe and old building loan (Tong An Section)	None
Loan agreement	Hua Nan Commercial Bank	2023/10/02~2028/10/02	Post-pandemic revitalization loan	None
Loan agreement	Taichung Commercial Bank	2024/12/18~2025/12/18	Working capital loan	None
Loan agreement	Cathay United Bank	2024/06/21-2025/06/21	Working capital loan	None
Loan agreement	CTBC Bank	2024/01/23-2024/12/31	Working capital loan (Cathay United Building B1)	None
Joint construction and sale in partitions	Sun Yad Construction Co., Ltd.	November 12, 2013 till house delivery.	The Company provided NT\$117 million of land and road land in Chengguang Section 56-10, Central and Western District, Tainan City, and jointly constructed with Sun Yad and sub-sold the land for 9.08% of the total price of the premises, without contributing to the construction cost and related expenses.	None

(II) Hsin-Li Chemical

Nature of contract	The party involved	Contract start/end date	Main contents	Restrictive clauses
Loan agreement	Mega International Commercial Bank	2024.8.27~2025.8.26	1. Credit line: NT\$200,000 thousand 2. Interest rate: TAIBOR 3 or 6 month + 1% 3. Collateral: Hsueh Chia Plants 1 and 4	None
Loan agreement	Taiwan Business Bank	2024.8.21~2025.8.21	1. Credit line: NT\$90,000 thousand 2. Interest rate: One-year fixed deposit with flexible interest rate + 0.26% flexible interest rate 3. Collateral: Hsueh Chia I Plant	None
Loan agreement	Taichung Commercial Bank	2024.12.19~2025.12.19	1. Credit line: NT\$50,000 thousand 2. Interest rate: Monthly fixed deposit rate index + 0.91%	None
Loan agreement	Bank of Panhsin	2022.5.30~2025.5.30	1. Credit line: NT\$50,000 thousand 2. Interest rate: Monthly fixed deposit rate + 0.81% floating rate	None
Loan agreement	Yuanta Commercial Bank	2024.11.7~2025.11.7	1. Credit line: NT\$30,000 thousand 2. Interest rate: Fixed deposit rate index + 0.43% floating rate	None
Loan agreement	First Commercial Bank	2024.7.29~2025.7.29	1. Credit line: NT\$130,000 thousand 2. Interest rate: For secured loan within 3 months, three-month fixed deposit floating rate plus 0.69%; For short-term loans within 3 months, three-month fixed deposit floating rate plus 0.77%; 3. Collateral: Hsueh Chia I Plant	None
Loan agreement	CTBC Bank	2025.1.1~2025.12.31	1. Credit line: NT\$50,000 thousand 2. Interest rate:	None

Nature of contract	The party involved	Contract start/end date	Main contents	Restrictive clauses
			TAIBOR (1 month) + 1% 3. 57 households on 1~3 F, Sec. 2, Yong Hua Rd., Anping Dist., Tainan	
Loan agreement	Mega Bills	2025.3.11~2025.5.9	1. Credit line: NT\$50,000 thousand 2. Working capital loan	None
Loan agreement	SinoPac Securities	2024.9.11~2025.9.2	1. Credit line: NT\$95,000 thousand 2. Loan with unrestricted usage	None
Mid-term unsecured consolidated limit	O-Bank	2024/01/04-2029/01/03	Machinery	Funds for RTO equipment of Yongjing Plant
Mid-term unsecured consolidated limit	O-Bank	2021/12/02-2026/12/02	Financing for Douliu Plant construction	Sub-guarantee for Douliu Plant 1
Long-term unsecured consolidated limit	O-Bank	2018/05/15-2025/07/15	Long-term unsecured, one-off drawdown and installed repayment	None
Lease contract	Yunlin Science and Technology Industrial Zone Service Center, Industrial Bureau, Ministry of Economic Affairs	2017/09/13-2037/09/12	No. 0096-0000, Shuiweikou Section, Douliu City, Yunlin County	No sub-lease allowed
Lease contract	Yunlin Science and Technology Industrial Zone Service Center, Industrial Bureau, Ministry of Economic Affairs	2017/10/25-2037/10/24	No. 0097-0000, Shuiweikou Section, Douliu City, Yunlin County	No sub-lease allowed
Lease contract	Yunlin Science and Technology Industrial Zone Service Center, Industrial Bureau, Ministry of Economic Affairs	2018/12/18-2038/12/17	No. 0089-0000 and 0090-000, Shuiweikou Section, Douliu City, Yunlin County	No sub-lease allowed

Note: Please record the supply and sales contracts, technical cooperation contracts, engineering contracts, long-term loan contracts, and other important contracts that are currently valid and have expired in the most recent year, which may affect the rights and interests of investors.

(III) Feei Cherng Enterprise Co., Ltd.

Nature of contract	Counterparty	Contract start/ end date	Main contents	Restrictive clauses
Real estate trading contract	Yang Ching-Tsung	2021/09/06	Sale of land at Lot 738, Ta Chiao Tui Section, Liuying District, Tainan City, and buildings and equipment at Building Nos. 00178-00 and 00182-00	None
Real estate trading contract	Fang Shun-Liang	2021/10/25	Purchase of land for construction and the building on the ground at Lot 294, Xinsheng Section, Qianzhen District, Kaohsiung City	None
Real estate trading contract	5 people including Wen, Su-Yun	2021/12/06	Purchase of land for construction and the building on the ground at Lot 1038, Ziqiang Section, North District, Tainan City	None
Real estate trading contract	Su Chun-Ping	2021/12/07	Purchase of land for construction at Lot 1034, Chi-Chiang Section, North District, Tainan City	None
Real estate trading contract	SHENG JHONG SYUE INTERNATIONAL CO.,LTD.	2021/12/01	Purchase of land for construction at lots 1780, 1781, 1782, 1783 and 1784 in the Hsing Tsuan Section, Central and Western District of Tainan City	None
Real estate trading contract	Li Mao-Bin	2022/01/28	Purchase of land for construction at Lots 301, 302, 305 and 306, Xinsheng Section, Qianzhen District, Kaohsiung City	None
Real estate trading contract	Ma Yi-Ting	2022/02/09	Purchase of land for construction at Lot 68, Bai-Lun Section, Rende District, Tainan City	None
Real estate trading contract	Yang Chueh-Chen	2022/04/15	Purchase of land at lots 1164, 1186-2, 1187-1, 1193, 1194-1, 1196, 1198 and 1199 in the Bei Hua Section, North District of Tainan City	None
Real estate trading contract	Crown Department Store Co., Ltd.	2024/06/07	Purchase of land for construction at lots 1269~1276, and 1278~1280 in the Fuchien Section, Zhongxi District of Tainan	None
Loan agreement	Land Bank of Taiwan	2022/07/11-2027/07/11	"Beihua Section" land financing amounted to NT\$206.08 million with interest paid on a monthly basis and repayment of the principal upon maturity.	None
Loan agreement	Chang Hwa Bank	2022/12/27-2026/04/27	"Hsingtsuan Section" land financing amounted to NT\$70 million with interest paid on a monthly basis and repayment of the principal upon maturity.	None
Loan agreement	Yuanta Commercial Bank	2024/09/20-2030/09/20	"Fuchien Section" land financing amounted to NT\$707.6 million, with interest paid on a monthly basis and principal repayment upon maturity.	None

Five. Financial Status, Financial Performance, and Risk Assessment Items to Be Recorded

I. Financial status:

Unit: NTD thousands

Item \ Year	2023	2024	Difference	
			Amount	%
Current assets	3,686,582	6,361,811	2,675,229	72.57
Fixed assets	1,497,892	1,999,544	501,652	33.49
Other assets	1,126,341	1,555,284	428,943	38.08
Total assets	6,310,815	9,916,639	3,605,824	57.13
Current liabilities	2,217,418	3,251,156	1,033,738	46.61
Non-current liabilities	162,523	598,222	435,699	268.08
Total liabilities	2,379,941	3,849,378	1,469,437	61.74
Share capital	1,421,145	1,776,872	355,727	25.03
Capital surplus	143,769	332,685	188,916	131.40
Retained earnings	104,653	169,447	64,794	61.91
Other equity items	(114,999)	(69,058)	45,941	39.95
Total shareholders' equity	3,930,874	6,310,815	2,379,941	60.54
Note: Where the amount changes by 20% or more and the amount exceeds NT\$10 million, the reasons for the changes are analyzed as follows: Mainly due to the merger of the grandson company Pony Leather Corporation.				

II. Financial performance:

(I) Comparative analysis of financial performance

Unit: NTD thousands

Item \ Year	2023	2024	Amount increase (decrease)	Variance %
Net operating revenues	516,505	825,783	309,278	59.87
Operating cost	428,978	685,661	256,683	59.84
Gross profit	87,527	140,122	52,595	60.09
Operating expenses	186,116	311,819	125,703	67.54
Operating profit	(98,589)	(171,697)	(73,108)	(74.15)
Non-operating income and expense	174,356	920,931	746,575	428.19
Profit before tax	75,767	749,234	673,467	888.87
Income tax expenses				
Gain/loss from discontinued operations	3,019	20,850	17,831	590.63
	-	-	-	-
Current net income	72,748	728,384	655,636	901.24
Other comprehensive income	17,679	44,263	26,584	150.37
Total comprehensive income for the current period	90,427	772,647	438,514	754.44

Note: Where the amount changes by 20% or more and the amount exceeds NT\$10 million, the reasons for the changes are analyzed as follows:

1. Increase in operating revenue: Mainly due to the merger of the grandson company Pony Leather Corporation.
2. Increase in operating costs: Mainly due to the merger of the grandson company Pony Leather Corporation.
3. Increase in gross profit from operations: Mainly due to the merger of the grandson company Pony Leather Corporation.
4. Increase in operating expenses: Mainly due to the merger of the grandson company Pony Leather Corporation.
5. Decrease in operating profit: Mainly due to the merger of the grandson company Pony Leather Corporation, and project advertisements which caused an increase in operating expenses.
6. Increase in non-operating income and expenses: Mainly due to an increase in valuation gain on financial assets/liabilities measured at fair value through profit and loss.
7. Increase in profit before tax: Mainly due to an increase in non-operating income.
8. Increase in profit for the current period: Mainly due to an increase in non-operating income.
9. Increase in other comprehensive income: Mainly due to the increase in unrealized gain on financial assets at fair value through other comprehensive income.
10. Decrease in total comprehensive income: Mainly due to the profit and other comprehensive income.

III. Cash flows:

1. Liquid analysis for the most recent year

Item \ Year	2024	2023	Percentage increase (decrease)
Cash flow ratio	-53.07%	-10.30%	-42.77%
Cash flow adequacy ratio	-82.17%	-58.45%	-23.72%
Cash reinvestment ratio	-27.63%	-5.67%	-21.96%
Explanation to major variations:			
1. Decrease in cash flow ratio: Mainly due to an increase in net cash outflow used in operating activities.			
2. Decrease in cash reinvestment ratio: Mainly due to an increase in net cash outflow used in operating activities.			

2. Improvement plans for inadequate liquidity: The Company currently has no concern for liquidity shortage, but would borrow from banks if liquidity shortage does arise.

3. Cash flow analysis for the coming year (2025)

Unit: NTD thousands

Opening cash balance	Projected net cash flow from operating activities for the year	Expected cash inflow for the year	Projected cash surplus (deficit)	Financing of projected cash deficits	
				Investment plans	Financing plans
93,161	(5,407)	(84,065)	3,689	-	500,000

Liquidity analysis for the coming year (2025):

- (1) Operating activities: It is expected that the Company will continue to develop related products, expand the market, and continue to construct projects. Some of the construction projects will be completed and delivered, but due to ongoing and new construction expenses, a net cash outflow is expected.
- (2) Investing activities: It is expected that the expenditure on building property and adding equipment in 2025 will cause a net cash outflow.
- (3) Financing activities: The Company expects to generate a net cash inflow due to loan repayment.

IV. Material capital expenditures in the last year and impacts on financial position

and business performance:

In order to expand its operation scale, the Company and its parent company Sun Yad are engaged in a joint construction and sub-sale of Hu Mei Jing Di residential buildings. In 2013, the Company acquired the land in Chengguang section of Tainan for a total price of NT\$112,500 thousand. The construction started in November 2015 and has now completed. The sale of the finished units started in Q2 2024.

The Company's Dong'an Section construction project in East District of Tainan (Evergreen Taishan) is under construction, and the Lixiang Section construction project in Annan District (He Jiu Jing) is basically completed, and the user license is being applied for. The Beihua Section construction project in North District (Liu Jin) is being re integrated, and the Beixiaoxin Section construction project in Shanhua District (CHeng Zhi Xin) is under pre-sale.

Purchased 574b land and buildings in Xiwan Section, Yongkang District, Tainan, and obtained the approval letter for hazardous and aged reconstruction; plan to build houses for sale and increase operational performance.

The reinvested Feei Cherng Development Technology Co., Ltd. newly purchased land in the Front Section of Zhongxi District, Tainan in 2024. In addition, the construction of the original North District Dacheng Section (City Tree) project is currently in pre-sale, and the construction of the Zhongxi District Xingzuan Section (Liuxing) project is under construction. The rest is under planning.

V. Investment policy in the most recent year, causes of profit or loss incurred, and any improvements or investments planned for the next year:

In 2021, the Company invested in Hsin-Li Chemical and Feei Cherng Enterprise for upstream and downstream integration and polycentric division of labor into a consolidated system. In 2024, Hsin-Li Chemical and Feei Cherng Enterprise both had profits, mainly due to the unrealized valuation gains from the financial assets held. Hsin-Li Chemical is planning to diversify its operations to increase revenue and profitability of the business. Feei Cherng will transform into a construction company and manufacturing business to increase profitability. The Company will evaluate significant investment plans in the coming year depending on market conditions.

VI. Risk disclosure:

1. Impact of interest rate, exchange rate, and inflation on the Company's earnings, and response measures:

(1) Interest rate risk

Impact on profit and loss: The interest expense was NT\$37,988 thousand in 2024, accounting for 4.60% of total revenue. The Company manages interest rate risk by maintaining an appropriate combination of floating and fixed interest rates based on market interest rate trends.

Future response measures: Interest rates are unlikely to rise over the short or medium horizon; nevertheless, the Company will aim to source capital through cash issue or long-term borrowings to avoid interest rate impact.

(2) Exchange rate risk

Effect on profit or loss: There is no significant change in the amounts of foreign currency-denominated imports and exports for the year. The gain on currency exchange was NT\$6,364 thousand for 2024, hence a change in exchange rate would not significantly affect the consolidated profit or loss.

Future response measures: The Company will monitor exchange rate movements closely using a variety of sources including financial news, foreign currency reports by banks, and global economic analyses, and make appropriate adjustments to the foreign currency position depending on future capital requirements. Owing to the presence of effective control, exchange rate changes have had limited impact on profitability for the Company and subsidiaries in recent years.

(3) Inflation risk

Effect on profit or loss: A rise in the cost of raw materials would alter the pricing plan and product portfolio.

Future response measures: The government of Taiwan has kept inflation under control in recent years; as a result, inflation has had minimal effect on profitability of the Company and subsidiaries.

In summary, the Company will closely monitor exchange rate for possible changes, and take hedging actions as deemed necessary. Product pricing, however, has more profound effect on future revenues and profits, which the Company hopes to address by introducing products of high unit price and high added value.

2. Policies on high-risk and highly leveraged investments, loans to external parties, endorsements / guarantees, and trading of derivatives; describe the main causes of profit or loss incurred and future response measures:

(1) The Company and subsidiaries did not engage in any high-risk or highly leveraged investment in the last year.

(2) Loans to external parties: None.

(3) Trading of derivatives: None.

(4) Endorsements/guarantees:

Outstanding endorsements/guarantees as of the publication date of annual report:

Serial No. (Note 1)	Endorser/ guarantor	Endorsed/ guaranteed party		Single company endorsement/ guarantee limit	Highest cumulative balance up to the end of the current month	Increase (decrease) of the amount to individual subsidiaries in the current month	Closing balance of endorsements/ guarantees	Actual amount drawn	Amount of endorsements/ guarantees secured by property	Cumulative amount of endorsement/ guarantee as a percentage of net worth stated in the latest financial report	Endorsement/ guarantee limit	Parent company's endorsements/ guarantees to subsidiary	Subsidiary's endorsements/ guarantees to parent company	Endorsements/ guarantees to the Mainland area
		Company name	Relationship (Note 2)											
0	U-Best Innovative Technology Co., Ltd.	Sun Yad Construction Co., Ltd.	5	2,192,637	71,203	0	71,203	71,203	0	3.48	4,385,274	N	Y	N
Total for the Company						0	71,203							
Total for all subsidiaries						0	0							

Note 1: Explanation to the serial number column:

■ For the Company input 0.

■ Investees are numbered in sequential order starting from 1; serial numbers should be consistent for the same company.

Note 2: Relationship with the endorsed/guaranteed is classified as follows:

1. Company that the Company has business dealing with.
2. Subsidiary in which the Company directly holds more than 50% of its ordinary shares.
3. Investee in which the parent company and subsidiaries collectively hold more than 50% of its ordinary shares.
4. Parent company that holds more than 50% of the ordinary shares in the Company, either directly or indirectly through subsidiaries.
5. Company in the same industry with mutual guarantees in accordance with contract provisions due to the needs of contracted projects.
6. Company jointly endorsed/guaranteed by each shareholder based on the shareholding ratio due to a joint investment relationship.

3. Future research and development plans and projected expenses:

With regards to product development, the Company will reduce the use of PU surface/base material resins and high-solids (85% and above) solvents, while focusing on the development of DMF/DMAC-free materials and solvent-free moisture curing PUR and TPU products out of environmental concern. Other products to be developed include: oil- and water-based leather for furniture and automobiles; water-based surface treatment agents; special polyols in addition to the existing polyol lineup; quick-drying crosslink agent; dry/wet PU with improved physical properties and water-based products for garments; toxicity-free, water-based PUs for applications in electronics, construction materials, ink, and fabrics.

Under the national defense manufacturing policy, bulletproof fiber related products are being developed in cooperation with customers. In addition to small shipments, new products are being ordered and verified one after another.

Flexibility AMOLED high hardness and wear-resistant protective cover material, 100% self-made material formula, as well as customized formula according to customer needs. In addition, we cooperate with customers to develop optical films for the applications on mobile phones.

Furthermore, the Company expects to spend 2%~5% of its revenue in R&D to secure a competitive advantage. Meanwhile, the Company strives to seek new markets and develop high value-added products as a way to improve competitiveness.

4. Financial impacts and response measures in the event of changes in local and foreign regulations:

The Company and subsidiaries did not encounter any change of important policies or laws in recent years that severely impacted financial or business performance. However, as regulations evolve throughout the world, the Company and subsidiaries will identify changes that are relevant to business activities, evaluate the risks associated, and make corresponding adjustments to operations as well as strategies.

5. Financial impacts and response measures in the event of technological or industrial change:

The Company and subsidiaries will continue investing into research and development and make persistent improvements to product quality in order to meet the market's demand. The types of technologies to be developed in the future will be largely determined by market prospects, and the Company is confident of keeping up with technological and industrial changes. There had been no technological or industrial changes in the last year that significantly affected financial or business performance of the Company and subsidiaries.

6. Crisis management, impacts, and response measures in the event of a change in corporate image:

The Company and subsidiaries did not encounter any major change of corporate image in the last year and up to the publication date of annual report that concerned crisis management. Furthermore, the Company prides itself for having delivered consistent performance and maintained favorable image since inception. By listing on TPEX, the Company has been able to attract outstanding talents, share business success with shareholders, and contribute to the society's development in ways that raised corporate image even further. Neither the Company nor its subsidiaries appears in any news coverage that would adversely affect corporate image.

7. Expected benefits, risks and response measures of planned mergers or acquisitions:

The Company and its subsidiaries had no merger or acquisition plan in the most recent year and up to the publication date of annual report. If M&A opportunities do arise in the future, the Company will carefully evaluate whether the M&A is likely to bring synergies to the benefit of existing shareholders.

8. Expected benefits, risks, and response measures associated with plant expansions: Plant expansion plans of the Company and subsidiaries in the last year and up to the publication date of annual report:

In line with the vertical integration of the Group's domestic demand, we will make more efficient use of the land utilization rate of the polyol factory, improve the extension of products and cooperate with international European factories, and contribute to the Company's overall turnover and net profit. The new product plan is based on European environmental protection water-based products and investment in new reaction tanks is being assessed. If new equipment is added, the monthly production capacity can be increased, and the production capacity can be doubled or more.

9. Risks and response measures associated with concentrated sales or purchases:

(1) Purchases:

The Company and subsidiaries cooperate with suppliers on a long-term basis and have been able to secure stable working relationship. If any supplier is unable to supply goods in the required quantity or at the requested timing, the Company would explore alternative suppliers or alternative materials. None of the key materials used by the Company and subsidiaries is sourced from a single, exclusive supplier. On top of a long-term, productive relationship with suppliers, the Company and subsidiaries also conduct unscheduled quality inspections on the raw materials supplied and search for alternative vendors with good track records from time to time to diversify risks associated with concentrated purchase.

(2) Sales:

Although the sales of the Company and its subsidiaries to the largest customer does not exceed 20% of annual operating revenue, the risk of sales concentration has been dispersed.

10. Impacts, risks, and response measures following a major transfer of shareholding by directors, supervisors, or shareholders with more than 10% ownership interest:

There had been no significant transfer of shareholding or change in directors, supervisors or major shareholders with more than 10% ownership in the most recent year and up to the publication date of annual report.

11. Impacts, risks, and response measures associated with a change of management:

The Company and subsidiaries encountered no such occurrence in the most recent year and up to the publication date of annual report.

12. Major litigations, non-contentious cases, or administrative litigations involving the Company or any director, supervisor, President, person-in-charge, major shareholder with more than 10% ownership interest or subsidiary, whether concluded or pending judgment, that are likely to pose significant impact to shareholders or security prices of the Company. Disclose the nature of dispute, the amount involved, the date the litigation first started, the key parties involved, and progress as of the publication date of this annual report: None

13. Other key risks and response measures:

1. Information Security and Response: In response to advancements in networking technology and the cross-platform networking trend, the Company has made use of cybersecurity tools and adopted effective protection strategies that are expected to take effect at the right moment. Meanwhile, employees are being trained to be more aware of cybersecurity issues and to be more cautious about the messages received through emails or messaging software, and thereby reduce the chance of falling victim to phishing scams. Furthermore antivirus software has been installed to help protect personal data and transaction security. In addition to frequent password changes, the Company uses multi-factor authentication account protection measures as well as password management tools to protect authentication information and help secure personal data. A data backup system has been implemented to ensure data security. In light of the above measures, the Company considers cybersecurity risk to be minor for the time being.

VII. Other important disclosures: None.

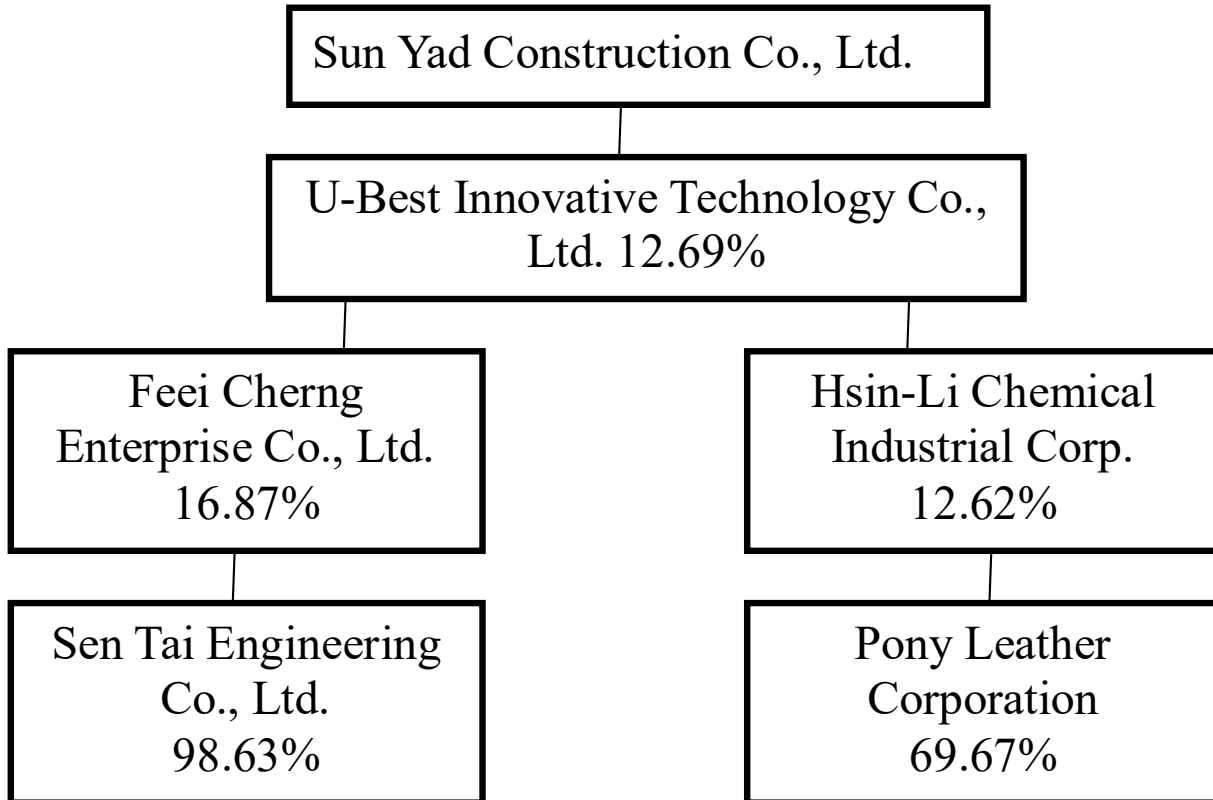
Six. Special Remarks

I. Information about affiliated enterprises:

(I) Consolidated business report for affiliated enterprises

1. Overview of affiliated enterprises:

A. Affiliation chart



B. Profile of affiliated companies

Unit: NTD thousands or USD thousands

Name of entity	Date of incorporation	Address	Paid-in capital	Main business activities or products
Sun Yad Construction Co., Ltd.	1979.12.11	20-6F, No. 248, Section 2, Yonghua Road, Anping District, Tainan	3,006,110	Residential and office building development, rental and sales. Real estate trading. Real estate leasing.
Feei Cherng Development Technology Co., Ltd.	1993.12.02	11F-2, No. 248, Sec. 2, Yong Hua Rd., Anping Dist., Tainan City	1,687,708	Construction, construction projects, buying and selling of building materials
Hsin-Li Chemical Industrial Corp.	1973.06.22	No. 99, Xingyeh Rd., Xuejia Dist., Tainan	788,378	Synthetic leather, plastic leather
Sen Tai Engineering Co., Ltd.	1965.09.20	11F.-3, No. 248, Sec. 2, Yonghua Rd., Jianping Rd., Anping Dist., Tainan City	30,500	Construction
Pony Leather Corporation	2000.05.04	1F, No. 191, Zhongshan Road Section 3, Wubei Village, Yongjing Township, Changhua County	399,000	Adhesion of PU synthetic leather and genuine leather

C. Same shareholders' data for those presumed to have control and subordination relationships

Unit: NTD thousand; share; %

Reason for presumption	Name	Shareholding		Date of incorporation	Address	Paid-in capital	Main business items
		No. of shares	Shareholding percentage				
Parent company with ultimate control	Sun Yad Construction Co., Ltd.	22,506,152	12.69	1979.12.11	20-6F, No. 248, Section 2, Yonghua Road, Anping District, Tainan	3,066,110	Residential and office building development, rental and sales. Real estate trading. Real estate leasing.

D. Industries covered by the overall business of the affiliate: polymer chemicals, raw material trading, construction

E. Directors, supervisors, and President of affiliated companies:

Unit: thousand shares

Name of entity	Title	Name or representative	Shareholding	
			No. of shares (Note)	Shareholding percentage
Sun Yad Construction Co., Ltd.	Chairperson	Chang Yu-Ming	2,618	0.87%
Feei Cherng Development Technology Co., Ltd.	Chairperson	Chang Yu-Ming	29,041	17.21%
Hsin-Li Chemical Industrial Corp.	Chairperson	Chang Yu-Ming	10,180	15.08%
Sen Tai Engineering Co., Ltd.	Chairperson	Li Tung-Hung	-	-
Pony Leather Corporation	Chairperson	Chang Yu-Ming	27,800	69.671%

Note: The investee is not a company limited by shares; figures are presented based on the amount and percentage of capital contribution.

F. Operations overview of affiliated enterprises

Unit: NTD thousand December 31, 2024

Name of entity	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit	Current profit/loss (after tax)	Earnings per share (\$)(after tax)
Sun Yad Construction Co., Ltd.	3,010,160	8,079,975	4,789,424	3,290,551	218,755	(127,420)	(214,390)	(0.79)
Feei Cherng Development Technology Co., Ltd.	1,687,708	3,024,507	1,386,648	1,637,859	6,060	(25,125)	174,168	1.03
Hsin-Li Chemical Industrial Corp.	788,378	2,665,254	692,158	1,973,096	197,076	(60,914)	817,157	10.62
Sen Tai Engineering Co., Ltd.	122,500	88,251	22,343	65,908	50,213	(27,995)	(34,213)	(3.31)
Pony Leather Corporation	399,000	1,093,542	435,993	657,549	854,411	4,454	10,653	0.27

(II) Consolidated financial statements of affiliated enterprises: Please visit the MOPS.

(III) Affiliation report:

Declaration

The relationship report of the Company for 2024 (from January 1, 2024 to December 31, 2024) was prepared in accordance with the "Guidelines for the Preparation of Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", and the information disclosed does not differ significantly from the relevant information disclosed in the notes to the financial report for the aforementioned period.

We hereby declare the above.

Company name: U-Best Innovative Technology Co., Ltd.

Chairman: Chang Yu-Ming

Date: March 11, 2025



Certified Public Accountant's Review Report on the Affiliation Report Declaration

We have audited the 2024 Affiliation Report of U-Best Innovative Technology Co., Ltd. in accordance with the order of the Financial Supervisory Commission referenced Jin-Guan-Zheng-Shen-Zi No. 1130382569 dated June 26, 2024. The review task is to check if the 2024 Affiliation Report of U-Best Innovative Technology Co., Ltd. is prepared in accordance with the "Guidelines for the Preparation of Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", and whether there is any significant inconsistency between the information it discloses and the information disclosed in the notes to the financial report for the same period audited and certified by the CPAs, and to issue an review opinion accordingly.

According to our review results, it was not found that the preparation of the above-mentioned Affiliation Report violated the provisions of the "Guidelines for the Preparation of Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", nor was there any significant inconsistency between the information disclosed in the above-mentioned Affiliation Report and the relevant information disclosed in the notes to the financial report for the same period.

To
U-Best Innovative Technology Co., Ltd.

KPMG Taiwan

CPA: Hsu Cheng-Long

CPA: Kao Yu-Lun

March 11, 2025

I. For the relationship between subordinated companies and controlling companies, state the following information:

Overview of the relationship between subordinated companies and controlling companies

Unit: thousand shares; %

Controlling company's name	Reason for controlling	Shareholding of the controlling company and pledge situation			Control company's dispatch of personnel to be directors, supervisors, or managers	
		No. of shares held	Shareholding percentage	No. of shares pledged	Title	Name
Sun Yad Construction Co., Ltd.	The Company's parent company with controlling power	22,506,152	12.66%	0	Chairperson Vice Chairperson President	Chang Yu-Ming Liu Chen-Hsien Huang Nan-Hao

II. State the following for transaction summary:

(I) Purchase or sale of goods: None.

(II) Property transactions: None.

(III) Financing: None.

(IV) Asset leasing: None.

(V) Other significant transactions:

Unit: NTD thousand; %

Transactions with the controlling company			Comparison of conditions between general transactions and controlling company's transactions
Item	Amount	Percentage of the item's amount	
Operating expenses	1,397	1.04%	No material deviation was found
Other payables	120	0.38%	No material deviation was found
Other receivables - related parties	2,454	44.30%	No material deviation was found

III. For endorsements/guarantees, state the following:

Endorsements/guarantees:

Unit: NTD thousand; %

Highest balance	Closing balance		Reasons for endorsements/guarantees	Guarantee with collateral provided			Conditions or date of lifting guarantee responsibility or withdrawing the collateral	Already recognized in the financial statements Contingent loss amount	Violation of related operation standards established
	Amount	As a percentage of net worth stated in the latest financial statements		Name	Count	Value			
196,208	71,203	3.22%	Mutual guarantee for companies in the same industry in accordance with contract provisions due to the needs of contracted projects.	Land	1	98,723	Parent company's loan repayment	None.	None.

IV. Other events that have significant impact on finance and business: None.

II. Private placement of securities in the last year and up to the publication date of annual report: None

III. Other necessary supplementary information: None

IV. Any occurrence of event defined under Subparagraph 2, Paragraph 2, Article 36 of the Securities and Exchange Act in the previous year and up to the publication date of annual report that significantly impacted shareholders' equity or security prices: None.

U-Best Innovative Technology Co., Ltd.



Principal: Chang Yu-Ming

