



M.J. International Co., Ltd.

2023 Annual Report

Website

MOPS:<http://mops.twse.com.tw>

The Company's website: <http://www.mjig.com>

Printed on May 15, 2024

-----Disclaimer-----

THIS IS A TRANSLATION OF 2023 ANNUAL REPORT OF M. J. INTERNATIONAL CO., LTD. (THE “COMPANY”). THIS TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NOTHING ELSE, THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE HANDBOOK SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

I. Names, job titles, contact Nos. and emails of the Spokesperson and deputy Spokesperson:

Spokesperson: Wang Chuan-Han Telephone: (886)2-2268-4666
Title: President Email: IR@mjig.com

Deputy Spokesperson: Chen I-Hsiu Telephone: (886)2-2268-4666
Title: Special Assistant to the CEO Email: IR@mjig.com

II. Addresses and Tel. Nos. of Head Office, branches, and factories:

- (I) The Company
Name: M.J.International Co., Ltd. Telephone: (886)2-2268-4666
Address: The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O.
Box 32052, Grand Cayman KY1-1208, Cayman Islands, British West Indies
Website: www.mjig.com (same as the following subsidiaries' website)
- (II) Subsidiary in Taiwan
Name: M.J.International Flooring and Interior Telephone: (886)2-2268-4666
Products Inc
Address: No. 126, Da Nuan Rd., Tucheng District, New Taipei City
- (III) Subsidiary in Hong Kong
Name: Prolong International Co., Limited Telephone: (886)2-2268-4666
Address: 31/F., Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong
Name: Opulent International Group Limited Telephone: (886)2-2268-4666
Address: 31/F., Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong
- (IV) Taiwan Branch of Hong Kong Subsidiary
Name: Opulent International Group Limited Telephone: (886)2-2268-4666
Taiwan Branch
Address: No. 126, Da Nuan Rd., Tucheng District, New Taipei City
- (V) The subsidiary in Samoa : Fullhouse Investments Limited.
Address: Portcullis Chambers,P.O.Box 1225,Apia,Samoa Telephone:(886)2-2268-4666
- (VI) The subsidiary in China
Name: Chongqing M.J. Architecture & Telephone: (86)023-6361-1600
Decoration Material Co. Ltd.
Address: Building 1902, Building B, Longtian Shidai Street, Longhu, Daping,
Yuzhong District, Chongqing
Name: Beijing M.J. Architecture & Decoration Telephone: (86)010-8736-4856
Materials Co. Ltd.
Address: Suite 2705, Jun An International Building No. 2, Hua Nan Rd., Beijing
Economic-Technological Development Area, Beijing City
Name: Shanghai M.J. Architecture & Decoration Telephone: (86)021-64828022
Material Co. Ltd.
Address: 7F, No. 36, Alley 1088, Shen Hong Rd., Ming Xin Dist., Shanghai City
Name: Guangzhou PROMAX Architecture & Telephone: (86)020-3724-3136
Decoration Material Co. Ltd.
Address: No. 411, Main Office Building, No.512, Guangzhou Avenue North, Tianhe Dist.,
Guangzhou City
Name: Wuhan M.J. Architecture & Decoration Telephone: (86)027-8784-9788
Material Co. Ltd.
Address: No. 1, 36F, Bldg. No. 6 of Bldg. Nos. 6~7 of Wuhan 1818 Center, No. 109,
Zhongzhen Rd., Wuchang Dist. Wuhan City (2nd Phase)
Name: Xian M.J. Architecture & Decoration
Material Co. Ltd. Telephone: (86) 13279352318

Address: Suite 10901, 9F, Unit 1, Bldg. No. 6, Wang Xiang Hui, No. 21, Gaoxin 6th Rd.,
Gaoxin Dist., Xian City

Name: Shenyang M.J. Architecture & Decoration

Material Co. Ltd.

Telephone: (86) 024-25102977

Address: No. 116-1-4, Hong Run Rd., Yuhong Dist., Shenyang City

(VII) The subsidiary in Canada : Green Touch Floors Inc. Telephone: 647-728-1346

Address: 25 Esna Park Dr. Unit 2 MARKHAM, ONTARIO CANADA L3R 1C9

(VIII) Factory

Name: Dongguan Prolong Plastic Products Co., Ltd. Telephone: (86)769-8663-2083

Address: 3rd Industrial Zone, Jizhou, Shijie Township, Dongguan City, Guangdong Province

Name: Dongguan Mei Jer Plastic Products Co., Ltd. Telephone: (86)769-8983-1234

Address: 3rd Industrial Zone, Huang Yong, Zhongtang Township, Dongguan City, Guangdong
Province

Name: M.J. International Flooring and Interior Products Inc Telephone: (886)6-3009-666

Address: No. 15, Gongye 3rd Rd., Annan Dist., Tainan City, Taiwan (R.O.C.)

III. Name, address, website and Tel. No. of the shareholders' service agent:

Name: CTBC Bank Co., Ltd.

Telephone: (886)2-2311-1838

Address: 3F., No.83, Sec. 1, Chongqing S. Rd.,
Zhongzheng District, Taipei City

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

IV. Name, firm name, address, website and Tel. No. of CPA certifying the financial statements of the most recent year:

Firm name: Deloitte Taiwan

Telephone: (886)2-2725-9988

CPAs: Chiang-Shiun Chen, CPA & Chang Keng-Hsi, CPA

Address: 20F, No. 100, Songren Rd., Xinyi Dist., Taipei City Website: www.deloitte.com.tw

V. Name of any exchanges where the Company's securities are traded offshore, and the method by which to access information on said offshore securities: N/A.

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

VII. Roster of Directors (the nationality and main work experience of independent directors domiciled in Taiwan, if any, to be specified)

Job title	Nationality or Place of Registration	Name	Main Work Experience
Chairman of Board	Samoa	Black Dragon Assets Limited	-
	Taiwan R.O.C.	Representative: Chen Pen-Yuan	Graduated from junior high school Sales Manager/Production Section Chief of Zhen Hong Plastics Industry Co., Ltd. Factory manager of HANDSOME PLASTICS CO., LTD. President of M.J.
Director	Samoa	CROWN HARVEST COMPANY LIMITED(Note)	-
	Taiwan R.O.C.	Representative: Chen Chien-Ming	Graduated from China University of Technology Vice President of Investment Department of Crown Harvest Company Limited.
Director	British Virgin Islands	Chairman Management Corp.	-
	Taiwan R.O.C.	Representative: Kao Chen-Sheng	Master, Long Island University Chairman of Board of WELLMEET International Co., Ltd.
Director	British Virgin Islands	Yuanta Bank as Trustee of Luckmore Investments Limited Investment Account	-
	Taiwan R.O.C.	Ho Ping-Hsien	Graduated from National Taiwan University CFO of Formosa Plastics Corporation, FPC USA Overseas CFO of Charoen Pokphand Group
Director	Taiwan R.O.C.	Lin An-Hsiu	Graduated from elementary school
Director	Taiwan R.O.C.	Hsieh Ming-Feng	Department of Chemical Engineering, Lee-Ming Institute of Technology
Independent Director	Taiwan R.O.C.	Lee Chen-Hung	National Chengchi University MBA Executive Director of Ernst & Young Financial Technology Co., Ltd. General Manager of Wisdom Securities Investment Consulting Co., Ltd. General Manager, UBS UBS Investment Trust
Independent Director	Taiwan R.O.C.	Chiou Yyh-Shen	Ph.D. in Marketing, Michigan State University Chairperson and Professor of Dept. of International Business, National Chengchi University
Independent Director	Taiwan R.O.C.	Jong Wen-Ren,	Ph.D. in Mechanical Engineering, Cornell University, USA Director, Office of Information Technology, CYCU.

Note :CROWN HARVEST COMPANY LIMITED was automatically dismissed from their director position on July 26, 2023, in accordance with the law, due to the transfer of shares exceeding half of the shares held at the time of their election.

VIII. Name, job title, contact No. and email of the designated domestic agent:

Designated domestic agent: Chen Pen-Yuan

Telephone: (886)2-2268-4666

Job Title: Chairman of Board

Email: IR@mjig.com

Table of Contents

One. Letter to Shareholders	3
Two. Company profile	6
I. Date of incorporation and company profile	6
II. Company organization	6
III. Company history	6
IV. Risks	8
Three. Corporate Governance Report	9
I. Organization	9
II. Information about the directors, supervisors, President and CEO, vice presidents, assistant vice presidents and heads of departments and branches.....	11
IV. Status of corporate governance	31
V. Information about Independent Auditor Fees:	75
VI. Information about replacement of CPA.....	76
VII. Name of the CPA firm or its affiliates at which the Company's Chairman, President, or managers responsible for financial or accounting matters was an employee over the past year	76
VIII. Any transfer of equity interests and pledge of or change in equity interests by a director, supervisor, manager, or shareholder with a stake of more than 10 percent in the most recent year and until the date of publication of the annual report:	76
IX. Information on related parties or spousal relationship or relations within second degree of kinship, among top ten shareholders, in terms of shareholdings.	78
X. The shareholdings of the Company, the Company's directors, supervisors, managers, and the business entity directly or indirectly controlled by the Company on the same invested company and also, the consolidated comprehensive shareholding ratio	80
Four. Financing Status.....	81
I. Capital and Stock	81
(I) Source of Capital	81
(II) Shareholders' structure	81
(III) Status of equity dispersion:.....	82
(IV) Name list of major shareholders:List all shareholders with a stake of 5 percent or greater, or the names of the top ten shareholders, specifying the number of shares and stake held by each shareholder on the list.....	82
(V) Market price, net value, earnings and dividends per share for the most recent two years, and related information	82
(VI) Dividend policy and implementation thereof	83
(VII) The effects of issuance of bonus shares proposed at this shareholders' meeting on the Company's business performance and EPS:.....	84
(VIII) Remuneration to employees, directors and supervisors.....	84
(IX) Repurchase of the Company's shares	84
II. Status of corporate bonds	85
III. Status of preferred stock.....	86
IV. Status of overseas depository receipts.....	86
V. Status of employee stock options	86

VI.	Status of new restricted stock awards.	86
VII.	Status of issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies.....	86
VIII.	Implementation of capital utilization plan	86
Five.	Overview of Operations	87
I.	Operations	87
II.	Overview of Industry	88
III.	Technologies or products successfully developed	100
IV.	Information about environmental protection expenditure.....	111
V.	Labor relations	112
VI.	Cyber Security Management.....	113
VII.	Important contracts.....	- 115 -
Six.	Financial Position	- 118 -
I.	Condensed financial information for the most recent five years	- 118 -
II.	Financial analysis	- 121 -
III.	Audit Committee's Audit Report	- 124 -
IV.	Consolidated financial statements and auditing report for the most recent year:	- 125 -
V.	Entity financial statement and auditing report for the most recent year.	201
VI.	If the Company and its affiliates have encountered any financial difficulties in the most recent two years and until the date of publication of the annual report, the impact on the Company's financial condition shall be specified	201
Seven.	Discussion and Analysis of Financial Position and Financial Performance, and Risks	202
I.	Financial position	202
II.	Financial performance	203
III.	Cash flow	203
IV.	Material capital expenditures in the most recent year and impact on business/finance	204
V.	Investment strategies, causes for investment gains and losses, and planned improvements for the most recent year and the investment plan for the coming year .	205
VI.	Analysis and assessment of risk factors for the most recent year until the date of publication of the annual report	207
VII.	Other important notes.....	210
Eight.	Special notes	211
I.	Consolidated business reports of affiliated enterprises	211
II.	Any private placement of securities in the recent years up to the publication of the annual report.....	215
III.	Holding or disposition of the Company's stock by subsidiaries in the most recent year and up to the publication date of the annual report	215
IV.	Other required supplementary notes	215
V.	Significant matters which might affect shareholders' equity or stock price pursuant to the subparagraph 2, Paragraph 3 of Article 36 of the Securities and Exchange Act during the most recent year and until the date of publication of the annual report.....	215

One. Letter to Shareholders

Dear Shareholders:

Looking back at 2023, the global economic environment was impacted by supply chain changes, increasingly stringent environmental regulations, regional conflicts, and the intensifying trade war between the U.S. and China, leading to a shift in global economic momentum. M.J. Group fully mobilized resources to meet customer demands. In addition to actively reducing costs, the management team and all employees continued to develop and launch new products, deepen relationships with existing market customers, and aggressively expand into the North American and Japanese markets, as well as other overseas markets. These efforts are expected to gradually bear fruit in 2024.

In 2023, M.J. Group focused on cost control and new product development. In terms of cost control, we optimized and integrated various plant areas within the group to enhance production efficiency and reduce production costs. Additionally, we automated production processes to replace rapidly rising labor costs. Continuous investments were made in process improvements and yield enhancement, contributing to increased revenue and profitability for the company. Furthermore, we integrated our sales team and implemented customer segmentation and product stratification strategies to fully meet the needs of customers at different levels, thereby enhancing product competitiveness and gross profit margins.

For the company, besides striving to penetrate new markets, we continued to refine M.J.'s competitive edge in the global stone plastic composite (SPC) flooring market. We adopted product innovation and development, pursued international awards and patent layouts, improved production efficiency, reduced defect rates, and lowered material costs. These efforts have proven that we can maintain stable profitability and generously share the results with our shareholders. For the long-term sustainable development of M.J., we are committed to developing new products in the research and development sector, focusing on eco-friendly, healthy green building materials, and pollution-free initiatives to increase the added value of our products.

Looking ahead, the global economy remains fraught with uncertainty, intensifying the natural selection process within the SPC flooring market. M.J. adheres to the philosophy of being a "green enterprise," continually strengthening our operational capabilities, expanding product innovation and differentiation, streamlining production management, and vigorously exploring new markets and customers. We aim to align our transformation, upgrading, and sustainable operations with international standards.

Below is a report on the 2023 annual business report and an outline of the 2024 business plan:

I. 2023 Business Report.

(I) Overview

In 2023, the annual consolidated revenue was NT\$2,702,434 thousand, a decline of approximately 17.2% compared to the 2022 consolidated revenue of NT\$3,262,778 thousand. The revenue decline was due to the industry's impact from the overall economic environment, with customers continuously reducing their inventories and decreasing orders, resulting in a relative decrease in operating income for this year.

(II) The business plan implementation results compared with that in 2022:

The 2023 consolidated financial report shows operating revenue of NT\$2,702,434 thousand, with a cost of goods sold of NT\$2,284,358 thousand, resulting in a gross profit of NT\$418,076 thousand and a gross profit margin of 16.3%. The net loss attributable to the parent company after tax was NT\$64,313 thousand, with a net profit margin of -2.4%. The comparison with 2022 is as follows:

Unit: NTD Thousand

Item	2023	2022	Amount of increase (decrease)	Increase (decrease)
Revenue	2,702,434	3,262,778	(560,344)	-17.17%
Gross Profit	418,076	688,967	(270,891)	-39.32%
Profit (Loss) From Operations	(9,293)	151,336	(160,629)	-106.14%
The net profit (loss) attributable to the Owners of the company after tax	(64,313)	143,494	(207,807)	-144.82%

The 2023 revenue decreased by NT\$560,344 thousand compared to 2022. Analyzing by sales region, Europe and America are the primary markets for flexible flooring. In Europe, sales accounted for 61.7%, making it the main sales market for M.J. Company. The U.S. market has seen rapid growth in recent years, with North America accounting for about 21.2% of sales. The Taiwan market accounted for approximately 6.6%, other regions combined for about 6.7%, and mainland China accounted for about 3.9%. With the growth in revenue from North America and other Asian regions, M.J. Group's strategy of deepening sales regional diversification in recent years has shown significant results. In 2024, we will continue to strengthen sales and services to customers in North America, driving growth in performance in that region.

(III) Analysis on profitability

Due to the gross profit margin being 16.3% in 2023, which is a decrease of 5 percentage points compared to 2022, operating expenses slightly decreased by 0.7%, with the amount of operating expenses reduced by NT\$110,262 thousand, resulting in an operating net loss of NT\$9,293 thousand. Additionally, non-operating income and expenses in 2023 decreased by NT\$13,613 thousand compared to 2022, remaining at 1%. The net loss attributable to the parent company after tax in 2023 was NT\$64,313 thousand, with a net profit margin of -2.4%.

(IV) Status of Research & Development

In recent years, M.J. Group has developed floor tiles incorporating agricultural residual resources. Among these, the rice husk flooring, which has won three major awards (Germany's iF, Germany's Red Dot, and the United States' IEDA), has started mass production and has obtained invention patents in the US, China, and Taiwan. M.J. will continue to build on this foundation, integrating the concepts of corporate social responsibility and circular economy to better utilize agricultural and forestry residual resources, developing more environmentally friendly and safe innovative products.

Furthermore, the recent virus pandemic has significantly impacted global human life and lifestyle. In response, in addition to existing antibacterial and antifungal products, M.J. has developed high-standard antiviral floor tiles. These tiles feature a surface coating with antiviral properties, and the wear layer also has long-term antiviral effects. The product has obtained the antiviral certification from the Society of International sustaining growth for Antimicrobial Articles (SIAA) in Japan. Related patents were applied for in December 2022 in the US, China, and Taiwan and are currently undergoing review.

These commercialized new products are the result of the company's continuous efforts to adapt to market trends. For sustainable development, M.J. is committed to building a better R&D environment and attracting more professional talents. The development of new materials, production equipment automation, and energy-saving and waste-reduction efforts have always been M.J.'s long-term competitive advantages.

II. Outlook

In recent years, M.J. has proactively expanded its operations outside the Greater China region. The Tainan plant, the flagship facility for SPC products, became operational in October 2022 and now serves as the production center for American customers, helping to mitigate international political risks. Following the completion of plant inspections and certifications by American customers in 2023, stable orders have been secured for 2024. The Tainan plant will continue to strengthen its operational capabilities to meet diverse customer needs with a comprehensive product line, aiming to achieve even better results in 2024.

M.J. maintains a cautiously optimistic outlook on current sales in the European market. Major customers' orders have shown signs of recovery and growth for 2024 compared to the previous year. The steady recovery of consumer demand is expected to drive the overall operational growth of the group. Additionally, at the end of 2023, M.J.'s participation in the JAPAN BUILD Tokyo Building Material Exhibition yielded significant results, including heightened local customer interest and the signing of a memorandum of cooperation with Japanese import customers, aiding market expansion in Japan.

Moving forward, M.J. will continue to deepen sales in both commercial and residential markets through its LVT and SPC products. The introduction and market expansion of innovative products like rice husk flooring (RSPC), PP, and antiviral flooring are expected to drive simultaneous growth in revenue and profitability.

Looking ahead to 2024, the company plans to strengthen its sales team, implement customer and product segmentation strategies, fully meet the needs of customers at different levels, and enhance product competitiveness and gross profit margins. By optimizing and transforming various plants within the group, production efficiency will be enhanced, and production costs reduced. Automation will be increased to replace rapidly rising labor costs. Continuous investment in new product development, process improvement, and yield enhancement will contribute to the company's revenue and profitability.

M.J. has a long history and has accumulated years of professional expertise and an innovative management team. We will continue to optimize team organization, strengthen collaboration with internal and external stakeholders, and deepen M.J.'s long-term competitiveness. Our goal is to maximize the interests of the company, shareholders, employees, customers, suppliers, and society, fulfilling corporate social responsibility and achieving sustainable operations. Upholding the corporate spirit of integrity, diligence, simplicity, and prudence, M.J. believes that to yield results, a strong foundation must first be established. Facing global changes, the management team and all employees are committed to working together to create new opportunities and achieve our goals.

Health and happiness!

M. J. International Co., Ltd.

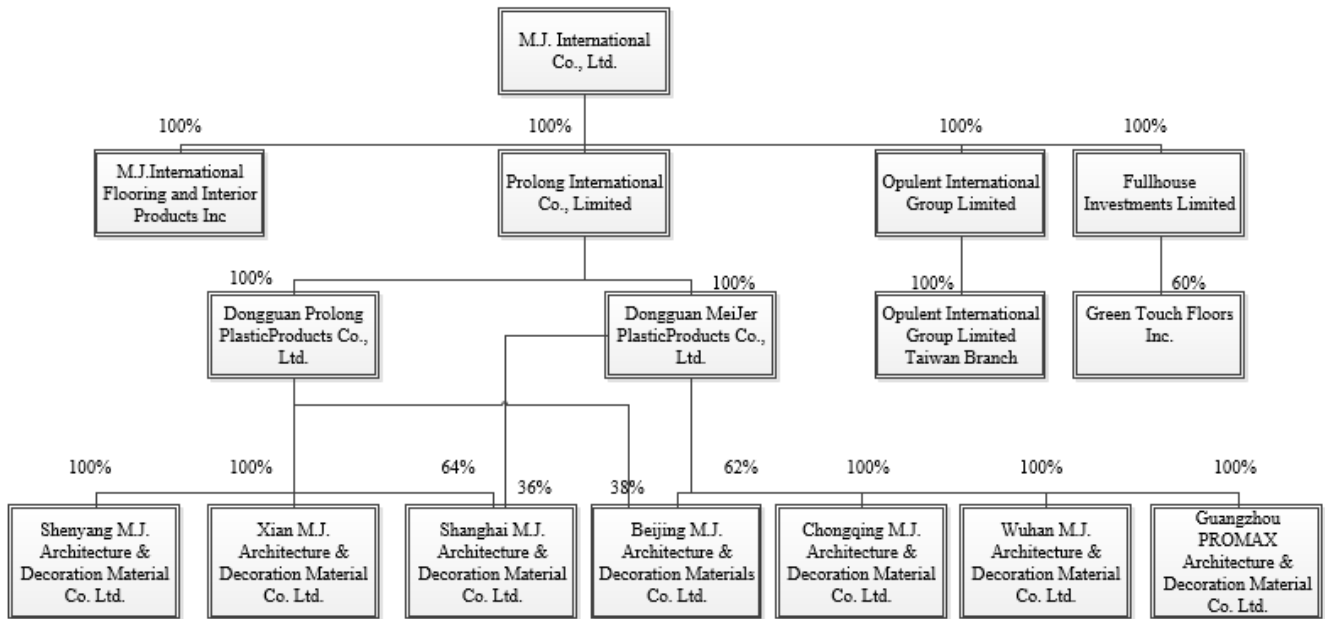
Chairman of Board: Chen Pen-Yuan

Two. Company profile

I. Date of incorporation and company profile

M. J. International Co., Ltd. (hereinafter referred to as the Company or M.J. International Co., Ltd.(CAYMAN)) is a holding company incorporated in British Cayman Islands on October 8, 2010. All of the Company's subsidiaries are wholly owned by the Company, directly or indirectly, except for Green Touch Floors Inc. On June 21, 2023, the Company resolved to sell 70% of Changchun MH Arts Co., Ltd. and lost control over these subsidiaries. The Company is engaged in development, production and sale of Luxury Vinyl Tile as its main business lines. The jurisdictions/countries of registration and main functions of the Company's subsidiaries are introduced as following:

II. Company organization



III. Company history

Year	Milestones
1982	• M.J. International Flooring and Interior Products Inc was founded in Shulin District, New Taipei City, Taiwan in June .
1986	• M.J. International Flooring and Interior Products Inc was relocated to Tucheng District, New Taipei City, Taiwan in May.
1990	• M.J. International Flooring and Interior Products Inc expanded its production capacity in October.
1993	• Dongguan Prolong Plastic Products Co., Ltd. constructed its factory in ShiJie Township, Dongguan City in June.
1997	• Build the Prolong brand for tiles sold in Taiwan and the mainland China.
2001	• Dongguan Prolong factory passed ISO 9001 certification.
2002	• Dongguan Prolong factory passed CSTB certification.
2005	• Construction of Dongguan Prolong factory was completed, and the factory passed ISO 14001 certification.
2006	• Dongguan Mei Jer Plastic Products Co., Ltd. constructed its factory in Zhong Tang Township in August.
2008	• Dongguan Prolong factory expansion was completed and the factory started the mass production in April.

2010	<ul style="list-style-type: none"> • Dongguan Mei Jer factory expansion (Mei Jer Factory No. 2) was completed and equipped with fully-automatic production lines.
2010	<ul style="list-style-type: none"> • The first-listed entity, M. J. International Co., Ltd., was founded in Cayman Islands in October. M. J. International Co., Ltd. also established Prolong International Co., Limited in Hong Kong and proceeded with the reorganization.
2011	<ul style="list-style-type: none"> • Created the PROMAX brand for sale in the territories of Taiwan and the mainland China.
2012	<ul style="list-style-type: none"> • Founded Chongqing M.J. Architecture & Decoration Material Co. Ltd. in November to engage in the sale business in the mainland China. • Founded Opulent International Group Limited in Hong Kong and its Taiwan Branch in November to engage in the international sale business. • Acquired the utility model and invention patents in the mainland China, utility model patent in Taiwan and utility model patent in Japan with respect to PVC non-slip tiles. • Passed SA8000 certification and BRE green environmental protection certification.
2013	<ul style="list-style-type: none"> • Passed Floor Score US indoor air health emission standard certification. • Founded Beijing M.J. Architecture & Decoration Materials Co. Ltd. 、Shanghai M.J. Architecture & Decoration Material Co. Ltd. and Guangzhou PROMAX Architecture & Decoration Material Co. Ltd. to engage in the sale business in the mainland China. • Released the KAAPFLOR brand to expand the markets in the mainland China and South East Asia.
2014	<ul style="list-style-type: none"> • Received the Outstanding Taiwanese Businessman Award-Export Excellence Award of 2nd Term from Management Institute in Taipei. • Acquired the utility model patent in Taiwan, utility model patent in the mainland China, utility model patent in Japan and invention patent in the USA with respect to PVC non-slip tiles. • Acquired the utility model patent in Taiwan and invention patent in the USA with respect to novel environmental protection tiles.
2015	<ul style="list-style-type: none"> • Expansion of Dongguan Mei Jer Factory No. 3 was completed. • Expansion of hot press production lines of Dongguan Mei Jer Factory was completed.
2016	<ul style="list-style-type: none"> • Founded Wuhan M.J. Architecture & Decoration Material Co. Ltd. to engage in the sale business in the mainland China. • Listed on TWSE. • Acquired the Green Tag Certificate from Ministry of Interior of Taiwan R.O.C..
2017	<ul style="list-style-type: none"> • Created the Xian M.J. Architecture & Decoration Material Co. Ltd. for sale in the territories of the mainland China.
2018	<ul style="list-style-type: none"> • Shanghai Business Center was established. • Founded Wuhan M.J. Architecture & Decoration Material Co. Ltd. to engage in the sale business in the mainland China.
2019	<ul style="list-style-type: none"> • Founded Shenyang M.J. Architecture & Decoration Material Co. Ltd.
2020	<ul style="list-style-type: none"> • To distribute production capabilities and markets, the Company has officially started the construction of new factory in Tainan Technology Industrial Park in the investment plan.
2021	<ul style="list-style-type: none"> • Founded Changchun MH Arts Co., Ltd. and mainly produced VSPC.
2022	<ul style="list-style-type: none"> • RSPC won the German Red Dot (Red Dot), German iF and American IDEA design awards • PP flooring won the German Red Dot (Red Dot) and the American IDEA Design Award

	<ul style="list-style-type: none"> • The new factory in Tainan opened on October 17, 2022 in Annan District, Tainan City, specializing in the manufacture of SPC products.
2023	<ul style="list-style-type: none"> • Disposed of its equity interest in Changchun MH Arts Co., Ltd. • Arch Design Award Silver Winner in Interior Design Category.

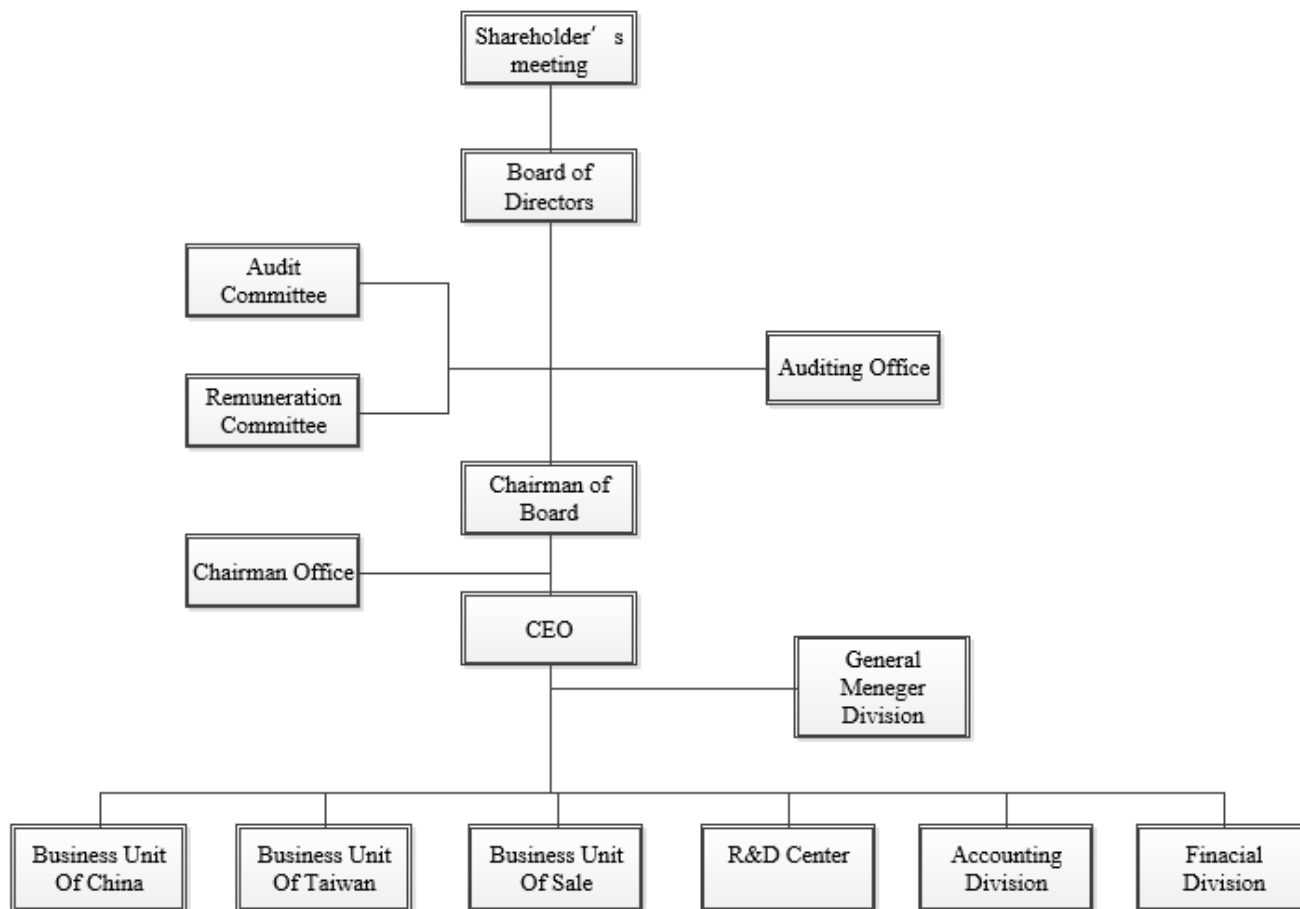
IV. Risks

Please see Chapter Seven. Discussion and Analysis of Financial Position and Financial Performance, and Risks referred to herein.

Three. Corporate Governance Report

I. Organization

(I) Organizational structure



(II) Operations by department

Department	Operations & functions
Board of Directors	Make policy-based decisions and set the objectives and policies with respect to the Company's business administration.
Audit Committee	Supervise the Company's business overview and financial position, adequate expression of financial statements, and effective implementation of internal controls.
Remuneration Committee	Establish and periodically assess the performance appraisal on directors and managers, as well as policies, systems, standards and structures of remuneration, and establish and periodically assess the remuneration to directors and managers.
Auditing Office	Conduct the operational audit on the internal regulations, procedures and authorization by the competent authority and the Company, and execution thereof, and provide suggestions about improvement.
Chairman Office	Plan the business strategies, set business objectives, assess and promote investment projects, and plan and execute the affairs related to directors' meetings and shareholders' meetings.

Department	Operations & functions
General Manage Division	<p>Set the objectives about management of human resource, general affairs, procurement and SHE of the Group's subsidiaries.</p> <p>Integrate the application of the Company's information resources and management of information security, including procurement and maintenance of computer software and hardware, installation, planning, management and maintenance of network, development and maintenance of application softwares, and implementation of various office systems.</p> <p>Plan and manage the legal affairs, ISO, document management and operation standardization of the group.</p> <p>Formulate projects to improve the operating performance of various business entities.</p>
Business Unit of China	<p>Coordinate the overall strategic planning and project planning of the group's factories in China and its affiliated units, evaluate and gather data such as business plans and performance, and track, supervise and supervise the company's various projects and work objectives and progress. Assist, collect and provide external business management intelligence, information, and hold business meetings.</p>
Business Unit of Taiwan	<p>Coordinate the overall strategic planning and project planning of the group's factories in Taiwan and its affiliated units, evaluate and gather data such as business plans and performance, and track, supervise and supervise the company's various projects and work objectives and progress. Assist, collect and provide external business management intelligence, information, and hold business meetings.</p>
Business Unit of Sale	<p>Oversee the group's business marketing and sales activities.</p>
R&D Center	<p>Integrate new materials, new technologies and new functions to develop new products or new production processes; assist the technology transfer and implement mass production; and establish related documents, such as BOM and SOP.</p> <p>Assess and research the new ideas about forward-looking technologies and products; execute outsourcing R&D cooperative projects; conduct pre-market survey and establish product development plans.</p> <p>Search, assess, apply for and maintenance the patents about the products.</p>
Financial Division	<p>Responsible for the company's financial planning and allocation, treasury, and shareholder services.</p>
Accounting Division	<p>Responsible for the company's accounting, budgeting, and tax matters.</p>

II. Information about the directors, supervisors, President and CEO, vice presidents, assistant vice presidents and heads of departments and branches

(I) Directors and supervisors

1. Directors

April 27, 2023 Unit: shares; %

Job title	Nationality or Place of Registration	Name	Gender	Date of Election (Appointment)	Term of Office	Date of First Election (Appointment)	Number of shares held at the time of election (appointment)		Current quantity of shares held		Number of shares held by their spouses and minor children		Number of shares held under another person's name		Educational background (work experience)	Positions concurrently held in the Company and other companies	Spouse or relative within the 2nd degree of kinship who is also a manager, director or supervisor of the Company			Note
							Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding			Job title	Name	Relationship	
Chairman of Board	Samoa	Black Dragon Assets Limited		August 12, 2021	3 years	March 24, 2014	4,478,400	6.78%	4,478,400	6.78%	-	-	-	-	-	-	-	-	-	
	Taiwan R.O.C.	Representative: Chen, Pen-Yuan	Male 71~80				731,797	1.11%	731,797	1.11%	(Note 1)	(Note 1)	(Note 2)	(Note 2)	Graduated from junior high school Sales Manager/Production Section Chief of Zhen Hong Plastics Industry Co., Ltd. Factory manager of HANDSOME PLASTICS CO., LTD. President of M.J.	Chairman of Board of M.J. International Flooring and Interior Products Inc Director of Opulent International Group Limited. Director of Prolong International Co., Limited.	-	-	-	
Director	Samoa	CROWN HARVEST COMPANY LIMITED		August 12, 2021	3 years	August 7, 2014	12,204,000	18.47%	4,393,440	6.65%	-	-	-	-	-	-	-	-	-	(Note 3)
	Taiwan R.O.C.	Representative: Chen, Chien-Ming	Male 41~50				-	-	180,000	0.35%	-	-	(Note 4)	(Note 4)	Graduated from China University of Technology	Vice President of Investment Department of Crown Harvest Company Limited.	-	-	-	(Note 3)
Director	British Virgin Islands	Yuanta Bank as Trustee of Luckmore Investments Limited Investment Account		August 12, 2021	3 years	September 5, 2018	7,779,000	11.78%	7,779,000	11.78%	-	-	-	-	Graduated from National Taiwan University CFO of Formosa Plastics Corporation, FPC USA Overseas CFO of Charoen Pokphand Group	Non-Executive Director of Taiwan Honma Golf Co., Ltd.	-	-	-	
	Taiwan R.O.C.	Representative: Ho, Ping-Hsien	Male 71~80																	
Director	Taiwan R.O.C.	Lin, An-Hsiu	Male 61~70	August 12, 2021	3 years	October 8, 2010	1,370,500	2.07%	1,714,500	2.60%	437,500	0.66%	-	-	Graduated from elementary school	Supervisor of G.T Floor Co., LTD. Director of M.J. International Flooring and Interior Products Inc(TW) Director of Prolong International Co., Limited(HK)	-	-	-	

Job title	Nationality or Place of Registration	Name	Gender	Date of Election (Appointment)	Term of Office	Date of First Election (Appointment)	Number of shares held at the time of election (appointment)		Current quantity of shares held		Number of shares held by their spouses and minor children		Number of shares held under another person's name		Educational background (work experience)	Positions concurrently held in the Company and other companies	Spouse or relative within the 2nd degree of kinship who is also a manager, director or supervisor of the Company			Note
							Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding			Job title	Name	Relationship	
Director	Taiwan R.O.C.	Hsieh, Ming-Feng	Male 51~60	August 12, 2021	3 years	August 7, 2014	760,000	1.15%	760,000	1.15%	557,000	0.84%	(Note 5)	(Note 5)	Department of Chemical Engineering, Lee-Ming Institute of Technology	Chairman of Board of Xin Wei Cun Ltd. Supervisor of M.J. International Flooring and Interior Products Inc(TW) Supervisor of Dongguan Mei Jer Plastic Products Co., Ltd.(CHN) Supervisor of Dongguan Prolong Plastic Products Co., Ltd.(CHN) Chairman of Board of Wei Chung Development Co., Limited.	-	-	-	
Independent Director	Taiwan R.O.C.	Chiou, Yyh-Shen	Male 51~60	August 12, 2021	3 years	June 9, 2020	-	-	-	-	-	-	-	-	Ph.D. in Marketing, Michigan State University Chairperson and Professor of Dept. of International Business, National Chengchi University	Distinguished Professor of the Department of International Trade, National Chengchi University Independent Director of STL Technology Co., Ltd.	-	-	-	
Independent Director	Taiwan R.O.C.	Jong, Wen-Ren	Male 61~70	August 12, 2021	3 years	August 12, 2021	-	-	-	-	-	-	-	-	Ph.D. in Mechanical Engineering, Cornell University, USA Director, Office of Information Technology, CYCU	Director of Computer Center of Information Technology, CYCU Central China University Deputy Director of Smart Manufacturing R&D Center of Central China University	-	-	-	
Independent Director	Taiwan R.O.C.	Lee, Chen-Hung	Male 61~70	June 15, 2022	2 years	June 15, 2022									National Chengchi University MBA Executive Director of Ernst & Young Financial Technology Co., Ltd. General Manager of Wisdom Securities Investment Consulting Co., Ltd. General Manager, UBS UBS Investment Trust	Executive Director of Ernst & Young Financial Technology Co., Ltd.	-	-	-	

Note 1: Chen, Pen-Yuan's spouse holds 100% of the equity of ALPHA MARVEL CORPORATION. ALPHA MARVEL CORPORATION holds 4.23% of the equity of the Company.

Note 2: Chen, Pen-Yuan holds 100% of the equity of Black Dragon Assets Limited. Dragon Assets Limited holds 6.78% of the equity of the Company.

Note 3: CROWN HARVEST COMPANY LIMITED was automatically dismissed from their director position on July 26, 2023, in accordance with the law, due to the transfer of shares exceeding half of the shares held at the time of their election.

Note 4: Before Director CROWN HARVEST COMPANY LIMITED 's dismissal, Chen, Chien-Ming holds 12% of the equity of CROWN HARVEST COMPANY LIMITED. CROWN HARVEST COMPANY LIMITED holds 18.47% of the equity of the Company.

After Director CROWN HARVEST COMPANY LIMITED 's dismissal. Chen, Chien-Ming holds 0% of the equity of CROWN HARVEST COMPANY LIMITED. CROWN HARVEST COMPANY LIMITED holds 6.65% of the equity of the Company.

Note 5: Hsieh Ming-Feng holds 39.70% of Wei Chung Development CO., Limited. Wei Chung Development CO., Limited holds 0.21% of the equity of the Company.

Note 6: The chairman of the board of directors and the general manager of the company are the same person. The chairman of the board of directors used to be the general manager of the company and was familiar with various businesses of the company. The company has nine directors, of which there are three independent independent directors, which is higher than the two and one-fifth requirements. They also have expertise in financial accounting and marketing, and can effectively perform their supervisory functions and implement corporate governance. More than half of the company' s directors do not serve concurrently as employees or managers, and the board of directors retains objectivity and supervisory functions.

2. Supervisors: N/A, because the Company has already established the Audit Committee.

3. Major shareholders of institutional shareholders

April 27, 2024

Name of institutional shareholder	Major shareholders of institutional shareholders
Black Dragon Assets Limited	Chen Pen-Yuan (100%)
CROWN HARVEST COMPANY LIMITED(Note)	Chen Chun-Po (28%), Liu Chu-Mei (12%), Chen Chien-Yuen (12%), Chen Chien-Long (12%), Chen Chien-Ming (12%), Chen Man-Ling (12%), Chang Li-Huang (12%)
Yuanta Bank as Trustee of Luckmore Investments Limited Investment Account	CT Bright Fund Management Company Limited (100%)

Note :CROWN HARVEST COMPANY LIMITED was automatically dismissed from their director position on July 26, 2023, in accordance with the law, due to the transfer of shares exceeding half of the shares held at the time of their election.

4. Major shareholders of institutional shareholders' major shareholders who are institutional investors

April 27, 2024

Name of Institute Investor	Major shareholders of Institute Investors
CT Bright Capital Company Limited	CT Bright Fund Management Company Limited (100%)

5. Information about directors and supervisors

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

Qualifications Name	Professional qualifications and experience	Independence analysis	Number of public companies where the person holds the position as independent director
Chairman of Board Black Dragon Assets Limited Representative: Chen Pen-Yuan	Graduated from junior high school Sales Manager/Production Section Chief of Zhen Hong Plastics Industry Co., Ltd. Factory manager of HANDSOME PLASTICS CO., LTD. President of M.J. Chairman of Board of M.J.International Flooring and Interior Products Inc Director of Opulent International Group Limited. Director of Prolong International Co., Limited.	There is no case related to Article 30 of the Company Act.	0
Director CROWN HARVEST COMPANY LIMITED Representative: Chen Chien-Ming(Note)	Graduated from China University of Technology Vice President of Investment Department of Crown Harvest Company Limited.	There is no case related to Article 30 of the Company Act.	0
Director Yuanta Bank as Trustee of Luckmore Investments Limited Investment Account Representative: Ho Ping-Hsien	Graduated from National Taiwan University CFO of Formosa Plastics Corporation, FPC USA Overseas CFO of Charoen Pokphand Group Non-Executive Director of Taiwan Honma Golf Co., Ltd.	There is no case related to Article 30 of the Company Act.	0
Director Lin An-Hsiu	Graduated from elementary school Supervisor of G.T Floor Co., LTD. Director of M.J.International Flooring and Interior Products Inc(TW) Director of Prolong International Co., Limited(HK)	There is no case related to Article 30 of the Company Act.	0
Director Hsieh Ming-Feng	Department of Chemical Engineering, Lee-Ming Institute of Technology Chairman of Board of Xin Wei Cun Ltd.	There is no case related to Article 30 of the Company Act.	0

Qualifications Name	Professional qualifications and experience	Independence analysis	Number of public companies where the person holds the position as independent director
	Supervisor of M.J.International Flooring and Interior Products Inc(TW) Supervisor of Dongguan Mei Jer PlasticProducts Co., Ltd.(CHN) Supervisor of Dongguan Prolong PlasticProducts Co., Ltd.(CHN) Chairman of Board of Wei Chung Development Co., Limited.		
Independent Director Lee Chen-Hung	National Chengchi University MBA Executive Director of Ernst & Young Financial Technology Co., Ltd. General Manager of Wisdom Securities Investment Consulting Co., Ltd. General Manager, UBS UBS Investment Trust	Mr. Lee is an independent director and meets the independence criteria, including but not limited to the himself, his spouse, relative within the second degree of kinship who is not a director, supervisor, or employee of the Company or its affiliates; does not hold company shares; is not a director, supervisor, or employee of an enterprise related to the Company; does not receive remuneration in the past two years for providing business, legal, financial, and accounting services to the Company or its affiliates.	0
Independent Director Chiou, Yyh-Shen	Ph.D. in Marketing, Michigan State University Chairperson and Professor of Dept. of International Business, National Chengchi University Distinguished Professor of the Department of International Trade, National Chengchi University Independent Director of STL Technology Co., Ltd.	Mr. Chiou is an independent director and meets the independence criteria, including but not limited to the himself, his spouse, relative within the second degree of kinship who is not a director, supervisor, or employee of the Company or its affiliates; does not hold company shares; is not a director, supervisor, or employee of an enterprise related to the Company; does not receive remuneration in the past two years for providing business, legal, financial, and accounting services to the Company or its affiliates.	1
Independent Director Jong Wen-Ren	Ph.D. in Mechanical Engineering, Cornell University, USA Director, Office of Information Technology, CYCU Director of Computer Center of Information Technology, CYCU Central China University Deputy Director of Smart Manufacturing R&D Center of Central China University	Mr. Jong is an independent director and meets the independence criteria, including but not limited to the himself, his spouse, relative within the second degree of kinship who is not a director, supervisor, or employee of the Company or its affiliates; does not hold company shares; is not a director, supervisor, or employee of an enterprise related to the Company; does not receive remuneration in the past two years for providing business, legal, financial, and accounting services to the Company or its affiliates.	0

Note :CROWN HARVEST COMPANY LIMITED was automatically dismissed from their director position on July 26, 2023, in accordance with the law, due to the transfer of shares exceeding half of the shares held at the time of their election.

b. Diversity and Independence of the Board of Directors

(1)Board Diversity

The Company promotes and respects the policy of director diversity, and believes that the diversity policy will help enhance the overall performance of the Company in order to strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors.

The Board's Code of Practice adopted by the Board of Directors sets out the Board's Diversity Policy, which reads as follows: The composition of the Board of Directors shall take into account diversity and formulate appropriate diversification policies in relation to its own operations, operational patterns and development needs, including but not limited to the following two criteria:

(1-1) Basic conditions and values: gender, age, nationality and culture, etc. (1-2) Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience. Board members shall generally possess the knowledge, skills and qualities necessary to perform their duties. In order to

achieve the ideal goal of corporate governance, the board of directors as a whole should have the following capabilities: operational judgment ability, accounting and financial analysis ability, operation management ability, crisis handling ability, industrial knowledge, international market view, leadership ability, and decision-making ability. The Company's current board of directors diversity policy and implementation are as follows:

Diversity Items Name	Basic Component										Diversity Situation						
	Nationality	Gender	An employee of the Company	Age				Independent directors' tenure			Ability to conduct management administration	Ability to perform accounting and financial analysis	Ability to conduct crisis management	Knowledge of the industry	An international market perspective	Ability to lead	Ability to make operational judgments
				41~50	51~60	61~70	71~80	Over3Years	3~6Years	Over 6 Years							
Chairman of Board Black Dragon Assets Limited Representative: Chen Pen-Yuan	Taiwan R.O.C.	Male	✓				✓				✓		✓	✓	✓	✓	✓
Director CROWN HARVEST COMPANY LIMITED Representative: Chen Chien-Ming (Note)	Taiwan R.O.C.	Male		✓					✓		✓			✓			✓
Director Yuanta Bank as Trustee of Luckmore Investments Limited Investment Account Representative: Ho, Ping-Hsien	Taiwan R.O.C.	Male					✓				✓	✓	✓		✓		✓
Director Lin, An-Hsiu	Taiwan R.O.C.	Male				✓					✓		✓	✓		✓	✓
Director Hsieh, Ming-Feng	Taiwan R.O.C.	Male			✓						✓		✓	✓		✓	✓
Independent Director Chiou, Yyh-Shen	Taiwan R.O.C.	Male			✓					✓	✓	✓	✓		✓	✓	✓
Independent Director Jong Wen-Ren	Taiwan R.O.C.	Male				✓		✓					✓	✓	✓		✓
Independent Director Lee, Chen-Hung	Taiwan R.O.C.	Male				✓					✓	✓	✓		✓	✓	✓

Note :CROWN HARVEST COMPANY LIMITED was automatically dismissed from their director position on July 26, 2023, in accordance with the law, due to the transfer of shares exceeding half of the shares held at the time of their election.

The current Board of Directors of the Company comprises nine Directors, and the specific management objectives and achievements of the diversity policy of the board of directors are as follows:

Management objectives	Reached situation
The number of independent directors seats is one-third of the number of directors	Reached
Directors who are also the managers of the company shall not exceed one-third of the number of directors' seats	Reached
Sufficient and diverse professional knowledge and skills	Reached

(2) Board Independence

The Company currently has 7 members of the Board of Directors, including 3 independent directors and 0 director with employee status (42.86% and 0% of all directors).

As of the end of 2023, the independent directors have complied with the norms of the Securities and Futures Bureau of the Financial Regulatory Commission on independent directors, and there are no matters between the directors and independent directors under Article 26-3 of the Securities Exchange Act, items 3 and 4, the board of directors of the Company is independent (see page 14 to 16 of this annual report - Disclosure of the professional qualifications of directors and independent director independence), and the academic qualifications, gender and work experience of each director (please refer to pages 14 to 18 of this annual report - director information).

(II) President and CEO, vice presidents, assistant vice presidents and heads of departments and branches

April 27, 2024 Unit: shares; %

Job title	Nationality	Name	Gender	Date of Election (Appointment)	Quantity of shares held		Quantity of shares held by their spouses and minor children		Number of shares held under another person's name		Educational background (work experience)	Positions concurrently held in other companies	Spouse or relative within 2nd degree of kinship and who is a manager			note
					Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding			Job title	Name	Relationship	
President	Taiwan R.O.C.	Wang Chuan-Han	Male	April 1, 2023							Doctor of Engineering, University of Cambridge, UK General Manager of Liande Precision Industry Co., Ltd. Shanxi Hi-Tech Huaye Group Executive Vice President/Subsidiary General Manager TSMC Marketing Senior Manager Hong Kong Zhenmingli R&D Director/Vice President of Sales Chief Engineer of Automatic Control Project, Valmet, Finland	Spokesperson	-	-	-	-
President	Taiwan R.O.C.	Chen Pen-Yuan	Male	June 30, 2020	731,797	1.11%	(Note 2)	(Note 2)	(Note 3)	(Note 3)	Department of Industrial Engineering and Systems Management, Feng Chia University M.J. - Special Assistant of President Office M.J. - Vice President of Production M.J. - Vice President of Marketing	(Note 1)	-	-	-	-
Special Assistant to the Chairman	Taiwan R.O.C.	Ho Chiang-Chun	Male	November 20, 2019	-	-	-	-	-	-	Graduate student of the Ph.D. program of the National Development and Mainland China Institute of Chinese Culture University Doctor of Economy & Management School, Wuhan University Guangzhou Lingnan Tongweng Education Invested - special assistant of the President concurrent the Acting President LiteOn Group-Director, Human Resource Division, China Enlight Corporation Group-Director of China General Management Office	-	-	-	-	-

Job title	Nationality	Name	Gender	Date of Election (Appointment)	Quantity of shares held		Quantity of shares held by their spouses and minor children		Number of shares held under another person's name		Educational background (work experience)	Positions concurrently held in other companies	Spouse or relative within 2nd degree of kinship and who is a manager			note
					Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding			Job title	Name	Relationship	
											Aurora Communications-Director of General Management Department Director of Far East Airlines-Human Resources and General Affairs Tung-I Information Service -General Manager, Tainan Shop					
GM of Business Unit	Taiwan R.O.C.	Chang Chih-Tai	Male	Mar 1,2022	-	-	-	-	-	-	Master of International Business Institute, National Dong Hwa University Deputy General Manager of NEW BRIGHT INTERNATIONAL GROUP LIMITED General Manager of Business Unit of NEO-NEON HOLDINGS LTD. Special Assistant of president Office-Bao Der Marble Co., LTD.	-	-	-	-	-
GM of Business Unit	Taiwan R.O.C.	Lin Cheng-Ming	Male	April 1,2023	-	-	-	-	-	-	Department of Mechanical Engineering, National Cheng Kung University, Yang Ming Optical Components Division BU head UMC New Generation Plant Design and Cost Improvement Department Technical Manager Head of Advanced Energy Technology Co., Ltd.	-	-	-	-	(Note 4)
Vice President	Taiwan R.O.C.	Chen Jong-Wu	Male	July 20, 2020	-	-	-	-	-	-	PhD Chemical Engineering, National Taiwan University R&D Director, Jingyou Technology Research Fellow, Plastic Center Research and Development R&D Associate Research Fellow, Industrial Technology Research Institute Assistant Professor Chemical Engineering, Feng Chia University	-	-	-	-	(Note 5)
Vice President	Taiwan R.O.C.	Wang Hugn-Chih	Male	November 10,2022	-	-	-	-	-	-	Executive Master of Accountancy (EMA) degree in the Department of Accounting at National	Spokesperson/Accounting Executive/Head of	-	-	-	(Note 6)

Job title	Nationality	Name	Gender	Date of Election (Appointment)	Quantity of shares held		Quantity of shares held by their spouses and minor children		Number of shares held under another person's name		Educational background (work experience)	Positions concurrently held in other companies	Spouse or relative within 2nd degree of kinship and who is a manager			note
					Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding			Job title	Name	Relationship	
											Taipei University. Special Assistant of Jingding Precision Finance and Accounting Department/Subsidiary Chengding and Kainuo Legal Person Supervisor Deputy General Manager of Taiwan Yihua Biotechnology Independent Director of Shengtai Technology Associate Director and Chief Financial Officer of Jingding (later changed to Jingding) Energy Technology Management Center Senior Assistant Manager of Central Economics and Management of Hon Hai Precision Group	Corporate Governance				
Vice President	China	Li Liang-You	Male	June 1, 2018	-	-	-	-	-	-	Wanzai Vocational Technical School (mainland China) M.J. - Section Chief of Supplies Section, Production Control Department M.J. - Section Chief of Quality Assurance Department M.J. - Manager of Manufacturing Department	-	-	-	-	-
Manager	Taiwan R.O.C.	Hung Ming-Ji	Male	November 11, 2019	-	-	-	-	-	-	Dept. of Business Management, National Taiwan University of Science and Technology Manager of the audit office and finance dept., Mibtech Plastic & Molds Co., Ltd Vice manager of the audit office, Sunvic Technology Co., Ltd. Vice manager of the finance and accounting dept., Top Yang Technology Enterprise Co., Ltd. Vice manager of the finance and accounting dept., Lian Hong Art Co., Ltd. Chief of the finance and accounting sector, I-Chiun Precision Industry Co., Ltd.	-	-	-	-	-

Job title	Nationality	Name	Gender	Date of Election (Appointment)	Quantity of shares held		Quantity of shares held by their spouses and minor children		Number of shares held under another person's name		Educational background (work experience)	Positions concurrently held in other companies	Spouse or relative within 2nd degree of kinship and who is a manager			note
					Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding			Job title	Name	Relationship	
Accounting Supervisor	Taiwan R.O.C.	Huang, Yen- Chen	Female	August 31, 2023	-	-	-	-	-	-	Master of Dept. of Accounting , Soochow University Accounting Div. Associate Director ,Chilisin Electronics Corp. Accounting and Finance Department Manager , Sysgration Ltd. Accounting and Finance Department Associate Manager ,STAR WORLD TECHNOLOGY CORPORATION	Financial off icer/ corporate governance officer	-	-	-	-
GM of Business Unit	Taiwan R.O.C.	Chen, Chin- Lung	Male	March 19, 2024	-	-	-	-	-	-	PhD in Mechanical Engineering, National Taiwna University Factory director,Primax Electronics Ltd. Factory director of Corning ,ALLIANCE FIBER OPTIC PRODUCTS CO., LTD. Manager of Engineering/QA/Manufacturi ng ,HON JAI	-	-	-	-	-
Vice President	Taiwan R.O.C.	Chen, Chien- Cheng	Male	March 20, 2024	-	-	-	-	-	-	Master's Degree from the Graduate Institute of Applied Mathematics at National Chung Hsing University Production Section Chief at Golden Century Paper Company, Guanyin Plant/Kaohsiung Plant Plant Manager at Yong Feng Yu Investment Company (China), Kunshan Plant Chief Engineer at Kimberly- Clark Taiwan	-	-	-	-	-
Vice President	Taiwan R.O.C.	Lin, Chun- Cheng	Male	August 31, 2023	-	-	-	-	-	-	Master of Dept. of Chemistry , National Cheng Kung University Head of Engineering , Cymmetrik R&D Senior Manager , TING ZHENG PRINTING & PACKING MATERIAL CO,LTD	-	-	-	-	-

Job title	Nationality	Name	Gender	Date of Election (Appointment)	Quantity of shares held		Quantity of shares held by their spouses and minor children		Number of shares held under another person's name		Educational background (work experience)	Positions concurrently held in other companies	Spouse or relative within 2nd degree of kinship and who is a manager			note
					Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding			Job title	Name	Relationship	
											R&D Senior Manager , HOME VIGOROUS TECHNICAL CORP					

Note 1: Hold the position as the president concurrently in M.J. International Flooring and Interior Products Inc, Prolong International Co., Limited, Opulent International Group Limited, Dongguan Prolong Plastic Products Co., Ltd. and Dongguan Mei Jer Plastic Products Co., Ltd.. Chen Pen-Yuan will no longer serve concurrently as the General Manager of the company as of April 1, 2023.

Note 2: Chen Pen-Yuan's spouse holds 100% of the equity of ALPHA MARVEL CORPORATION. ALPHA MARVEL CORPORATION holds 4.23% of the equity of the Company.

Note 3: Chen Pen-Yuan holds 100% of the equity of Black Dragon Assets Limited. Dragon Assets Limited holds 6.78% of the equity of the Company.

Note 4: Vice President Lin Cheng-Ming resigned on November 17, 2023.

Note 5: Vice President Chen Jong-Wu resigned on May 31, 2023.

Note 6: The GM of Business Unit Wang Hugn-Chih resigned on August 31, 2023.

III. Remuneration to Directors, Supervisors, President and Vice Presidents

1. Remuneration to directors, supervisors, president and vice presidents in the most recent year

(1) Remuneration to directors (including independent directors)

Unit: NTD Thousand

Job title	Name	Remuneration to directors								The sum of A, B, C and D in proportion to earnings		Remuneration received in the capacity as employees								The sum of A, B, C, D, E, F and G in proportion to earnings		Remuneration from investees other than subsidiaries
		Remuneration (A)		Pension (B)		Remuneration to directors (C)		For professional practice (D)				Salary, bonus and special allowance, et al.		Pension (F)		Remuneration to employees (G)						
		the Company	All companies included in the financial statements	the Company	All companies included in the financial statements	the Company	All companies included in the financial statements	the Company	All companies included in the financial statements	the Company	All companies included in the financial statements	the Company	All companies included in the financial statements	Cash dividend	Stock dividend	Cash dividend	Stock dividend	the Company	All companies included in the financial statements			
Chairman of Board	Black Dragon Assets Limited	-	6,545	-	-	-	-	30	30	30 -0.05%	6,575 -10.22%	-	-	-	-	300	-	300	-	330 -0.51%	6,875 -10.69%	-
	Representative: Chen Pen-Yuan																					
Director	CROWN HARVEST COMPANY LIMITED	-	-	-	-	-	-	12	12	12 -0.02%	12 -0.02%	-	-	-	-	-	-	-	-	12 -0.02%	12 -0.02%	-
	Representative: Chen Chien-Ming(Note)																					
Director	Yuanta Bank as Trustee of Luckmore Investments Limited Investment Account	-	-	-	-	-	-	6	6	6 -0.01%	6 -0.01%	-	-	-	-	-	-	-	-	6 -0.01%	6 -0.01%	-
	Representative: Ho Ping-Hsien																					
Director	Lin An-Hsiu	-	-	-	-	-	-	30	30	30 -0.05%	30 -0.05%	-	-	-	-	-	-	-	-	30 -0.05%	30 -0.05%	-
Director	Hsieh Ming-Feng	-	-	-	-	-	-	30	30	30 -0.05%	30 -0.05%	-	-	-	-	-	-	-	-	30 -0.05%	30 -0.05%	-
Independent Director	Jong Wen-Ren	415	415	-	-	-	-	30	30	445 -0.69%	445 -0.69%	-	-	-	-	-	-	-	-	445 -0.69%	445 -0.69%	-
Independent Director	Jong Wen-Ren	415	415	-	-	-	-	30	30	445 -0.69%	445 -0.69%	-	-	-	-	-	-	-	-	445 -0.69%	445 -0.69%	-
Independent Director	Lee Chen-Hung	415	415	-	-	-	-	30	30	445 -0.69%	445 -0.69%	-	-	-	-	-	-	-	-	445 -0.69%	445 -0.69%	-

Note : CROWN HARVEST COMPANY LIMITED of the dismissal of institutional director due to the transfer of shares exceeding more than one half of shares held when elected on 2023/7/26.

Breakdown of remuneration

Breakdown of remuneration to directors	Name of director			
	Total (A+B+C+D)		Total (A+B+C+D+E+F+G)	
	the Company	All companies included in the financial statements	the Company	All companies included in the financial statements
Less than NT\$1,000,000	Black Dragon Assets Limited Representative: Chen Pen-Yuan, CROWN HARVEST COMPANY LIMITED (Representative: Chen Chien-Ming(Note), Yuanta Bank as Trustee of Luckmore Investments Limited Investment Account Representative: Ho Ping-Hsien, Lin An-Hsiu, Hsieh Ming-Feng, Jong Wen-Ren, Chiou, Jyh-Shen, Lee Chen-Hung	CROWN HARVEST COMPANY LIMITED (Representative: Chen Chien-Ming(Note), Yuanta Bank as Trustee of Luckmore Investments Limited Investment Account Representative: Ho Ping-Hsien, Lin An-Hsiu, Hsieh Ming-Feng, Jong Wen-Ren, Chiou, Jyh-Shen, Lee Chen-Hung	Black Dragon Assets Limited Representative: Chen Pen-Yuan, CROWN HARVEST COMPANY LIMITED (Representative: Chen Chien-Ming(Note), Yuanta Bank as Trustee of Luckmore Investments Limited Investment Account Representative: Ho Ping-Hsien, Lin An-Hsiu, Hsieh Ming-Feng, Jong Wen-Ren, Chiou, Jyh-Shen, Lee Chen-Hung	CROWN HARVEST COMPANY LIMITED (Representative: Chen Chien-Ming(Note), Yuanta Bank as Trustee of Luckmore Investments Limited Investment Account Representative: Ho Ping-Hsien, Lin An-Hsiu, Hsieh Ming-Feng, Jong Wen-Ren, Chiou, Jyh-Shen, Lee Chen-Hung
NT\$1,000,000 (inclusive)~ NT\$2,000,000 (exclusive)				
NT\$2,000,000 (inclusive)~ NT\$3,500,000 (exclusive)				
NT\$3,500,000 (inclusive)~ NT\$5,000,000 (exclusive)				
NT\$5,000,000 (inclusive)~ NT\$10,000,000 (exclusive)		Black Dragon Assets Limited Representative: Chen Pen-Yuan		Black Dragon Assets Limited Representative: Chen Pen-Yuan
NT\$10,000,000 (inclusive)~ NT\$15,000,000 (exclusive)				
NT\$15,000,000 (inclusive)~ NT\$30,000,000 (exclusive)				
NT\$30,000,000 (inclusive)~ NT\$50,000,000 (exclusive)				
NT\$50,000,000 (inclusive)~ NT\$100,000,000 (exclusive)				
More than NT\$100,000,000				
Total	8 persons	8 persons	8 persons	8 persons

Note :CROWN HARVEST COMPANY LIMITED was automatically dismissed from their director position on July 26, 2023, in accordance with the law, due to the transfer of shares exceeding half of the shares held at the time of their election.

(2) Remuneration to supervisors: N/A, because the Company has already established the Audit Committee.

(3) Remuneration to President and Vice Presidents

Unit: NT\$ thousand; %

Job title	Name	Salary (A)		Pension (B)		Bonus and special allowance, et al. (C)		Remuneration (D)				The sum of A, B, C and D in proportion to earnings		Remuneration from investees other than subsidiaries
		the Comp any	All companies included in the financial statements	the Com pany	All companies included in the financial statements	the Compa ny	All companies included in the financial statements	the Company		All companies included in the financial statements		the Company	All companies included in the financial statements	
								Bonu s in cash	Bonus in the form of stock	Bonus in cash	Bonus in the form of stock			
President	Wang Chuan-Han	-	12,441	-	537	-	1,273	-	-	1,620	-	-	15,871	-
Special Assistant	Ho Chiang-Chun													
GM of Business Unit	Chang Chih- Tai													
Vice President	Lee Liang-You													
Special Assistant (Note1)	Peng Shao-Tseng													
Vice President (Note2)	Chen Jong-Wu													
Vice President (Note3)	Wang Hugn-Chih													
Vice President (Note4)	Chen Chien-Cheng													
Vice President (Note5)	Lin Chih-Hung													
Vice President (Note6)	Lin Chun-Cheng													
GM of	Lin Cheng-													

Business Unit (Note7)	Ming													
Vice President (Note8)	Zheng Bo-Ren													

Note 1: Peng Shao-Tseng has resigned on January 31, 2023.

Note 2: Chen Jong-Wu has resigned on May 31, 2023.

Note 3: Wang Hugn-Chih has resigned on August 31, 2023.

Note 4: Chen Chien-Cheng has resigned on March 23, 2023.

Note 5: Lin Chih-Hung has promotion Vice President on September 1, 2023.

Note 6: Lin Chun-Cheng has joined on June 5, 2023.

Note 7: Lin Cheng-Ming has promoted GM of Business Unit on April 1, 2023. and resigned on November 17, 2023.

Note 8: Zheng Bo-Ren has promotion Vice President on November 15, 2023.

Breakdown of remuneration

Breakdown of remuneration to President and Vice President of the Company	Name of President and Vice President	
	the Company	All companies included in the financial statements
Less than NT\$1,000,000	-	Peng Shao-Tseng , Chen Jong-Wu , Wang Hugn-Chih , Chen Chien-Cheng , Lin Chih-Hung, Lin Chun-Cheng, Zheng Bo-Ren
NT\$1,000,000 (inclusive)~NT\$2,000,000 (exclusive)	-	Lee Liang-You , Lin Cheng-Ming
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)	-	Ho Chiang- Chun , Chang Chih- Tai
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)	-	Wang Chuan-Han
NT\$5,000,000 (inclusive)~NT\$10,000,000 (exclusive)	-	-
NT\$10,000,000 (inclusive)~NT\$15,000,000 (exclusive)	-	-
NT\$15,000,000 (inclusive)~NT\$30,000,000 (exclusive)	-	-
NT\$30,000,000 (inclusive)~NT\$50,000,000 (exclusive)	-	-
NT\$50,000,000 (inclusive)~NT\$100,000,000 (exclusive)	-	-
More than NT\$100,000,000	-	-
Total	-	12 persons

(4) Name of the manager whom the employee bonus was allocated to in the most recent year and status of the allocation:

Mar 15, 2024 Unit: NT\$ thousand; %

	Job title	Name	Bonus in the form of stock	Bonus in cash	Total	Total in proportion to earnings (%)
Manager	President	Wang Chuan-Han	-	1,650	1,650	-2.57%
	Special Assistant	Ho Chiang-Chun				
	GM of Business Unit	Chang Chih-Tai				
	Vice President	Lee Liang-You				
	Vice President (Note 1)	Lin Chih-Hung				
	Vice President (Note2)	Lin Chun-Cheng				
	Accounting Officer(Note3)	Huang Yen-Chen				

Note 1: Lin Chih-Hung has promotion Vice President on September 1, 2023.

Note 2: Lin Chun-Cheng has joined on June 5, 2023.

Note 3: Huang Yen-Chen has joined on August 31, 2023.

(4-1) the top of five supervisors Remuneration

Unit: NT\$ thousand

		Salary (A)		Pension (B)		Bonus and special allowance, et al. (C)		Remuneration (D)				The sum of A, B, C and D in proportion to earnings%		
								The Company		All companies included in the financial statements				
								Bonus in cash	Bonus in the form of stock	Bonus in cash	Bonus in the form of stock			
President	Wang Chuan-Han	0	2,520	0	108	0	480	0	0	1,000	0	0	4,108 -6.39%	0
Special Assistant	Ho Chiang- Chun	0	2,059	0	108	0	213	0	0	200	0	0	2,580 -4.01%	0
GM of Business Unit	Chang Chih- Tai	0	1,800	0	79	0	178	0	0	150	0	0	2,207 -3.43%	0
Vice President	Lee Liang-You	0	1,322	0	41	0	121	0	0	120	0	0	1,604 -2.49%	0
GM of Business Unit	Lin Cheng-Ming	0	1,279	0	0	0	0	0	0	0	0	0	1,279 -1.99%	0

2. Please specify and compare the remuneration to directors, supervisors, President and vice presidents of the Company in proportion to the earnings from the Company and companies included in the consolidated financial statements in the latest 2 years, and specify the policies, standards, combinations, procedure of decision-making of remuneration and their relation to business performance.

Unit: NT\$ thousand

Item \ Year	2022		2023	
	Total remuneration	in proportion to earnings (%)	Total remuneration	in proportion to earnings (%)
Director	13,945	9.72%	7,988	-12.42%
President and Vice President	25,402	17.70%	15,871	-24.68%

The total remuneration paid to directors, president and vice presidents in proportion to earnings in 2022 and 2023 was 27.42% and -37.10% respectively. The remuneration was allocated pursuant to the Company's Articles of Incorporation and related payroll regulations. Meanwhile, the Company has established the Remuneration Committee in October 2014, which consisted of the independent directors and engaged in periodically reviewing and assessing the performance of directors and managers, as well as policies, systems, standards and structures of remuneration, which shall afford to signify the liability and risk borne by them.

IV. Status of corporate governance

(I) Operation of the Board of Directors

The Board has held 5 (A) sessions in 2023, and the attendance of directors is specified as following:

Job title	Name	Counts of attendance (B)	Counts of attendance by proxy	Actual attendance rate (%) (B)/(A)	Remark
Chairman of Board	Black Dragon Assets Limited Representative: Chen Pen-Yuan	5	0	100%	
Director	CROWN HARVEST COMPANY LIMITED Representative: Chen Chien-Ming	3	0	60%	(Note)
Director	Yuanta Bank as Trustee of Luckmore Investments Limited Investment Account Representative: Ho Ping-Hsien	1	3	20%	Request for leave once.
Director	Lin An-Hsiu	4	1	80%	
Director	Hsieh Ming-Feng	5	0	100%	
Independent Director	Chiou, Yyh-Shen	5	0	100%	
Independent Director	Jong Wen-Ren	5	0	100%	
Independent Director	Lee, Chen-Hung	5	0	100%	

Note :CROWN HARVEST COMPANY LIMITED was automatically dismissed from their director position on July 26, 2023, in accordance with the law, due to the transfer of shares exceeding half of the shares held at the time of their election.

Other notes

I. Where the operation of the Board of Directors meets any of the following circumstances, please clearly state the meeting date, term, contents of motion, opinions of all independent directors and the Company's handling of said opinions:

(I) The circumstances referred to in Article 14~3 of the Securities and Exchange Act:
None.

December 31,2023

Date of Board of Directors Meeting	Proposal content and resolution	Opinions of independent directors	The company's handling of independent directors' opinions	Independent directors hold objections or reservations and have records or written statements
	Cause : Proposal for 2022 "Statement of Internal Control System" Resolution : Passed according to the case.	None	None	None
March 23,2023 7th Directors' Meeting of 6th Term	Cause : The company's accounting manager's change Resolution : Passed according to the case.	None	None	None
	Cause : Proposal for the approval of 2022 Business Report and Consolidated Financial Statement. Resolution : Passed according to the case.	None	None	None
	Cause : Proposal for 2022 profit distribution Resolution : Passed according to the case.	None	None	None
	Cause : Proposal for The company's 2022 employee and director remuneration. Resolution : Passed according to the case.	None	None	None
	Cause : Proposal of Annual bonus distribution plan for the chairman and manager of our company. Resolution : Passed according to the case.	None	None	None
	Cause : Proposal for the approval certified accountants and their remuneration. Resolution : Passed according to the case.	None	None	None
	Cause : Proposal for the approval of the independency and adaptability assessment on certified accountants of the Company. Resolution : Passed according to the case.	None	None	None
	Cause : Proposal for the 2st Issue of Domestic (ROC) Unsecured Convertible Bonds Resolution : Passed according to the case.	None	None	None
	Cause : Proposal for the Company's Group Subsidiary's New Line of Credit from the Bank and renewal of the credit contract. Resolution : Passed according to the case.	None	None	None
	Cause : Proposal for the company providing endorsement guarantee to the group subsidiaries. Resolution : Passed according to the case.	None	None	None
	Cause : Proposal for amending the company's organizational memorandum and articles of association. Resolution : Passed according to the case.	None	None	None
	Cause : Proposal to amend the company's group subsidiary's "Regulations Governing the Acquisition and Disposal of Assets". Resolution : Passed according to the case.	None	None	None
	Cause : Proposal for the amendments and additions to the "Regulations Governing Derivatives Transactions Conducted" of the Company and its subsidiaries. Resolution : Passed according to the case.	None	None	None
	Cause : Proposal for the Establishment of the Corporate Governance Director of our company. Resolution : Passed according to the case.	None	None	None
May 11,2023	Cause : Proposal to approve the financial report for the first quarter of 2023.	None	None	None

8th Directors' Meeting of 6th Term	Resolution : Passed according to the case			
	Cause : The company's subsidiary's case to renew the credit limit contract with the bank. Resolution : Passed according to the case.	None	None	None
	Cause : The company's endorsement guarantee for its subsidiaries. Resolution : Passed according to the case.	None	None	None
	Cause : The company's inter-subsidiary fund loan case. Resolution : Passed according to the case	None	None	None
	Cause : The case of transferring accounts receivable between subsidiaries of the Company to the amount of funds loaned to others. Resolution : Passed according to the case.	None	None	None
	Cause : Revised the "Governing the Conduct of Shareholders Meetings". Resolution : Passed according to the case	None	None	None
	Cause : Planning to sign a "Securities Regulations Compliance Counseling Agreement" with the underwriter of the second unsecured conversion of corporate bonds in the R.O.C. Resolution : Passed according to the case.	None	None	None
Jun 21,2023 9th Directors' Meeting of 6th Term	Cause : The company's grandson company "Changchun MH Arts Co., Ltd." which indirectly holds 70% of the shares plans to handle the equity transfer. Resolution : Passed according to the case.	None	None	None
August 24,2023 10th Directors' Meeting of 6th Term	Cause : Proposal for the approval of 2023H1 Consolidated Financial Statement. Resolution : Passed according to the case.	None	None	None
	Cause : Revise the "internal control system" of the company's group subsidiaries. Resolution : Passed according to the case.	None	None	None
	Cause : Add the company's "Risk Management Policies and Procedures". Resolution : Passed according to the case.	None	None	None
	Cause : The group's subsidiaries plan to The bank's handling of the line renewal credit contract. Resolution : Passed according to the case.	None	None	None
	Cause : The company's endorsement guarantee for the group subsidiary. Resolution : Passed according to the case.	None	None	None
	Cause : The company's group subsidiary's capital increase. Resolution : Passed according to the case.	None	None	None
	Cause : The proposed revision of the company's group subsidiary's "Regulations Governing Derivatives Transactions Conducted". Resolution : Passed according to the case.	None	None	None
	Cause : Changes in the company's financial director, accounting director, corporate governance director, and spokesperson. Resolution : Passed according to the case.	None	None	None
November 9,2023 11th Directors' Meeting of 6th Term	Cause : Proposal to approve the company's consolidated financial statements for the third quarter of 2023. Resolution : Passed according to the case.	None	None	None
	Cause : Proposal to approve the company's "2024 annual operating plan. Resolution : Passed according to the case.	None	None	None
	Cause : Proposal to approve the company's "2024 internal audit plan". Resolution : Passed according to the case.	None	None	None
	Cause : The company's group subsidiaries Applying for a line of credit contract with a bank.	None	None	None

	Resolution : Passed according to the case.			
	Cause : The company provides an endorsement guarantee for a group subsidiary. Resolution : Passed according to the case.	None	None	None
	Cause : Proposal to approve a customer credit line. Resolution : Passed according to the case.	None	None	None
	Cause : Proposal to amend the company's group subsidiary's "Regulations Governing Derivatives Transactions Conducted". Resolution : Passed according to the case.	None	None	None
	Cause : Proposal to Added the company's "Information Security Policy". Resolution : Passed according to the case.	None	None	None

(II) Any other resolution(s) passed but with independent directors voicing opposing or qualified opinions on the record or in writing: None.

II. In instances where a director recused himself/herself due to a conflict of interest, please clearly state the director's name, contents of the motion, reason for conflict of interest and actual voting counts:

Date of Board of Directors Meeting	Name of the director	Contents of motion	Reason for conflict of interest	Actual voting counts
2023/03/23	Black Dragon Assets Limited Representative: Chen Pen-Yuan	Compensation plan for employees and directors of the company in 2022	The motion is related to the remuneration of the directors themselves	Except for the directors who have avoided the discussion and voting in accordance with the law, the remaining directors present have no objection and passed the proposal.
	CROWN HARVEST COMPANY LIMITED Representative: Chen Chien-Ming			
	Yuanta Bank as Trustee of Luckmore Investments Limited Investment Account Representative: Ho Ping-Hsien			
	Lin An-Hsiu			
	Hsieh Ming-Feng			

Date of Board of Directors Meeting	Name of the director	Contents of motion	Reason for conflict of interest	Actual voting counts
2023/03/23	Black Dragon Assets Limited Representative: Chen Pen-Yuan	Annual bonus distribution plan for the chairman and manager of the company	The motion is related to the chairman themselves	Except for the directors who have avoided the discussion and voting in accordance with the law, the remaining directors present have no objection and passed the proposal.

3. The status of performing self-assessment by the Company's Directors

The Company has passed the "Performance Assessment Measure by the Board of Directors" on March 5, 2020, and expects to commence it on March 7 2024. The expected practices related with assessment pursuant to the Measure are stated as follows.

Cycle of Assessment	Duration	Scope	Method	Item
Once a year	January 1, 2023 to December 31, 2023	Board of Directors	Self-assessment by the Board of Directors	<ol style="list-style-type: none"> 1. The degree engaged in the operation of the Company. 2. Improve the decision-making quality of the Board of Directors. 3. The composition and structure of the Board of Directors. 4. The election and constant advanced program of Director. 5. Internal control.

IV. Measures undertaken during the current year and the most recent year in order to strengthen the functions of the Board of Directors (such as the establishment of an audit committee and improvement of information transparency, etc.) and assessment on their implementation: The Company has established the "Regulations Governing Operation of Board of Directors Meetings" as the guidelines for operation of the Board of Directors meetings. Meanwhile, the Company has resolved at the Board of Directors meeting on October 20, 2014 to establish the Audit Committee and Remuneration Committee, and also disclosed its related information on its website and MPOS pursuant to laws to improve information transparency.

(II) Operation of the Audit Committee

The Committee has held 5 (A) sessions in 2023, and the attendance of independent directors is specified as following:

Job title	Name	Counts of attendance (B)	Counts of attendance by proxy	Actual attendance rate (%) (B)/(A)	Remark
Independent Director	Lee, Chen-Hung	5	0	100%	
Independent Director	Chiou, Yyh-Shen	5	0	100%	
Independent Director	Jong Wen-Ren	5	0	100%	

Other notes:

- I. For resolution(s) passed pursuant to Article 14~5 of the Securities and Exchange Act and any other resolution(s) passed upon approval of more than two-thirds of the whole directors instead of the Audit Committee, please clearly state the meeting date, term, contents of motion and resolution of the Committee, and the Company's handling of the Audit Committee members' opinions:

Audit Committee Meeting Date	Board meeting date	Proposal content and resolution results	The company's handling of the opinions of the audit committee
March 23,2023 7th Audit Committee' Meeting of 4th Term	March 23,2023 7th Directors' Meeting of 6th Term	Cause : Proposal for 2022 "Statement of Internal Control System" Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : The company's accounting manager's change Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Proposal for the approval of 2022 Business Report and Consolidated Financial Statement. Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Proposal for 2022 profit distribution Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Proposal for The company's 2022 employee and director remuneration. Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Proposal of Annual bonus distribution plan for the chairman and manager of our company. Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Proposal for the approval certified accountants and their remuneration. Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Proposal for the approval of the independency and adaptability assessment on certified accountants of the Company. Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Proposal for the 2st Issue of Domestic (ROC) Unsecured Convertible Bonds Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Proposal for the Company's Group Subsidiary's New Line of Credit from the Bank and renewal of the credit contract. Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Proposal for the company providing endorsement guarantee to the group subsidiaries. Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Proposal for amending the company's organizational memorandum and articles of association. Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Proposal to amend the company's group subsidiary's "Regulations Governing the Acquisition and Disposal of Assets ". Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Proposal for the amendments and additions to the "Regulations Governing Derivatives Transactions Conducted" of the Company and its subsidiaries. Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Proposal for the Establishment of the Corporate Governance Director of our company. Resolution : Passed according to the case.	All the directors present agreed to pass.
May 11,2023 8th Audit Committee' Meeting of 4th Term	May 11,2023 8th Directors' Meeting of 6th Term	Cause : Proposal to approve the financial report for the first quarter of 2023. Resolution : Passed according to the case	All the directors present agreed to pass.
		Cause : The company's subsidiary's case to renew the credit limit contract with the bank. Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : The company's endorsement guarantee for its subsidiaries. Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : The company's inter-subsidiary fund loan case. Resolution : Passed according to the case	All the directors present agreed to pass.

Audit Committee Meeting Date	Board meeting date	Proposal content and resolution results	The company's handling of the opinions of the audit committee
		Cause : The case of transferring accounts receivable between subsidiaries of the Company to the amount of funds loaned to others. Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Planning to sign a "Securities Regulations Compliance Counseling Agreement" with the underwriter of the second unsecured conversion of corporate bonds in the R.O.C. Resolution : Passed according to the case.	All the directors present agreed to pass.
Jun 21,2023 9th Audit Committee' Meeting of 4th Term	Jun 21,2023 9th Directors' Meeting of 6th Term	Cause : The company's grandson company "Changchun MH Arts Co., Ltd." which indirectly holds 70% of the shares plans to handle the equity transfer. Resolution : Passed according to the case.	All the directors present agreed to pass.
August 24,2023 10th Audit Committee' Meeting of 4th Term	August 24,2023 10th Directors' Meeting of 6th Term	Cause : Proposal for the approval of 2023H1 Consolidated Financial Statement. Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Revise the "internal control system" of the company's group subsidiaries. Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Add the company's "Risk Management Policies and Procedures". Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : The group's subsidiaries plan to The bank's handling of the line renewal credit contract. Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : The company's endorsement guarantee for the group subsidiary. Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : The company's group subsidiary's capital increase. Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : The proposed revision of the company's group subsidiary's "Regulations Governing Derivatives Transactions Conducted". Resolution : Passed according to the case.	All the directors present agreed to pass.
November 9,2023 11th Audit Committee' Meeting of 4th Term	November 9,2023 11th Directors' Meeting of 6th Term	Cause : Changes in the company's financial director, accounting director, corporate governance director, and spokesperson. Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Proposal to approve the company's consolidated financial statements for the third quarter of 2023. Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Proposal to approve the company's "2024 annual operating plan". Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Proposal to approve the company's "2024 internal audit plan". Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : The company's group subsidiaries Applying for a line of credit contract with a bank. Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : The company provides an endorsement guarantee for a group subsidiary. Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Proposal to approve a customer credit line. Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Proposal to amend the company's group subsidiary's "Regulations Governing Derivatives Transactions Conducted". Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Proposal to Added the company's "Information Security	All the directors

Audit Committee Meeting Date	Board meeting date	Proposal content and resolution results	The company's handling of the opinions of the audit committee
		Policy”. Resolution : Passed according to the case.	present agreed to pass.

II. In instances where an independent director recused himself/herself due to a conflict of interest, please clearly state the independent director's name, contents of the motion, reason for conflict of interest and actual voting counts: None

III. Communication between independent directors and internal auditing officers as well as CPAs on the Company's financial position and business overview, such as items discussed, means of communication and results, etc.:

(I) Communication between independent directors and internal audit supervisors and Accountants

1. Invite certified public accountants to attend the audit committee at least four times a year, report to the audit committee on the results of the company and its subsidiaries' financial report review and internal control review, and fully communicate whether there are major adjustment entries or legal amendments that have significant impact ; When necessary, hold communication meetings with accountants at any time.
2. In addition to regularly sending audit reports and follow-up reports to independent directors for inspection by the company's internal audit unit, the internal audit supervisor and independent directors will conduct regular meetings at least once a quarter through the audit committee to report on the implementation status of the audit plan and the lack of improvement. And timely reply to directors' questions on various auditing business; in case of major abnormal events, they can convene meetings at any time.
3. Independent directors and certified public accountants communicate on the results of the financial report review and the communication required by relevant laws and regulations, and evaluate and review the independence of the accountants every year.

(II) Summary of communication between independent board of directors and Accountants

The communication between independent directors and accountants is good

Audit Committee Meeting Date	Communication focus	Directors' suggestions	Processing execution results
March 23,2023	Independent directors evaluate and discuss the annual remuneration of accountants and the independence and competence of certified accountants.	None	The annual appointment and evaluation of accountants are approved by the Audit Committee and submitted to the 7th Directors' Meeting of 6th Term on March 23, 2023.
	The accountant explained the key audit items of the 2022 consolidated financial report and the audit results of the financial report.	None	The 2022 consolidated financial report was approved by the Audit Committee and submitted to the 7th Directors' Meeting of 6th Term on March 23, 2023.
May 11,2023	The accountant explained the review results of the 2023 first quarter financial report.	None	The consolidated financial report for the first quarter of 2023 was approved by the Audit Committee and submitted to the 8th Directors' Meeting of 6th Term on May 11, 2023.

Audit Committee Meeting Date	Communication focus	Directors' suggestions	Processing execution results
August 24,2023	The accountant explained the key audit items of the 2023 H1 consolidated financial report and the audit results of the financial report.	None	The consolidated financial report for the H1 of 2023 was approved by the Audit Committee and submitted to the 10th Directors' Meeting of 6th Term on August 24, 2023.
November 9, 2023	The accountant explained the review results of the 2023 third quarter financial report. The accountant explained the time, check method and key check items of the 2023 financial report .	None	The consolidated financial report for the third quarter of 2023 was approved by the Audit Committee and submitted to the 6th Directors' Meeting of 11th Term on November 9, 2023.

(III) Summary of the communication between the independent board of directors and the audit supervisor.

Date	Communication focus	Director's Recommendation	Processing execution results
March 23,2023 Audit Committee	Report on internal audit business in the Q4 of 2022 Self assessment of internal control in 2022 (statement of internal control system)	None	After reporting to the Audit Committee, the 7th Report of the 6 term of the Board of Directors on March 23, 2023.
May 11,2023 Audit Committee	Report on internal audit business in the Q1 of 2023	None	After reporting to the Audit Committee, the 8th Report of the 6 term of the Board of Directors on May 11, 2023.
August 24,2023 Audit Committee	Report on internal audit business in the Q2 of 2023	None	After reporting to the Audit Committee, the 10th Report of the 6 term of the Board of Directors on August 24,2023.
November 9, 2023 Audit Committee	Report on internal audit business in the Q3 of 2023 2024 audit plan	None	After reporting to the Audit Committee, the 11th Report of the 6 term of the Board of Directors on November 9, 2023

(III) Status of corporate governance, deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies

Items	Status of operation (Note)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary(Note)	
I. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		The Company has established the “Corporate Governance Best-Practice Principles” as the Company’s basis for operating the corporate governance, and implemented the same strictly.	No material deviation exists.
II. Equity structure and shareholders’ equity (I) Does Company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly?	✓		(I) The Company designates its spokesperson and deputy spokesperson to handle shareholders’ proposals, doubts and disputes, organizes the shareholders’ meetings pursuant to the Company Act and related laws, and establishes the parliamentary rules for shareholders’ meetings to grant the shareholders appropriate powers.	No material deviation exists.
(II) Whether the Company controls the list of major shareholders and the controlling parties of such shareholders?	✓		(II) The Company may control the information about variance in shares held by major shareholders and declare the shareholdings pursuant to laws via the professional shareholders service	

Items	Status of operation (Note)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary(Note)	
			agent.	
(III) Whether the Company establishes or implements some risk control and firewall mechanisms between the Company and its affiliates?	✓		(III) The Company implements effective risk control pursuant to the related regulations governing internal control and internal audit systems.	
(IV) Has the Company established internal policies that prevent insiders from trading securities based on non-public information?	✓		(IV) The Company has established the “Regulations Governing Prevention of Insider Trading” to prevent any misconduct.	
III. Composition and responsibilities of the Board of Directors (I) Has Board of Directors established a diversification policy and a specific management goal, and has it been implemented accordingly?	✓		(I) The Board of Directors of the current term consists of 7 directors. The composition thereof has taken into consideration the diversified policies satisfying the Company’s operation, business type and development needs to render benefits for the Company.	No material deviation exists.
(II) Whether the Company, in addition to establishing the Audit Committee and Remuneration Committee, pursuant to laws, is willing to establish any other functional committees voluntarily?		✓	(II) Except the Audit Committee and Remuneration Committee, the Company doesn’t establish any other functional committees.	In the future, additional functional committees will be established as needed.

Items	Status of operation (Note)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary(Note)	
			Notwithstanding, the Company does establish the relevant regulations and control mechanism for various operations. In the future, other functional committees will be set up according to needs.	No material deviation exists
(III) Has the Company established Regulations for Evaluating the Performance of the Board and its Evaluation method, conducted performance evaluation regularly each year, submitted the performance evaluation results to the board and taken the results as a reference for determining the remuneration of individual directors and nomination for re-election?	✓		(III) The board of the Company approved the Regulations for evaluating the performance of the board on March 5, 2020. The performance evaluation will be conducted regularly each year. The evaluation methods include internal self-evaluation of the board, self-evaluation of the members of the board, peer evaluation and evaluation done by entrusting external professional institute. The 2023 evaluation has been completed by the first quarter of 2024 and the results have been submitted to the 12th Board of Directors for approval on 7 March 2024.	
(IV) Whether the company has established regular assessment to the external auditors' independence each year.	✓		(IV) As of March 7, 2024, the Company's Board of Directors has passed an assessment	

Items	Status of operation (Note)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary(Note)	
			<p>of the independence and suitability of the accountants with reference to the Audit Quality Indicators (AQIs). The significant items of the AQIs are summarized below:</p> <p>Component 1: Professionalism: Audit experience, training hours, turnover rate, and professional support.</p> <p>Component 2: Quality Control Indicators: Accountant's Load, Audit Input, EQCR, Review Status, Quality Control Support Capability.</p> <p>Component 3 :Independence: sub-audit service, customer familiarity.</p> <p>Component 4 :Supervision: external inspection deficiencies and penalties, the competent authorities to improve the letter.</p> <p>Component 5 :Innovation: Innovative planning or initiatives.</p> <p>The Company evaluates the independence of its certified public accountants with reference to the ROC Statement of Ethics for Certified Public Accountants and</p>	

Items	Status of operation (Note)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary(Note)	
			auditing standards, etc. The important items are listed in the Appendix.	
IV. Has the TWSE/TPEX listed company established suitable appropriate number of corporate governance personnel, appointed chief corporate governance officer to be in charge of relevant affairs for corporate governance (including but not limited to providing the directors and supervisors with required information to carry out their business, assisting the directors and supervisors on law compliance, handling board meeting and shareholders' meeting related matters in accordance with the law, preparing minutes of board meeting and shareholders' meeting)?	✓		The company has dedicated personnel responsible for corporate governance-related matters, handling matters related to the board of directors and shareholders' meetings, and preparing minutes of the board of directors and shareholders' meetings in accordance with the law. However, the company has not yet designated a director of corporate governance and will be set up in accordance with the company's evaluation of the company's operation and development.	No material deviation exists.
V. Does the Company have established a communication channel for the stakeholders (including but not limited to, shareholders, employees, customers and suppliers), set the stakeholder section on the Company's website, and responded to the stakeholders regarding their concerns over corporate social responsibilities?	✓		The Company identifies the related stakeholders subject to the degree of dependence between the business administration and internal/external personnel (individuals/juristic persons/groups). The Company has also disclosed the stakeholder section to respond to the questions about stakeholders on the Company's website.	No material deviation exists.
VI. Does the Company have commissioned a professional shareholders service agent to handle shareholders' meeting	✓		The company appointed China Trust Commercial Bank, a professional stock agency, to handle stock	No material deviation exists.

Items	Status of operation (Note)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary(Note)	
affairs?			affairs and shareholders' meetings.	
VII. Information disclosure				No material deviation exists.
(I) Whether the Company has established a website that discloses the information about financial position, business overview and corporate governance?	✓		(I) The Company has set up the official website where the investor section is established to update the Company's information from time to time.	
(II) Whether the Company adopted other means to disclose information (e.g. English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, broadcasting of investor conferences via the Company's website)?	✓		(II) The Company designates dedicated personnel responsible for collecting and disclosing the corporate information and implements the spokesperson system. The investor conferences will also be posted on the Company's website.	
(III) Whether the Company announce and declare the annual financial statement within two months at the end of the accounting year and announce and declare the Q1, Q2 and Q3 financial statement and monthly operational status prior to the deadline in the regulation?		✓	(III) The Company announced the Q1, Q2, Q3 and annual financial statement and monthly operation status in advance prior to the regulated deadline. As for annual financial statement, the Company cannot announce it within two months after the end of the accounting year in advance due to the audit schedule of overseas subsidiaries.	The company handles the financial report announcement and reporting deadlines in accordance with Article 36 of the Securities and Exchange Law of the place where the company is listed.
VIII. Does the Company have other information that enables a	✓		The Company is used to caring employees' benefits,	No material deviation exists.

Items	Status of operation (Note)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary(Note)	
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 maintenance of liability insurance for the Company's directors and supervisors)?			and establishes various management regulations and requirements, such as salary, promotion, rewards and punishments, leave and social insurance, which comply with the local laws and regulations. Employees shall take the health check-up periodically during their employment. The Company provides meal allowance or clean and sanitary meals, as well as the dormitory for employees or accommodation allowance, and various subsidies for marriage, funeral, festival, birthday celebration and trips to take care of the employees physically and mentally. Meanwhile, when selecting suppliers, the Company will consider whether the supplier's social responsibility commitment and performance comply with the standard requirements under the SA8000 system as the first priority, and assess their ability if necessary. Upon the assessment, the suppliers considered qualified will be included into the Company's roster of qualified suppliers. The Company will also ask the suppliers to sign the "Supplier Corporate Social Responsibility	

Items	Status of operation (Note)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary(Note)	
			Commitment Statement” and demand that they should conduct self-assessment on their fulfillment of social responsibility periodically. Meanwhile, the Company also establishes various communication channels for stakeholders to mitigate or prevent potential operational risk. The Company’s directors will complete continuing education each year, in hopes of enhancing the functions of the Board of Directors. The company shall take out supervisors and key staff liability insurance with respect to liabilities resulting from the exercise of duties during their terms, to enhance corporate governance.	
IX. Please specify the status of the correction based on the corporate governance assessment report released by the Corporate Governance Center of TWSE in the most recent year, and the priority corrective actions and measures against the remaining deficiencies.	✓		The Company has established the “Corporate Governance Best-Practice Principles”, “Ethical Corporate Management Best-Practice Principles” and “Corporate Social Responsibility Best-Practice Principles”, and participated in the corporate governance evaluation for the first time in 2017. The Company sets its improvement plan based on the self-audit report on corporate governance, in hopes of practicing the spirit of corporate	No material deviation exists.

Items	Status of operation (Note)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary(Note)	
			governance to the enterprise's culture.	

Note: Accountant's Independence Assessment

Assessment Item	Assessment results	Is there independence
1. The appointed accountant has no significant financial interest in the company or related companies.	Yes	Yes
2. Appoint an accountant to avoid any inappropriate relationship with the company or related companies.	Yes	Yes
3. The appointment of accountants should ensure that their assistants observe integrity, impartiality and independence.	Yes	Yes
4. The appointed accountant currently or within the last two years has not served as a director, supervisor or manager of the company or affiliated companies, or has a significant influence on the audit case?	Yes	Yes
5. Has the joint certified public accountant of the joint accounting firm to which the accountant belongs has not served as a director or manager of the company or a position that has a significant influence on the audit case within one year? It is also determined that he will not hold the aforementioned related positions during the future audit period.	Yes	Yes
6. The name of the appointed accountant shall not be used by others.	Yes	Yes
7. The appointed accountant shall not have money borrowing from the company or affiliated companies.	Yes	Yes
8. Appointed accountants shall not concurrently operate other businesses that may lose their independence	Yes	Yes
9. The appointed accountant shall not charge any commission related to the business.	Yes	Yes
10. Appointed accountants shall not concurrently hold regular jobs in the company or affiliated companies, and receive a fixed salary.	Yes	Yes
11. The appointed accountant shall not hold the shares of the company or related enterprises.	Yes	Yes
12. The appointed accountant shall not have a joint investment or benefit-sharing relationship with the company.	Yes	Yes
13. The appointment of an accountant shall not be involved in the management functions of the Company or its affiliates in making decisions	Yes	Yes
14. As of the most recent visa operation, there have been no cases of non-replacement for seven years.	Yes	Yes

15. Complete the visa for the company's financial statements on schedule	Yes	Yes
16. Whether the appointed accountant has made positive recommendations on the company's system and internal control audit.	Yes	Yes
17. Appoint an accountant to update the company's tax and regulatory laws on their own initiative.	Yes	Yes
Note: In addition to self-assessing the independence of certified accountants, the company has also obtained a declaration of independence issued by accountants		

(IV) Describe the composition, duties and operations of the remuneration committee established by the Company, if any:

1. Information about Remuneration Committee members

Capacity (Note1) Name		Qualifications	Professional qualifications and experience (Note1)	Independence analysis (Note2)	Number of other public companies at which the person concurrently serves as remuneration committee member
Convenor and Independent Director	Chiou, Yyh-Shen	Ph.D. in Marketing, Michigan State University Chairperson and Professor of Dept. of International Business, National Chengchi University	Compliance with the independence scenario , please refer to P.14~P.16 , compliance with the independence scenario .	1	
Independent Director	Jong Wen-Ren	Ph.D. in Mechanical Engineering, Cornell University, USA Director, Office of Information Technology, CYCU	Compliance with the independence scenario , please refer to P.14~P.16 , compliance with the independence scenario .	0	
Independent Director	Lee, Chen-Hung	MBA in National Chengchi University Executive Director of Anyone Fintech LTD., Managing Director of Global Asset Management	Compliance with the independence scenario , please refer to P.14~P.16 , compliance with the independence scenario .	0	

Note1 : Please refer to P.14~P.18 about the information about the directors.

Note 2: Independence analysis: Describe the status of independence of each remuneration committee member, including but not limited to the following: whether the member or their spouse or relative within the second degree of kinship serves or has served as a director, supervisor, or employee of the Company or any of its affiliates; the number and ratio of shares of the Company held by the member, their spouse, and their relatives with the second degree (or through their nominees); whether the member has served as a director, supervisor or employee of a “specified company” (see Article 6, paragraph 1, subparagraphs 5 to 8 of the 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); the amount(s) of any pay received by the remuneration committee member for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 year

2. Remuneration Committee Duties

The Remuneration Committee, with the attention of a good administrator, faithfully performs the following functions and powers set forth in the Rules of Organization and will propose them submitted to the Board of Directors for discussion.

- I. Periodically review the Constitution of the Remuneration Committee and make suggestions for amendments.
- II. To establish and regularly review the policies, systems, standards and structures for the annual and long-term performance appraisal and remuneration of directors, supervisors and managers.
- III. To regularly evaluate the achievement of the performance objectives of the directors, supervisors and managers of the Company and to determine the content and amount of their individual remuneration.

3. Operation of the Remuneration Committee

- I. The Company's Remuneration Committee consists of 3 members.
- II. The term of office to be served by the current members: From August 26, 2021 to August 11, 2024. The Remuneration Committee has held 4 (A) meeting in the most recent year, and the members' qualification and attendance are summarized as follows:

Job title	Name	Counts of attendance (B)	Counts of attendance by proxy	Actual attendance rate (%) (B)/(A)(Note1)	Remark
Convener	Chiou, Yyh-Shen	3	0	100%	
Member	Jong Wen-Ren	3	0	100%	
Member	Lee, Chen-Hung	3	0	100%	

Other notes:

- I. If the Board of Directors does not adopt or amend the Remuneration Committee's suggestions, please specify the meeting date, term, contents of motion, resolution of the Board of Directors, and the Company's handling of the Remuneration Committee's opinions (if the remuneration approved by the Board of Directors is superior than that suggested by the Remuneration Committee, please specify the deviation and reason): None.
- II. For resolution(s) made by the Remuneration Committee with the Committee members voicing opposing or qualified opinions on the record or in writing, please state the meeting date, term, contents of motion, opinions of all members and the Company's handling of the said opinions: None.

Note1 :

- (1) Where any of the Remuneration Committee members may be relieved from duties before the end of the fiscal year, specify the date of discharge in the "Remark" section. Actual attendance rate (%) was calculated based on the number of the Committee meetings held during each member's term and the counts of the member's actual attendance to the meetings.
- (2) Where a reelection may be held for filling the vacancies of the Remuneration Committee members before the end of the fiscal year, please list both the new and the discharged members, and specify if they are the former members, or newly elected, re-elected and the date of the reelection in the "Remark" section. Actual attendance rate (%) was calculated based on the number of the Committee meetings held during each member's term and the counts of the member's actual attendance to the meetings.

Remuneration Committee Meeting Date	Board meeting date	Proposal content and resolution results	The company's handling of the opinions of the Remuneration Committee
March 23, 2023 6th of 4th Term	March 23, 2023 7th of 6th Term	Cause : Change of the company's accounting director. Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Compensation plan for employees and directors of the company in 2022 Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : The year-end bonus distribution case for the chairman and managers of the company. Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Setting up the company's corporate governance director. Resolution : Passed according to the case.	All the directors present agreed to pass.

		Cause : Changes in the company's senior managers.. Resolution : Passed according to the case.	All the directors present agreed to pass.
August 24,2023 7th of 4th Term	August 24,2023 10th of 6th Term	Cause : Changes in the company's senior managers.. Resolution : Passed according to the case.	All the directors present agreed to pass.
		Cause : Changes in the company's financial director, accounting director, corporate governance director, and spokesperson. Resolution : Passed according to the case	All the directors present agreed to pass.
November 9, 2023 8th of 4th Term	November 9, 2023 11h of 6th Term	Cause : Changes in the company's senior managers.. Resolution : Passed according to the case.	All the directors present agreed to pass.

(V) The State of the Company's Promotion of Sustainable Development, Any Variance from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance :

Items	Status of operation (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary (Note 2)	
I. Has the Company established and promoted a sustainable development governance structure and set up a dedicated (or non-dedicated) unit for the promotion of sustainable development, and has the Board of Directors authorized the senior management to handle relevant issues and does the Board supervise the state of affairs with respect to the preceding?	✓		I. The general manager's office is the dedicate (concurrent) unit to be in charge of promoting corporate social responsibility. Regarding the economic, environment and social issues resulted from the business activities, the board of directors authorized the senior management to handle and report to the board of directors about the	No material deviation exists.

Items	Status of operation (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary (Note 2)	
			implementations.	
II. Whether the Company set up a dedicated (or concurrent) corporate social responsibility promotion unit which is authorized by the board of directors to be managed by the high-level management and reports to the board of directors?	✓		<p>II. The Board of the Company approved “Sustainable Development Best Practice Principles” and has faithfully implemented it.</p> <p>The Company has complied with relevant environmental regulations and relevant international principles, appropriately protected the natural environment and devoted in achieving the objectives for sustainable environment when conducting business activities and internal management.</p> <p>The Company has complied with relevant regulations</p>	No material deviation exists.

Items	Status of operation (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary (Note 2)	
			to protect social welfare and international convention for human rights, such as gender equality, work rights and prohibition against discrimination. The Company will enhance the transparency disclosing corporate social responsibility information.	
III. Environment topic (I) Whether the Company has established the suitable environment management policies and procedures in accordance with its own manufacture features?	✓		(I) The Company's china production base has got the certificate from ISO14001 and the china environment label. The whole production process is in accordance with the environment production regulation . The company also got the green lable for our product ,it means the whole production process is low-environment risk .	No material deviation exists.
(II) Whether the Company has upgraded the efficiency for all kind of resource and taken the green material into production ?	✓		(II) The Company has put great effort to material usage and energy .The company will take	

Items	Status of operation (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary (Note 2)	
			the recycle into the all production process and reduce the waste in process.	
(III) Whether the Company takes a assessment to the current and future potential risk and chance from the climate change?Whether the Company take some actions to face the climate change?	✓		(III) The Company has always reduced the effects to environment and the changes to climate during the production process °	
(IV) Wheter the Company conduct statistics on the emission of greenhouse gas, water consumption volume and the total waste weight in the past two years and developed policies for energy-saving, reduction on greenhouse gas, water consumption volume or management of other wastes?		✓	(IV) Though the Company did not make statistics on the emission of greenhouse gases, the Company paid attention in environment protection matters during the production process: reasonable use and control of raw materials from source, energy and other resources, reduction of wastes and emission of pollution, enhancement on the use of regenerated and recycled resources, maintenance of	

Items	Status of operation (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary (Note 2)	
			various pollution emission value of machines and equipment in factory under the emission value in the regulation, including water, air, sound pollution, etc. The inspection reports each year were inspected and approved by the competent authority of the production place, AQSIQ of China.	
IV、Social Issues				
(I) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	✓		(I) All subsidiaries of the company have established working rules and complete human resource management rules in accordance with relevant laws of local governments to protect the rights and interests of employees. The basic wage, working hours, vacation, pension payment, labor and health insurance payment, occupational disaster compensation, etc. for the hired labors of the Company are	
(II) Has the Company established and implemented reasonable employee welfare measures (including remuneration, vacations and other welfares, etc.) and reflected management	✓			

Items	Status of operation (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary (Note 2)	
performances or outcomes on employees' remuneration?			complied with relevant regulations.	
(III) Does the Company provide a safe and healthy working environment for employees and regularly carry out safety and health education for employees?	✓		(II) The Company cared about employees' welfare and has stipulated various management regulations and rules, such as salary, promotion, award, vacation, and social insurance, which complied to local regulations. Moreover, the Company provided various subsidies for employees' weddings, funerals, child births, celebrations as well as birthday celebration and travel to actively take actions in caring employees' physical and mental health.	
(IV) Has the Company developed an effective training program for employees?	✓			
(V)) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer or customer protection and grievance policies?	✓		(III) The Company valued employees' work environment, safety and health and regularly arranged health examination for employees to take on the responsibility of caring employees' safety and health.	

Items	Status of operation (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary (Note 2)	
(VI) Has the Company established management policy for suppliers and asked the suppliers to comply with environmental friendly, occupational safety or labor rights and present its implementations?	✓		<p>(IV) The Company conducts trainings for employees every year to increase competitiveness in their competency.</p> <p>(V) Marketing and labelling of the products and services of the Company have complied with relevant regulations and principles of the industries. The Company ensured good quality through procurement acceptance and final product inspection procedures. Moreover, the Company stipulated Regulation for Handling Customers' Complaint to maintain a good communication channel with the customers, provide transparent and effective after-sales services on the products to ensure consumers' rights and interests.</p> <p>(VI) The Company</p>	

Items	Status of operation (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary (Note 2)	
			<p>evaluated the corresponding suppliers of the Company in accordance with “Procedures Evaluating Suppliers”. The contract between the Company and the supplier did not include the articles stating that the Company may terminate or cancel the contract at all times if the supplier violated its corporate social responsibility policy and caused significant impact on the environment and society. However, when signing contract with the suppliers, the Company also requested them to sign “Suppliers’ Commitment to Implement Social Responsibilities” and “A Letter from SAF-004 to Interested Parties”. In addition, the Company regularly re-evaluates the corresponding suppliers in accordance with the provisions in “Procedures Evaluating</p>	

Items	Status of operation (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary (Note 2)	
			Suppliers”. If discovered that the suppliers had the aforementioned situations, the Company will not select the suppliers who do not pay attention to corporate social responsibilities.	
V. Does the company prepare sustainability reports and other reports that disclose non-financial information by following international reporting standards or guidelines? Does the company obtain third party assurance or certification for the reports above?		✓	V. Though the Company did not prepare corporate social responsibility report verified by third party verification unit, the Company reference the spirit of Principles or Guidelines for Preparing Reports of International Generic Use to conduct relevant operations, including the acquisition of SA8000 certificate: The primary consideration for the Company to select suppliers is whether their commitment and the performance on social responsibility	

Items	Status of operation (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary (Note 2)	
			<p>complied to the standard requirement in SA8000 system; green production: Reasonable use and control of the raw materials from the source, energy and other resources, reduction on wastes and pollution emission; Green certification: The Company was approved by multiple international inspection standards and certification for our production factories and products in the past years.</p>	
<p>VI. If the Company has established the sustainable development principles based on “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the Principles and their implementation: None.</p>				
<p>VII. Other important information to facilitate better understanding of the company’s implementation of sustainable development :</p> <ol style="list-style-type: none"> 1. Pass SA8000 certification: When selecting suppliers, the Company will consider whether the supplier’s social responsibility commitment and performance comply with the standard requirements under the SA8000 system as the first priority. Upon the assessment, the suppliers considered qualified will be included into the Company’s roster of qualified suppliers. 2. Green manufacturing: Control the reasonable use of source raw materials, energy and other resources, reduce waste and pollutant emissions, strengthen the use of renewable and recoverable resources, and have the emission pollution values of factory machine and equipment comply with the standards, including water, air and noise pollution, etc.. The annual test report would pass the inspection by the competent authority in the country of origin, National Quality Standard Bureau of 				

Items	Status of operation (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary (Note 2)	
<p>the PRC.</p> <p>3. Green products: The PVC flooring refers to the product that can be environmental-friendly and recyclable. The research and development orientation about the product also focuses on the three pollution-free environmental friendly products, namely "non-PVC", "green construction materials" and "biodegradable".</p> <p>4. Green certification: In the past years, the Company's factories and products have passed multiple international inspection standards and certification, including ISO 9001, ISO14001, SA8000, EN, BRE, Floor Score, Green Guard ,BV, CSTB and the Green Tag Certificate from Ministry of Interior of the R.O.C., and SGS, CSTB, ASTM, BG and CNS for the products.</p> <p>In conclusion, the Company provides consumers with excellent products, values human rights, cares the society and uses its best efforts to engage in the public welfare.</p>				

(VI) Climate-Related Information for Publicly Listed Companies :

Relevant Climatological Information for TPEX Listed Companies

Item	Implementation position
1. Description on the oversight and governance of climate-related risks and opportunities of the Board and management	<p>1. Since August 2022, the company has been reporting the schedule for greenhouse gas inventory and verification planning to the Board of Directors every quarter in accordance with regulatory requirements.</p> <p>2. The company has established a risk management policy and procedures, with the Board of Directors serving as the highest decision-making body for risk management. To strengthen climate-related risk management, the company has begun planning relevant management systems and reports annually to the Board of Directors on the execution status of climate-related risks.</p>
2. Description on the impact of the risks and opportunities from identified climate risks on the business, strategies and	<p>Extreme weather poses potential risks to both the production and transportation stages. Heavy rainfall may damage factory equipment, leading to production halts, while water shortages can affect production lines and increase water costs, thus raising operational costs. Additionally, extremely hot environments lead to</p>

Item	Implementation position
<p>short-term, middle-term and long-term finance of the enterprise</p>	<p>higher electricity costs and overall power shortages. The short-, medium-, and long-term impacts are described as follows:</p> <p>Short-Term</p> <p>There are currently no clear policies from European and American customers regarding renewable energy and carbon taxes, but complying with global carbon pricing/carbon tax regulations will increase operational costs. The company plans to enhance production efficiency and reduce costs through internal process improvements. In line with our strategy of developing circular economy products, we have already introduced low-carbon products, such as rice husk flooring and lightweight products, and have initiated carbon labeling certification to meet the demand for green products from European and American customers.</p> <p>Medium- to Long-Term</p> <p>Based on the results of our greenhouse gas inventory and the need for net-zero carbon emissions, we will need to make comprehensive improvements to the company's overall environment, equipment, and renewable energy infrastructure, which will require significant capital investment and increase operational costs. However, through the development of low-carbon products, we can enhance product added value and increase gross profit margins. Additionally, by improving equipment efficiency and optimizing processes, as well as installing energy-saving/storage equipment and increasing the use of renewable energy, we can align with customer values and increase market competitiveness.</p>
<p>3. Description on the financial impact of extreme climate event and transformation</p>	<p>The company is highly attentive to the issue of extreme climate change. As society's emphasis on sustainable development continues to grow, the company will allocate more resources towards transformational actions, such as the development of low-carbon/green circular products, the establishment of renewable energy sources, and the enhancement of employees' ESG awareness. These initiatives will inevitably increase operating costs in the short term and impact the financial status. However,</p>

Item	Implementation position
	management has already implemented risk management practices to mitigate the impact on profitability, ensuring financial stability and the company's steady development.
4. Description on the integration of identification, assessment, and management procedures of climate risks with the general risk management system	According to the company's "Risk Management Policy and Procedures," the Risk Management Team, under the guidance of the risk management policy, coordinates with relevant departments to identify internal and external risks faced by the company, including market, operational, environmental, and operational hazards. The team assesses the likelihood and severity of these risks. The Risk Management Team defines the risk levels of climate-related risks, formulates response strategies, and conducts regular rolling monitoring and reviews of risk changes. The team reports to the Board of Directors periodically.
5. If scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions, analytical factors, and major financial impacts should be described.	Our company does not currently use scenario analysis to assess its resilience to climate change.
6. If there is a transformation plan for managing climate-related risks, describe the content of the plan and the metrics and objectives used to identify and manage physical and transformation risks.	Our company currently has no transformation plan to manage climate-related risks.
7. If internal carbon pricing is used as a planning tool, the basis for	Our company currently does not use internal carbon pricing as a planning tool.

Item	Implementation position
price setting should be specified.	
8. If climate-related targets are set, the activities covered, the scope of greenhouse gas emissions, the planning period, and the progress achieved each year should be described; if carbon offsets or renewable energy certificates (RECs) are used to achieve the relevant targets, the source and amount of carbon reduction credits or the amount of renewable energy certificates (RECs) offset should be described.	Our company currently has no climate related targets set.
9. Greenhouse Gas Inventory and Assurance	See section “Greenhouse Gas Inventory and Assurance”

Greenhouse Gas Inventory and Assurance

1-1 Greenhouse Gas Inventory and Assurance for the Most Recent Two Years

1-1-1 Information on greenhouse gas inventory

The most recent two years of greenhouse gas emissions (tons CO ₂ e), intensity (tons CO ₂ e per NTD million), and the scope of the data are described.
Greenhouse gas inventory is expected to start in 2024

1-1-2 Information of assurance of greenhouse gas

Description of the status of assurance for the two most recent years as of the date of publication of the annual report, including the scope of assurance, assurance organization, assurance criteria, and opinion on assurance.
Our company has not yet conducted assurance of greenhouse gas.

(VII) Fulfillment of ethical corporate management and adoption of related measures:

Items	Status of operation (Note 1)			Deviation and causes of deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
I. Enactment of ethical corporate management policy and program (I) Does the Company establish ethical management policy approved by the board of directors and express its ethical management policy, measures in its regulations and external documents and do the board of directors and senior management actively implement the commitment to management policy?	✓		(I) The Company has established the “Ethical Corporate Management Best-Practice Principles and “Operating Procedure for Ethical Corporate Management and Guidelines of Conduct”, which were also passed by the Board of Directors.	No material deviation exists.
(II) Does the Company establish risk assessment system for the unethical behaviors, regularly analyze and assess business activities with higher risks of unethical behaviors within its business scope and establish prevention programs against unethical behaviors and cover at least all the acts in Article 7 (2) of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	✓		(II) The Company has established the work rules for the its employees, as the guides and regulations to be followed by the employees when engaging in the Company’s operating activities to stop any misconduct.	
(III) Does the Company stipulate operational procedure, code of conduct, violation penalties and complaint systems in the prevention programs against unethical behaviors, implement faithfully and review and revise the aforementioned program regularly?	✓		(III) In order to ensure the fulfillment of ethical management, the Company has established the effective accounting system and internal control system. The internal auditors shall also conduct an audit on the compliance thereof periodically.	

Items	Status of operation (Note 1)			Deviation and causes of deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
<p>II. Fulfillment of ethical corporate management</p> <p>(I) Whether the Company assesses a trading counterpart's ethical management record, and expressly states the ethical management clause in the contract to be signed with the trading counterpart?</p>	✓		(I) The Company has established the assessment procedure with respect to trading customers and suppliers, and both parties' right and obligation would be expressly stated in the contract signed by the Company with the customers and suppliers.	No material deviation exists.
(II) Has the Company set up a dedicated unit to promote corporate ethical management under the board of directors which reports ethical management policy and prevention programs against unethical behaviors and supervision and implementation situations regularly (at least once a year)?	✓		(II) The Company has its Corporate Governance Department act as the dedicated unit (concurrently engaged in) to promote the corporate ethical management, and report the execution thereof to the Board of Directors periodically.	
(III) Whether the Company has established any policy against conflict of interest, provided adequate channel thereof, and fulfilled the same precisely?	✓		(III) The Company's employees may report any conflict of interest to their immediate supervisors, or to the members of the Chairman Office.	
(IV) Has the Company established an effective accounting system and internal control system for the implementation of integrity management and the internal audit unit has proposed relevant audit plans in accordance with the evaluation results on the risks of the unethical behaviors and audit the compliance to the prevention programs against them	✓		(IV) The Company has established its audit plan. The responsible personnel would conduct the audit per the plan. In the case of any special condition, the Company will arrange the special audit.	

Items	Status of operation (Note 1)			Deviation and causes of deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
accordingly or implement the audit by entrusting accountants?				
(V) Whether the Company organizes internal/external education training program for ethical management periodically?	✓		(V) The importance of ethical management would be reported at the Company's management meetings from time to time.	
III. Status of the Company's whistleblowing system (I) Whether the Company has defined a specific whistleblowing and reward system, and established some convenient whistle-blowing channels, and assigned competent dedicated personnel to deal with the situation?	✓		(I) Encourage internal and external personnel to report unethical conduct or misconduct, and according to the circumstances of the whistleblowing cases, award the bonus; if internal personnel have false reports or malicious allegations, they should be disciplined and dismissed if the circumstances are considered serious.	
(II) Has the Company set up standard investigation procedures, subsequent measures after the completion of the investigations and a related confidentiality mechanism for the matter being reported?	✓		(II) The intranet set up and published the internal independent whistleblowing mailbox. The personnel dedicated to processing the whistleblowing cases shall keep the whistleblower's identity and contents of accusation in confidence. The dedicated unit shall adopt the following procedures: 1. The whistleblowing cases involving the general employees shall be reported to the department heads. The	No material deviation exists.

Items	Status of operation (Note 1)			Deviation and causes of deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			<p>whistleblowing cases involving directors or senior management shall be reported to the independent directors or Audit Committee.</p> <p>2. The dedicated unit and the supervisors or personnel receiving the report referred to in the preceding subparagraph shall verify the truth immediately. The compliance or other related departments shall provide assistance, if necessary.</p> <p>3. Where the whistleblowing case is proven to be true upon investigation, the Company's related unit will be ordered to review the related internal control system and operating procedures, and provide the corrective actions to stop the same misconduct from arising again.</p> <p>4. The Company's dedicated unit shall report the whistleblowing case, the resolution and followup review and corrective actions to the Board of Directors.</p>	
(III) Whether the Company has adopted any measures to prevent the whistleblowers from being treated inadequately after whistleblowing the case?	✓		(III) The Company undertakes that the whistleblowers will never be treated inadequately because of the whistleblowing case.	

Items	Status of operation (Note 1)			Deviation and causes of deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
IV. Enhancing Information Disclosure (I) Whether the Company has disclosed the Ethical Corporate Management Best-Practice Principles and effect of implementation thereof on its website and MOPS?	✓		(I) The Company has disclosed the “Ethical Corporate Management Best-Practice Principles and “Operating Procedure for Ethical Corporate Management and Guidelines of Conduct” on its website.	No material deviation exists.
V. If the Company has established its own ethical corporate management principles 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: None.				
VI. Other information material to the understanding of ethical management operation (e.g. discussion of an amendment to the ethical management best practice principles defined by the Company): None.				

(VIII) If the Company has established corporate governance principles and other relevant guidelines, references to such principles must be disclosed: The Company has established its “Corporate Governance Best-Practice Principles”. Please access the same on the Company’s website (at <http://www.mjig.com>), investors relations/corporate governance/important internal regulations, or the MOPS (<http://mops.twse.com.tw>) “Corporate Governance”/rules for establishment of corporate governance.

(VIII) Other information enabling better understanding of the Company’s corporate governance: None.

(IX) The following shall be disclosed with the execution of internal control system:

1. Statement of Declaration for Internal Control System

M.J. International Co. Ltd.

Statement of Declaration for Internal Control System

Date: March 7, 2024

The following statement of declaration has been made based on the 2023 self-assessment of the Company's internal control system:

- I. The Company acknowledges and understands that the establishment, implementation and maintenance of the internal control system are the responsibility of the Board of Directors and managers, and that such a system has been implemented within the Company. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security, etc), reliable, timely and transparent financial reporting, and regulatory compliance.
- II. The internal control system is designed with inherent limitations. No matter how perfect the internal control system is, it can only provide a reasonable assurance to the fulfillment of the three objectives referred to above. Moreover, the effectiveness of the internal control system could be affected by the changes of environment and circumstances. However, a self-monitor mechanism is installed in the internal control system of the Company. The Company will make corrections once the deficiencies are identified.
- III. The Company has assessed the effectiveness of the internal control system design and implementation in accordance with the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "the Regulations"). The criteria adopted by the "Regulations" consist of five major elements, each representing a different stage of internal control: 1. Control environment; 2. Risk assessment; 3. Procedural control; 4. Information and communication; and 5. Supervision. Each element further encompasses several sub-elements. For said sub-elements, please see the "Regulations".
- IV. The Company has adopted said criteria to validate the effectiveness of its internal control system design and execution.
- V. Based on the auditing findings referred to in the preceding paragraph, the design and implementation of the Company's internal control system (including supervision and control over its subsidiaries) on December 31, 2023, including the achievement of operating results and efficiency, reliability of financial statements and compliance with laws, is considered effective and able to provide reasonable assurance on achievement of said objectives.
- VI. The Statement constitutes the summary content of the Company's Annual Report and Prospectus, and shall be disclosed to the public. Any misrepresentation or concealment of said disclosures shall bear the legal liability against violations of Articles 20, 32, 171 and 174 of the Securities and Exchanges Act.
- VII. The Statement was passed unanimously without objection by all 7 Directors present at the directors' meeting dated March 7, 2024.

M.J. International Co. Ltd.
Chairman of Board: Chen Pen-Yuan
President: Wang Chuan-Han

2. The internal control audit report issued by the CPA commissioned to conduct an internal control audit, if any: none
- (X) For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, please disclose any sanctions imposed in accordance with the law upon the Company or its internal personnel, any sanctions imposed by the Company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements: None.
- (XI) Important resolutions of shareholders' meetings and directors' meetings during the most recent year and up to the date of publication of this annual report:
 - Important resolutions of shareholders' meetings in 2023, and status of implementation thereof:
 1. Important resolutions of shareholders' meetings, and status of implementation thereof:
 - (1) Shareholders' meetings and special shareholders' meetings in 2023

2023.06.21 Shareholders' meeting	<ol style="list-style-type: none"> 1. The Company's 2022 Business Report and Consolidated Financial Statement 2. Proposal for distribution of profits in 2022 3. Amendment to the "Company's Memorandum and Articles of Incorporation "(Special resolution)". 4. Amendment to the " Regulations Governing Acquisition or Disposition of Assets " for the company and its subsidiaries. 5. To amend and Added " Regulations for the Administration of Engaging in Derivatives Trading" for the Company and its Subsidiaries. 6. Amendment to the "Procedure of the Shareholders' Meeting" for the Company and its Subsidiaries.
--	--

A. Shareholders meeting in 2023:

1. Motion: The Company's 2022 Business Report and Consolidated Financial Statement
 Resolution: The motion was passed upon resolution by the whole present shareholders through voting.
 Status of implementation: Completed per the resolution of the shareholders' meeting.
2. Motion: Proposal for distribution of profits in 2022.
 Resolution: The motion was passed upon resolution by the whole present shareholders through voting.
 Status of implementation: The 2022 earnings distribution has been fully distributed, and September 8, 2023 was set as the ex-dividend base date, and October 4 , 2023 as the cash dividend distribution date, with a cash dividend of \$1.5 per share.
 Status of implementation: Completed per the resolution of the shareholders' meeting.
3. Motion: Amendment to the "Company's Memorandum and Articles of Incorporation "(Special resolution)".
 Resolution: The motion was passed upon resolution by the whole present shareholders through voting.
 Status of implementation: Completed per the resolution of the shareholders' meeting.
4. Motion: Amendment to the " Regulations Governing Acquisition or Disposition of Assets " for the company and its subsidiaries.
 Resolution: The motion was passed upon resolution by the whole present shareholders

through voting.

Status of implementation: Completed per the resolution of the shareholders' meeting.

5. Motion: To amend and Added " Regulations for the Administration of Engaging in Derivatives Trading" for the Company and its Subsidiaries.

Resolution: The motion was passed upon resolution by the whole present shareholders through voting.

Status of implementation: Completed per the resolution of the shareholders' meeting.

6. Motion: Amendment to the "Procedure of the Shareholders' Meeting" for the Company and its Subsidiaries.

Resolution: The motion was passed upon resolution by the whole present shareholders through voting.

Status of implementation: Completed per the resolution of the shareholders' meeting.

2. Important resolutions of directors' meetings

Date	Name of meeting	Motion
May 11, 2023	8th Directors' Meeting of 6th Term	<ol style="list-style-type: none">1. Proposal to approve the financial report for the first quarter of 2023.2. The company's subsidiary's case to renew the credit limit contract with the bank.3. The company's endorsement guarantee for its subsidiaries.4. The company's inter-subsidiary fund loan case.5 .The case of transferring accounts receivable between subsidiaries of the Company to the amount of funds loaned to others.6. Revised the "Governing the Conduct of Shareholders Meetings".7. Planning to sign a "Securities Regulations Compliance Counseling Agreement" with the underwriter of the second unsecured conversion of corporate bonds in the R.O.C.
June 21, 2023	9th Directors' Meeting of 6th Term	<ol style="list-style-type: none">1. The company's grandson company "Changchun MH Arts Co., Ltd." which indirectly holds 70% of the shares plans to handle the equity transfer.
August 24, 2023	10th Directors' Meeting of 6th Term	<ol style="list-style-type: none">1. Proposal for the approval of 2023 H1 Consolidated Financial Statement.2. Revise the "internal control system" of the company's group subsidiaries.3. Add the company's "Risk Management Policies and Procedures" .4. The group's subsidiaries plan to The bank's handling of the line renewal credit contract.5. The company's endorsement guarantee for the group subsidiary.

		6. The company's group subsidiary's capital increase. 7. The proposed revision of the company's group subsidiary's "Regulations Governing Derivatives Transactions Conducted". 8. Changes in the company's senior managers. 9. Changes in the company's financial director, accounting director, corporate governance director, and spokesperson.
November 9, 2023	11th Directors Meeting of 6th Term	1. Proposal to approve the company's consolidated financial statements for the third quarter of 2023. 2. Proposal to approve the company's "2024 annual operating plan." 3. Proposal to approve the company's "2024 internal audit plan". 4. The company's group subsidiaries Applying for a line of credit contract with a bank. 5. The company provides an endorsement guarantee for a group subsidiary. 6. Proposal to approve a customer credit line. 7. Proposal to amend the company's group subsidiary's "Regulations Governing Derivatives Transactions Conducted". 8. Proposal to Added the company's "Information Security Policy". 9. Changes in the company's senior managers.
March 7, 2024	12th Directors Meeting of 6th Term	1. Proposal for 2023 "Statement of Internal Control System". 2. Proposal for the approval of 2023 Business Report and Consolidated Financial Statement. 3. Proposal for deficit Compensation and distribution of 2023 earnings. 4. Proposal for remuneration of directors in 2023. ° The company's chairman and manager's year-end bonus payment case 6. The case of remuneration of the company's certified accountant 7. The case of the independence and competency assessment of the company's certified accountant 8. British Cayman Islands "ES notification" and "Annual Return" cases 9. The company's group subsidiary's case of adding a new line to the bank and renewing the credit contract 10. Proposal to amend the "Approval Authority Table" of the Company and its subsidiaries Case 11. The company's investment in the North American subsidiary Case 12. Proposal to amend the "Internal Control System-Computerized Information System Cycle" of the

		<p>Company and its subsidiaries Case</p> <p>13. Proposal to amend the "Approval Authority Form" of the company and its subsidiaries Case</p> <p>14. Proposal Proposal to amend the company and its subsidiaries' "Measures for the Management of Acquisition or Disposal of Assets"</p> <p>15. Proposal to amend the company's "Management of Loans to Others"</p> <p>16. Proposal to amend the company's "Measures for the Selection of Directors", "Codes of Ethical Conduct", "Standard Operating Procedure for Handling Demands by Directors" "Operating Procedures for Internal major information processing and Prevention and Management of insider trading</p> <p>17. Comprehensive re-election of directors and acceptance of shareholder nominations</p> <p>18. Matters related to convening the 2024 annual shareholders' meeting</p>
--	--	--

(XII) The main contents of important resolutions passed by the Board of Directors regarding in which directors have voiced differing opinions on the record or in writing, during the most recent year and up to the date of publication of this annual report: None.

(XIII) The resignation situation of the company's chairman, general manager, chief of accounting dept., chief of finance department, chief of internal audit office and chief of R&D dept. during the recent years and up to the date of publication of the annual report:

May 15, 2024

Job Title	Name	Inauguration Date	Exceptional Date	Reason for abnormal movement
Finance Director	Wang Hugn-Chih	2022/11/10	2023/8/31	Resignation
Accounting Director	Wang Hugn-Chih	2022/11/16	2023/8/31	Resignation
corporate governance officer	Wang Hugn-Chih	2023/3/23	2023/8/31	Resignation
Research and development officer	Wang Chuan-Han	2022/1/3	2023/8/31	Job Rotation
CEO	Chen Pen-Yuan	2020/06/30	2023/4/1	Job Rotation

V. Information about Independent Auditor Fees:

(I) Information about Independent Auditor Fees

Name of CPA Firm	Name of CPA		Audit period	Audit fees	Non-audit fees(Note)	Total	Remark
Deloitte Taiwan	Chen Chiang-Shiun	Chen Chao-Mei	2023.01.01~2023.12.31	4,550	700	5,250	Non-audit fees include transfer pricing and mater report

- (II) When non-audit fees paid to the certified public accountant, to the accounting firm of the certified public accountant, and/or to any affiliated enterprise of such accounting firm are one quarter or more of the audit fees paid thereto, the amounts of both audit and non-audit fees as well as details of non-audit services shall be disclosed: N/A.
- (III) In the case of change of CPA firm and the audit fees for the year of the change less than that of the previous year, please disclose the amount of audit fees before and after the change, and reasons of the change: N/A.
- (IV) In the case of any reduction in audit fees by more than 15% compared to the previous year, please disclose the amount, the percentage and reason of such variation: N/A.

VI. Information about replacement of CPA: N/A.

VII. Name of the CPA firm or its affiliates at which the Company's Chairman, President, or managers responsible for financial or accounting matters was an employee over the past year: None.

VIII. Any transfer of equity interests and pledge of or change in equity interests by a director, supervisor, manager, or shareholder with a stake of more than 10 percent in the most recent year and until the date of publication of the annual report:

(I) Change in equity interests by a director, supervisor, manager, or shareholder with a stake of more than 10 percent:

Job title	Name	2023		Ended on 2024 April 27	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman of Board	Black Dragon Assets Limited	-	-	-	-
Representative	Chen Pen-Yuan	-	-	-	-
Director/shareholder with a stake of more than 10 percent	CROWN HARVEST COMPANY LIMITED(Note)	(7,810,560)	-	-	-
Representative	Chen Chien-Yuen	-	-	-	-
Director	Yuanta Bank as Trustee of Luckmore Investments Limited Investment Account	-	-	-	-
Representative	Ho Ping-Hsien	-	-	-	-
Director	Lin An-Hsiu	28,000	-	-	-
Director	Hsieh Ming-Feng	-	-	-	-
Independent Director	Chiou, Yyh-Shen	-	-	-	-
Independent Director	Jong Wen-Ren	-	-	-	-
Independent Director	Lee, Chen-Hung	-	-	-	-
President	Wang, Chuan-Han				
Vice President	Li, Liang-You	-	-	-	-
Vice President	Ho, Chiang- Chun	-	-	-	-
Vice President	Chang, Chih- Tai	-	-	-	-
Vice President accounting officer financial officer corporate governance officer	Wang, Hugn-Chih (Resigned : Aug 31,2023)	-	-	-	-
Vice President	Lin, Chun-Cheng (Take office: Aug 31,2023)	-	-	-	-
Vice President	Lin, Chin-Hung (Take office: Sep 1,2023)	-	-	-	-
Vice President	Chen, Chin-Lung (Take office: Mar 19,2024)				
Vice President	Chen, Chien-Cheng (Take office: Mar 20,2024)				
accounting officer financial officer corporate governance officer	Huang, Yen-Chen (Take office: Aug 31,2023)	-	-	-	-

Note: CROWN HARVEST COMPANY LIMITED was automatically dismissed from their director position on July 26, 2023, in accordance with the law, due to the transfer of shares exceeding half of the shares held at the time of their election.

- (II) Information about the counterpart in any transfer of the equity who is a related party:None
- (III) Information about the counterpart in any pledge of the equity who is a related party:None

IX. Information on related parties or spousal relationship or relations within second degree of kinship, among top ten shareholders, in terms of shareholdings.

Name	Shareholding by oneself		Quantity of shares held by their spouses and minor children		Total quantity of shares held under another person's name		Disclosure of information on related parties or spousal relationship or relations within second degree of kinship, among top ten shareholders, including their names and relationships:		Remark
	Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding	Designation (or name)	Relationship	-
Yuanta Bank as Trustee of Luckmore Investments Limited Investment Account Representative: Chen Pen-Yuan	7,779,000	11.78	-	-	-	-	-	-	-
Ideal Compass International Limited 思領國際有限公司 Representative Liu Chu-Mei	4,881,600	7.39					Liu Chu-Mei	himself/herself.	
							CROWN HARVEST COMPANY LIMITED	The representative has spousal relationship with him/her.	
Black Dragon Assets Limited Representative: Chen Pen-Yuan	4,478,400	6.78	-	-	-	-	ALPHA MARVEL CORPORATION	The representative has spousal relationship with him/her.	-
							MAGIC VISION DEVELOPMENT LTD	The representative is relative of 1st degree of kinship.	-
							ACCORD SKY INVESTMENTS CO., LTD.	The representative is relative of 1st degree of kinship.	-
							Chen I-Hsiu	relative of 1st degree of kinship	

Name	Shareholding by oneself		Quantity of shares held by their spouses and minor children		Total quantity of shares held under another person's name		Disclosure of information on related parties or spousal relationship or relations within second degree of kinship, among top ten shareholders, including their names and relationships:		Remark
	Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding	Designation (or name)	Relationship	-
CROWN HARVEST COMPANY LIMITED Representative Chen, Chun-Po	4,393,440	6.65	-	-	-	-	Liu Chu-Mei	spouse	-
							Ideal Compass International Limited 思領國際有限公司	The representative has spousal relationship with him/her.	
ALPHA MARVEL CORPORATION Representative: Lo Fong-Chu	2,797,200	4.23	-	-	-	-	Black Dragon Assets Limited	The representative has spousal relationship with him/her.	-
							MAGIC VISION DEVELOPMENT LTD	The representative is relative of 1st degree of kinship.	-
							ACCORD SKY INVESTMENTS CO., LTD.	The representative is relative of 1st degree of kinship.	-
							Chen I-Hsiu	relative of 1st degree of kinship	
MAGIC VISION DEVELOPMENT LTD Representative: Chen Chun-Chi	2,797,200	4.23	-	-	-	-	Black Dragon Assets Limited	The representative is relative of 1st degree of kinship.	-
							ALPHA MARVEL CORPORATION	The representative is relative of 1st degree of kinship.	-
							ACCORD SKY INVESTMENTS CO., LTD.	The representative is a relative of 2nd degree of kinship.	-
							Chen I-Hsiu	relative of 2nd degree of kinship	
ACCORD SKY INVESTMENTS CO., LTD. Representative: Chen I-Hsiu	2,131,200	3.23	-	-	-	-	Black Dragon Assets Limited	The representative is relative of 1st degree of kinship.	-
							ALPHA MARVEL CORPORATION	The representative is relative of 1st degree of kinship.	-

Name	Shareholding by oneself		Quantity of shares held by their spouses and minor children		Total quantity of shares held under another person's name		Disclosure of information on related parties or spousal relationship or relations within second degree of kinship, among top ten shareholders, including their names and relationships:		Remark
	Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding	Designation (or name)	Relationship	-
							MAGIC VISION DEVELOPMENT LTD	The representative is a relative of 2nd degree of kinship.	-
							Chen I-Hsiu	The representative himself/herself	
Lin An-Hsiu	1,714,500	2.60	-	-	-	-	-	-	-
Liu Chu-Mei	1,686,000	2.55	-	-	-	-	CROWN HARVEST COMPANY LIMITED Representative Chen, Chun-Po	The representative has spousal relationship with him/her.	-
							Ideal Compass International Limited 思領國際有限公司	The representative himself/herself	
Chen I-Hsiu	1,574,000	2.38	-	-	-	-	Black Dragon Assets Limited	The representative is relative of 1st degree of kinship.	
							ALPHA MARVEL CORPORATION	The representative is relative of 1st degree of kinship.	
							ACCORD SKY INVESTMENTS CO., LTD.	The representative himself/herself.	
							MAGIC VISION DEVELOPMENT LTD	The representative is relative of 2st degree of kinship.	-

- X. The shareholdings of the Company, the Company's directors, supervisors, managers, and the business entity directly or indirectly controlled by the Company on the same invested company and also, the consolidated comprehensive shareholding ratio: None.

Four. Financing Status

I. Capital and Stock

(I) Source of Capital

1. Formation of capital stock:

March 31, 2024; Unit: Thousand shares; NT\$ thousand

Year/Month	Issue price	Authorized capital stock		Paid-in capital		Remark		
		Quantity of shares	Amount	Quantity of shares	Amount	Source of capital stock	Investment by properties other than cash	Others
October 2010	NTD 10	50,000	500,000	50,000	500,000	Capital of incorporation	-	-
August 2013	NTD 10	150,000	1,500,000	55,500	555,000	Recapitalization from earnings	-	-
August 2013	NTD 28.50	150,000	1,500,000	56,019	560,190	Recapitalization from employees bonus	-	-
August 2013	USD 0.775	150,000	1,500,000	58,719	587,190	Cash capital increase	-	-
October 2016	NTD 82.8	150,000	1,500,000	66,059	660,590	Cash capital increase (Note)	-	-

Note: No. 10517038501 dated September 21, 2016

2. Total issued shares

April 27, 2024 Unit: shares

Type of stock	Authorized capital stock			Remark
	Outstanding shares (Note)	Unissued shares	Total	
Registered common shares	66,059,000	83,941,000	150,000,000	

Note: Listed company's stock, and treasury shares are including.

3. Information relevant to the aggregate reporting policy: None.

(II) Shareholders' structure

April 27, 2024 Unit: shares

Shareholders' structure	Government agencies	Financial institutions	Other institutions	Foreign institutions and foreigners	Individual	Treasury stock	Total
Number of person(s)	0	0	14	25	1321	1	1,361
Quantity of shares held	0	0	564,020	35,606,000	29,508,980	380,000	66,059,000
Shareholding %	0.00%	0.00%	0.85%	53.90%	44.67%	0.58%	100.00%

Note: The percentage of investment by Mainland China in the Company was 0%.

(III) Status of equity dispersion:

(1) Common shares

April 27, 2024 Unit: shares

Shareholding class	Number of shareholders	Quantity of shares held	Shareholding %
1-999	177	10,135	0.02%
1,000-5,000	786	1,601,273	2.42%
5,001-10,000	137	1,088,560	1.65%
10,001-15,000	43	548,008	0.83%
15,001-20,000	42	768,000	1.16%
20,001-30,000	47	1,226,016	1.86%
30,001-40,000	25	891,256	1.35%
40,001-50,000	13	610,000	0.92%
50,001-100,000	29	2,064,000	3.12%
100,001-200,000	18	2,435,178	3.69%
200,001-400,000	15	4,269,000	6.46%
400,001-600,000	7	3,322,500	5.03%
600,001-800,000	4	2,916,574	4.42%
800,001-1,000,000	0	0	0%
More than 1,000,001	18	44,308,500	67.07%
Total	1,361	66,059,000	100.00%

(2) Preferred stock: None.

(IV) Name list of major shareholders: List all shareholders with a stake of 5 percent or greater, or the names of the top ten shareholders, specifying the number of shares and stake held by each shareholder on the list.

April 27, 2024 Unit: shares

Name of major shareholder	Shares	Nationality or Place of Registration	Quantity of shares held (shares)	Shareholding (%)
Yuanta Bank as Trustee of Luckmore Investments Limited Investment Account		British Virgin Islands	7,779,000	11.78%
Ideal Compass International Limited		Samoa	4,881,600	7.39%
Black Dragon Assets Limited		Samoa	4,478,400	6.78%
CROWN HARVEST COMPANY LIMITED		Samoa	4,393,440	6.65%
ALPHA MARVEL CORPORATION		British Virgin Islands	2,797,200	4.23%
MAGIC VISION DEVELOPMENT LTD		British Virgin Islands	2,797,200	4.23%
ACCORD SKY INVESTMENTS CO., LTD.		British Virgin Islands	2,131,200	3.23%
Lin An-Hsiu		Taiwan R.O.C.	1,714,500	2.60%
Liu Chu-Mei		Taiwan R.O.C.	1,686,000	2.55%
Chen I-Hsiu		Taiwan R.O.C.	1,574,000	2.38%

(V) Market price, net value, earnings and dividends per share for the most recent two years, and related information

Unit: NT\$ thousand; Thousand shares

Year			2022	2023	Ended on March 31, 2024
Item					
Market price per share	Highest		54.90	52.2	50.4
	Lowest		36.25	39	44.7
	Average		45.51	43.55	47.34
Net worth per share	Before distribution		39.76	37.22	38.37
	After distribution		38.26	36.75	Note2
EPS	Weighted average quantity of shares		65,679	65,679	65,679
	EPS		2.18	(0.98)	0.03
Dividends per share	Cash dividends		1.5	0.3(Note1)	Note2
	Issuance of bonus shares	Dividends from Retained Earnings	-	-	-
		Dividends from Capital Surplus	-	-	-
	Accumulated unappropriated dividends		-	-	-
Analysis on rate of return	P/E ratio		20.88	(44.44)	-
	P/D ratio		30.34	145.17	-
	Cash dividend yield		3.30%	0.69%	-

Note 1:The Board of Directors has approved the proposal for cash dividend distribution to be submitted to 2024 General Shareholders' Meeting.

Note 2:The motion for distribution of earnings for the year is still pending resolution by the shareholders' meeting.

(VI) Dividend policy and implementation thereof

1. Dividend policy set forth by the Articles of Incorporation

Where the Company has retained earnings at the end of each fiscal year, it shall first reserve certain amount of the retained earnings to pay for relevant taxes in accordance with the law, recover losses (including the losses from preceding years and the adjustment of the undistributed earnings if any) and then set aside legal reserve in accordance with regulations for TWSE/TPEX listed companies (however, this is not applicable if the legal reserve has reached the Company's paid-in capital) and set aside or reverse special reserve (if any). Then for the residual amount (including the reversed special reserve), no less than 10% of the distributable earnings plus the whole or a part of the cumulative undistributed earnings (including adjustment of undistributed earnings) decided by general resolution during shareholders' meeting may be distributed to shareholders by dividends/bonus according to the shareholding ratio during the board of directors meeting with more than two-thirds of the directors attended and over half of the directors' approval on the resolution and submitted to the shareholders' meeting where the amount of dividends in cash shall not be lower than 10% of such distribution of dividends/bonus.

2. Distribution of dividend proposed in the current year:

The Company's motion for distribution of 2023 earnings has been passed by the directors' meeting on March 7, 2024, which stated that the cash dividends distributed to shareholders shall be NT\$19,704 thousand, i.e. cash dividend at NT\$0.3 per share. The motion is now pending resolution by the general shareholders' meeting in 2024.

(VII) The effects of issuance of bonus shares proposed at this shareholders' meeting on the Company's business performance and EPS:

The Company's motion for distribution of 2023 earnings has been passed by the directors' meeting on March 7, 2024. Since the dividends will be distributed in the form of cash dividends in whole, no effect would be produced on the Company's EPS in the current year.

(VIII) Remuneration to employees, directors and supervisors

1. The employees' bonus and percentages or ranges with respect to remuneration to directors and supervisors as set forth in the Company's Articles of Incorporation shall follow Article 100 of the Company's Articles of Incorporation referred to in said paragraph (6).
2. The basis for estimating the amount of remuneration to employees, directors and supervisors, for calculating the number of shares to be distributed as the stock dividend, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

According to the resolution made by the shareholders' meeting subsequently, if there is any discrepancy between the amount allocated actually and the estimated amount of the employees' bonus and remuneration to directors and supervisors, it shall be identified as a change in estimation and stated as the income in 2024.

3. The motion for distribution of remuneration passed by the Board of Directors:
 - (1) Remuneration to employees, directors and supervisors allocated in cash or in the form of stock: If there is any discrepancy between that amount and the estimated amount for the fiscal year in which these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed.

Not applicable, as the motion for distribution of the Company's 2023 earnings has been passed by the directors' meeting on March 7, 2024 and there was no discrepancy from the estimated amount for the fiscal year in which these expenses were recognized.

- (2) Proposed distribution of remuneration to employees in the form of stock as a percentage to net income after tax plus remuneration to employees in the entity or separate financial statement for the current period:

Not applicable, as the motion for distribution of the Company's 2023 earnings has been passed by the directors' meeting on March 7, 2024 and no stock dividend was allocated to employees.

4. The actual distribution of bonus to employees and remuneration to directors and supervisors for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the estimated remuneration to employee, directors and supervisors, the discrepancy, its cause, and the status of treatment shall also be disclosed: The motion for distribution of remuneration to employees, In 2022, the employees' remuneration of NT\$7,093 thousand and Bonus to Directors of NT\$5,911 thousand were allotted, directors and supervisors in 2023 has been passed by the directors' meeting and shareholders' meeting, and there was no discrepancy from the actual distribution and estimated amount.

(IX) Repurchase of the Company's shares: None

II. Status of corporate bonds:

Issuance of company bonds

Type of corporate bond (Note 2)		2st Issue of Domestic (ROC) Unsecured Convertible Bonds (Note 5)
Issue (offer) Date		July 26, 2023
Denomination		NT\$ 100,000 each
Place of issuance and transaction (Note 3)		Taipei Exchange
Issuing price		Fully issued at par price
Total amount		NT\$ 5 billion
Interest rate		0%
Maturity		3 years; Maturity date: July 26, 2026
Guarantee agency		None
Trustee		Taishin International Bank Co., Ltd
Underwriter Taishin Securities Co. LTD.		Taishin Securities Co. LTD.
Certified Lawyer		Lawyer Chen You-liang, Zhiding International Law Firm
CPA		Deloitte Touche Tohmatsu Limited (DTTL) Accountants Chen Chiang-Shiun
Payback method		Except that the holders of the converted corporate bonds are converted into common stocks of the company in accordance with Article 13 of these Measures, or the company redeemed them in advance in accordance with Article 21 of these Measures, or the company was bought and cancelled by the securities firm In addition, the company will repay in cash based on 101.0025% of the face value of the bond (real yield 0.5%) upon maturity of this bond
Outstanding principal		NT\$ 5 billion
Provisions of redemption and prepayment		Please refer to the 2st Issue of Domestic (ROC) Unsecured Convertible Bonds procedures.
Restrictions (Note 4)		None
Credit rating agency, credit rating date, and corporate bond rating results		None
Other rights	Converted (exchanged or subscribed) common shares, global depository receipts, or amount of other securities	None
	Issuance and conversion (exchange or subscription) procedures	Please refer to the 2st Issue of Domestic (ROC) Unsecured Convertible Bonds procedures.
Impact of issuance and conversion, exchange and subscription methods and issuance conditions on equity dilution, possible dilution on stock equity and shareholder's equity		If the second unsecured conversion corporate bonds in the Republic of China issued this time are all converted into ordinary shares at the tentative conversion price after the issuance, the maximum dilution ratio of the original shareholders' equity will be 12.54%. And because the conversion price is issued at a premium, if the original shareholders want to maintain the original equity ratio, they can obtain the required shares from the trading market at a relatively low price, and there is no actual loss in equity
Commissioned agency for exchanged object		None

Note 1: The handling of corporate bonds includes public and private corporate bonds in the process. Public company bonds under processing refer to those that have become effective (approved) by the Council; private company bonds under processing refer to those that have been approved by the board of directors.

Note 2: The number of fields is adjusted according to the actual number of transactions.

Note 3: For those who belong to overseas corporate debts.

Note 4: For example, restrictions on the distribution of cash dividends, foreign investment or requirements to maintain a certain proportion of assets, etc.

Note 5: Those belonging to private placements should be marked in a prominent way.

Note 6: For conversion of corporate bonds, exchange of corporate bonds, collective declaration of issuance of corporate bonds or corporate bonds with stock options, the information on conversion of corporate bonds, exchange of corporate bonds, and collective declaration of issuance of corporate bonds should be disclosed in a tabular format according to the nature and Information on corporate bonds with stock options

Convertible bond data

Type of corporate bond (Note 1)		2st Issue of Domestic (ROC) Unsecured Convertible Bonds	
Item	Year	2023	Current year until April 30, 2024 (Note 4)
Market price of convertible bonds (Note 2)	Highest	99.75	110.1
	Lowest	93	96.1
	Average	95.8	98.29
Conversion price		51	51
Issue (offer) date and conversion price on issue date		Issue date: July 26, 2023 Conversion price on issue date: 52.8	Issue date: July 26, 2023 Conversion price on issue date: 52.8
Conversion method (Note 3)		Issuance of new shares	Issuance of new shares

Note 1: The number of fields is adjusted according to the actual number of transactions.

Note 2: If there are multiple trading locations for overseas corporate bonds, they are listed separately according to the trading locations.

Note 3: Delivery of issued shares or issuance of new shares.

Note 4: The data for the current year as of the publication date of the annual report should be filled in.

III. Status of preferred stock: None.

IV. Status of overseas depository receipts: None.

V. Status of employee stock options: None.

VI. Status of new restricted stock awards: None.

VII. Status of issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies: None.

VIII. Implementation of capital utilization plan:

The Company has not yet completed the capital utilization plan by the date of publication of the annual report, or the plan has been completed but rendered no significant effect.

Five. Overview of Operations

I. Operations

(I) Description of business

1. Scope of business

(1) Major lines of business

The Company specializes in the production and sale of PVC flooring, LVT dedicated to processing plastic materials into various types of flooring materials used for the residential or commercial construction and decoration.

(2) Proportion of major products

Unit: NT\$ thousand

Products	2022		2023	
	Amount	Proportion (%)	Amount	Proportion (%)
PVC flooring	3,262,778	100.00	2,702,434	100.00

(3) The Company's current product (service)

PVC flooring is made of PVC powder and stone powder mixing to form the middle and backing layers materials and then hot pressed or auto-laminated with strong wear layer and print film, and then processed by PU coating and cut into sheet. The LVT has the strength in environmental protection, stability, wear resistance, durability, etc., and can be operated and assembled easily. The flooring may be widely applied for the residential and also commercial purposes. The process technology has been improved increasingly in the recent years. Stone patterns and wood patterns may be imitated through the unique printing method to make more diversified styles, so that the new flooring transcends solid wood flooring, laminated flooring, composite wood flooring and rubber flooring, etc., and becomes the emerging hot floor materials.

(4) New products (services) planned for development

New products	Notes
Long term antiviral tiles	After the development of the first-generation antiviral floor tile product, we have now developed a second-generation long-lasting antiviral floor tile. This new product maintains its antiviral effect until the tile is worn down to the decorative layer. It has passed ISO 21702 testing and received the antiviral certification from the Society of International sustaining growth for Antimicrobial Articles (SIAA) in Japan, and the company has also become a member of this association. All business units within the group are authorized to use the certification mark.
PET tiles	In terms of environmentally friendly and human-friendly material development, we are working on new materials such as PET floor tiles that are free of PVC. PET (polyethylene terephthalate) is a widely used plastic material in food packaging and textile manufacturing. It is recyclable and the recycling process does not produce harmful substances.

II. Overview of Industry

(1) Current status and development of the industry

① Overview of industry

Plastic flooring is identified as one of the more popular flooring materials among the many construction materials. Given the booming economic activities after World War II, the increase in the labor force participation rate resulting in the emerging demand for floor materials which could be maintained conveniently. Accordingly, Carbide and Carbon released the first plastic flooring in the world in 1933. Initially, the stability of plastic flooring was enhanced by asbestos fiber. In 1952, 34 flooring manufacturers originally engaged in the production of asphalt or linoleum carpets used their existing equipment to engage in the production of plastic flooring and opened the opportunity for further development of plastic flooring. In the 1970s, the leading plastic flooring manufacturers, Amtico and Metroflor in the USA, released the wood-look flooring made of plastic materials. In order to enhance the users' orientation and recognition of plastic flooring products, the product was named Luxury Vinyl Tile. Since then, the Luxury Vinyl Tiles (LVT) have gradually become the designation of the sheet plastic flooring.

For the time being, the PVC flooring is primarily made of polyvinyl chloride (PVC). The general plastic flooring can be categorized into "vinyl tile," "vinyl sheets" and "sheet plastic flooring." All of the three are made of PVC primarily. Notwithstanding, the vinyl tile is monotonous in colors and, therefore, it is difficult for them to match the decoration design. The vinyl sheets and sheet plastic flooring structure consist of transparent materials (strong wear layer), print film, backing layer, etc., which are diversified in colors and may be extensively applied as the indoor flooring to meet the decoration design needs for residential and commercial purposes. The Vinyl Sheets may be applied onto large-scale slabs situated in a large area, such as the malls or hospitals that do not require decoration designs. Nonetheless, the sheet plastic flooring has been improved remarkably in wear-resistance, appearance and quality due to the progress of materials, fabrics and printing technology in the recent years. Therefore, such flooring type is widely applied to such public areas as storefronts and department stores, which have also been accepted by the residential market gradually in the recent years.

The sheet plastic flooring is used as the indoor flooring of houses and buildings. The sources of the main business are completed new construction projects and decoration of readily available houses. The application thereof may be extended to the residential and commercial markets. Those for residential purpose value appearance and convenience of installation more, while those for commercial purpose highlight wear-resistance, scratch-resistance and heat-resistance, et al. In the past, the unsatisfactory production technology of plastic flooring resulted in the remarkable variance between the plastic flooring and the wood, stone and ceramic tiles used in the traditional decoration work in style and quality. Therefore, users had reservations about the new flooring materials. Notwithstanding, with the improvement on production method, fabrics and printing technology, the introduction

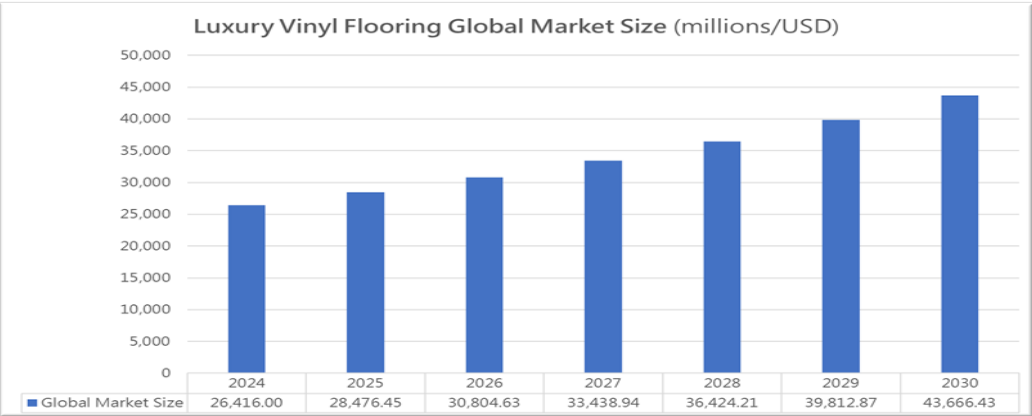
of hard board technology such as Wood Plastic Composite or Stone Plastic Composite, the simulation of plastic flooring has been improved remarkably. In addition to such visual effects as wood-look pattern, marble-look pattern, and metal-look pattern, the floor surface can also be embossed to produce such touching sense and 3D effects as water wave embossing, registered embossing and bumpy embossing and, therefore, is became acceptable to users gradually. PVC flooring is widely used in commercial spaces due to its ease of cleaning and maintenance, resistance to wear and scratches, and non-flammable properties. With specific formulations and manufacturing processes, plastic flooring can meet international fire safety standards, making it suitable for high-safety requirement locations. Additionally, its ease of installation makes it ideal for large commercial renovation projects that require shortened construction periods.

Recently, the flooring industry has seen new developments. With growing environmental awareness and the push for sustainable development, manufacturers are developing more eco-friendly plastic flooring. These new types of flooring use renewable materials and reduce the emission of harmful substances during the manufacturing process. Moreover, smart flooring technology is becoming increasingly popular. These floors are embedded with sensors that can monitor environmental indicators such as temperature and humidity, and they can connect with smart home systems, providing a more convenient and safer user experience. These technological innovations not only enhance the functionality of the flooring but also meet the modern consumer's demand for environmentally friendly and high-tech products

② Current status and development of the industry

A. Current status of the industry

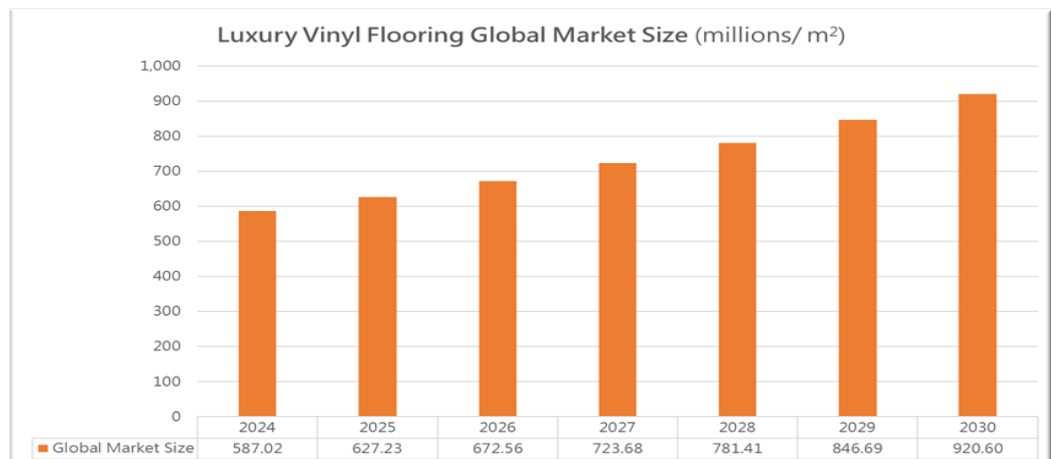
According to a research report released by Research Nester in 2024, the global vinyl flooring market size reached \$26.416 billion in 2024 and is projected to grow to \$43.67 billion by 2030, representing a 1.65-fold increase from 2024. The market value is estimated to grow to \$91.7 billion by 2037, with a compound annual growth rate (CAGR) of approximately 10.24%, climbing at an annual rate of about 10.24%.



Source: Research Nester(2024)

In terms of global vinyl flooring market demand, the demand in 2024 is 587 million square meters. By 2030, the market demand is expected to reach 920 million square meters, a 1.57-fold increase compared to 2024. By

2037, the market demand is estimated to grow to 1.82 billion square meters, with a CAGR of approximately 9.29%.

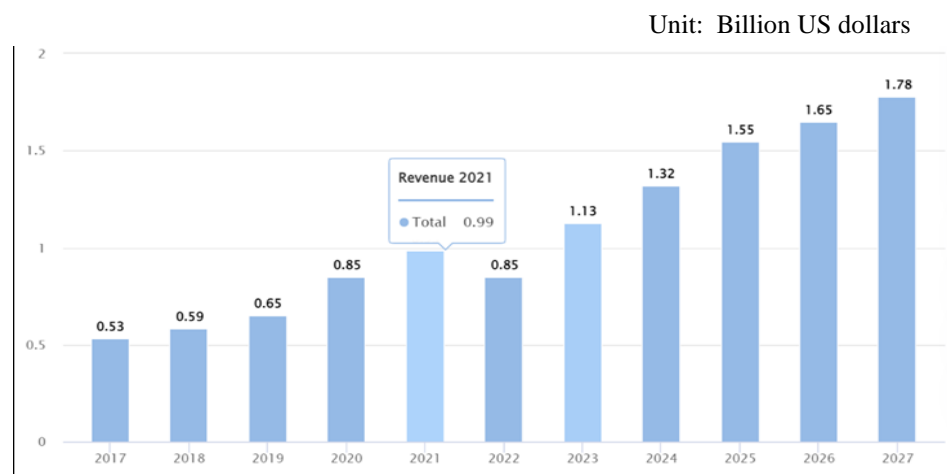


Source: Research Nester(2024)

(a) European market

According to the market information released by the foreign research institution Statista, the sales of the European flooring market will reach US\$1.13 billion in 2023, growing at CAGR 12.08%. It is estimated that the market size will reach US\$1.78 billion by 2027. Meanwhile, the emerging Ecological Building concept in Europe also drove the needs for green construction materials. Green buildings primarily stress on such sustainable development issues as ecological balance, conservation, species diversity, resource recycling, renewable energy and energy conservation. The plastic flooring is a recyclable material. With phthalate free or bio-based plasticizers and waterless printing environmental materials and production methods, the Company may become a member of the green construction materials after receiving the Green Tag.

Sales amount of flooring materials in the European market

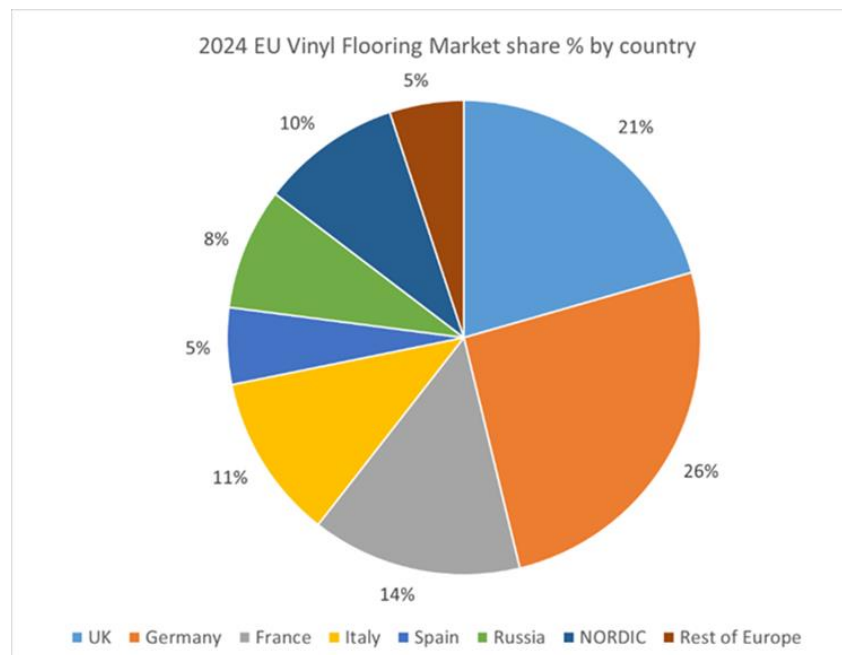


Source: Statista

Besides, in December 2019, the European Union initiated the European Green Deal, and committed itself to making Europe the first

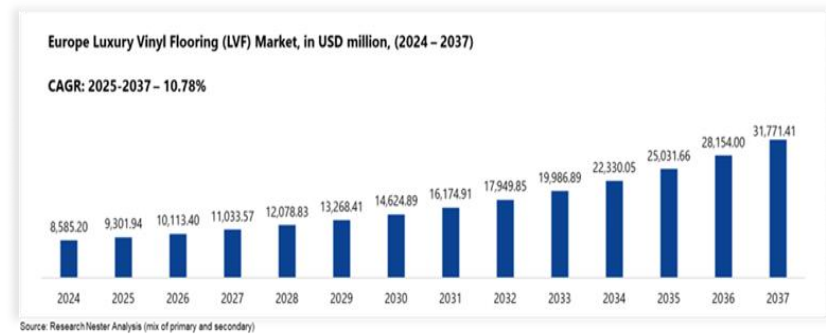
continent of carbon neutrality by 2050. Recently, it also introduced the basic policy indicator of green energy transformation. According to the Business Marketing Sights' report, the green building market will grow by a compound annual growth rate of 12.40% from US\$54.1 billion in 2021 to US\$122.6 billion in 2028. Since people are increasingly concerned about the environment and sustainability, green building will get more and more popular, and drive demands for a lot of related products, including PVC flooring. In the green building, PVC flooring enjoys the advantages of being light-weighted, and easy for installation, maintenance, cleaning, etc. Hence, in the coming years, the PVC flooring market might embrace more opportunities and growth potentiality.

The European LVT (Luxury Vinyl Tile) flooring market is experiencing growth due to increasing urbanization, construction activities, technological advancements, and a growing preference for environmentally friendly options, making it a preferred choice among European consumers. In the European demand market for 2024, Germany is projected to account for 26% of the entire market, making it the largest regional market, followed by the UK with 21% and France with 14%.



Source: Research Nester(2024)

The European LVT flooring market is expected to grow exponentially during the forecast period from 2025 to 2037, with a compound annual growth rate (CAGR) of 10.78%. The market value in 2024 is \$8,585.20 million, and it is expected to reach \$31,771.41 million by the end of 2037.



Source: Research Nester(2024)

(b) US Market

According to Catalina Research, in 2023, the sales amount of sheet plastic flooring in the United States was US\$ 3.471 billion, accounting for 37.00% of all flooring markets, and it is estimated that it will reach US\$ 4.412 billion in 2028. In recent years, due to the introduction of hard board technology, such as wood-plastic flooring and stone-plastic flooring, and the progress in materials, materials and printing technology, the water resistance, color design, texture, pressure resistance, wear resistance or temperature resistance have all been improved, which has promoted the increase of market demand. In addition, the sheet-type plastic flooring also has the characteristics of convenient transportation, cutting and installation, which is in line with the DIY style in Europe and the United States to save high labor costs.

The growth of the North American LVT (Luxury Vinyl Tile) flooring market is driven by several factors. Increasing consumer preference for low-maintenance and durable flooring solutions, advancements in manufacturing technology enhancing product variety and quality, and rising demand for eco-friendly flooring options all contribute to market expansion. The primary drivers of growth in the North American market are:

- (1) **Ease of Installation and Maintenance:** The North American LVT flooring market is experiencing rapid growth due to its ease of installation and maintenance, cost-effectiveness, and superior moisture and water resistance. These features make LVT flooring particularly attractive. The increasing construction activities and the rising interest of consumers in aesthetically appealing flooring options are further driving the growth of the North American luxury vinyl tile market.
- (2) **Environmental and Sustainability Considerations:** There is a growing emphasis on environmental options and sustainability, leading to innovative developments in eco-friendly SPC (Stone Plastic Composite) and LVT flooring. Additionally, advanced and simplified installation methods and customizable design options are significant trends in the North American SPC/LVT flooring market.
- (3) **Leading Market Players:** Major companies operating in the North American SPC/LVT market include Shaw Industries Group, Inc., Mannington Mills, Inc., Tarkett North America, and Mohawk Industries, Inc. These companies are focusing on developing advanced non-PVC flooring material technologies and products to propel the SPC/LVT market to the next generation.

The North American LVT market size is projected to grow from \$7,795.36 million in 2024 to \$32,807.53 million by 2037, with a compound annual growth rate (CAGR) of 11.87% during the forecast period from 2025 to 2037.



Source: Research Nester(2024)

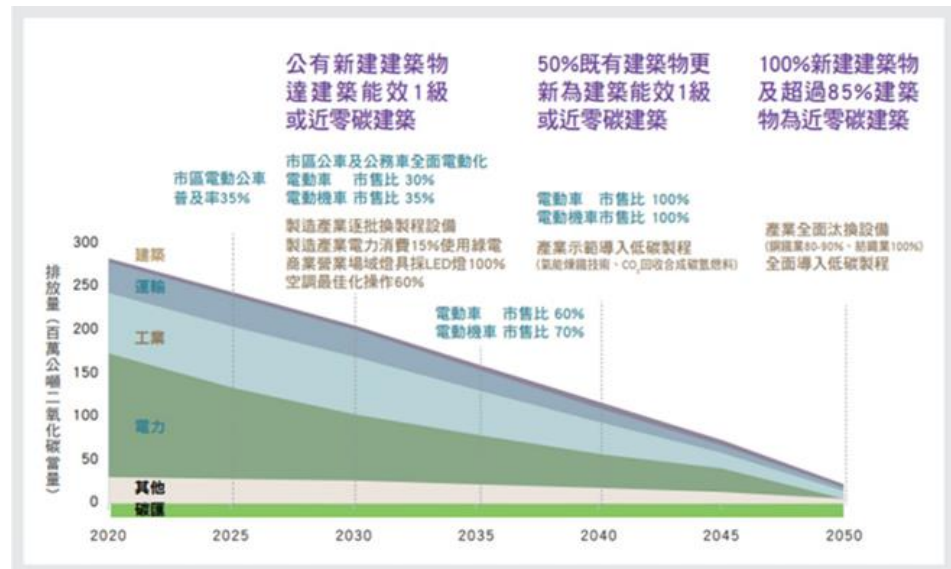
Note: In North America, SPC is also known as Rigid Core LVT, and thus both LVT and SPC are considered within the vinyl flooring category.

(c) Taiwan market

According to a forecast report by market research company Mordor Intelligence, the Taiwan flooring market is expected to maintain steady growth in the coming years, reaching approximately \$1.699 billion by 2026. This indicates an upward trend in the industry's economic prospects. The primary drivers of this growth include the expansion of the real estate market and increasing consumer demand for interior decoration and design. Additionally, as concerns about health and the environment rise, there is growing attention and demand for green and eco-friendly flooring in the Taiwan market.

The United Nations' Buildings Climate Tracker shows that the construction and building industry accounts for 38% of global annual CO₂ emissions, with 74% related to energy use and 26% from materials and construction phase emissions. On January 10th, Taiwan's Legislative Yuan passed the Climate Change Response Act in its third reading, which sets a clear path towards achieving net-zero carbon emissions by 2050. Given that the construction industry contributes nearly 40% to global carbon emissions, it is a critical factor in the success of net-zero goals. Consequently, the government's efforts in recent years to promote net-zero buildings by 2050 are steering new residential spaces towards using eco-friendly flooring materials. Currently, this initiative starts with public engineering projects to guide the selection of green materials and will gradually extend to the residential market. Therefore, driven by public engineering projects, Taiwan's flooring market is experiencing a product innovation trend, signaling a transformative development in the industry.

According to the 2025 Net-Zero Building Pathway Blueprint, which outlines three major phased goals:

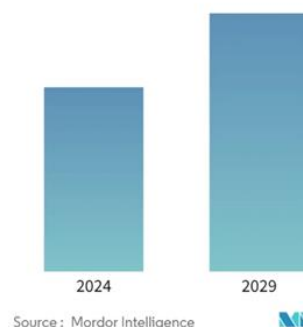


Source: "Taiwan's 2050 Net-Zero Emissions Pathway and Strategy Overview" Announced by the National Development Council on March 30, 2022

(d) China market

According to a market research report by Mordor Intelligence, China's PVC flooring market is experiencing growth driven by urbanization, increased construction activities, and a rising demand for stylish and durable flooring. The PVC flooring market is expected to reach \$2.07 billion by 2024 and is projected to grow at a compound annual growth rate (CAGR) of over 7%, reaching approximately \$2.8 billion by 2029. The demand in the Chinese flooring market is primarily driven by the real estate and construction industries, with a particularly significant demand from residential housing. The demand for new flooring in commercial properties, new homes, old homes, and second-hand homes has been steadily increasing. The robust growth in the high-end flooring market in China is bolstered by secondary renovations and improvements in housing quality.

China Floor Covering Market
Market Size
CAGR >7%



Study Period	2019 - 2029
Base Year For Estimation	2023
Forecast Data Period	2024 - 2029
Historical Data Period	2019 - 2022
CAGR (2024 - 2029)	> 7.00 %
Market Concentration	Low
Major Players	

*Disclaimer: Major Players sorted in no particular order

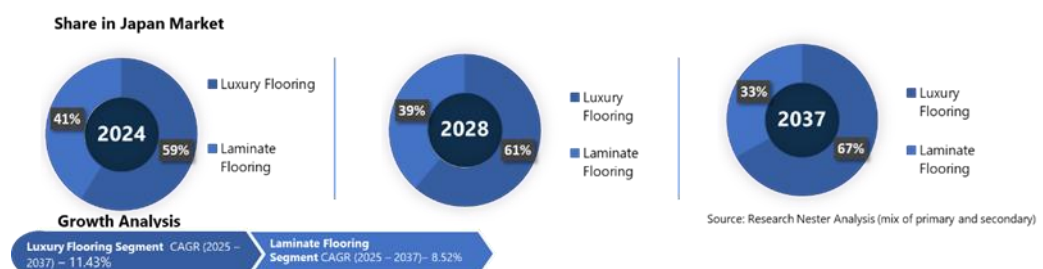
Source: Mordor Intelligence

In China's PVC flooring market, the commercial segment holds the largest market share. The cost-effectiveness, aesthetics, and easy maintenance of PVC flooring have led to its increased use in commercial buildings such as hotels and shopping centers. In China, PVC flooring is mainly distributed through manufacturers' own stores and home improvement product malls. These stores typically combine flooring with other home renovation products such as plumbing and lighting, which influences consumers' purchasing decisions. The retail market is highly fragmented, with the top 50 retailers accounting for less than 5% of the total market share. To meet the demands brought by urban migration, an additional 16 to 19 million square meters of flooring space will be needed annually from now until 2027. This substantial demand, where every square meter of floor space requires floor covering, is expected to drive market growth.

(e) Japan market

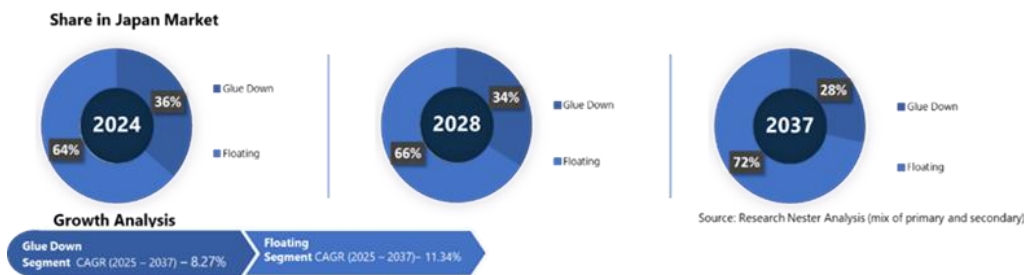
Japan has experienced strong growth in urbanization and construction activities, significantly driving the demand for flooring materials. The development of residential and commercial real estate is a major driving force, as new construction and renovation projects increase the need for durable and aesthetically pleasing flooring options. The higher demand for luxury vinyl flooring is expected to propel the Japanese market growth in the coming years. In Japan, the trend for luxury vinyl flooring shows a preference for minimalist designs and natural textures. Consumers are increasingly opting for products with enhanced durability and scratch resistance. The rising interest in eco-friendly materials is also shaping the market landscape.

An analysis of the market distribution for vinyl flooring (vinyl flooring) and laminate flooring in Japan reveals that the market share of vinyl flooring (LVT + SPC + WPC) is increasing annually. In 2024, vinyl flooring is projected to account for 59% of the resilient flooring market, while laminate flooring will account for 41%. By 2037, the market share of vinyl flooring is expected to grow to 67%. From 2025 to 2037, the compound annual growth rates (CAGR) for vinyl flooring and laminate flooring are expected to be 11.43% and 8.52%, respectively.



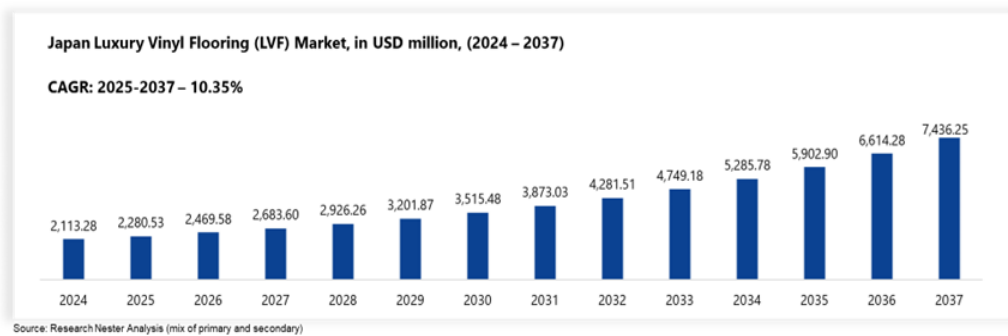
Source: Research Nester(2024)

In terms of product types within Japan's PVC flooring market, floating floor products (locking systems) are expected to be the dominant trend compared to glue-down products. This is primarily due to the faster and more convenient installation process, which also saves on professional installation costs. Even in the commercial flooring market, there is a trend towards products that are easy to install and maintain, making floating floor products the main demand, as shown in the chart below.



Source: Research Nester(2024)

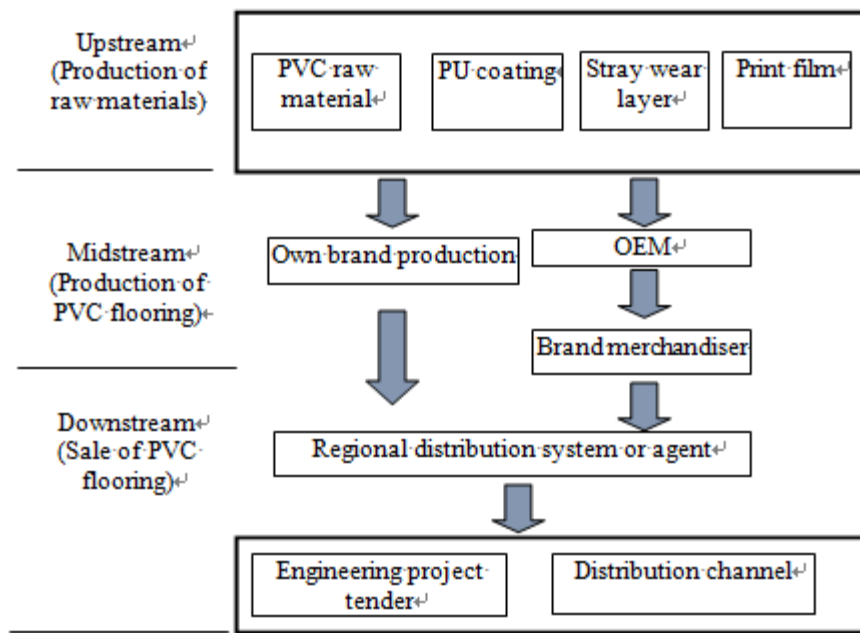
The Japanese LVT flooring market is projected to grow exponentially during the forecast period from 2025 to 2037, with a compound annual growth rate (CAGR) of 10.35%. The market valuation in Japan is expected to reach \$2.11328 billion in 2024 and is anticipated to grow to \$7.43625 billion by the end of 2037.



Source: Research Nester(2024)

(2) Links between the upstream, mid-stream and downstream segments of the industry

The main raw materials for the sheet plastic flooring refer to various plasticized raw materials, which are produced into various types of sheet plastic flooring through hot press, extrusion or automatic lamination and marketed via the distribution system under the private brand or the distribution channels of branded merchandisers to use the products in residential or commercial engineering construction projects. The relevant industry chain map is stated as follows:



(3) Development trends for the Company's products

① Replace the market shares of other flooring materials in the mature market.

In consideration of the increasingly upgrading production technology of sheet plastic flooring, diversity of products, refinery of simulation with the improvement of production process, materials and printing technology and convenient construction and competitive price, it is expected that the proportion of plastic flooring to flooring materials will increase gradually.

② Development of emerging market

Since the consumers in emerging markets know little about plastic flooring, the market share of plastic flooring stays lower in the market. If the consumers' knowledge about the product may be upgraded effectively, the market share is expected to definitely grow.

③ Introduction of new products

In the future, sheet vinyl flooring will develop towards using environmentally friendly materials, low-carbon footprint recycled materials, and more human-friendly materials such as non-PVC PP and PET tiles, as well as antiviral tiles. Additionally, improvements in installation convenience, such as click-lock and adhesive-free products, will enhance sales momentum in mature markets like Europe and the United States.

④ Development of new technology

Because the plastic flooring would be subject to biological changes by heat,

the application areas of the plastic flooring are limited. So far, certain manufacturers have invested the research of materials in order to overcome the problem about the biological changes of traditional plastic flooring by heat. It is expected that the plastic floor market may be developed further if the relevant materials are developed successfully.

⑤ Application in new directions

Due to advancements in the aesthetic appeal and realistic texture of vinyl tiles, their application is no longer limited to flooring. Some interior designs now incorporate vinyl tiles on walls to enhance the overall aesthetic of the space.

⑥ Promotion of policies in various countries

The Bureau of Standards, Metrology, and Inspection (BSMI) of Taiwan's Ministry of Economic Affairs has announced that "vinyl tiles" are subject to mandatory inspection. This regulation applies to both imported and domestically produced goods starting from January 1, 2023. Europe is used to being the global environmental protection pioneer market. Its market orientation is also used to producing some demonstrative effects for the future development of the other markets. Therefore, high-end environmental protection plastic flooring shall be the focus of the future long-term development trend of the industry.

(4) Status of competition

Our company specializes in OEM manufacturing of vinyl flooring, with primary sales markets in Europe and the United States. China and South Korea are the major global exporters of vinyl flooring. According to a 2024 report by Research Neaster on the global vinyl flooring market, the market size is projected to reach USD 26.416 billion in 2024, with a compound annual growth rate (CAGR) of 10.24%. The main competitors and their business operations are listed below:

Company name	Major production location	Scope of competition	Remarks
ELETILE	China	Private brand in China market OEM of US and European markets	listed
Shanghai Jinjia Building Material Technology Co., Ltd.	China	OEM of US and European markets	Unlisted
China Floors	China	Private brand in China market OEM of US and European markets	Unlisted
Novalis International	China	Private brand in China market OEM of US and European markets	Unlisted
Vertex Group	China	Private brand in China market OEM of US and European markets	Unlisted
LG Hausys	Korea	Private brand in China market	Note
Nox Corp.	Korea	OEM of US and European markets	Unlisted

Source of data: Data from Catalina Research and LG Hausys, complied by KGI Securities

Note: LG Hausys, a publicly traded company in South Korea with the stock code 108670.KS, offers a diverse range of products including windows and doors, flooring, furniture surface materials, home appliance and IT materials, and automotive components.

3. Overview of technology and R&D

(1) Technology level and R&D of business lines

Since its inception, our company has focused on the production of sheet vinyl flooring. In addition to wear and scratch resistance, our primary technology ensures product stability and uniformity. The main material for vinyl flooring is polyvinyl chloride (PVC), which can expand and contract with temperature changes. International standards require that the gaps between each tile must not exceed 0.25% of the original size. If the physical properties are unstable, excessive thermal expansion and contraction due to weather changes can cause the floor to warp or develop large gaps. Furthermore, as sheet vinyl flooring is laid piece by piece to form a complete floor, any inconsistency in product quality or pattern alignment can be considered defective by customers, leading to returns or compensation claims.

With over 40 years of mass production experience, we have fine-tuned our formulations and processes to stabilize physical properties and ensure product uniformity. Our commitment to quality has earned us the trust of international customers. We believe that "stable quality is the soul of the product, and innovative research and development is the driving force for growth." Thus, while striving for superior quality, we have also established a research and development center and a technical department. The R&D center, through interactions with sales units, suppliers, and customers, identifies market trends and user needs to develop new products that meet market demands. The technical department collaborates with the production unit to resolve production line issues, improve manufacturing efficiency, reduce costs, and support new product development by adjusting machine settings to achieve mass production goals.

By leveraging our extensive production experience and integrating the expertise of our R&D center and technical department, we provide diverse and customized products with stable quality, maintaining our international competitiveness.

(2) Research and development expenditures invested per year for the most recent years

Unit: NT\$ thousand; %

Item	Year 2022	Year 2023	2024 Q1
R&D expenses (A)	56,597	48,547	11,765
Consolidated operating revenue, net (B)	3,262,778	2,702,434	713,735
(A)/(B)	1.73	1.80	1.65

III. Technologies or products successfully developed

Since the Company started its business, it has valued the product technology development very much. The Company upgrades the production efficiency and product quality by improving existing production equipment and processes, and also engages in developing new products. The Company's development results in the recent years are stated as following:

Time	Technologies or products successfully developed
2012	Novel environmental protection paper floor/ three-dimensional pattern PVC floor/NON- Phthalate environmental protection floor/PUR high scratch-resistant and chemical-resistant floor
2013	Micro-glue floor/large rounded floor molding technology development
2014	GF fiberglass composite floor/lock-type floor (Note)/paper floor
2015	WPC/PVC composite lock-type floor (Note)/Non-PVC (PP) environmental protection floor/reusable magic sticker floor
2016	Commercial fire-resistant level non-PVC (PP) environmental protection floor Commercial flame-resistant level non-PVC (PP) environmental protection floor (The only one plastic floor product which receives the Green Tag for green construction materials in Taiwan.) Anti-static level non-PVC (PP) environmental protection floor WPC PLUS (commercial level WPC) Plastic floor with carpet looking
2017	Cigarette butt-resistant floor Stain-resistant/scratch-resistant floor
2018	Flame-resistant high-viscosity adhesive wall materials Glue-free anti-slip floor tile Magnetic wall materials Rounded angle floor tile Flexible floor tile SPC floor tile
2019	Anti-contraction Glue-free anti-slip floor tile Lightly SPC lock-type floor
2020	Coffee Grounds Tiles
2021	SPC floor tile with excellent sound insulation improvement (21db)
2022	Rice husk SPC Anti-virus Tiles
2023	Second-Generation Antiviral Tiles Ultra Scratch-Resistant Tiles Antibacterial and Anti-Mold SPC Tiles with Antibacterial Underlayment

4. Long-term/short-term business development plan

(1) Short-term business development plan:

- ① Enhance the core technology capabilities, transform into automated machine production, and cut labor costs.
- ② Steadily expand the production scale, increase production lines and upgrade the production process efficiency to maximize the effect of productivity.
- ③ Keep deepening the relationship with customers, provide high-value-added excellent products and achieve the win-win situation between the Company and its customers.
- ④ Set up business locations in various districts of Mainland China step by step, dedicated to deepening the development in the domestic market of the mainland China, and upgrading the business performance and market shares in the market of Mainland China.

(2) Long-term business development plan:

- ① Strengthen the cooperation with the suppliers of the supply chain in the industry, co-develop alternative new materials, reduce production costs and secure strength in the price competition.
- ② Dedicated to researching and developing new materials and excellent products equipped with new functions intended for “environmental protection, comfort and safety” to satisfy the needs of the consumer market.
- ③ Continue to introduce the professionals with international competency to upgrade the Company’s core competitiveness.
- ④ Integrate the Company’s resources and aim to set up business locations in the world and the Greater China market to expand the Company’s operating and niche scale.

(II) Overview of market and production and marketing

1. Analysis of market

(1) Geographic areas where the main products are sold

Unit: NT\$ thousand; %

Territory	Year 2022		Year 2023		2024 Q1	
	Sales	Ratio	Sales	Ratio	Sales	Ratio
Taiwan	187,581	5.75%	178,023	6.59%	38,879	5.45%
Europe	2,069,672	63.43%	1,666,555	61.67%	380,398	53.30%
North America	553,655	16.97%	572,991	21.20%	215,444	30.19%
China	107,974	3.31%	104,500	3.87%	25,458	3.56%
Others	343,896	10.54%	180,365	6.67%	53,556	7.50%
Total	3,262,778	100%	2,702,434	100.00%	713,735	100.00%

(2) Market share

Our company is a professional manufacturer of vinyl flooring, specializing in the research, development, production, and sales of sheet vinyl flooring, primarily targeting markets in Europe and the United States. Due to stringent environmental and human safety certifications required in Europe, Asian suppliers face high entry barriers into the European OEM market. However, our company has maintained long-standing, excellent relationships with European clients, earning their approval in terms of quality, delivery, and various certifications. Recently, our SPC factory investment in Tainan has successfully entered the supply chain of major North American building material retailers. Having operated in the sheet vinyl flooring industry for many years, we possess the flexibility to adjust production capacity to meet customer demands.

According to a 2024 report by the research organization Research Neaster on the global vinyl flooring market, the market size is projected to reach \$26.416 billion in 2024, with our company's market share estimated at approximately 0.35%.

(3) Future demand and supply and growth potential of the market

Our company primarily operates in the sheet vinyl flooring sector, with the United States, Europe, and China being the top three consumer markets globally. As production techniques for vinyl flooring advance and new products are introduced, their market share is expected to increase significantly. Currently, the market demand for sheet vinyl flooring is driven mainly by rigid board technology (SPC). Due to the higher stone powder content in stone plastic composite (SPC) flooring, the material is more rigid and pressure-resistant, and can better withstand temperature variations. This makes SPC flooring particularly suitable for high-traffic commercial spaces as well as everyday household use. The U.S. market is expected to experience the highest growth among major markets worldwide. In the coming years, SPC flooring will be the focal point of sheet vinyl flooring development and the primary investment area for most new production lines, aligning with our company's future development strategy.

According to a 2024 report by Research Neaster on the global vinyl flooring market, the market size is projected to reach \$26.416 billion in 2024, with an estimated market value growing to \$91.7 billion by 2037. The future development of sheet SPC flooring will focus on environmentally friendly materials, low-carbon footprint recycled materials, and more human-friendly materials such as non-PVC PP and PET tiles, and antiviral tiles. Additionally, enhancing installation convenience with click-lock and glue-free products will boost sales momentum in mature markets like Europe and the United States.

(4) Competition niche

(a) Excellent and uniform product quality

The Company's product quality not only surpasses the certification by customers but also remains uniform in the case of mass production. The product quality is one of the Company's major competitive strengths. Since the PVC tile is made of multiple sheet flooring materials, the inconsistent product quality or inequivalent registered embossing, if any, might cause the customers to identify the product as being defective and claim for a return of goods or compensation therefor. The Company has experience in mass production for more than 4 decades. By adjusting the formula and production process and stabilizing the properties and uniformity of product, the plastic flooring produced in different batches may remain consistent in quality and appearance, and the product quality is thoroughly recognized by international customers.

(b) Complete production equipment and strength in production capacity

The company also has plank sPVC floor-LVT and SPC production lines. The annual production capacity of LVT is 8,959 thousand ping, and the annual production capacity of SPC is 8,031 thousand pings. The production capacity is considered sufficient enough to satisfy customers' needs for one-stop shopping and also helpful for positive business development. Further, the hot press production line is applicable to small-volume but diversified products. The automated lamination production line and SPC line have the strength in mass production and may choose different processes per the customer's order, to reduce production cost and reflect on the selling price to achieve the win-win goal for customers and the Company.

(c) Experience in production and high automation degree

The Company has been engaged in developing the business in the plastic floor industry for more than 4 decades and, therefore, can fully control changes in the industry, adjust raw material costs and inventory in a timely manner, and strictly control the cost. The Company owns the key technology to upgrade the production efficiency through improvement of production process and upgrading of automation level. The Company is experienced in production and able to respond to the future changes in the market rapidly, thereby enhancing the competitiveness of the Company's products.

(d) Obtain multiple certifications and create market access threshold

The Company has passed ISO 9001, ISO 14001, CE EU safety certification, BRE A + green environmental protection certification, floor score US indoor air health emission standard certification, Green Guard Indoor Chemical Volatility certification, SGS international authoritative standard inspection organization's certification, BV certification, CSTB French Environment and Safety certification, SA8000, and Healthy Green Construction Materials Tag Certificate awarded by the Ministry of Interior, the R.O.C., et al. Considering that European countries and the USA are used to address such issues as environmental protection and social responsibility, most of these countries will require that the products sold to them should hold related certifications. As the Company has obtained said multiple

certifications, it may solidify the cooperative relationship with existing customers and also upgrade the threshold of market access by competitors.

(e) Highly systematic logistic management

The Company is committed to integrating various information management systems, e.g. AD (Authority Verification), ERP (Enterprise Resources Planning), DMS (Document Management System), HR (Human Resources System), BPMS (Business Process Management System) and EMS (Enterprise Management System). By integrating the systems, the Company strengthens the collaborative operations between different functionary subsidiaries of the Company, improves the Company's administrative efficiency, controls various cost elements accurately, and maintains the Company's cost competitive strengths.

(f) Excellent ability in research and development and improved production process

Investment in innovative research and development, in order to open up new business opportunities and markets, on the one hand, to meet the new trend of the development of the global environment, on the other hand, to take into account the acceptance of new products by domestic and foreign customers, based on the above, set the general direction of the R & D strategy. First, material lightweight (improve performance), in the face of the trend of rising international shipping freight, especially overseas customers, can effectively reduce the cost of unit product transportation, in addition, can reduce workers due to handling and construction and installation and other injuries, and cause product loss. Second, enhance the added value of products (increase functions), including product functionality, including anti-slip, noise reduction and antibacterial/viral, etc., and strengthen the Group's layout in intellectual property rights, so as to enhance the recognition of new products in the market and international competitiveness. Third, in line with the new trend of circular economy environmental protection, in line with the general direction of the global circular economy, continue to develop in the direction of environmental protection and ecological sustainable products, deepen the corporate value of the group's environmental sustainable development, and invest in innovative materials, including new product development of agricultural materials such as rice husks or non-PVC.

The R&D center has the professional ability to successfully develop new products, including the development of key technologies from formula design, process improvement to trial production, etc., requiring the team to strive for technical excellence and encouraging cross-departmental cooperation to complete the tasks and set goals delivered.

(g) Design and marketing

In addition to continuously strengthening our competitive advantage in OEM, our company is also cultivating a strategic marketing team. This team translates technical developments and market trends into market language, developing differentiated products that cater to market trends and customer needs. This leapfrog strategy aims to bypass the intense competition in

OEM and progress towards ODM development. Furthermore, our in-house design team contributes positively to the development of our own brand, enabling our products to stand out with unique capabilities.

Our rice husk flooring and PP (non-PVC) flooring won significant international design awards in 2022, including two German Red Dot Design Awards, one German iF Design Award, and one American IDEA Award. That same year, the renowned New York architectural materials consultancy, Material ConneXion, included our rice husk flooring in their material database, awarding it the "Material Excellence" label. These international design accolades highlight Meizhe's research and innovation capabilities, emphasizing product innovation, circular economy, and sustainable environmental development. Our products lead the trend in high-tech fashion flooring and eco-friendly flooring.



Additionally, our eco-friendly PP flooring not only holds the Green Building Material label in Taiwan but also passed the rigorous testing of Germany's Blue Angel, a prestigious international environmental certification, in January 2024. We are currently in the process of obtaining the Blue Angel certification.

This recognition underscores our commitment to innovation, sustainability, and leading the trend in eco-friendly flooring.



(5) Positive and negative factors for future development, and response to such factors

① Positive factors

A. Increasing acceptance of plastic flooring by end users

With advancements in technology and craftsmanship, sheet vinyl flooring has overcome its initial flaws of chaotic patterns, outdated designs, and inconsistent colors. Through aesthetic design, precision craftsmanship, and strict quality control and production management, today's vinyl flooring products have become alternative works of art. This transformation has shifted public perception from seeing vinyl flooring as cheap and low-grade to a higher acceptance among end-users. SPC (stone plastic composite) flooring, with its easy-to-clean, wear-resistant, scratch-resistant, noise-reducing, fireproof, and moisture-proof advantages, has become the preferred choice for both commercial and residential flooring replacement.

B. Environmental issues are receiving global attention

The global focus on environmental issues is steadily increasing, especially in developed countries like those in Europe and North America, which emphasize resource recycling and ecological balance. Replacing traditional wood flooring with vinyl products helps reduce deforestation. Additionally, stone plastic composite flooring is environmentally friendly, non-toxic to human health, and can be repeatedly recycled, aligning with green building materials standards. An industry first, eco-friendly flooring made from rice husks exemplifies the principles of circular economy and sustainable development. In the future, sheet vinyl flooring will move towards materials that are environmentally friendly, have a low carbon footprint, and are more

user-friendly, such as non-PVC materials like PP and PET tiles..

C. New Product Development and Expansion of Application Range

The application range of sheet vinyl flooring has expanded from decorative aesthetics in the residential market to the commercial market. In recent years, with the successful development of new products and the enhancement of various additional functions, the use of vinyl flooring has been effectively extended. For instance, dual-use tiles for floors and walls have broadened the application scope of vinyl flooring. Additionally, advancements in technology and craftsmanship have resulted in a richer variety of patterns and colors, offering designers more creative possibilities and making vinyl flooring more widespread. The successful development of new functions, new installation methods (such as click-lock, adhesive-free, and wall-mounted products), new materials (like PET and PP), and new patterns will significantly contribute to the growth of the company's performance.

② Negative factors

Other Flooring Manufacturers' Entry into the Vinyl Flooring Market

Due to limited growth opportunities in their existing markets, other flooring manufacturers are entering the vinyl flooring manufacturing sector. For example, companies specializing in high-durability wooden flooring such as IVC, US Floors, and Mannington have ventured into the stone plastic composite (SPC) flooring field.

Response to such factors

Our company, with its rich production experience and multiple certifications, maintains excellent interactions with existing customers to meet their needs and strengthen our cooperation. At the same time, we are actively developing new products. Our diverse product range, competitive pricing, and strong production capabilities attract potential customers to become loyal clients.

In addition to continuously improving customer service to consolidate relationships with existing clients, our company actively develops new products and maintains competitive advantages in production technology and costs. These efforts are aimed at attracting potential customers and turning them into loyal clients.

B. Raw Material Price Fluctuations and Response Measures

Our primary raw materials are derived from petroleum. Consequently, fluctuations in oil prices can cause significant variations in raw material costs. When raw material prices increase, our

procurement costs rise, which erodes profit margins. Conversely, when raw material prices decrease, we face pressure from downstream customers to lower prices. Thus, fluctuations in raw material prices have a substantial impact on our profitability.

Response to such factors

Our company continuously monitors the market prices of key raw materials and strictly controls inventory levels. We adjust our safety stock levels according to the fluctuations in raw material prices. When there is a significant increase in raw material prices, which affects our profit margins, our sales department negotiates sales prices with customers. We implement a gradual price increase strategy or adopt a policy where both our company and customers absorb part of the increased costs, thereby mitigating the impact of raw material price fluctuations on our revenue and profitability.

When raw material costs decrease, considering market competition, we determine the extent to which we adjust prices to reflect the cost reduction, passing on the benefits to downstream customers. This approach creates a win-win situation for both our company and our customers.

By continuously monitoring key raw material prices and strictly controlling inventory levels, we can adjust our safety stock settings in response to significant upward or downward trends in raw material prices. This allows us to negotiate sales prices with customers and create mutually beneficial scenarios for our company and our clients.

C. Threat from Free Trade Agreement

Considering the fact that various global zones have signed the Free Trade Agreement successively in the recent years, the tariff reduction becomes critical to the suppliers' competitiveness in quotations in various countries and thereby affects the existing business cooperation model.

Response to such factors

As a leader of technology in the sheet plastic flooring industry, the Company owns the top production ability in the world. It will continue to strengthen its automated equipment and provide customers with the products at more competitive prices by improving process efficiency, upgrading production efficiency and reducing the manufacturing cost. Meanwhile, the Company will focus on the production management, maintain the high-end quality and create differentiation of products to upgrade the Company's competitiveness.

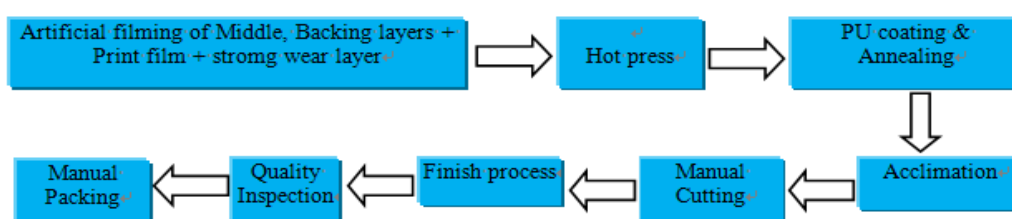
2. Important purpose and production processes for main products

(1) Important purpose of main products

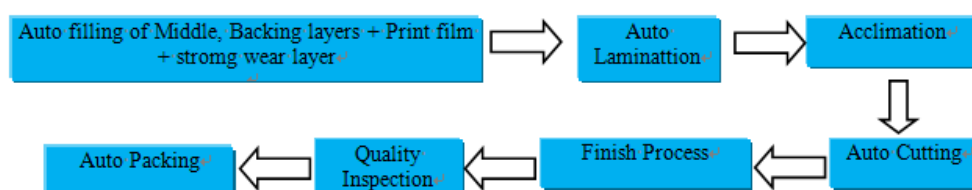
By Product	Notes to purpose
Luxury Vinyl Tile	The flooring materials applied to construction or decoration.

(2) Production processes for main products

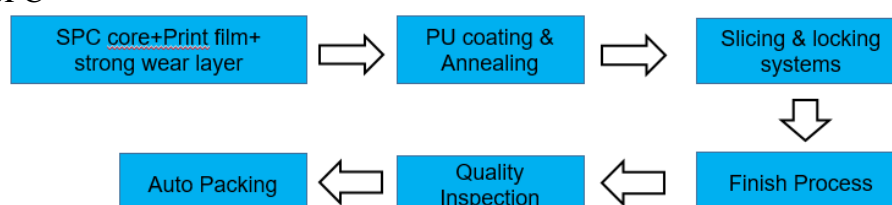
A. Hot Press



B. Automatic lamination



C.SPC



3. Supply of the main raw materials

The Company is engaged in the production of sheet plastic flooring. The raw materials purchased by the Company primarily include PVC powder, plasticizer, PVC transparent materials, PVC printing film, Ethylene Vinyl Acetate (EVA), and paper cassette packaging materials, *et al.* The main raw materials are supplied by more than one supplier to enhance the mobility for the source of supply. So far, the Company's solvency to suppliers has been considered normal. Usually, the Procurement Department is responsible for maintaining the business relationship with suppliers. The supply of main raw materials is considered normal, and no interruption of supply has taken place.

4. List of principal suppliers and clients

(1) Names of suppliers accounting for 10 percent or more of the Company's total procurement amount in any of the most recent two years, the amounts bought from each, the percentage of total procurement accounted for by each, and an explanation of the reason for increases or decreases in said figures.

Item	Year 2022				Year 2023				2024Q1			
	Name	Amount	To the annual net procurement amount (%)	Relationship with the issuer	Name	Amount	To the annual net procurement amount (%)	Relationship with the issuer	Name	Amount	To the annual net procurement amount (%)	Relationship with the issuer
1	GUANGDONG XIONGXING STAR	318,033	19.72	None	GUANGDONG XIONGXING	271,479	19.71	None	GUANGDONG XIONGXING	78,089	17.57	None
2	Shenzhen Chengyufeng	247,987	15.37	None	Shenzhen Chengyufeng	186,332	13.53	None	Shenzhen Chengyufeng	37,423	8.42	None
3	Jiangsu Dali	149,206	9.25	None	Jiangsu Dali	129,315	9.39	None	ZHUHAI UNICIZERS	28,628	6.44	None
	Other	897,832	55.66		Other	790,068	57.37		Other	300,304	67.57	
	Net procurement amount	1,613,058	100.00		Net procurement amount	1,377,194	100.00		Net procurement amount	444,444	100.00	

Notes:

The usage is decrease in 2023,and prices is less than 2022 ,so 2023 amount is less than 2022.

- (2) Names of clients accounting for 10 percent or more of the Company's total sale amount in any of the most recent two years, the amounts sold to each, the percentage of total sales accounted for by each, and an explanation of the reason for increases or decreases in said figures

Unit: NT\$ thousand

Item	Year 2022				Year 2023				2024 Q1			
	Name	Amount	To the annual net sale amount (%)	Relationship with the issuer	Name	Amount	To the annual net sale amount (%)	Relationship with the issuer	Name	Amount	To the annual net sale amount (%)	Relationship with the issuer
1	Company A	1,271,582	38.97	None	Company A	1,079,775	39.96	None	Company A	274,129	38.41	None
2	Company B	751,934	23.05	None	Company B	494,679	18.3	None	Company B	103,297	14.47	None
	Other	1,239,262	37.98	-	Other	1,127,980	41.74	-	Other	336,309	47.12	-
	Net sale amount	3,262,778	100	-	Net sale amount	2,702,434	100	-	Net sale amount	713,735	100.00	-

Analysis on changes:

Affected by the COVID-19 in 2021, net sales will decrease. The 2023 has gradually returned to the previous level.

5. An indication of the production volume for the recent two years

Unit: Thousand pings; NT\$ thousand

Year Main product	Year 2022			Year 2023		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Plastic flooring	9,050	4,335	2,204,983	8,273	4,029	2,437,336
Total	9,050	4,335	2,204,983	8,273	4,029	2,437,336

Analysis on changes:

The increase in production value in FY2023 compared to FY2022 was mainly due to the increase in production rate of the Tainan plant as a result of the increasing order intake. The decline in production was due to the impact of the general economic environment, as customers continued to reduce inventories and orders, resulting in a relative decrease in operating income for the year.

6. An indication of the sale volume for the most recent two years

Unit: Thousand pings; NT\$ thousand

Year Main product	Year 2022				Year 2023			
	Domestic sale (Note)		Export		Domestic sale (Note)		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Plastic flooring	—	—	4,579	3,262,778	—	—	3,753	2,702,434
Total	—	—	4,579	3,262,778	—	—	3,753	2,702,434

Note: The Company is organized in the British Cayman Islands, but doesn't engage in sale business locally. Therefore, no domestic sale is applicable.

Analysis on changes:

The decrease in the Company's sales volume and sales value in 2023 compared to the same period last year was mainly due to the inventory adjustments made by the Company's major customers in Europe, coupled with inflation caused by the rise in energy prices, and a sharp freeze in the European economy due to the impact of interest rate hikes, as well as a continued reduction in inventories and orders from customers, which resulted in a decrease in the number of orders received by the Company's major customers.

(III) The number of employees employed for the most recent two years

Unit: Persons

Year		2022Year End	2023Year End	March 15, 2024
Number of employees	Managers	8	9	8
	Production line employees	581	635	526
	General employees	213	229	271
	Total	802	873	805
Average age (years old)		39.27	42.78	43.5
Average service seniority (years)		4.94	6.03	6.98
Academic background	Doctor	0.50%	0.34%	0.37%
	Master	3.49%	3.09%	2.61%
	University/college	22.57%	23.94%	19.88%
	Senior high school	25.81%	29.10%	25.59%
	Senior high school below	47.63%	43.53%	51.55%

IV. Information about environmental protection expenditure

Total losses (including damages) and fines for environmental pollution for the most recent year, and during the current year up to the date of publication of the annual report, and an explanation of the countermeasures (including corrective measures) and possible expenditure to be made in the future (including an estimate of losses, fines and compensation resulting from any failure to adopt corrective measures, or if it is not possible to provide such an estimate, an explanation of the reason why it is not possible):

From 2023 to 2024, as of the publication date of the newspaper, there will be no environmental violations and penalties for violations. Therefore, there has been no material adverse impact on the Group's financial business due to violation of environmental laws and regulations.

V. Labor relations

1. List any employee benefit plans, continuing education, training, retirement systems and the status of their implementation and the status of labor-management agreements and measures for preserving employees' rights and interests:

- (1) Employee benefit plans

The Company and its subsidiaries are used to caring employees' benefits, and establish various management regulations and requirements, such as salary, promotion, rewards and punishments, leave and social insurance, which comply with the local laws and regulations. Employees shall take the health check-up periodically during their employment. The Company provides meal allowance or clean and sanitary meals. The subsidiaries also provide the dormitory for employees or accommodation allowance, and various subsidies for marriage, funeral, festival, birthday celebration and trips to take care of the employees physically and mentally.

- (2) Continuing education and training

The Company and its subsidiaries are used to valuing employees' training, including the subsidies for orientation training, on-the-job training and external training (fully compensated). They practice the educational training system and strengthen the employees' professional knowledge or skill training, subject to the employees' functional development and career planning to improve the employees' quality and skills.

- (3) Retirement systems and the status of their implementation

In order to take care for the retired employees' life, the Company and its subsidiaries have already contributed pension or retirement funds to the designated account pursuant to the laws and regulations applicable in the countries where they are operating on a monthly basis.

- (4) Status of labor-management agreements and measures for preserving employees' rights and interests

The Company and its subsidiaries are used to valuing the employees' opinion, actively promote the democratic management and public disclosure of facility affairs, and convene employee representatives' meetings as scheduled. The employees' opinions may be communicated and negotiated via relevant channels to maintain the fair labor-management relationship. So far, no major labor-management disputes have taken place.

2. List any losses sustained as a result of labor disputes in the most recent two years and until the date of publication of the annual report and disclose an estimate of losses incurred to date or likely to be incurred in the future and countermeasures, or if it is not possible to provide such an estimate, an explanation of the reason why it is not possible:

In 2021 : None

In 2022 and as of the date of printing the prospectus: None

VI. Cyber Security Management

1. Describe the information security risk management structure, information security policies, specific management plans, and resources invested in information security management, etc.:

The group (company) complies with the Taiwan Stock Exchange's regulations on information security management and control of listed OTC companies Requirements of guidelines and other relevant laws and regulations, which strengthen information security management, and enable the safe operation of personnel, data, information systems, equipment and networks related to information operations, so that they are free from internal and external deliberate or accidental threats. Information security policy as the highest guiding principle.

Its scope is the security management of the company and all subordinate company information assets under its control, and all employees, contractors, consultants, temporary employees, customers, and third-party personnel involved in the company's information operations or data use should follow. In addition, for the following matters, complete the following management plans in 2023:

- (1) Information Security Policy Formulation and Evaluation
- (2) Information Security Organization and Responsibilities
- (3) Personnel Security Management and Training
- (4) Information Asset Security Management
- (5) Business Continuity Management Plan

Evaluate the effectiveness of implementation on a regular basis and report information security implementation to the board of directors to reflect relevant laws, the latest developments in the company's business and technology, and ensure the suitability and effectiveness of operations. The current management plan is:

- (1) Information security operation and protection:

The company has an information department, which is responsible for the company's information security management. Establish information security incident reporting procedures, and assign necessary responsibilities to relevant personnel to quickly and effectively deal with information security incidents, establish system backup facilities, and regularly perform necessary data and software backup and backup operations, so that when disasters or storage media fail , can resume normal operation quickly.

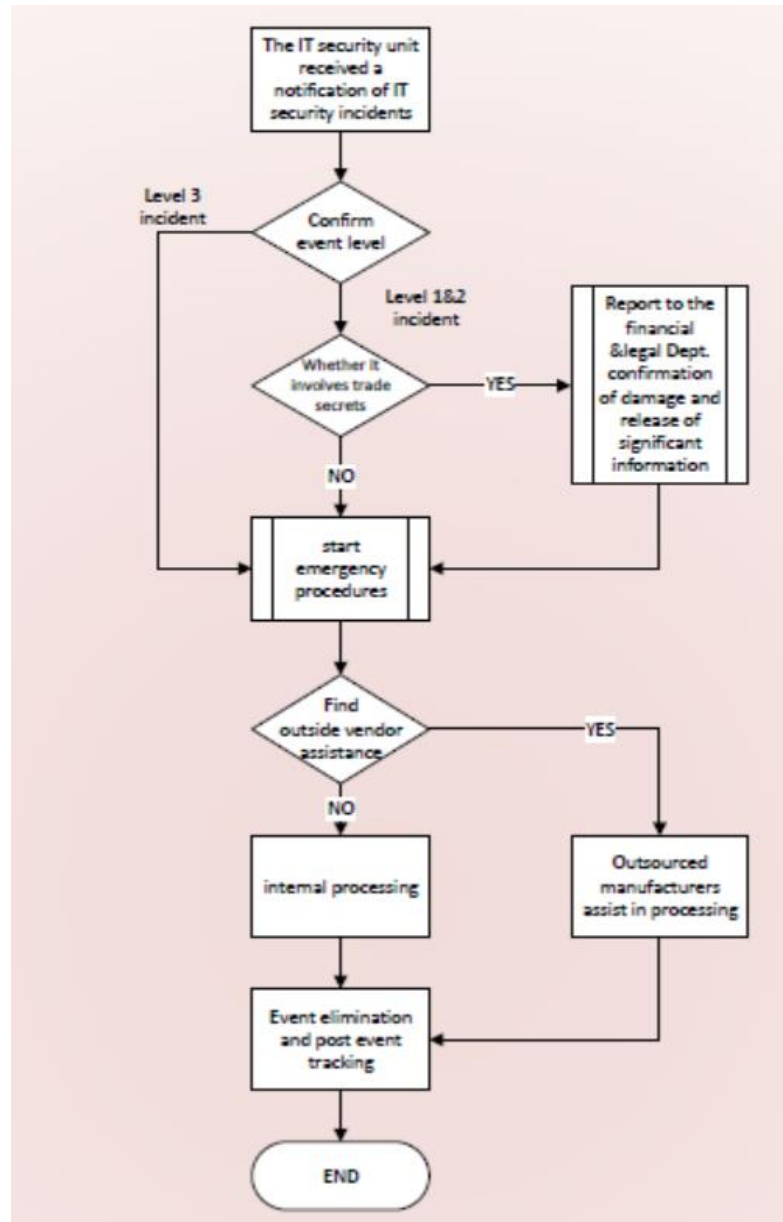
- (2) Network security:

For outlets connected to the external network, a firewall is set up to control the external and DMZ areas, to ensure the security of data transmission between internal and external networks, and to regularly check internal network facilities and anti-virus systems, And regularly update the virus code of the anti-virus software and various security measures (data backup, spam defense system code update)

- (3) System access control management:

When logging in to each operating system, according to the system access rights necessary for personnel at all levels to perform tasks, the system management personnel of the information department set the account number and password with the authority, update the password regularly, and add a USB Control software, register and control the use of external access USB devices by various departments, and the storage USB devices that have been certified and registered by the Ministry of Information can access data.

Information security event handling process:



The company has established an information security unit with a dedicated supervisor and a specialist who are responsible for the coordination and promotion of information security management matters, as well as the coordination and discussion of information security policies, plans, resource scheduling and other matters. Regular meetings are held to review the progress of information construction, security policies, and responsibility allocation, and assist the audit unit in auditing information security actions. Depending on the needs of information security management, an information security unit should be designated to be responsible for planning and executing information security work. The dedicated supervisor and personnel of the information security unit should regularly participate in more than fifteen hours of information security professional course training or functional training every year and pass the evaluation.

2. Major information security incidents:

List the losses, possible impacts and countermeasures of major information security incidents in the last two years and up to the publication date of the public statement. If it cannot be reasonably estimated, it should explain that it cannot be reasonably estimated
Facts: None

VII. Important contracts

Name of the contract	Contracting party	Concerned party	Duration of contract	Main contents	Nature of contract
Financial Contract	OPULENT INTERNATIONAL	Citi Bank Taiwan	2013/6/13 ~until Now	General agreement for banking transactions	None
Financial Contract	OPULENT INTERNATIONAL Branch Office	CTBC Bank (Taipei)	2024/2/1 ~2025/1/31	The comprehensive credit limit agreement and the master agreement with the bank.	None
Financial Contract	M.J. International Flooring And Interior Products Inc.	CTBC Bank (Taipei)	2024/2/1 ~2025/1/31	The comprehensive credit limit agreement and the master agreement with the bank.	None
Financial Contract	M.J. International Flooring And Interior Products Inc.	Mega International Commercial Bank	2024/2/1 ~2025/1/31	Credit Facility Agreement	None
Financial Contract	M.J. International Flooring And Interior Products Inc.	Mega International Commercial Bank	2020/5/7 ~until Now	Medium and Long-Term Credit Agreement	None
Financial Contract	M.J. International Flooring And Interior Products Inc.	Mega International Commercial Bank	2020/5/7 ~2032/6/4	Medium and Long-Term Credit Agreement	Land Mortgage Agreement
Financial Contract	M.J. International Flooring And Interior Products Inc.	Mega International Commercial Bank	2020/5/7 ~2030/12/29 (machine) ~2032/7/3 (building)	Medium and Long-Term Credit Agreement	1. Eligible for the "Welcome Taiwanese Business Investment Project Loan." 2. Mortgage on Building/Machinery Equipment.
Financial Contract	M.J. International Flooring And Interior Products Inc.	Taipei Fubon Commercial Bank, Taipei Branch	2020/5/7 ~2029/6/30	Master Credit Agreement	None
Financial Contract	M.J. International Flooring And Interior Products Inc.	The Shanghai Commercial & Savings Bank	2023/11/3 ~2024/9/14	Credit Transaction Agreement	Eligible for the "Welcome Taiwanese Business Investment Project Loan."
Financial Contract	OPULENT INTERNATIONAL Branch Office	Taishin International Bank	2023/9/26 ~2024/7/31	Credit Agreement	None
Financial Contract	M.J. International Flooring And Interior Products Inc.	Taishin International Bank	2023/9/26 ~2024/7/31	Credit Agreement	None
Financial Contract	OPULENT INTERNATIONAL Branch Office	KGI Bank	2023/6/20~ 2024/6/20	Accounts Receivable Purchase and Financing Agreement	None t
Financial Contract	OPULENT INTERNATIONAL & OPULENT INTERNATIONAL Branch Office	KGI Bank	2023/6/20 ~ 2024/6/30	Master Credit Agreement	None

Name of the contract	Contracting party	Concerned party	Duration of contract	Main contents	Nature of contract
Financial Contract	M.J. International Flooring And Interior Products Inc.	ESUN Bank	2023/11/20 ~ 2029/11/20	Master Credit Agreement	None
Financial Contract	M.J. International Flooring And Interior Products Inc.	ESUN Bank	2023/6/29 ~ 2024/6/29	Master Credit Agreement	None
Sales Contract	M.J. International Flooring And Interior Products Inc.	Company K	2005/2/20~ Terminated upon both parties' agreement	OEM for plastic flooring under brand owned by customer	Confidentiality Agreement
Sales Contract	M.J. International Flooring And Interior Products Inc.	Company E	2011~ Terminated upon both parties' agreement	OEM for plastic flooring under brand owned by customer	Confidentiality Agreement
Sales Contract	M.J. International Flooring And Interior Products Inc.	Sing Cheng Lin Co., Ltd.	2023/01/01~ 2023/12/31	OEM & Supply Agreement	None
Sales Contract	M.J. International Flooring And Interior Products Inc.	Fu Ming Corporate	2023/01/01~2023/12/31	OEM & Supply Agreement	None
Patent Contract	Dongguan Prolong / Dongguan Mei Jer	Valinge Innovation AB	2013/03/22~2025/05/01	Agreement for License of Lock-Type Tiles	Confidentiality Agreement
Patent Contract	Dongguan Prolong / Dongguan Mei Jer	Valinge Innovation AB	2013/03/22~2057/01/31	Agreement for License of Lock-Type Tiles	Confidentiality Agreement
Insurance Contract	OPULENT INTERNATIONAL Branch Office	The Export-Import Bank of the Republic of China	2023/12/31 ~2024/12/30	Insurance for accounts receivable	None
Insurance Contract	M.J. International Flooring And Interior Products Inc.	Taian Insurance	2023/10/10 ~2024/10/10	Commercial Fire Insurance	None
Insurance Contract	M.J. International Flooring And Interior Products Inc.	Shin Kong Insurance	2023/11/30 ~2024/11/30	Electronic Equipment Comprehensive Insurance	None
Insurance Contract	M.J. International Flooring And Interior Products Inc.	Xin'an Tokyo Marine Insurance	2023/11/29 ~2024/11/29	Commercial Fire Insurance	None
Insurance Contract	Chongqing MJ	China Pacific Insurance Co., Ltd.	2023/01/01 ~2023/12/31	Property, plant and equipment	None
Insurance Contract	Wuhan MJ	China Pacific Insurance Co., Ltd.	2023/01/01 ~2023/12/31	Property, plant and equipment	None
Insurance Contract	Dongguan Mei Jer	China Pacific Insurance Co., Ltd.	2022/12/27 ~2023/12/26	Insurance for property, plant and equipment and inventory	None
Insurance Contract	Dongguan Prolong	China Pacific Insurance Co., Ltd.	2022/12/27 ~2023/12/26	Insurance for property, plant and equipment and inventory	None
Insurance	Shanghai MJ	China Pacific	2023/01/01	Property, plant and	None

Name of the contract	Contracting party	Concerned party	Duration of contract	Main contents	Nature of contract
Contract		Insurance Co., Ltd.	~2023/12/31	equipment	
Insurance Contract	Beijing MJ	China Pacific Insurance Co., Ltd.	2023/01/01 ~2023/12/31	Property, plant and equipment	None
Insurance Contract	Shenyang MJ	China Pacific Insurance Co., Ltd.	2023/01/01 ~2023/12/31	Property, plant and equipment	None
Insurance Contract	Xi'an MJ	China Pacific Insurance Co., Ltd.	2023/01/01 ~2023/12/31	Property, plant and equipment	None

Six. Financial Position

I. Condensed financial information for the most recent five years

(I) Condensed balance sheet and income statement

1. Consolidated balance sheet

Unit: NT\$ thousand

Item \ Year		Condensed financial information for the most recent five years					Financial information ended on March 31, 2024 (Note 2)
		Year 2019	Year 2020	Year 2021	Year 2022	Year 2023	
Current assets		2,578,382	2,454,394	2,872,155	2,563,095	2,501,263	2,683,903
Property, Plant and Equipment		1,522,937	1,822,494	2,785,940	3,594,021	3,246,611	3,218,511
Intangible Assets		39,064	28,699	21,551	26,577	2,204	1,911
Other assets		246,418	207,926	303,602	225,996	512,979	485,879
Total assets		4,386,801	4,513,513	5,983,248	6,409,689	6,263,057	6,390,204
Current liabilities	Before distribution	1,742,539	642,751	1,476,419	1,621,188	1,072,366	1,240,311
	After distribution	2,013,381	840,928	1,522,395	1,719,707	1,092,070	(Note 1)
Non-current liabilities		22,456	1,210,884	2,030,289	2,162,291	2,743,185	2,629,675
Total liabilities	Before distribution	1,764,995	1,853,635	3,506,708	3,783,479	3,815,551	3,869,986
	After distribution	2,035,837	2,051,812	3,552,684	3,881,998	3,835,255	(Note 1)
Equity attributable to owners of the parent		2,591,880	2,632,398	2,432,780	2,593,305	2,444,547	2,520,258
Capital stock		660,590	660,590	660,590	660,590	660,590	660,590
Capital surplus		1,205,967	1,229,455	1,229,455	1,229,455	1,259,321	1,259,321
Retained earnings	Before distribution	853,211	861,354	731,499	829,017	666,185	648,748
	After distribution	582,369	663,177	685,523	730,498	646,481	(Note 1)
Other equity		(127,888)	(119,001)	(167,314)	(104,307)	(120,099)	(26,951)
Treasury stock		-	-	(21,450)	(21,450)	(21,450)	(21,450)
Non-controlling interest		29,926	27,480	43,760	32,905	2,959	(40)
Total equity	Before distribution	2,621,806	2,659,878	2,476,540	2,626,210	2,447,506	2,520,218
	After distribution	2,350,964	2,461,701	2,430,564	2,527,691	2,427,802	(Note 1)

Note 1: The motion for distribution of earnings for the year is still pending resolution by the shareholders' meeting.

Note 2: The consolidated financial statements of Q1 in 2024 reviewed by the independent external auditor is adopted.

2. Condensed income statement

Unit: NT\$ thousand

Item \ Year	Condensed financial information for the most recent five years					Financial information ended on March 31, 2024 (Note)
	Year2019	Year2020	Year2021	Year2022	Year2023	
Operating revenue	3,468,163	2,882,490	3,610,670	3,262,778	2,702,434	713,735
Gross profit	891,547	785,648	624,466	688,967	418,076	116,143
Operating profit	438,782	405,124	86,608	151,336	(9,293)	16,147
Non-operating revenue and expense	18,902	(43,317)	(18,341)	29,200	15,587	6,696
Net profit before tax	457,684	361,807	68,267	180,536	6,294	22,843
Net profit from continuing operations	402,334	277,751	61,494	129,208	(95,623)	6,789
Loss from discontinued operation	-	-	-	-	-	(7,537)
Net profit(loss)	402,334	277,571	61,494	129,208	(95,623)	(748)
Other current comprehensive income (net after tax)	(48,681)	7,855	(49,507)	65,017	(15,304)	93,164
Total current comprehensive income	353,653	285,426	11,987	194,225	(110,927)	92,416
Net profit attributable to owners of the parent	402,465	278,985	68,578	143,494	(64,313)	2,267
Net profit attributable to non-controlling interest	(131)	(1,414)	(7,084)	(14,286)	(31,310)	(3,015)
Total comprehensive income attributable to owners of the parent	354,623	287,872	20,009	206,501	(80,105)	95,415
Total comprehensive income attributable to non-controlling interest	(970)	(2,446)	(8,022)	(12,276)	(30,822)	(2,999)
EPS	6.09	4.22	1.04	2.18	(0.98)	0.03

Note: The consolidated financial statements of Q1 in 2024 reviewed by the independent external auditor is adopted.

- (II) Matters of material significance which affected the comparability of said condensed financial statements, such as accounting changes, corporate mergers, or suspension of work in the operating departments etc., and the impact of these events on the current financial statements: None.

(III) Names and auditor's opinions of the attesting CPA for the most recent five years:

Year	Name of Firm	Name of CPA	Opinion
2019	Deloitte Taiwan	Chen Chiang-Shiun and Chang Keng-Hsi, CPAs	Unqualified opinions
2020	Deloitte Taiwan	Chen Chiang-Shiun and Chen Chao-Mei, CPAs	Unqualified opinions
2021	Deloitte Taiwan	Chen Chao-Mei and Chen Chiang-Shiun, CPAs	Unqualified opinions
2022	Deloitte Taiwan	Chen Chiang-Shiun and Chen Chao-Mei, CPAs	Unqualified opinions
2023	Deloitte Taiwan	Chen Chiang-Shiun and Chen Chao-Mei, CPAs	Unqualified opinions

II. Financial analysis

Unit: %

Analysis items (Note 2)		Financial analysis for the most recent five years					Ended on March 31, 2024 (Note 1)
		Year 2019	Year 2020	Year 2021	Year 2022	Year 2023	
Financial structure	Ratio of liabilities to assets	40.23	41.07	58.61	58.94	60.92	59.63
	Ratio of long-term capital to property, plant and equipment	172.15	212.39	161.77	132.85	159.88	160.01
Solvency	Current ratio	147.97	381.86	194.54	158.10	233.25	216.39
	Quick ratio	117.91	295.49	136.57	117.91	185.09	171.42
	Interest coverage ratio	84.52	39.77	5.98	6.42	1.08	1.84
Operating ability	Receivable turnover (counts)	3.43	2.85	2.96	3.13	4.25	3.95
	Average days for cash receipts	106	128	123	117	86	92.36
	Inventory turnover (counts)	6.62	4.92	5.64	4.73	5.12	5.30
	Payables turnover (counts)	6.3	6.71	8.54	8.11	8.72	6.64
	Average days for sale of goods	55	74	65	77	71	68.83
	property, plant and equipment turnover (counts)	2.28	1.58	1.30	0.91	0.83	0.89
	Total assets turnover (counts)	0.85	0.65	0.69	0.53	0.43	0.45
Profitability	Return on assets (%)	9.97	6.41	1.38	2.52	(0.56)	0.87
	Return on equity (%)	15.91	10.51	2.39	5.06	(3.77)	(0.12)
	Ratio of income before tax to paid-in capital (%) (Note 6)	69.28	54.77	10.33	27.33	0.95	2.32
	Net profit ratio (%)	11.6	9.63	1.70	3.96	(3.54)	(0.10)
	EPS (NT\$)	6.09	4.22	1.04	2.18	(0.98)	(0.39)
Cash flow	Cash flow ratio (%)	15.24	44.46	(30.54)	77.32	36.23	(2.57)
	Cash flow adequacy ratio (%)	76.31	60.64	16.64	40.96	42.03	44.27
	Cash reinvestment ratio (%)	2.04	0.32	(12.03)	20.92	4.81	(0.52)
Leverage	Operating leverage	1.31	1.41	3.02	2.26	(27.28)	5.30
	Financial leverage	1.01	1.02	1.19	1.28	0.11	(7.55)

The reasons of change made on diversified finance ratio over the latest past 2 years are stated as follows. (analysis is exempted in case of the increase/decrease rate not reaching 20%)

1. Ratio of liabilities to assets : Short-term borrowings of the increase.
2. The percentage of long-term fund accounted for real estate, plant and equipment: The M.J. Group entered into a structured time deposit contract with Bank. The structured time deposit contract includes an embedded derivative instrument which is not closely related to the host contract. The entire contract is assessed and mandatorily classified as at FVTPL since it contained a host that is an asset within the scope of IFRS 9.
3. Average days for cash receipts : Operating revenue and accounts receivable of the decrease.
4. Return on assets, Return on equity, Ratio of income before tax to paid-in capital, Net profit ratio, EPS, Operating leverage : Decrease in sales of goods and increase depreciation-machinery and equipment ,increase cost because of the Tainan factory,resulting in an decrease Income from continuing operations before income tax.
5. Cash flow ratio, Cash flow adequacy ratio, Cash reinvestment ratio : Decrease in sales of goods, resulting decrease in gross profit from operations,and in 2023 due to the decrease in net profit before tax compared to 2022, the accounts receivable at the end of 2023 Decrease compared to the end of last year,resulting in an decrease in net cash inflow from operating activities.
6. Operating leverage : Net operating income of the decrease.

Note 1:The consolidated financial statements of Q1 in 2024 audited by the independent external auditor is adopted.

Note 2:The equation applied by the financial analysis is stated as following:

1. Financial structure
 - (1)Ratio of liabilities to assets=Total liabilities/total assets.
 - (2)Ratio of property, plant and equipment to long-term capital=(Total equity+non-current liabilities)/property, plant and equipment, net.
2. Solvency
 - (1)Current ratio=Current assets/current liabilities.
 - (2)Quick ratio=(current assets-inventory-prepaid expenses)/current liabilities.
 - (3)Interest coverage ratio=Income before income tax and interest expenses/current interest expenses.
3. Operating ability
 - (1)Receivables (including accounts receivable and notes receivable resulting from operation) turnover = net sales / balance of average receivables (including accounts receivable and notes receivable resulting from operation)
 - (2)Average days for cash receipts=365/receivables turnover.
 - (3)Inventory turnover=Cost of goods sold/average inventory.
 - (4)Payables (including accounts payable and notes payable resulting from operation) turnover = Cost of goods sold/balance of average payables (including accounts payables and notes payable resulting from operation)
 - (5)Average days for sale of goods=365/inventory turnover.
 - (6)Property, plant and equipment turnover=Net sales/average property, plant and equipment, net.
 - (7)Total asset turnover=Net sales/average total assets.
4. Profitability
 - (1)Return on assets=[Income after tax+interest expenses×(1–tax rate)]/average total assets.
 - (2)Return on equity=Income after tax/average total equity.
 - (3)Net profit ratio=Income after tax/net sales.
 - (4)EPS=(Income attributable to owners of the parent–preferred stock dividend)/weighted average number of outstanding shares. (Note 3)
5. Cash flow
 - (1)Cash flow ratio=Net cash flow from operating activities/current liabilities.
 - (2)Net cash flow adequacy ratio=Net cash flow from operating activities for the most recent five years/for the most recent five years (capital expenditure+increase in inventory+cash dividend).
 - (3)Cash reinvestment ratio=(Net cash from operating activities–cash dividend)/(gross property, plant and equipment+long-term investment+other_non-current assets+working capital). (Note 4)

6. Leverage:

(1) Operating leverage = (Operating revenue, net-variable operating costs and expenses) / operating profit) (Note 5).

(2) Financial leverage = Operating profit / (operating profit - interest expenses).

Note 3: When calculating the earnings per share referred to in the preceding paragraph, please note that:

1. The weighted average number of common shares shall apply, instead of the number of outstanding shares at the end of the year.
2. In case of raising capital through issuing new shares or transactions of treasury stocks, calculate also the weighted average quantity of outstanding shares in the period of circulation.
3. In the case of recapitalization from earnings or recapitalization from capital surplus, the calculation of earnings per share for the previous year and for a half of year shall make adjustment retroactively subject to the proportion of capital increase, irrelevant with the issuance period for the capital increase.
4. If the preferred stock refers to non-convertible cumulative preferred stock, the stock dividend for the current year (whether allocated or not) shall be deducted from the net income after tax or add the net loss after tax. If the accumulated preferred shares are not accumulative in nature, dividend for preferred shares shall be deducted from the income after tax, if any. In case of loss, no adjustment shall be made.

Note 4: Cash flow analyses shall take the following factors into account:

1. Net cash flow from operating activities refers to net cash inflow from operating activities as stated in the Statement of Cash Flow.
2. Capital expenditure refers to the amount of annual cash outflow spent on capital investments.
3. The increase in inventory is included only when the balance at the ending is more than that at beginning. If the inventory decreases at the end of the year, it shall be calculated as "zero".
4. Cash Dividends include the dividends in cash paid to holders of common shares and preferred shares.
5. Gross property, plant and equipment refers to the amount before deducting accumulated depreciation.

Note 5: The Company, as an issuer, is required to classify operating costs and expenses between fixed and variable portions; any estimate or subjective judgment used in the classification needs to be reasonable and consistent.

Note 6: In the case of shares issued by the Company with no par value or a par value other than NT\$10 per share, said ratio of the paid-in capital shall be replaced by the ratio of the equity attributable to owners of the parent referred to in the balance sheet.

III. Audit Committee's Audit Report

M. J. International Co., Ltd.

Review Report from the Audit Committee

This report is to certify that the Company's 2023 business report, financial statement and the motion for allocation of earnings were prepared and submitted by the Company's Board of Directors, and the financial statement contained therein were already audited by Deloitte Taiwan, which also issued an audit report containing unqualified opinions. The Audit Committee, after completing the review on said reports and statements prepared and submitted by the Board of Directors, believes that they are free of material misstatements and thus has submit this report according to Article 14-4 of the Securities and Exchange Act and 219 of the Company Act.

Please review accordingly.

To:

2024 Annual General Shareholders' Meeting of M. J. International Co., Ltd.

M. J. International Co., Ltd.

Chairman of Audit Committee:

Lee, Chen-Hung

March 14 2023

IV. Consolidated financial statements and auditing report for the most recent year:

M. J. International Co., Ltd.
and Subsidiaries

Consolidated Financial Statements for the Years
Ended December 31, 2023 and 2022 and
Independent Auditors' Report

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

- V. Entity financial statement and auditing report for the most recent year: N/A.
- VI. If the Company and its affiliates have encountered any financial difficulties in the most recent two years and until the date of publication of the annual report, the impact on the Company's financial condition shall be specified: None.

Seven. Discussion and Analysis of Financial Position and Financial Performance, and Risks

I. Financial position

Unit: NT\$ thousand; %

Item \ Year	Year2022	Year2023	Variance	
			Amount	%
Current assets	2,563,095	2,501,263	(61,832)	(2.41)
Property, Plant and Equipment	3,594,021	3,246,611	(347,410)	(9.67)
Intangible Assets	26,577	2,204	(24,373)	(91.71)
Other assets	225,996	512,979	286,983	126.99
Total assets	6,409,689	6,263,057	(146,632)	(2.29)
Current liabilities	1,621,188	1,072,366	(548,822)	(33.85)
Non-current liabilities	2,162,291	2,743,185	580,894	26.86
Total liabilities	3,783,479	3,815,551	32,072	0.85
Equity attributable to owners of the parent	2,593,305	2,444,547	(148,758)	(5.74)
Capital stock	660,590	660,590	—	—
Capital surplus	1,229,455	1,259,321	29,866	2.43
Retained earnings	829,017	666,185	(162,832)	(19.64)
Other equity	-104,307	-120,099	(15,792)	15.14
Treasury Shares	-21,450	-21,450	—	—
Non- controlling equity	32,905	2,959	(29,946)	(91.01)
Total equity	2,626,210	2,447,506	(178,704)	(6.80)

The main reasons where the change scale exceeds 20% above and the amount changed reached more than NT\$10 million are stated as follows:

1. Intangible assets: This was GTF other intangible assets decreased.
2. Other assets : This was investment real estate is transferred from real estate, plant and equipment.
3. Current liabilities : This was Short-term borrowings and long-term liabilities due within one year decreased.
4. Non-current liabilities : Because the deferred revenue is mainly due to the return of land use fees paid in previous years by Juzhou Joint Stock Economic Co., Ltd., Shijie Town, Dongguan City, the remaining land use period of 32 years as amortised to other income and the issuance of corporate bonds of NT\$ 5 billion in July 2023.
5. Total equity : This was net loss of non-controlling interests in 2023.

II. Financial performance

1. Analysis on operating results for the most recent two years:

Unit: NT\$ thousand; %

Item \ Year	Year2022	Year2023	Variance	
			Amount	%
Operating revenue	3,262,778	2,702,434	(560,344)	(17.17)
Operating cost	2,573,811	2,284,358	(289,453)	(11.25)
Gross profit	688,967	418,076	(270,891)	(39.32)
Operating expenses	537,631	427,369	(110,262)	(20.51)
Operating profit	151,336	(9,293)	(160,629)	(106.14)
Non-operating revenue and expense	29,200	15,587	(13,613)	(46.62)
Net profit before tax	180,536	6,294	(174,242)	(96.51)
Income tax expenses	51,328	101,917	50,589	98.56
Current operating profit	129,208	(95,623)	(224,831)	(174.01)
<p>The main reasons where the change scale exceeds 20% above and the amount changed reached more than NT\$10 million are stated as follows:</p> <ol style="list-style-type: none"> 1. Net operating income (loss) 、Net profit before tax and Current operating profit: Sales decrease, manufacturing expenses increase 2. Operating expenses: Reduction in freight, wages, rental expenses and other expenses. 3. Non-operating revenue and expense: This was increased financial costs. 4. Income tax expenses: Repatriating overseas earnings results in an increase in income tax expenses. 				

2. Expected sales volume and the basis thereof, and the possible impact of such changes upon the Company's financial and business affairs, and how the Company plans to respond

For the Company's expected sales volume, the Company sets the annual shipment target based on the previous year's sales performance, the estimation of market demand and customer orders already in place, and also by taking into account such factors as the supply status of major raw materials. Subject to the market demand and changes, the Company will upgrade its market share to increase the profit to be sought by the Company. The Company's business may grow continuously and its financial position is also considered fair.

III. Cash flow

1. The cash flow changes during the most recent year (2024) are analyzed and explained as following:

Unit: NT\$ thousand; %

Item \ Year	Year2022	Year2023	Increase (decrease)	
			Amount	%
Net cash inflow (outflow) from operating activities	1,253,492	388,787	(864,705)	(68.98)
Net cash inflow(outflow) from investing activities	(818,981)	(372,502)	446,479	(54.52)
Net cash inflow(outflow) from financing	303,047	(133,701)	(436,748)	(144.12)

activities				
<p>Analysis of the changes:</p> <p>1. Net cash inflow of business activities: Because of the exchange rate and rise in the price of raw materials and inflation, and in 2023 due to the decrease in net profit before tax compared to 2022, the accounts receivable at the end of 2023 Decrease compared to the end of last year, resulting in an decrease in net cash inflow from operating activities.</p> <p>2. Net cash outflow for investments: This is mainly due to the decrease in the amount of newly purchased property, plant and equipment in this year compared with that in 2022, resulting in an decrease in net cash outflow from investing activities.</p> <p>3. Net cash inflow for financing activity: Because of repayments of short-term borrowings and repayments of long-term borrowings and repayments of bonds of the increase in 2023, resulting in net cash outflows to financing activities .</p>				

2. Corrective measures to be taken in response to illiquidity: N/A
3. Liquidity analysis for the coming year (2024):

Unit: NT\$ thousand

Cash balance, beginning (1)	Net cash flow from operating activities for the year (2)	Net cash flow from investing and financing activities for the year (3)	Cash balance (1)+(2)+(3)	Corrective measures against projected insufficient cash position	
				Investment plan	Wealth managemen t plan
999,313	478,150	(241,025)	1,236,439	-	-
<p>Analyze and explain any changes in the Company's projected cash flow in 2024:</p> <p>(1) Net cash inflow from operating activities: In FY2024, the Group expects the net cash flow from operating activities to increase as compared to last year due to factors such as the steady growth in demand from customers in Europe and the gradual development of orders from customers in the Americas. In addition, the Group will continue to optimize the production learning curve of SPC stone-plastic floor tiles at the new plant in Tainan to reduce the cost of raw material procurement and control operating expenses, which will result in a positive growth in cash flow in the coming year.</p> <p>(2) Net cash flow in investment and financing activities: Mainly due to the planned capacity expansion of the new plant in Tainan and the expected purchase of production equipment. Repayment of long-term bank loans and payment of cash dividends for fiscal year 2023.</p>					

IV. Material capital expenditures in the most recent year and impact on business/finance:

In view of the decentralization of production capacity and market diversification, the Company purchased land in Tainan Technology Industrial Park in 2019 for the planning of the SPC floor tile production line at the new Tainan plant and the purchase of equipment required to continuously increase the automation rate of the production bases in China, which were approved by the Board of Directors' Meeting on May 6, 2021 and May 12, 2022, respectively. The Company's new Tainan factory has been opened in October 2022, but some factory areas are still pending acceptance and payment as of December 31, 2023. The Company obtained the qualification for Taiwanese businessman in "Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan" by the investment project of new factory in Tainan, which is accompanied by 10-year credit operation in domestic banks, including 3-year grace period and 5-year interest subsidy from National Development Council. Hence, capital expenses do not have significant impact on the Company's financial business. The capital expenditures were not material to the Company's financial operations as the 10-

year long-term credit facility was extended to a maximum of 12 years by the paired public equity bank in 2024.

V. Investment strategies, causes for investment gains and losses, and planned improvements for the most recent year and the investment plan for the coming year

1. Investment strategies

The Company's reinvestment policy is in line with the Company's operational needs, and the revenue of its reinvested subsidiaries has shown a steady growth trend due to the support of the European and U.S. markets. Currently, the Company's reinvestment policy and operating procedures follow the “Regulations Governing the Acquisition or Disposal of Assets” and “Regulations Governing the Supervision and Management of Subsidiaries” approved by the board of directors or shareholders' meeting, and operates in accordance with the investment cycle of the internal control system. In addition to complying with the Company's regulations, each reinvested subsidiary also carries out appropriate internal control management in consideration of local laws and regulations and actual operating conditions.

2. Main reasons for profit or loss on reinvestment in the most recent year

Investee	Amount recognized in investment income or loss	Reasons for Profit or Loss	Improvement Plan
M.J. International Flooring And Interior Products Inc.	(230,810)	The increase in overhead costs was mainly due to the trial operation of the new plant in Tainan.	—
Prolong International Co., Limited.	38,115	This is mainly due to the gain on investee accounted for by the equity method.	—
Opulent International Group Limited	200,610	This is mainly due to the gain on investee accounted for by the equity method.	—
Fullhouse Investments Limited.	(41,481)	This is mainly due to the loss on investee accounted for by the equity method.	—
Dongguan Prolong Plastic Products Co., Ltd.	28,684	Good operating conditions	—
Dongguan MeiJer Plastic Products Co., Ltd.	50,507	Good operating conditions	—
Chongqing M.J. Architecture & Decoration Materials Co., Ltd.	(447)	Good operating conditions	—
Beijing M.J. Architecture & Decoration Materials Co., Ltd.	(5,238)	The operating expenses are mainly due to the restructuring of the Group's business and there is no profit for the time being.	None
Shanghai M.J. Architecture & Decoration Materials Co., Ltd.	(11,257)	The break-even point has not yet been reached	None
Guangzhou Promax Architecture & Decoration Materials Co., Ltd.	(3,808)	The operating expenses are mainly due to the restructuring of the Group's business and there is no profit for the time being.	—
Wuhan M.J. Architecture & Decoration Materials Co., Ltd.	(1,502)	The operating expenses are mainly due to the restructuring of the Group's business and there is no profit for the time being.	None

Investee	Amount recognized in investment income or loss	Reasons for Profit or Loss	Improvement Plan
Changchun MH Arts Co., Ltd.	(22,824)	Due to the business expansion period, which has not yet reached economic scale	None
Xian M.J. Architecture & Decoration Materials Co., Ltd.	(2,078)	The operating expenses are mainly due to the restructuring of the Group's business and there is no profit for the time being.	None
Shenyang M.J. Architecture & Decoration Materials Co., Ltd.	(151)	The operating expenses are mainly due to the restructuring of the Group's business and there is no profit for the time being.	None
Green Touch Floors Inc.	(23,555)	The loss for the period was mainly due to the lower revenue position as a result of the epidemic.	—

3. Improvement plans and investment plans for the coming year

In recent years, MJ Group has been planning for its plants outside of Greater China: Tainan plant is the flagship plant for SPC products, and it is planning to build SPC stone-plastic floor tiles production line, which is twice as much as the existing SPC production line in Mainland China. The new plant in Tainan is equipped with the newest production equipment, which can satisfy the low cost of purchase, low energy consumption, and can effectively improve the efficiency of the production, and the production line and office of part of Tainan plant have been in operation in October 2022, but some of the plant areas are still pending acceptance and payment. After the opening of the new plant in October 2022, part of the production lines and offices of the new Tainan plant have already been opened, but some areas of the plant are still pending acceptance and payment, and it is currently a production center serving customers in the Americas region, which can diversify the risk of international regional political risks. We expect to achieve better results in FY2024. In addition, the Company has obtained the qualification of Taiwanese businessman under the “Action Program for Welcoming Taiwanese Businessmen to Invest in Taiwan” of the Ministry of Economic Affairs of the People's Republic of China, which will allow the Company to receive interest subsidies and other incentives for financing in the future, thus increasing the flexibility in the use of working capital.

VI. Analysis and assessment of risk factors for the most recent year until the date of publication of the annual report

(I) Risk factors

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

(1) Interest rate changes

The Company's interest revenue amounted to NT\$44,846 thousand and NT\$10,384 thousand in 2023 and Q1 of 2024 respectively, namely 1.66% and 1.45% of the operating revenue, net. The interest expenses were NT\$75,123 thousand and NT\$18,286 thousand, namely 2.78% and 2.56% of the net operating revenue. The interest revenue and expense accounted for a small proportion of the operating revenue; therefore, the interest rate changes rendered no significant impact on the Company's business and finance. Notwithstanding, the Group will continue to strengthen its communication between it and banks, and closely observe and verify the changes in market interest rates. Meanwhile, it will control the interest rate risk effectively, by sound financial planning, various financial tools, and most favorable fund-raising tools in the capital market.

(2) Exchange rate changes

The Company's main sales revenue is collected in USD, and the mainland China serves as the main production base of the Company. The employees' salary, part of the raw materials and miscellaneous expenses are paid in RMB. Therefore, there is a risk over exchange rate changes for the USD against RMB. Further, after the Company is listed in Taiwan, it will need to distribute the stock dividend to the investors in NTD within the R.O.C. or convert the the fund raised within the R.O.C. from NTD to USD for utilization. Therefore, there is a risk over exchange rate changes for the USD against NTD.

The net foreign currency exchange gains or loss resulting from the operating activities was NT\$22,326 thousand loss and NT\$8,951 thousand gain in 2023 and Q1 of 2024 respectively, namely 0.83% and 1.25% of the operating revenue for the years.

The Company has already amended the "Regulations Governing Engagement in Derivatives Trading" to require that the derivatives should be managed for the purpose of hedging only in the future. Further, the responsive measures to be taken against the risk over exchange rate changes resulting from operating activities are stated as following:

- ① For the procurement of major raw materials, subject to the foreign exchange rate fluctuation, the Company will negotiate with suppliers for the denomination in USD to increase the effect of natural hedge.
- ② According to the quotation policy toward clients, when the foreign exchange fluctuation is beyond specific range upon assessment, the sale nit shall feed back to the customers immediately and negotiate with the customers to adjust the selling price.
- ③ Negotiate with customers to shorten the days of accounts receivable to reduce the foreign exchange risk arising from the foreign currency accounts receivable due to the time factor.
- ④ Open a foreign currency deposit account to manage the net foreign currency position; have dedicated personnel to assess the Company's capital needs and decide the timing and amount of foreign exchange, so as to reduce the impact of exchange rate changes on the income and also achieve the effect of natural hedge.
- ⑤ Keep close contact with the bank's foreign exchange department and collect market information actively to control the potential exchange rate trend completely; subject

to the exchange rate fluctuation and foreign currency position held by the Company, decide whether to underwrite financial derivatives to evade the foreign exchange risk according to the “Regulations Governing Engagement in Derivatives Trading” established by the Company.

(3) Inflation

For the time being, the inflation renders no significant impact on the Company's income. According to the Company's responsive measures, the Company will refer to the economic indicators and research reports provided by domestic and foreign economic research institutions and professional investment institutions from time to time, and provide the same to the management for reference to help the management make decisions.

2. Policies on high-risk and highly leveraged investments, financing provided to others, endorsements/guarantees, and derivatives trading, main causes of any profits or losses incurred, and future responsive measures:

The Company refrains from engaging in high-risk and highly leveraged investments. It engages in financing provided to others, endorsements/guarantees and derivatives trading per the policies and responsive measures established under the Company's “Regulations Governing Financing Provided to Others”, “Regulations Governing Endorsement/Guarantee” and “Regulations Governing Engagement in Derivatives Trading”. In the future, the Company's derivatives trading policy will still remain conservative and stable to evade the risk over substantial foreign exchange fluctuation.

3. Future research and development plans and projected R&D expenses:

Though the Company engages in the traditional industry, it invests in R&D actively in order to maintain its profitability and industrial competitiveness. Its future R&D plan includes the improvement of process and development of new products. The improvement of process aims to upgrade the automation and cut production costs. Further, in order to be in line with the market trend and satisfy different market users' needs, the Company will continue to develop new products.

Following the growth in turnover, the Company will also increase the annual R&D expenses step by step to roughly about 1% net sales to support the future R&D plans and also upgrade the Company's strength in production and industrial competitiveness.

4. Impact on the Company's business/finance due to changes in domestic or foreign important policies and laws, and responsive measures:

The Company is registered in the Cayman Islands, which refer to a country of open economy and free from foreign exchange control. Therefore, the investment environment is stable locally. The Company carries out its operations primarily in the mainland China, Hong Kong and Taiwan, where the political and economic environment is considered stable. The Company engages in production of various products and carries out its operations in accordance with the national policies and laws & regulations of the countries where it is registered and operates. Meanwhile, the Company will keep watching and controlling the development of policies and changes in laws and the impact thereof on the Company, in order to help the Company, take appropriate responsive measures. No material impact on the Company's business/finance due to changes in domestic or foreign important policies and laws has taken place during the most recent year and until the date of publication of the prospectus.

5. Impact on the Company's business/finance due to technological or industrial changes, and responsive measures:

The Company's main business lines refer to the development, production and sale of sheet plastic flooring. The sheet plastic flooring is identified as the product

emerging later but growing highly on the flooring industry. The Company is committed to the development of new styles, new materials and new processes for sheet flooring, and continues to research and develop oriented toward environmental-friendly and human-friendly materials. Meanwhile, the Company will keep concerning the relevant technological changes in the industry, controlling the latest trends, and assessing the impact thereof on the Company's operations. No material impact on the Company's business/finance due to technological or industrial changes has taken place during the most recent year and until the date of publication of the prospectus.

6. Impact of changes in the corporate identity on the Company's crisis management, and responsive measures:

The Company upholds the management philosophy focusing on "Ethical Management-Based and Customers as First Priority", dedicated to production and sale of sheet plastic flooring, complying with relevant laws and regulations, promoting various certifications actively, and maintaining harmonious labor-management relations at the same time. Since the Company was founded, it has kept its fair industrial position and goodwill. Therefore, there is no change in corporate identity resulting in the Company's corporate crisis management.

7. Expected benefits, possible risks and responsive measures of merger and acquisitions:

The Company had no merger and acquisition project during the most recent year and until the date of publication of the prospectus.

8. Expected benefits, risks and responsive measures associated with plant expansions:

In response to the impact of the US-China trade war and recognizing the growing demand for SPC (Stone Plastic Composite) flooring in the European, American, and Chinese home markets, our company has embarked on planning the establishment of an SPC flooring manufacturing facility. SPC flooring boasts excellent durability, fire and moisture resistance, and eco-friendly material properties, making it a promising product.

We have adopted a dual business strategy, focusing on both LVT (Luxury Vinyl Tile) and SPC to stabilize our commercial market presence and expand our sales in the home market. Currently, we are constructing a new SPC flooring factory with nine production lines in Annan District, Tainan City. This facility commenced operations and began mass production in October 2022, primarily serving the North American market.

The expansion of our production capacity is necessary for our operations, and the associated risks are considered limited. This capacity increase will enhance our order-taking capabilities, allowing us to fully utilize the additional production capacity and achieve our strategic goals of diversifying production and market reach. Our factory construction plans have undergone thorough evaluation, ensuring careful consideration of investment returns and potential risks.

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

- (1) Purchases

The Company is a professional manufacturer engaged in manufacturing sheet plastic flooring. The raw materials purchased by it are mainly PVC powder, transparent materials, printed film and plasticizers. In 2023 and Q1 of 2024, the purchase amount to the largest supplier accounted for 19.71% and 17.57% of the consolidated total purchase amount, net. Therefore, there should be no significant risk over excessively concentrated purchases.

In order to enhance the mobility for the source of supply, the Company purchases main raw materials from more than two suppliers. The source of supply is considered stable, and no interruption or shortage of supply has taken

place for the most recent year or period.

(2) Sales

In 2023 and the first quarter of 2024, the proportion of sales to our largest customer was 39.96% and 42.52%, respectively. The subsidiaries of Group K independently negotiate sales terms and place orders separately. Group K is one of the major brands of plastic flooring in Europe. Due to the high manufacturing costs in Europe, much of the plastic flooring sheet production is outsourced. After years of cooperation, we have signed an exclusive supply agreement with Group K, stipulating that the specified product specifications for European and North African countries must be exclusively outsourced to our company. In these specified products and regions, we are also limited to supplying Group K.

In addition to maintaining a good relationship with Group K, our company is enhancing production capacity, improving processes to increase price competitiveness, and developing new products to secure OEM opportunities with major North American companies. We are also starting to build our own brand, developing distribution channels in mainland China and Taiwan. By developing new customers and expanding our own brand market, we aim to effectively increase sales, making our financial operations more stable.

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

No business risk has been caused by the major transfer or replacement of shareholding by directors, supervisors, or shareholders with more than 10% ownership interest.

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

The Company had no change of management during the most recent year and until the date of publication of the prospectus.

The Group has appointed independent directors, established the Audit Committee and strengthened various corporate governance policies. Therefore, the change of management, if any, is not likely to render adverse impact or business risk against the Company.

12. Major litigations and non-contentious cases: Describe the major litigations, non-contentious cases or administrative litigations involving the Company or any director, supervisor, President, person-in-charge or major shareholder with more than 10% ownership interest, whether concluded or pending judgment, that are likely to pose significant impact to shareholders' equity or security prices of the Company, and disclose the nature of dispute, the claimed value, the date when the litigation first started, the key parties involved, and progress as of the publication date of the annual report:

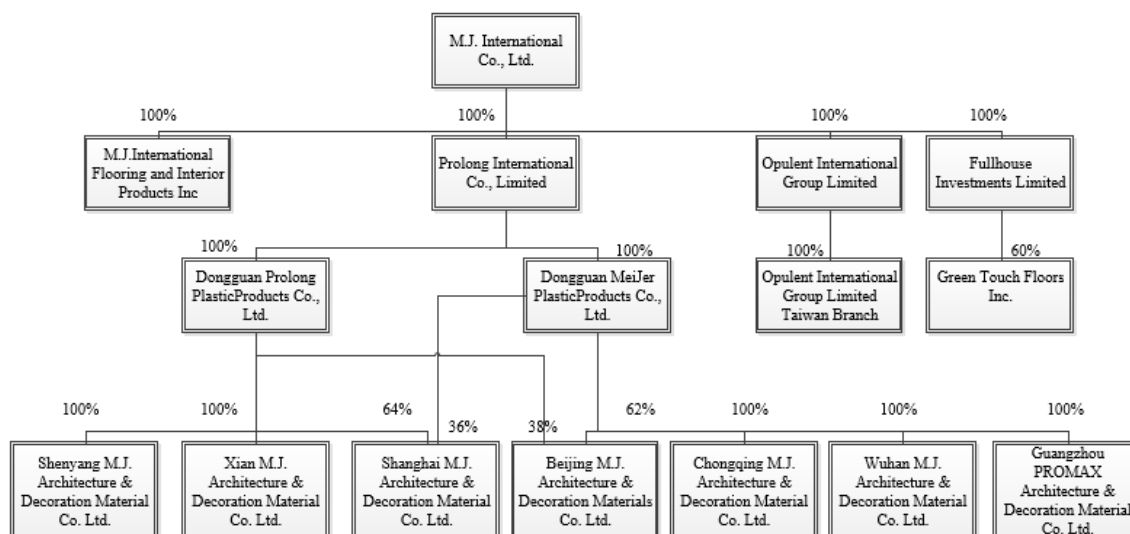
13. Other significant risks and responsive measures: None.

VII. Other important notes: None.

Eight. Special notes

I. Consolidated business reports of affiliated enterprises

(I) Organizational chart of affiliated enterprises



(II) Basic information by affiliated enterprise

Capital unit: NT\$ thousand

Company name	Date of incorporation	Territory	Paid-in capital	Main functions
Prolong International Co., Limited	November 18, 2010	Hong Kong	USD14,460	Investment holding
Opulent International Group Limited	November 15, 2012	Hong Kong	USD8,700	Procurement of raw materials and acceptance of order for export
Opulent International Group Limited Taiwan Branch	January 4, 2013	Taiwan R.O.C.	-	Business location dedicated to accepting orders for export
M.J. International Flooring and Interior Products Inc	May 15, 1982	Taiwan R.O.C..	NTD900,000	Sales and business location in the territories of Taiwan
Fullhouse Investments Limited	November 09, 2018	Samoa	USD1,751	Investment holding
Green Touch Floors Inc.	September 01, 2017	Canada	CAD2,273	Sales and operation sites at Canada
Dongguan Prolong Plastic Products Co., Ltd.	August 10, 1993	China	HKD78,538	Investment holding, and production of sheet plastic flooring
Dongguan Mei Jer Plastic Products Co., Ltd.	January 1, 2002	China	USD32,271	Investment holding, and production of sheet plastic flooring
Chongqing M.J. Architecture & Decoration Material Co. Ltd.	November 23, 2012	China	RMB8,000	Sales and business location in the territories of the mainland China
Beijing M.J. Architecture & Decoration Materials Co. Ltd.	January 6, 2013	China	RMB14,500	Sales and business location in the territories of the mainland China
Shanghai M.J. Architecture & Decoration Material Co. Ltd.	January 7, 2013	China	RMB47,000	Sales and business location in the territories of the mainland China
Guangzhou PROMAX Architecture & Decoration Material Co. Ltd.	August 1, 2013	China	RMB800	Sales and business location in the territories of the mainland China
Wuhan M.J. Architecture & Decoration Material Co. Ltd.	June 16, 2016	China	RMB11,000	Sales and business location in the territories of the mainland China
Xian M.J. Architecture & Decoration Material Co. Ltd.	August 18, 2017	China	RMB5,000	Sales and business location in the territories of the mainland China
Shenyang M.J. Architecture & Decoration Material Co. Ltd.	May 27, 2018	China	RMB4,793	Sales and business location in the territories of the mainland China

(III) Information on shareholders presumed to have a controlling and dependent relationship: None.

(IV) The industry covered by the business operated by the entire affiliated enterprises

Company name	Main functions within the Group
M.J. International Flooring and Interior Products Inc	Domestic sales and business location in Taiwan
Prolong International Co., Limited	Investment holding
Opulent International Group Limited	Procurement of raw materials
Opulent International Group Limited Taiwan Branch	Business location dedicated to accepting orders for export
Fullhouse Investments Limited	Investment holding
Green Touch Floors Inc.	Sales and operation sites at Canada
Dongguan Prolong Plastic Products Co., Ltd.	Investment holding, and production of sheet plastic flooring
Dongguan Mei Jer Plastic Products Co., Ltd.	Investment holding, and production of sheet plastic flooring
Chongqing M.J. Architecture & Decoration Material Co. Ltd.	Sales and business location in the territories of the mainland China
Beijing M.J. Architecture & Decoration Materials Co. Ltd.	Sales and business location in the territories of the mainland China
Shanghai M.J. Architecture & Decoration Material Co. Ltd.	Sales and business location in the territories of the mainland China
Guangzhou PROMAX Architecture & Decoration Material Co. Ltd.	Sales and business location in the territories of the mainland China
Wuhan M.J. Architecture & Decoration Material Co. Ltd.	Sales and business location in the territories of the mainland China
Xian M.J. Architecture & Decoration Material Co. Ltd.	Sales and business location in the territories of the mainland China
Shenyang M.J. Architecture & Decoration Material Co. Ltd.	Sales and business location in the territories of the mainland China

(V) Information on directors, supervisors and presidents of the Company's affiliated enterprises

Company name	Director	Supervisor	President
M.J. International Flooring and Interior Products Inc	M.J. International Flooring and Interior Products Inc - representative Chen Pen-Yuan, Chen I-Hsiu and Lin An-Hsiu	M.J. International Flooring and Interior Products Inc - representative Hsieh Ming-Feng	Chen Pen-Yuan
Prolong International Co., Limited	Chen Pen-Yuan	-	-
Opulent International Group Limited	Chen Pen-Yuan	-	-
Fullhouse Investments Limited	Chen Pen-Yuan	-	-
Green Touch Floors Inc.	Chen Pen-Yuan, Chen I-Hsiu, ZEN XU	-	ZEN XU
Dongguan Prolong Plastic Products Co., Ltd.	Lo Fong-Chu, Chen I-Hsiu and Chen Chien-Ming	Hsieh Ming-Feng	Chen Pen-Yuan
Dongguan Mei Jer Plastic Products Co., Ltd.	Lo Fong-Chu, Chen I-Hsiu and Chen Chien-Ming	Hsieh Ming-Feng	Chen Pen-Yuan
Chongqing M.J. Architecture & Decoration Material Co. Ltd.	Chen I-Hsiu	Liu Chiao-Lu	-

Beijing M.J. Architecture & Decoration Materials Co. Ltd.	Chen I-Hsiu	Liu Chiao-Lu	-
Shanghai M.J. Architecture & Decoration Material Co. Ltd.	Chen I-Hsiu	Liu Chiao-Lu	-
Guangzhou PROMAX Architecture & Decoration Material Co. Ltd.	Chen I-Hsiu	Liu Chiao-Lu	-
Wuhan M.J. Architecture & Decoration Material Co. Ltd.	Chen I-Hsiu	Liu Chiao-Lu	-
Xian M.J. Architecture & Decoration Material Co. Ltd.	Chen I-Hsiu	Liu Chiao-Lu	-
Shenyang M.J. Architecture & Decoration Material Co. Ltd.	Chen I-Hsiu	Liu Chiao-Lu	-

(VI) Operating overview of affiliated enterprises

Name of enterprise	Currency type	Capital	Worth of total assets	Worth of total liabilities	Net worth	Operating revenue	Operating gain	Current gain (loss)	EPS
								(after tax)	(after tax)
Prolong International Co., Limited	USD	14,460	52,436	0	52,436	0	(2)	3,925	Note 1
Opulent International Group Limited	USD	8,700	39,093	18,851	20,242	70,810	6,453	6,439	Note 1
M.J.International Flooring and Interior Products Inc	NTD	900,000	3,359,371	2,701,778	657,593	532,787	(197,055)	(231,130)	(1,672.77) Note 2
Fullhouse Investments Limited	USD	1,751	161	7	154	0	(2)	(1331)	Note 1
Green Touch Floors Inc.	CAD	2,273	5,262	3,693	1,569	2,080	(1,777)	(1,700)	Note 1
Dongguan Prolong PlasticProducts Co., Ltd.	RMB	HKD 78,538	167,383	52,623	114,760	138,296	4,147	6,583	Note 1
Dongguan MeiJer Plastic Products Co., Ltd.	RMB	USD 32,271	325,933	51,140	274,793	301,664	19,212	14,576	Note 1
Chongqing M.J. Architecture & Decoration Material Co. Ltd.	RMB	8,000	2,499	19	2,480	0	(171)	(101)	Note 1
Beijing M.J. Architecture & Decoration Materials Co. Ltd.	RMB	14,500	3,623	2,578	1,044	18	(822)	(1,184)	Note 1
Shanghai M.J. Architecture & Decoration Material Co. Ltd.	RMB	47,000	57,065	32,358	24,707	205	(3,533)	(2,545)	Note 1
Guangzhou PROMAX Architecture & Decoration Material Co. Ltd.	RMB	800	98	0	98	0	(898)	(861)	Note 1
Wuhan M.J. Architecture & Decoration Material Co. Ltd.	RMB	11,000	8,095	57	8,038	0	(348)	(339)	Note 1
Xian M.J. Architecture & Decoration Material Co. Ltd.	RMB	5,000	3,512	64	3,448	0	(471)	(470)	Note 1
Shenyang M.J. Architecture & Decoration Material Co. Ltd.	RMB	4,793	4,014	858	3,156	0	(153)	(34)	Note 1
Changchun MH Arts Co., Ltd.	RMB	0	0	0	0	0	0	0	Note 3

Note 1. Not applicable, as it is a limited company.

Note 2. at par value NT\$10,000 per share.

Note 3. Changchun MH Arts Co., Ltd. sold in June 2023

(VII) Consolidated financial statements of affiliated enterprises: Please refer to Pages 105~184, as same as the consolidated financial statements.

(VIII) Affiliation report: N/A.

For the business lines operated by the Company and its affiliates enterprises, except Prolong International Co., Limited, Fullhouse Investments Limited, which engages in investment holding, Dongguan Mei Jer Plastic Products Co., Ltd. and Dongguan Prolong Plastic Products Co., Ltd. and M.J. International Flooring and Interior Products Inc are responsible for production and manufacturing. The other subsidies are responsible for the marketing business in various territories. The business lines operated by them are different from the Company's, provided that their source of supply is the Company only. Each affiliated enterprise engages in operations under the labor division system per the Company's entire business planning.

- II. Any private placement of securities in the recent years up to the publication of the annual report: None.
- III. Holding or disposition of the Company's stock by subsidiaries in the most recent year and up to the publication date of the annual report: N/A.
- IV. Other required supplementary notes: None.
- V. Significant matters which might affect shareholders' equity or stock price pursuant to the subparagraph 2, Paragraph 3 of Article 36 of the Securities and Exchange Act during the most recent year and until the date of publication of the annual report: None.