Stock Code: 6616

TECHCENTIAL

INTERNATIONAL LTD

特昇國際

Techcential International Ltd
特昇國際股份有限公司

2024 Annual Report

The annual report is available at http://mops.twse.com.tw

Company website: http://www.techcential-international.com

Printed on 30 April 2025

Notice to Readers

This English-version Annual Report is a summary translation of the Chinese version and is not an official document of the Annual General Meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

I. Spokesperson and deputy spokesperson

Spokesperson: Linc Yee — Position: Spokesperson
Tel: +606-987-3999 — Email: investor@techcential.com

Deputy spokesperson: Chang Ming-Huang — Position: Director
Tel: (886)4-22605899 — Email: investor@techcential.com

II. Litigation and non-litigated agent

Name: Chong Yu Ming — Position: Litigation and non-litigated agent
Tel: (886)4-22605899 — Email: max@richcpa.com.tw

III. Company Information

a) Techcential International Ltd
Address: 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman, KY1-1002, Cayman Islands.
Website: https://www.techcential-international.com
Tel: +60-6-987-3999

b) Subsidiary: Techcential Sdn. Bhd.
Address: PTD 4093 Kaw Perindustrian Parit Jamil, Parit Jawa 84150 Muar, Johor, Malaysia.
Tel: +60-6-987-3999

c) Subsidiary: Thinker Craft Sdn Bhd.
Address: PTD 4093 Kaw Perindustrian Parit Jamil, Parit Jawa 84150 Muar, Johor, Malaysia.
Tel: +606-987-3999

d) Subsidiary: EHL Cabinetry Sdn. Bhd.
Address: PTD 4093 Kaw Perindustrian Parit Jamil, Parit Jawa 84150 Muar, Johor, Malaysia.
Tel: +606-987-3999

e) Subsidiary: TC Home Corporation
Address: c/o Isaacson Isaacson Sheriden Fountain & Leftwich, LLP, 804 Green Valley Road, Suite 200, Greensboro, Guilford County, North Carolina 27408.
Tel: +606-987-3999

f) Subsidiary: ESK Biomass Sdn. Bhd.
Address: No. 35, (1st Floor), Jalan Seroja 8, Taman Seroja, Jalan Abd. Jabar, Parit Jawa, 84150 Parit Jawa, Muar, Johor.
Tel: +606-987-2468

g) Subsidiary: ESK Wood Products Sdn. Bhd.
Address: No. 35, (1st Floor), Jalan Seroja 8, Taman Seroja, Jalan Abd. Jabar, Parit Jawa, 84150 Parit Jawa, Muar, Johor.
Tel: +606-987-2468

IV. Stock Agency

Name: Sinopac Securities Website: www.sinopacsecurities.com

Address: 3F, No.17, Bo’ai Rd., Zhongzheng Dist., Taipei City 100, Taiwan.

Tel: (02)2381-6288

V. Auditors

Auditors: Phyllis Chang, Aaron Chiang

Firm: KPMG Website: www.kpmg.com.tw

Address: 68F, No.7, Sec 5, XinYi Road, Taipei City 11049, Taiwan R.O.C.

Tel: (02)8101-6666

VI. Name of overseas securities dealers and methods to inquire into overseas securities: None

VII. Directors:

Title	Name	Nationality	Main Experience
Director	Eng Synergy Management Sdn Bhd	Malaysia	CEO of Techcential International Ltd
	representative: Eng Kai Pin	Malaysia	
Director	Surging Success Sdn Bhd	Malaysia	CEO of EHL Cabinetry Sdn. Bhd
	representative: Eng Kai Jie	Malaysia	
Director	Liao Wei Chuan	Taiwan R.O.C	CEO of Fidelity International
Director	Chang Ming Huang	Taiwan R.O.C	Founder of Rich CPA Firm
Independent Director	Chou Chih Yuan	Taiwan R.O.C	Founder of J & C Certified Public Accountant
Independent Director	Huang Chi Jui	Taiwan R.O.C	Favorable Business Partner CPAs
Independent Director	Tay Puay Chuan	Malaysia	Founder of Tay Puay Chuan & Co

VIII. Corporate website：

English Version: https://www.techcential-international.com/home-page-eng/

Chinese Version: https://www.techcential-international.com/

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1.0 Letters to Shareholders

Dear Shareholders

Thank you very much for your continued support and care. We hereby present the business achievements of the Group at the end of 2024 and the operating outlook for 2025 as follows:

1.1 2024 business report

This year, with the recovery of the furniture market in Malaysia and globally, the Group has maintained stable operations. The Malaysian furniture industry showed signs of rebound in 2024H1, which supported the steady performance of the company. TC continued to participate in the Malaysia International Furniture Fair (MIFF) in Kuala Lumpur in March, significantly enhancing brand awareness and market share. Meanwhile, although EHL had been actively seeking business expansion since its operation commenced in 2020, the subdued demand in the cabinet segment resulted in operating losses. In response, EHL adjusted its strategy at the end of 2024, upon the expiry of its lease, by suspending kitchen cabinet production. The company now plans to explore new operational opportunities in both the Malaysian and international markets. We believe this strategic shift will help reduce losses, optimize resource allocation, and further enhance operational efficiency.

In terms of finance, based on a prudent assessment of future operations and capital requirements, TIL decided to temporarily withhold profit distribution in 2024H1 to retain sufficient funds for potential challenges. On January 8, the company completed the delisting process of its unsecured convertible corporate bonds in Taiwan (66162), and in October, successfully issued new restricted employee shares to motivate our team to work together toward long-term growth. These initiatives have not only strengthened the company’s liquidity but also enhanced internal team cohesion, enabling the company to respond more flexibly and move forward steadily amid market uncertainties.

The company's overall operations in 2024 are as follows:

1.1.1 Operating income

The Group recorded consolidated net revenue of NT$1.164 billion in 2024, representing an increase of approximately 15% compared to NT$1.01 billion in 2023. In 2023, the U.S. housing market experienced a slowdown due to the Federal Reserve's sustained high interest rate policy. This led to a more conservative market sentiment and a noticeable decline in customer purchasing momentum, especially in the first half of the year when overall sales performance was relatively weak. In 2024, as inflationary pressures in the U.S. gradually eased and market expectations regarding interest rates turned more optimistic, TC's order volume began to recover, supporting a stable rebound in overall market demand.

However, the 2024 U.S. presidential election introduced increased uncertainty regarding future tariff policies and the broader economic outlook. The ongoing U.S.-China trade tensions showed little improvement, and many companies remained concerned about potential new tariffs that could impact supply chains and cost structures. As a result, some customers adopted more cautious procurement strategies and maintained conservative ordering patterns, limiting the full-year revenue growth to 15%. In addition, the cabinet business continued to be affected by the sluggish U.S. housing market, with customer orders yet to show significant recovery. Shipment volumes in this segment further declined compared to 2023, becoming one of the key factors constraining revenue growth in 2024.

1.1.2 Net profit after tax

In 2024, the Group recorded a net loss after tax attributable to owners of the parent company amounting to NTD48,413 million, primarily due to market conditions and exchange rate fluctuations. Firstly, despite interest rate hikes in the U.S., the economic recovery remains uncertain. Although market demand has gradually rebounded, confidence among businesses and consumers has yet to fully recover. To boost order volume and maintain market competitiveness, TC adjusted its product pricing strategy by moderately lowering prices to strengthen market share. However, this also had a certain impact on overall gross margin. In addition, some products underwent design modifications in response to the new anti-dumping legislation passed in the U.S. in September 2023. As a result, production costs increased, and these effects gradually began to impact the Group's operating margin throughout 2024.

In addition, during the third quarter of 2024, the USD to MYR exchange rate experienced significant volatility, depreciating by more than 14% within 90 days, which placed pressure on the company's gross margin performance. Furthermore, the continued weakness in cabinet market demand has resulted in ongoing losses for this business segment in recent years. In light of market conditions and future operational strategies, EHL adjusted its business direction upon lease expiry at the end of 2024, suspending kitchen cabinet production. As a result, the company recognized an asset impairment of approximately NTD42,664 million.

1.1.3 Budget implementation

The financial forecast did not announce in 2024.

1.1.4 Overview of research and development

The company's main research and development status in 2024 are:

- Researching and improving production process technologies, developing alternative raw materials, and introducing automated machinery and equipment
- Strengthening the R&D efforts on PU paper materials and design styles, making the products more appealing to younger consumers
- Actively responding to market demand by developing new bedroom furniture series (e.g., knock-down furniture), with a focus on enhancing product value-added features.

1.1.5 Cash dividend distribution

Summarize the TIL cash dividend distribution status in the following table.

Year	EPS	Cash dividend distributed	Surplus allotment	Total
2018	1.57	1.00	-	1.00
2019	3.90	3.00	-	3.00
2020	2.60	2.00	-	2.00
2021	(0.18)	No distribution (Note 1)	-	No distribution (Note 1)
2022	1.09	0.10	0.50	0.60
2023	(0.78)	No distribution (Note 2)	-	No distribution (Note 2)
2024	(1.39)	(Note 3)	-	(Note 3)

Note 1: In 2021H1, the coronavirus continued to heat, with subsidiary TC suspended for a full month in January due to employee infection, and Malaysia launched a three-month phase of full operational control in June. Due to the company's inability to produce and ship during the shutdown, stock dumping and stagnant losses, as well as the loss of spare capacity, increased significantly compared to last year. In addition, the fires at the TC 2 plant in November 2021 resulted in more disaster losses. Overall, EPS lost about NTD 4.26. Due to losses in the current period, the Board of Directors decided not

to allocate surpluses for 2021.

Note 2: In addition, the Malaysian government has raised the minimum wage to RM1,500, increasing labor costs. Because the decline in operating gross in 2023 has resulted in the current period's net post-tax losses, the Board of Directors has decided not to allocate surpluses for 2023.

Note 3: Due to the prolonged downturn in the U.S. housing market in recent years, subsidiary EHL continued to face stagnation in cabinet sales, with difficulty acquiring new customers and no significant recovery in orders from existing ones. To effectively manage risk and minimize losses, management decided to suspend EHL's operations and recognized an asset impairment of approximately NT$42,664 million. Moreover, with the U.S. economy yet to fully recover, TC's orders were affected, leading to low capacity utilization. Combined with the impact of minimum wage adjustments, the Group's gross profit margin has yet to return to a stable level. In light of these factors, and after careful assessment of the overall financial position and future funding needs, the Board of Directors resolved not to distribute earnings for the period in order to maintain financial stability and preserve sufficient funds to support future operations and transformation efforts.

1.2 Summary of the 2025 business plan

The year 2025 will be one filled with both challenges and opportunities. The global economic environment remains highly uncertain, and changes in national policies and market demand will have a significant impact on the Group's operational strategies and market positioning. We will respond to these challenges with caution while actively seeking new growth drivers to maintain our competitive edge and ensure the steady development of the company.

(1) Future Development Strategies: To respond to market changes and ensure steady company growth, we will actively implement the following strategies:

A. Strengthening Product R&D and Design: Enhance the quality and production management of wooden bedroom furniture and kitchen cabinets. Additionally, collaborate with customers to develop knock-down furniture in line with global shipping and logistics trends, thereby increasing market competitiveness.

B. Market Expansion and E-Commerce Development: Amid changing global market demand, we will continue to expand our market presence and plan to launch an e-commerce initiative. With a focus on digital transformation, we aim to broaden market coverage through online sales channels and boost product sales opportunities.

C. Strengthening Supply Chain and Raw Material Management: We will actively promote the trade of locally sourced raw materials in Malaysia to address the rising global prices of raw materials and reduce reliance on a single supply market. This will enhance the flexibility and stability of our supply chain.

(2) Regulatory and Macroeconomic Environment:

A. Changes in the U.S. Market: Following the 2024 U.S. presidential election, there has been heightened attention on potential changes to future tariff policies. In early April 2025, the U.S. government announced a series of new tariff measures, drawing global market attention. These measures have not only intensified U.S.-China trade tensions but have also significantly impacted the global supply chain and manufacturing landscape. The overall uncertainty of the trade environment has increased, which may directly or indirectly affect raw material costs, logistics arrangements, and market demand dynamics. The Group will closely monitor policy developments and adjust its operational strategies with flexibility.

B. Adjustment to Malaysia's Minimum Wage: Effective February 1, 2025, the Malaysian government will raise the minimum monthly wage from MYR 1,500 to MYR 1,700. To mitigate the impact of wage increases on operating costs, the Group will enhance production efficiency, optimize human resource allocation, and strengthen automation in manufacturing to maintain competitiveness.

(3) External Competitive Environment: As a vital component of the global economy, the furniture industry is growing rapidly. The Asia-Pacific region remains the core hub for global furniture manufacturing, with approximately two-thirds of U.S. furniture imports coming from Asian countries, including China, Vietnam, and Malaysia. Due to ongoing U.S.-China trade tensions, American furniture import orders are gradually shifting toward Southeast Asia. In particular, the furniture industries in Vietnam, Thailand, and Malaysia are expected to continue showing growth potential in the coming years. To maintain our competitive edge in this highly competitive market environment, we will continue to enhance our product innovation capabilities. Through market analysis and data-driven decision-making, we aim to accurately capture market demand. Additionally, we will closely monitor policy changes in various countries to ensure compliance with local regulations and promptly adjust our business strategies to adapt to changes in the international market.

Looking ahead to 2025, we will adopt more agile business strategies to respond to market changes, strengthen product research and development, deepen our market presence, and enhance production efficiency to ensure the Group's steady growth. We firmly believe that with the continued support of our shareholders, the Group will continue to grow and create greater value, moving toward a more stable and opportunity-filled future. We sincerely thank all our shareholders for your continued support and guidance. Wishing you good health and happiness.

Chairman : Eng Kai Pin

CEO : Eng Kai Jie

CFO : Tan Kok Bee

2.0 Corporate Governance Report

2.1 Director, supervisor, general manager, deputy general manager, associate, department and branch supervisor:

2.1.1 Directors and Supervisors

(A) Board of Directors

30 April 2025; Unit: Thousand Shares；%

Title	Name	Gender /Age	Nationality or location Registered	Date First Elected	Date Elected	Term	Shareholding When Elected		Current Shareholding		Current Shareholding of Spouse and Minor		Shareholding by Nominee Arrangement		Qualification	Current Positions at Parade and positions at Other Companies	Executives, Directors or Supervisors who are spouses or within two degree of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Director	Eng Synergy Management Sdn. Bhd.	-	Malaysia	2016.12.05	2022.06.29	3 years	11,760	56.00	11,700	32.98	-	-	-	-	–	–	–	–	–
	Representative: Eng Kai Pin	Male 31~40 Year old	Malaysia	-	-	-	-	-	81.9	0.23	-	-	-	-	Malaysia Muar Chung Hwa High School; Techcential Sdn. Bhd., Marketing Manager; Techcential International Ltd, CEO	Techcential Sdn. Bhd., Director Woodgress Sdn. Bhd., Director Idealtage Development Sdn. Bhd., Director EHL Cabinetry Sdn. Bhd., Director Thinker Craft Sdn Bhd., Director & CEO TC Home Corporation, Director & CEO	CEO CEO of TC	Eng Kai Jie Eng Kai Jian	Brother Brother
Director	Surging Success Sdn. Bhd.	-	Malaysia	2016.12.05	2022.06.29	3 years	1,890	9.00	2,285	6.44	-	-	-	-	–	–	–	–	–
	Representativ: Eng Kai Jie	Male 31~40 Year old	Malaysia	-	-	-	-	-	73.5	0.21	-	-	-	-	Inti UniversityMalaysia, Business Management Course Refresher; Techcential Sdn. Bhd. (TC) Quality Control and Production Specialist; TC Deputy Human Resources and Administration; TC, Purchasing and warehouse management manager; TC CEO	Techcential Sdn. Bhd, Director Idealtage Development Sdn. Bhd, Director Thinker Craft Sdn Bhd., Director TC Home Corporation, Director ESK Wood Products Sdn. Bhd, Director EHL Cabinetry Sdn. Bhd., Director CEO of the company	Chairman CEO of TC	Eng Kai Pin Eng Kai Jian	Brother Brother
Director	Liao Wei Chuan	Male 51~60 Year Old	Taiwan	2016.12.05	2022.06.29	3 years	-	-	-	-	-	-	-	-	Chung Yuan Christian University, Bachelor of Accounting; Masterlink Securities Group, Underwriting Dev, VP; KGI Securities, Investment	Fidelity Investments, General Manager. Joben Bio-medical Co., Ltd., Financial Advisor and Chief Representative of Asia Pacific Region Japan Medical Co., Ltd., Financial	–	–	–

Title	Name	Gender /Age	Nationality or location Registered	Date First Elected	Date Elected	Term	Shareholding When Elected		Current Shareholding		Current Shareholding of Spouse and Minor		Shareholding by Nominee Arrangement		Qualification	Current Positions at Parade and positions at Other Companies	Executives, Directors or Supervisors who are spouses or within two degree of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
															Banking Dev, Senior VP; ICBC Securities Underwriting Dev, Senior Executive VP; Taiwan Securities Association, member; Genomics BioSci & Tech. Co.Ltd., Chief Strategy Officer and General Consultant; PHARMIGENE, INC, General Consultant.	Advisor Pharma Essentia Corp., Financial Advisor. I. H Art Company Ltd, Financial Advisor Cedarwood Villa, General Consultant. China Youth Corps, Steering Committee. Hotel Everrich (Thailand), General Consultant. 尊揚生技股份有限公司總顧問 Minghao Dental Hospital (in preparation), General Consultant.			
Director	Chang Ming-Huang	Male 41~50 Year Old	Taiwan	2018.06.29	2022.06.29	3 years	-	-	-	-	-	-	-	-	National Taichung University of Science and Technology., Bachelor of Accounting; National Chung-Cheng University, Master of Law; Lecturer of the Zhongshan School of Medicine, Sun Yat-sen University. ICARES MEDICUS, INC(6612), Independent director.	Founder of Rich CPA Firm Feature Integration Technology Inc., Independent director Deputy Spokesperson of the company	-	-	-
Independent Directo	Chou Chih Yuan	Male 41~50 Year old	Taiwan	2022.06.29	2022.06.29	3 years	-	-	-	-	-	-	-	-	Chang Jung Christian University, Bachelor of Accounting; Nexia Trans - Asia Associates, Manager Crowe Global, Section in Charge; Deloitte & Touche, Deputy Manager	Founder of J & C Certified Public Accountant. Jason Co., Ltd.(4570), Independent Director.	-	-	-
Independent Directo	Huang Chi Jui	Male 31~40 Year Old	Taiwan	2022.06.29	2022.06.29	3 years	-	-	-	-	-	-	-	-	Tamkang University, Bachelor of Accounting; KPMG, Deputy Manager; Lite-On Technology Corporation; R & K Consultants Limited, Department Chief	Favorable Business Partner CPAs	-	-	-

Title	Name	Gender /Age	Nationality or location Registered	Date First Elected	Date Elected	Term	Shareholding When Elected		Current Shareholding		Current Shareholding of Spouse and Minor		Shareholding by Nominee Arrangement		Qualification	Current Positions at Parade and positions at Other Companies	Executives, Directors or Supervisors who are spouses or within two degree of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Independent Director	Tay Puay Chuan	Male 51~60 Year old	Malaysia	2016.12.05	2022.06.29	3 years	-	-	-	-	-	-	-	-	Bachelor of Laws, University of London, UK; Bukit Oman Royal Police Inspector; Fajar Sawmill Sdn. Bhd., Factory Manager; Syarikat Teong Sheng Sdn. Bhd., Factory Manager; Fadzilah Ong Chee Seong & Associates Lawyer; Member of Parliament of Malaysia. Guan Chong Berhad Sdn. Bhd., Independent Director; Star Foundation, Director. Sern Kou Resources Sdn. Bhd., Independent Director Homeritz Corporation Sdn. Bhd, Independent Director	Founder of Tay Puay Chuan & Co.	–	–	–

(B) Supervisor: The company has set up an Audit Committee, so supervisor is not applicable.

(C) Major shareholders of the institutional shareholders：

30 April 2025

Institutional shareholders	Major shareholders
Eng Synergy Management Sdn. Bhd.	Tay Su Siang 70.65%, Eng Chong Len 29.35%
Surging Success Sdn. Bhd.	Yee Jun Xing 100%

(1) Major shareholders of the major shareholders that are juridical persons: Not Applicable.

(D) Professional qualifications and independence analysis of Directors and Supervisors:

30 April 2025

Criteria / Name	Professional Qualification Requirements and Work Experience	Independent Criteria	Concurrently Serving as an Independent Director at Other Public Companies
Eng Synergy Management Sdn. Bhd. Representative: Eng Kai Pin	Mr. Eng Kai Pin, the representative of Eng Synergy Management Sdn. Bhd. He is a Malaysian and has the work experience required for the company's business. He served as marketing manager at TC and CEO of TIL.	As of April 30, 2025, the number and proportion of the company's shares held by myself, spouse, relatives within the second degree (or in the name of others): 11,700,000 shares and 33.41% Other qualifying conditions for independence are as follows: (3)、(4)、(5)、(6)、(7)、(8)、(9)、(11)、(12)	0
Surging Success Sdn. Bhd. Representative: Eng Kai Jie	Surging Success Sdn. Bhd. representative, Mr. Eng Kai Jie. He is a Malaysian and has the work experience required for the company's business. He is an Inti University Malaysia Business Management Course Refresher. He worked as Techcential Sdn. Bhd.'s Quality Control and Production Specialist; TC's Deputy Human Resources and Administration; TC's Purchasing and Warehouse Management Manager; and TC's CEO. He currently serves as the CEO of EHL Cabinetry Sdn. Bhd. and the CEO of TIL.	As of April 30, 2025, the number and proportion of the company's shares held by myself, spouse, relatives within the second degree (or in the name of others): 2,285,000 shares and 6.53% Other qualifying conditions for independence are as follows: (2)、(3)、(4)、(5)、(6)、(7)、(8)、(9)、(11)、(12)	0
Liao Wei Chuan	Director Mr. Liao Wei Chuan is Taiwanese and graduated from Chung Yuan Christian University with a bachelor's degree in accounting. He has over 10 years of work experience in the financial industry. After inspection, the content of the work experience is consistent. He used to be the Masterlink Securities Group, Underwriting Dev, VP; KGI Securities, Investment Banking Dev, Senior VP; ICBC Securities Underwriting Dev, Senior Executive VP; Taiwan Securities Association, member; Genomics BioSci & Tech. Co., Ltd., Chief Strategy Officer and General Consultant; and PHARMIGENE, INC, General Consultant.	As of April 30, 2025, the number and proportion of the company's shares held by myself, spouse, relatives within the second degree (or in the name of others): 0 shares and 0.00% Other qualifying conditions for independence are as follows: (1)、(2)、(3)、(4)、(5)、(6)、(7)、(8)、(9)、(10)、(11)、(12)	0
Chang Ming Huang	Mr. Chang Ming Huang is a Taiwanese. He graduated from the National Taichung University of Science and Technology with a bachelor's degree in accounting and from the National Chung-Cheng University with a master's degree in law. He worked as a lecturer at the Zhongshan School of Medicine at Sun Yat-sen University. He is also an instructor or holds a higher position in the Department of Commerce and Law. He is currently an accountant at the Rich CPA Firm.	As of April 30, 2025, the number and proportion of the company's shares held by myself, spouse, relatives within the second degree (or in the name of others): 0 shares and 0.00% Other qualifying conditions for independence are as follows: (1)、(2)、(3)、(4)、(5)、(6)、(7)、(8)、(9)、(10)、(11)、(12)	1
Chou Chih Yuan	Mr. Chou Chih Yuan is a Taiwanese. He earned a bachelor's degree in accounting from Chang Jung Christian University. He held positions as a manager at Nexia Trans-Asia Associates, section head at Crowe Global, and deputy manager at Deloitte & Touche. He is currently the founder of J & C Certified Public Accountants.	As of April 30, 2025, the number and proportion of the company's shares held by myself, spouse, relatives within the second degree (or in the name of others): 0 shares and 0.00% Other qualifying conditions for independence are as follows: (1)、(2)、(3)、(4)、(5)、(6)、(7)、(8)、(9)、(10)、(11)、(12)	1

Huang Chi Jui	Mr. Huang Chi Jui is a Taiwanese. He earned a bachelor's degree in accounting from Tamkang University. He previously held positions as a deputy manager at KPMG, Lite-On Technology Corporation, and R & K Consultants Limited. He is a Favorable Business Partner CPAs currently.	As of April 30, 2025, the number and proportion of the company's shares held by myself, spouse, relatives within the second degree (or in the name of others): 0 shares and 0.00% Other qualifying conditions for independence are as follows: (1)、(2)、(3)、(4)、(5)、(6)、(7)、(8)、(9)、(10)、(11)、(12)	0
Tay Puay Chuan	Independent Director Mr. Tay Puay Chuan is a Malaysian and graduated from the University of London with a Bachelor of Laws (Honours) degree. He has served as Inspector of Bukit Oman Royal, Factory Manager of Fajar Sawmill Sdn. Bhd., Factory Manager of Syarikat Teong Sheng Sdn. Bhd., Fadzilah Ong Chee Seong & Associates Lawyer, Member of Parliament of Malaysia, Independent Director of Guan Chong Berhad Sdn. Bhd., Director of Star Foundation , Independent Director of Sern Kou Resources Sdn. Bhd. and Independent Director of Homeritz Corporation Sdn. Bhd. He is an in-service lawyer and the founder of Tay Puay Chuan & Co. Law Firm, which he founded in May 2013.	As of April 30, 2025, the number and proportion of the company's shares held by myself, spouse, relatives within the second degree (or in the name of others): 0 shares and 0.00% Other qualifying conditions for independence are as follows: (1)、(2)、(3)、(4)、(5)、(6)、(7)、(8)、(9)、(10)、(11)、(12)	0

Note 1: Professional qualifications and experience: State the professional qualifications and experience of the individual. directors and supervisors. If they are members of the audit committee and have accounting or financial expertise, They should state their accounting or financial background and work experience.

Note 2: All directors and supervisors met the following criteria during the two years prior to their election and throughout their term of service:

1. Not an employee of the company or any of its affiliated enterprises.
2. Not a director or supervisor of the company or any of its affiliated enterprises (except for independent directors who concurrently serve as independent directors of the company and its parent, subsidiary, or subsidiaries under the same parent company, as established under the Company Act or the laws of the respective jurisdiction).
3. Neither the individual, their spouse, nor their minor children, nor anyone holding shares on their behalf, holds 1% or more of the total issued shares of the company or ranks among the top ten shareholders.
4. Not a managerial officer as mentioned in (1), nor the spouse, a relative within the second degree of kinship, or a direct blood relative within the third degree of kinship of individuals listed in (2) or (3).
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total issued shares of the company, ranks among the top five shareholders, or appoints its representative as a director or supervisor of the company pursuant to Article 27, Paragraph 1 or 2 of the Company Act (except for independent directors who concurrently serve in such positions at the company and its parent, subsidiary, or subsidiaries under the same parent company as permitted by law).
6. Not a director, supervisor, or employee of another company where more than half of the seats on the board of directors or more than half of the voting shares are controlled by the same person as the company (except for independent directors who concurrently serve at such companies within the group under applicable laws).
7. Not a director (or trustee), supervisor, or employee of another company or organization where the same person or their spouse holds the position of chairman, general manager, or equivalent role in the company (except for lawful concurrent appointments as independent directors within the group).
8. Not a director (or trustee), supervisor, manager, or shareholder holding more than 5% of a specific company or institution having financial or business dealings with the company (except where such company or institution holds 20% or more, but less than 50%, of the company’s issued shares, and concurrent service as independent directors within the group is in accordance with relevant laws).
9. Not a professional (including sole proprietor, partner, company, or institution) who provides commercial, legal, financial, accounting, or other related services to the company or its affiliates and has received cumulative remuneration exceeding NT$500,000 within the past two years; nor are they a partner, director (or trustee), supervisor, manager, or spouse of such professional. However, this does not apply to members of remuneration committees, tender offer review committees, or special M&A committees serving in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.
10. Not related to any other director by marriage or within the second degree of kinship.
11. Not subject to any of the circumstances listed under Article 30 of the Company Act.
12. Not elected as a government, legal entity, or representative thereof in accordance with Article 27 of the Company Act.

(E) Board members implement diversity

(1) Board Diversity Policy

The overall composition of the board of directors shall be taken into consideration in the selection of the company's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

1. Basic requirements and values: gender, age, nationality, and culture.
2. Professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience. Members of the board of directors should generally possess the knowledge, skills, and character necessary to perform their duties. As a whole, the board should possess the following competencies:

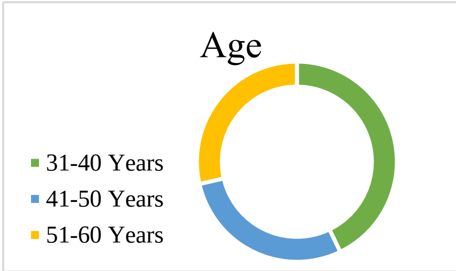
1. The ability to make judgments about operations.	2. Accounting and financial analysis ability.	3. Business management ability.	4. Crisis management ability.
5. Knowledge of the industry.	6. An international market perspective.	7. Leadership ability.	8. Decision-making ability.

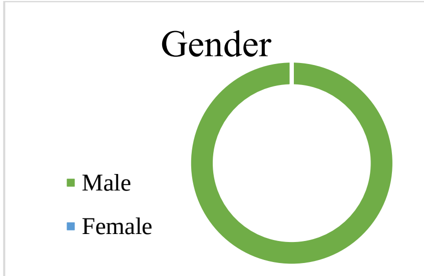
(2) Implementation of Board Diversity Policy

The current directors of the company are composed of 7 directors, three of whose nationality is Malaysia and four of whose nationality is the Republic of China. Directors have rich accounting, finance, and other expertise in the relevant industry. Directors understand this company and its industry, so they can supervise the operation of the company, with directors exerting different expertise in various fields.

Core Competences: (A) The ability to make judgments about operations; (B) Accounting and financial analysis ability; (C) Business management ability; (D) Crisis management ability; (E) Knowledge of the industry; (F) An international market perspective; (G) Leadership ability; (H) Decision-making ability.

Title	Name	Nationality	Gender	Age			Core competense							
				31~40	41~50	51~60	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Director	Eng Synergy Management Sdn. Bhd. Legal representative: Eng Kai Pin	Malaysia	M	✓	-	-	✓	✓	✓	✓	✓	✓	✓	✓
Director	Surging Success Sdn. Bhd. Legal representative: Eng Kai Jie	Malaysia	M	✓	-	-	✓	✓	✓	✓	✓	✓	✓	✓
Director	Liao Wei Chuan	R.O.C	M	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓
Director	Chang Ming Huang	R.O.C	M	-	✓	-	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	Chou Chih Yuan	R.O.C	M	-	✓	-	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	Huang Chi Jui	R.O.C	M	✓	-	-	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	Tay Puay Chuan	Malaysia	M	-	-	✓	✓	-	✓	✓	✓	✓	✓	✓





(3) The specific management objectives of the diversity of the board of directors and their achievement are as follows：

Management Perspective	Achievement
The number of directors who also serve as company managers shall not exceed one-third of the number of directors	achieved
Professional knowledge and skills	achieved
The number of independent directors exceeds one third of the number of directors	achieved
Board members include at least one female director	unacommpolished

*Note: Reasons for Not Achieving Gender Diversity on the Board and Corresponding Measures
According to the regulations of the Financial Supervisory Commission, starting from 2024, listed companies must appoint at least one director of a different gender when the board of directors is re-elected upon the expiration of their term. As for the current composition of the company's board of directors, there are no female directors, which does not comply with the aforementioned regulation.
The current term of the Board of Directors runs from June 2022 to June 2025. During the nomination and selection process for this term, it was taken into consideration that the Company operates in the traditional furniture manufacturing industry in Malaysia, which has long been male-dominated. As such, there is a relatively limited pool of female candidates with the necessary industry expertise, practical experience, and qualifications required for the role of director, resulting in the absence of female board members.
Nevertheless, the Company fully recognizes the importance of gender balance in enhancing the quality of board decision-making and promoting sustainable corporate development. Moving forward, the Company will continue to strengthen the diversity of the Board's composition and has already included gender diversity as one of the key considerations in the director nomination process. It is expected that during the 2025 board re-election, the Company will appoint at least one female director with professional competence and industry experience, and will gradually work towards the goal of having at least one-third of board seats held by women, thereby demonstrating the Company’s commitment to gender balance and sound corporate governance..

(F) Independence of the Board of Directors:

The company has appointed three independent directors, accounting for 43% of all directors. The company has gotten the declaration that it complies with the eligibility requirements stipulated in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" from all independent directors and meets the independence requireents. The independent directors of the company and their spouses, minor children, and nominees under a nominee arrangement do not hold shares of the company. The two directors of the company, Eng Kai Pin and Eng Kai Jie, have a second-degree kinship relationship. There are no cases of marital or within-second-degree kinship relationships among the other directors, supervisors, or between directors and supervisors.

After reviewing the filing documents of insider shareholding and the above declaration, neither the directors nor the independent directors of the company meet any of the conditions stipulated in Article 26-3, Item 3, and Item 4 of the Securities and Exchange Act.

2.1.2 President, Vice President of the Company and its affiliates

30 April 2025; Unit: Thousand Shares；%

Title	Name	Gender	Nationality	Date Elected	Shareholding		Spouse and Minor Shareholdings		Shareholding by Nominee Arrangement		Education and Experience	Current Positions at Other Companies	Spouse or Relative Within Two Degrees of Consanguinity Serving as a Manager or Director			Status of Manager obtains employee stock options
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
CEO	Eng Kai Jie	Male	Malaysia	2022.7.8	73.5	0.21	-	-	-	-	Inti UniversityMalaysia, Business Management Course Refresher; Techcential Sdn. Bhd. Quality Control and Production Specialist; TC, Deputy Human Resources and Administration; TC, Purchasing and warehouse management manager; Techcential Sdn. Bhd, CEO	Techcential Sdn. Bhd, Director Idealtage Development Sdn. Bhd, Director Thinker Craft Sdn Bhd., Director TC Home Corporation, Director ESK Wood Products Sdn. Bhd, Director EHL Cabinetry Sdn Bhd, Director	Chairman CEO of TC	Eng Kai Pin Eng Kai Jian	Brother Brother	–
CFO and corporate gorvernance manager	Tan Kok Bee	Male	Malaysia	2016.12.5 (CFO) 2023.05.11 (corporate gorvernance manager)	-	-	-	-	-	-	UK LCCI Accounting Advanced Diploma Malaysia MIA registered accountant Leong Hup Holdings Bhd., Account Manager UDS Capital Bhd., Account Manager Mamee Double-decker (Malaysia) Bhd., Account Manager Techcential Sdn. Bhd., Finance Manager	-	-	–	–	–
COO	Poa Keng Ling	Female	Malaysia	2001.6.11	28	0.08	-	-	-	-	Universiti Utara Malaysia, Bachelor of Economic LH Kiln Dry & Moulding Sdn.Bhd., PA of CEO Techcential Sdn.Bhd., Executive of Costing & Purchasing TC, Manager of Costing & Purchasing	-	–	–	–	–
HR & Admin Manager	Tan Leng Im	Female	Malaysia	2001.6.11	-	-	-	-	-	-	UK London Chamber of Commerce and Industry Accounting Junior Certificate LH Kiln Dry & Moulding Sdn.Bhd., Account Executive Techcential Sdn.Bhd., Account Executive; HR & Admin Executive	-	–	–	–	–
TC Marketing Manager	Chong Yu Chau	Male	Malaysia	2019.10.01	-	-	-	-	-	-	Zhejiang University (ZJU), Bachelor of Economics in International Economics and Trade Fountain Set (Holdings) Limited, Marketing executive Sin Wee Seng Industries Sdn. Bhd, Assistant Manager	-	–	–	–	–
IA Manager	Linc Yee	Female	Malaysia	2018.05.15	-	-	-	-	-	-	Kaohsiung Medical University, Degree of Pyschology Techcential International Ltd, IA Manager	-	–	–	–	–

Title	Name	Gender	Nationality	Date Elected	Shareholding		Spouse and Minor Shareholdings		Shareholding by Nominee Arrangement		Education and Experience	Current Positions at Other Companies	Spouse or Relative Within Two Degrees of Consanguinity Serving as a Manager or Director			Status of Manager obtains employee stock options
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
CEO of TC	Eng Kai Jian	Male	Malaysia	2019.05.10	-	-	-	-	-	-	University of Nebraska – Lincoln, Degree in Marketing Techcential Sdn Bhd, Marketing Manager	Thinker Craft Sdn Bhd., Director	Chairman CEO	Eng Kai Pin Eng Kai Jie	Brother Brother	

2.1.3 If the chairman and the general manager or the person with equivalent position (the top manager) are the same person, each other's spouse or relatives, the reasons, rationality, necessity and corresponding measures should be explained and its affiliates: None.

2.2 Remuneration of Directors (including the Independent Directors), supervisors, presidents, vice presidents and affiliates

(A) Remuneration of Directors (including the Independent Directors)

31 December 2024 Unit: NTD Thousand

Title	Name	Remuneration								Total Remuneration (A+B+C+D) as a % of Net Income		Relevant remuneration received by Directors who are also employees								Total Compensation (A+B+C+D+E+F+G) as A % of Net Income		Compensation Paid to Directors from Nonconsolidated Affiliates
		Base Compensation (A)		Severance Pay and Pension (B)		Directors' Remuneration (C) (Note 1)		Allowances (D)				Compensation, Bonuses, and Allowances (E)		Severance Pay and Pension (F)		Employees' Bonuses (G)						
																The Company		Companies in the Consolidated Financial Report				
		The Company	Companies in the Consolidated Financial Report	The Company	Companies in the Consolidated Financial Report	The Company	Companies in the Consolidated Financial Report	The Company	Companies in the Consolidated Financial Report	The Company	Companies in the Consolidated Financial Report	The Company	Companies in the Consolidated Financial Report	The Company	Companies in the Consolidated Financial Report	Cash	Stock (Fair Market Value)	Cash	Stock (Fair Market Value)	The Company	Companies in the Consolidated Financial Report	
Director	Eng Synergy Management Sdn. Bhd. Representative: Eng Kai Pin	–	–	–	–	–	–	–	–	–	–	–	2,643	-	-	-	-	-	-	–	2,643 (-5.46%)	–
Director	Surging Success Sdn. Bhd. Representative: Eng Kai Jie	–	–	–	–	–	–	–	–	–	–	–	2,591	-	-	-	-	-	-	–	2,591 (-5.35%)	–
Director	Liao Wei Chuan	390	390	–	–	–	–	3	3	393 (-0.81%)	393 (-0.81%)	–	–	-	-	-	-	-	-	393 (-0.81%)	393 (-0.81%)	–
Director	Chang Ming-Huang	270	270	–	–	–	–	18	18	288 (-0.60%)	288 (-0.60%)	–	–	-	-	-	-	-	-	288 (-0.60%)	288 (-0.60%)	–
Independent Director	Chou Chih Yuan	390	390	–	–	–	–	15	15	405 (-0.84%)	405 (-0.84%)	–	–	-	-	-	-	-	-	405 (-0.84%)	405 (-0.84%)	–
Independent Director	Huang Chi Jui	390	390	–	–	–	–	15	15	405 (-0.84%)	405 (-0.84%)	–	–	-	-	-	-	-	-	405 (-0.84%)	405 (-0.84%)	–

Independent Director	Tay Puay Chuan	380	380	–	–	–	–	9	9	389 (-0.80%)	389 (-0.80%)	–	–	-	-	-	-	-	-	389 (-0.80%)	389 (-0.80%)	-

Remuneration Table

Remuneration Paid to Directors	Name of Directors			
	Total Compensation (A+B+C+D)		Total Compensation (A+B+C+D+E+F+G)	
	The Company	Companies in the consolidated financial report	The Company	Companies in the consolidated financial report
Under NT$ 1,000,000	Tay Puay Chuan, Chou Chih Yuan, Huang Chi Jui, Liao Wei Chuan, Chang Ming Huang	–	Tay Puay Chuan, Chou Chih Yuan, Huang Chi Jui, Liao Wei Chuan, Chang Ming Huang	–
NT$1,000,000(includes)～NT$2,000,000 (not included)	–	–	–	–
NT$2,000,000(includes)～NT$3,500,000 (not included)	–	Eng Kai Pin, Eng Kai Jie	–	Eng Kai Pin, Eng Kai Jie
NT$3,500,000(includes)～NT$5,000,000 (not included)	–	–	–	–
NT$5,000,000(includes)～NT$10,000,000(not included)	–	–	–	–
NT$10,000,000(includes)～NT$15,000,000(not included)	–	–	–	–
NT$15,000,000(includes)～NT$30,000,000(not included)	–	–	–	–
NT$30,000,000(includes)～NT$50,000,000(not included)	–	–	–	–
NT$50,000,000(includes)～NT$100,000,000(not included)	–	–	–	–
Over NT$ 100,000,000	–	–	–	–
Total	5	2	5	2

(B) Compensation to Supervisors: The company has set up an Audit Committee, so supervisor is not applicable.

(C) Remuneration of President and Vice Presidents

31 December 2024, Unit: NTD Thousand

Title	Name	Salary (A)		Severance Pay and Pension (B)		Bonus and Allowances (C)		Employees' Bonus (D)				Total Compensation (A+B+C+D) as a % of Net Income		Compensation Paid to President and Vice Presidents From Non-consolidated Affiliates
		The Company	Companies in the Consolidated financial report	The Company	Companies in the Consolidated financial report	The Company	Companies in the Consolidated financial report	The Company		Companies in the Consolidated financial report		The Company	Companies in the Consolidated financial report	
								Cash	Stock (Fair Market Value)	Cash	Stock (Fair Market Value)			
CEO	Eng Kai Jie	–	2,522	–	–	–	69	–	–	–	–	–	2,591 (-5.35%)	–
CEO of TC	Eng Kai Jian	–	2,473	–	–	–	65	–	–	–	–	–	2,538	–

													(-5.24%)	
COO of TC	Poa Keng Ling	–	1,590	–	–	–	91	–	–	–	–	–	1,681 (-3.47%)	–
CFO	Tan Kok Bee	–	1,390	–	–	–	81	–	–	–	–	–	1,471 (-3.04%)	–
TC Marketing Manager	Chong Yu Chau	–	1,292	–	–	–	66	–	–	–	–	–	1,358 (-2.81%)	–

Remuneration Table

Remuneration Paid to the President and Vice President	Name of President and Vice President	
	The Company	Companies in the consolidated financial report
Under NT$ 1,000,000	–	–
NT$1,000,000(includes)～NT$2,000,000 (not included)	–	Poa Keng Ling, Tan Kok Bee, Chong Yu Chau
NT$2,000,000(includes)～NT$3,500,000 (not included)	–	Eng Kai Jie, Eng Kai Jian
NT$3,500,000(includes)～NT$5,000,000 (not included)	–	–
NT$5,000,000(includes)～NT$10,000,000(not included)	–	–
NT$10,000,000(includes)～NT$15,000,000(not included)	–	–
NT$15,000,000(includes)～NT$30,000,000(not included)	–	–
NT$30,000,000(includes)～NT$50,000,000(not included)	–	–
NT$50,000,000(includes)～NT$100,000,000(not included)	–	–
Over NT$ 100,000,000	–	–
Total	–	5

(D) Remuneration of the top five top executives

31 December 2024, Unit: NTD Thousand

Title	Name	Salary (A)		Severance Pay and Pension (B)		Bonus and Allowances (C)		Employees' Bonus (D)				Total Compensation (A+B+C+D) as a % of Net Income		Compensation Paid to President and VP From Non-consolidated Affiliates
		The Company	Companies in the Consolidated financial report	The Company	Companies in the Consolidated financial report	The Company	Companies in the Consolidated financial report	The Company		Companies in the Consolidated financial report		The Company	Companies in the Consolidated financial report	
								Cash	Stock (Fair Market Value)	Cash	Stock (Fair Market Value)			
CEO	Eng Kai Jie	–	2,522	–	–	–	69	–	–	–	–	–	2,591 (-5.35%)	–
CEO of TC	Eng Kai Jian	–	2,473	–	–	–	65	–	–	–	–	–	2,538 (-5.24%)	–
COO of TC	Poa Keng Ling	–	1,590	–	–	–	91	–	–	–	–	–	1,681 (-3.47%)	–
CFO	Tan Kok Bee	–	1,390	–	–	–	81	–	–	–	–	–	1,471 (-3.04%)	–

TC Marketing Manager	Chong Yu Chau	–	1,292	–	–	–	66	–	–	–	–	–	1,358 (-2.81%)	–

Names of executives distributing employees’ bonuses:

Unit: NTD Thousand ; %

	Title	Name	In Stock (Fair Market Value)	In Cash	Total	% of net income after tax
Manager	CEO	Eng Kai Jie	-	-	-	-
	CEO of TC	Eng Kai Jian				
	COO of TC	Poa Keng Ling				
	CFO	Tan Kok Bee				
	TC Marketing Manager	Chong Yu Chau				

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

(1) The analysis on the proportion of total remuneration to net income after tax paid to the Company’s Directors, President, and Vice Presidents by the Company and its affiliates:

Unit: NTD Thousand

	Year 2023		Year 2024	
	Amount	%	Amount	%
Remuneration of Directors, President and Vice Presidents	6,401	-26.92	6,401	-26.92
The Company’s Consolidated Net Income	8,664	-36.44	8,664	-36.44

(2) The policy, standards, and structure of compensation, the procedure for determining compensation, and its relationship with business performance and future risks:

The Company has established a Compensation Committee responsible for formulating and regularly reviewing the performance evaluation and compensation policies for directors and managerial officers. According to Article 14.4 of the Company's Articles of Incorporation, if the Company generates profit in a given fiscal year, no less than three percent (3%) of the profit shall be allocated as employee compensation, and no more than five percent (5%) of the profit may be allocated as directors’ compensation. However, if the Company has accumulated losses, the amount required to offset such losses shall be reserved in advance. The term "employee compensation" as referred to in Article 14.4 shall be distributed in the form of shares or cash, and may include employees of subsidiaries who meet certain criteria, as determined by the Company’s Board of Directors.

In accordance with Article 7 of the “Compensation Committee Charter,” the Company shall regularly assess the performance of its directors, supervisors, and managerial officers in achieving their performance targets. Based on the results of these performance evaluations and with reference to industry compensation standards, the Committee shall determine the remuneration for directors and managerial officers. After review and approval by the Compensation Committee, the proposed remuneration shall be submitted to the Board of Directors for discussion in accordance with applicable laws.

At the end of each fiscal year, the Board Secretariat evaluates the effectiveness of the Board of Directors and its members based on the “Board Performance Evaluation Form” and the “Board Member Evaluation Form.” If the average total score exceeds 80 points, director compensation will be allocated in accordance with the Company's Articles of Incorporation. The “Board Member Evaluation Form” also serves as a reference for the Compensation Committee in assessing individual remuneration. Director compensation is further adjusted with flexibility, taking into consideration the prevailing economic conditions, future economic outlook, and risk levels, in order to enhance the effectiveness of performance incentives.

As managerial officers are responsible for the execution of the Company's management and operations, their compensation—comprising salary, bonuses, and employee profit-sharing—is determined based on the results of the “Managerial Performance Evaluation Form,” which consolidates departmental KPI indicators. The evaluation also takes into account each manager’s years of service, experience, operational performance, and level of contribution. Industry benchmarks and future risk assessments are also considered in the determination of compensation. In addition, the Company provides long-term incentive compensation to managers in the form of restricted employee stock. The actual value of this incentive is tied to future stock performance, aligning the interests of managers with the Company’s long-term operational risks and outcomes.

2.3 The state of operations of the Board of Directors, the Audit Committee and the Remuneration Committee:

2.3.1 The state of operations of the Board of Directors:

The Board of Directors held a total of 5 meetings from the fiscal year 2024 to the printing date of this Annual Report. The attendance of Directors is as below.

Title	Name	Number of Actual Attendance	Number of Delegate Attendance	Rate of Actual Attendance (%)	Note
Chairman	Eng Synergy Management Sdn. Bhd. Representative: Eng Kai Pin	5	0	100%	2016.11.20 Elected 2019.06.27 Re-elected 2022.06.29 Re-elected
Director	Surging Success Sdn. Bhd. Representative：Eng Kai Jie	5	0	100%	2022.06.29 New
Director	Liao Wei Chuan	5	0	100%	2016.12.05 Elected as Independent Director 2019.06.27 Re-elected as Independent Director 2022.06.29 Elected as Director
Director	Chang Ming Huang	5	0	100%	2018.06.29 Elected 2019.06.27 Re-elected 2022.06.29 Re-elected
Independent Director	Chou Chih Yuan	5	0	100%	2022.06.29 New
Independent Director	Huang Chi Jui	5	0	100%	2022.06.29 New
Independent Director	Tay Puay Chuan	5	0	100%	2016.12.05 Elected 2019.06.27 Re-elected 2022.06.29 Re-elected

Other matters that require reporting:

A. If the Board of Directors operates under any of the following circumstances, it should detail the date, period, agenda, opinions of all independent directors, and how the company handled the independent directors' opinions:

(i) Matters listed under Article 14-3 of the Securities and Exchange Act: detailed in the table below.

(ii) Other board decisions opposed or reserved by independent directors, with records or written statements: Not Applicable.

The Date of Board of Director's meeting	The Important Resolutions (Securities and Exchange Act- Acticle 14, paragraph 3)		The opinions of independent directors
2024/03/15	1	Distribution of 2023 Employee and Director remuneration.	No opinion
	2	2023 Consolidated Financial Statements and Annual Report.	No opinion
	3	The appropriation of profit or loss for the year 2023.	No opinion
	4	The 2023 Statements of Internal Control System.	No opinion
	5	Adopt the assessment of the Independence and the 2024 annual remuneration of CPA.	No opinion
	6	Amend the Company M&A.	No opinion
	7	Amend "Procedures for Election of Director".	No opinion
	8	Adopt 2024 Annual Shareholders'meeting.	No opinion
	The company's handling of independent directors' opinions：Not applicable.		
	Resolution result: All the present directors and independent directors passed without objection.		
2024/05/13	1	Adopt 2024 Q1 Consolidated Financial Statements.	No opinion
	2	Adopt 2024 Annual Shareholders' meeting（newly add a reporting matters）.	No opinion
	The company's handling of independent directors' opinions：Not applicable.		
	Resolution result: All the present directors and independent directors passed without objection.		
2024/08/23	1	2024 First-Half Consolidated Financial Statements.	No opinion
	2	The company will not distribute 2024 First-Half Annual Earnings.	No opinion
	3	The 2023 proposal of issuance of Restricted Stock Awards.	No opinion
	4	The Record Date of the issuance of 2023 Restricted Stock Awards.	No opinion
	5	Amend the Management Procedures for Asset Acquisition and Disposition.	No opinion
	6	Amend "Rules and Procedures of Board Meetings".	No opinion
	The company's handling of independent directors' opinions：Not applicable.		
	Resolution result: All the present directors and independent directors passed without objection.		
2024/11/11	1	2024 Q3 Consolidated Financial Statements.	No opinion
	2	Company Business Plan and Budget for 2025.	No opinion
	3	Audit Plan for 2025.	No opinion
	4	Amend "Code of Corporate Governance Practices", "Rules and Procedures of Board Meetings" and "Audit Committee Charter".	No opinion

	5	Amend "Insider Reporting Management Procedures", "Internal Control System" , "Procedures for Handling Material Inside Information","Rules Governing the Scope of Powers of Independent Director","Management Operation Procedures to Stock Affairs","Remuneration Committee Charter","Rules Governing Financial and Business matters","Management Operation Procedures to Prevent Insider Trading" and "Operation Procedures for Group, Associate and Related Party".	No opinion
	6	Amend "Management of Performance Appraisal of Directors and Managers".	No opinion
	7	Amend "Procedures for Ethical Management and Guidelines for Conduct"and "Implementation of Internal Audit System Details".	No opinion
	8	Adopt the Code of Practice for Sustainable Information Management.	No opinion
	9	Performance assessments of Directors and managerial officers for the year 2024.	No opinion
	The company's handling of independent directors' opinions：Not applicable.		
	Resolution result: All the present directors and independent directors passed without objection.		
2025/03/14	1	The Distribution of 2024 Employee and Director remuneration.	No opinion
	2	2024 Consolidated Financial Statements and Annual Report.	No opinion
	3	The appropriation of profit or loss .	No opinion
	4	The 2024 Statements of Internal Control System.	No opinion
	5	The change of CPA.	No opinion
	6	The assessment of the Independence and the 2025 annual remuneration of CPA.	No opinion
	7	Increase Paid-Up Capital of the subsidiary Thinker Craft Sdn Bhd.	No opinion
	8	Re-election of Directors (including independent directors).	No opinion
	9	List of nominated candidates (by Board).	No opinion
	10	Proposal to Lift Non-Compete Restrictions for Newly Appointed Directors of the Company.	No opinion
	11	Shareholders' proposals and candidates' nomination for Director Lists.	No opinion
	12	The proposal of "Performance assessments and remuneration adjustment of Managerial officers" for the year 2025.	No opinion
	13	2025 Annual Shareholders'meeting.	No opinion
	The company's handling of independent directors' opinions：Not applicable.		
	Resolution result: All the present directors and independent directors passed without objection.		

B. In addition to the previous items, the independent director has a dissenting opinion or qualified opinion:

Date	Name of Director	Content	Reason	Results
2024/03/15	Liao Wei Chuan Chang Ming Huang Chou Chih Yuan Huang Chi Jui Tay Puay Chuan	The Distribution of 2023 Employee and Director remuneration.	Due to personal interest	Except for the aforementioned directors who recused themselves due to conflicts of interest, the proposal was approved as submitted with no objections from the directors present, as confirmed by the Chair.
2024/11/11	Eng Kai Pin Eng Kai Jie	Performance assessments and salary adjustment of Directors and managerial officers" for the year 2024.	Due to personal interest	Except for the aforementioned directors who recused themselves due to conflicts of interest, the proposal was approved as submitted with no objections from the directors present, as confirmed by the Chair.
2025/03/14	Liao Wei Chuan Chang Ming Huang Chou Chih Yuan Huang Chi Jui Tay Puay Chuan	The Distribution of 2024 Employee and Director remuneration.	Due to personal interest	Except for the aforesaid directors, the chairman consulted the remaining attending directors and passed the case without objection.

C. Disclose of how the board performance evaluation has been conducted each year, with a description of the evaluation method provided:

(i) In order to assist the board of directors in understanding its operational effectiveness and functioning, strengthening directors' remuneration and performance, and coordinating with the requirements of the competent authority, the company expects to conduct board evaluations starting in 2020. The board evaluation for 2024 is as below:

Evaluation cycle (Note 1)	Evaluation period (Note 2)	Evaluation scope (Note 3)	Evaluation method (Note 4)	Evaluation content (Note 5)
Once a year	01/01/2024 ~ 31/12/2024	Board of Directors Board Members Functional Committee.	Internal self-evaluation by the board The self-evaluation by directors	Board of Directors & Functional Committee Performance Evaluation

Note: (1) To fill in the execution cycle of the board evaluation. For example: once a year.
(2) To fill in the period covered by the board of directors' appraisal. The evaluation for the board of directors' performance from January 1 to December 31, 2024.
(3) The evaluation scope includes performance assessments and rewards evaluation of Directors and Functional Committee.
(4) The evaluation methods include performance evaluation through internal self-evaluation by the board of directors and the self-evaluation by directors
(5) The assessment content shall include at least the following items according to the assessment scope:

Evaluation Item	Evaluation scope			
	Board of Directors	Member of the board of directors	Self-evaluation by directors	Functional Committee
A	Participation in company operations.	Compliance with relevant laws and regulations.	Mastery of company goals and tasks	Participation in company operations.
B	Improve the quality of board decisions.	Participation in company operations.	Directors' responsibilities	Functional committee responsibility awareness.

C	Board of directors composition and structure.	-	Participation in company operations.	Improve the decision-making quality of functional committees.
D	Director selection and training.	-	Internal relationship management and communication.	Functional committee composition and member selection.
E	Internal Control	-	Professional and training for directors.	Internal Control
F	-	-	Internal Control	-

D. Objectives of how to strengthen the powers of the board of directors, and the summary:

1. The company has established the " Procedures of the Board of Directors " as guidelines for the operation of board meetings.
2. The company has 3 independent directors, and the Audit Committee is formed by all the independent directors, with the chairperson being Accountant Mr. Chou Chih Yuan. The committee exercises its powers in accordance with the Securities and Exchange Act, the Company Act, and other relevant regulations.
3. The company’s Board of Directors resolved on December 5, 2016, to establish a Remuneration Committee, which is formed by the 3 independent directors, with Lawyer Mr Tay Puay Chuan serving as the convener. The committee is responsible for assisting the Board of Directors in regularly evaluating and determining the compensation for directors and executives, as well as regularly reviewing the policies, systems, and structure for the performance evaluation and compensation of directors and executives.
4. On August 12, 2020, the company's Board of Directors approved the "Management and Performance Appraisal of Directors and Managers," and regular performance evaluations have been conducted starting from 2020. These evaluations include internal performance assessments of functional committees, namely the Audit Committee and the Remuneration Committee.
5. Enhancing Information Transparency: To implement corporate governance, the company fully discloses various relevant information on the Market Observation Post System, the company website, and in its annual reports, aiming to enhance information transparency.
6. The company purchases director's liability insurance for directors every year.
7. Cooperate with the revision of laws and regulations and the actual needs of the company to revise relevant measures.

2.3.2 The state of operations of the Audit Committee

The Audit Committee has held 5 meetings from this fiscal year 2024 to the printing date of this Annual Report. The attendance of Independent Directors is as below:

Title	Name	Number of Actual Attendance	Number of Delegate Attendance	Rate of Actual Attendance (%)	Note
Independent Director	Chou Chih Yuan	5	1	100%	2022.06.29 New
Independent Director	Huang Chi Jui	6	0	100%	2022.06.29 New
Independent Director	Tay Puay Chuan	6	0	100%	2022.06.29 Re- elected

The company's audit committee is composed of 3 independent directors. The purpose of the audit committee is to assist the board of directors in supervising the company's quality and integrity in the implementation of accounting, auditing, financial reporting processes, and financial control. The professional qualification requirements and work experience of the members are as follows:

Name	Professional Qualification Requirements and Work Experience
Chou Chih Yuan	Mr. Chou Chih Yuan is a Taiwanese. He earned a bachelor's degree in accounting from Chang Jung Christian University. He held positions as a manager at Nexia Trans-Asia Associates, section head at Crowe Global, and deputy manager at Deloitte & Touche. He is currently the founder of J & C Certified Public Accountants.
Huang Chi Jui	Mr. Huang Chi Jui is a Taiwanese. He earned a bachelor's degree in accounting from Tamkang University. He previously held positions as a deputy manager at KPMG, Lite-On Technology Corporation, and R & K Consultants Limited. He is a favorite business partner CPA currently.
Tay Puay Chuan	Independent Director Mr. Tay Puay Chuan is a Malaysian and graduated from the University of London with a Bachelor of Laws (Honours) degree. He has served as Inspector of Bukit Oman Royal, Factory Manager of Fajar Sawmill Sdn. Bhd., Factory Manager of Syarikat Teong Sheng Sdn. Bhd., Fadzilah Ong Chee Seong & Associates Lawyer, Member of Parliament of Malaysia, Independent Director of Guan Chong Berhad Sdn. Bhd., and Director of Star Foundation, Independent Director of Sern Kou Resources Sdn. Bhd., Independent Director of Homeritz Corporation Sdn. Bhd. He is an in-service lawyer and the founder of Tay Puay Chuan & Co. Law Firm, which he founded in May 2013.

Other matters that require reporting:

1. When the below matters have occurred, the date, series, motion content, opinions from independent directors,

and the company's handling of such opinions shall be noted in the minutes of the Board of Directors meeting:

a. Matters listed under Article 14-5 of the Securities and Exchange Act: detailed in the table below.

b. Other resolutions not approved by the Audit Committee but approved by more than two-thirds of all directors: None.

The Date of Audit Committee meeting	The Important Resolutions (Securities and Exchange Act- Acticle 14 , paragraph 5)		The opinions of independent directors
2024/03/15	1	2023 Consolidated Financial Statements and Annual Report.	No Opinion
	2	The appropriation of profit or loss for the year 2023.	No Opinion
	3	The 2023 Statements of Internal Control System.	No Opinion
	4	The assessment of the Independence and the 2024 annual remuneration of CPA.	No Opinion
	5	Amend the Company M&A.	No Opinion
	6	Amend "Procedures for Election of Director".	No Opinion
	The company's handling of independent directors' opinions: Not applicable.		
	Resolution result: All the present directors and independent directors passed without objection.		
2024/05/13	1	Adopt 2024 Q1 Consolidated Financial Statements.	No Opinion
	The company's handling of independent directors' opinions: Not applicable.		
	Resolution result: All the present directors and independent directors passed without objection.		
2024/08/23	1	2024 First-Half Consolidated Financial Statements.	No Opinion
	2	The company will not distribute 2024 First-Half Annual Earnings.	No Opinion
	3	The 2023 proposal of issuance of Restricted Stock Awards.	No Opinion
	4	Amend the Management Procedures for Asset Acquisition and Disposition.	No Opinion
	The company's handling of independent directors' opinions: Not applicable.		
	Resolution result: All the present directors and independent directors passed without objection.		
2024/11/11	1	2024 Q3 Consolidated Financial Statements.	No Opinion
	2	Company Business Plan and Budget for 2025.	No Opinion
	3	Audit Plan for 2025.	No Opinion
	4	Amend "Procedures for Ethical Management and Guidelines for Conduct"and "Implementation of Internal Audit System Details".	No Opinion
	5	The Code of Practice for Sustainable Information Management.	No Opinion
	The company's handling of independent directors' opinions: Not applicable.		
	Resolution result: All the present directors and independent directors passed without objection.		
2025/03/14	1	2024 Consolidated Financial Statements and Annual Report.	No Opinion
	2	The appropriation of profit or loss.	No Opinion
	3	The 2024 Statements of Internal Control System.	No Opinion
	4	The rotation CPA.	No Opinion
	5	The assessment of the Independence and the 2025 annual remuneration of CPA.	No Opinion
	6	Increase Paid-Up Capital of the subsidiary Thinker Craft Sdn Bhd.	No Opinion
	The company's handling of independent directors' opinions: Not applicable.		
	Resolution result: All the present directors and independent directors passed without objection.		

2. The implementation of independent directors' recusal from motions involving conflicts of interest should specify the independent director's name, the content of the motion, the reason for the conflict of interest, and their participation in voting: There were no such instances during the year.
3. Communication between the Audit Committee, internal audit director, and CPA:

- Before convening Board meetings, the company arranges pre-meeting sessions to facilitate communication and exchange of information between directors and the General Manager, CFO, and internal auditor regarding the company's financial and business status. Additionally, the internal auditor regularly (once per quarter) sends audit reports via email to the Audit Committee members, ensuring smooth communication with the independent directors.
- The Manager of Internal Audit regularly reports to the Audit Committee:
  1. Annual internal audit plan;
  2. Annual professional training plan for auditors;
  3. Regularly report the implementation of internal audit business to the Audit Committee.
- Accountants participate in the audit committee at least every year and report on the results of the annual audit.
- The communication between independent directors with the internal audit director in 2024:

Date	Communication Method	Important communication matters	Communication situation and results	The opinions of independent directors
15/03/2024	The 9th Meeting of the 3rd Term Audit Committee.	1. The 2023 IA Report. 2. The 2023 Statements of Internal Control System.	All members of the Audit Committee attended the communication.	Independent directors no opinion.
13/05/2025	The 10th Meeting of the 3rd Term Audit Committee.	1. The 2024 Jan-April IA Report.	All members of the Audit Committee attended the communication.	Independent directors no opinion.
23/08/2024	The 11th Meeting of the 3rd Term Audit Committee.	1. The 2024 Jan-July IA Report.	All members of the Audit Committee attended the communication.	Independent directors no opinion.
11/11/2024	The 12th Meeting of the 3rd Term Audit Committee.	1. The 2024 Jan-Oct IA Report. 2. The Audit Plan for 2025.	All members of the Audit Committee attended the communication.	Independent directors no opinion.

- The communication between independent directors with the CPA in 2024：

Date	Communication Method	Important communication matters	Communication situation and results	The opinions of independent directors
15/03/2024	Communication between Accountants and Corporate Governance department.	1.Update of Important accounting standards or interpretation letters, securities laws and tax laws. 2. Sustainability-related issues.	-	-
	The 9th Meeting of the 3rd Term Audit Committee.	1.2023 Consolidated Financial Statements and Annual Report. 2.Annual Earnings Distributions for the year 2023. 3.The assessment of the Independence and the 2024 annual remuneration of Certified Public Accountant.	All members of the Audit Committee attended the communication.	Independent directors no opinion.
13/05/2024	Communication between Accountants and Corporate Governance department.	Update of Important accounting standards or interpretation letters, securities laws and tax laws.	-	-
	The 10th Meeting of the 3rd Term Audit Committee.	1.2024 Q1 Consolidated Financial Statements	All members of the Audit Committee attended the communication.	Independent directors no opinion.
23/08/2024	Communication between Accountants and Corporate Governance department.	1. IFRS Sustainability Disclosure Standards Implementation Plan. 2. Update of Important accounting standards or interpretation letters, securities laws and tax laws.	-	-
	The 11th Meeting of the 3rd Term Audit Committee.	1.2024 Q2 Consolidated Financial Statements	All members of the Audit Committee attended the communication.	Independent directors no opinion.
	Communication between independent directors with the CPA.	-	-	-
11/11/2024	Communication between Accountants and Corporate Governance department.	1. Annual audit plan. 2.Update of Important accounting standards or interpretation letters, securities laws and tax laws.	-	-
	The 12th Meeting of the 3rd Term Audit Committee.	1.2024 Q3 Consolidated Financial Statements	All members of the Audit Committee attended the communication.	Independent directors no opinion.

4. Audit Committee annual major matters:
   - Regulatory Compliance.
   - Review the financial reports.
   - Offering or issuance of securities.
   - Appointment, dismissal of a CPA.
   - Regularly communicate with the CPA on the auditing of financial statements.
   - Material Loaning of Funds and Making of Endorsements and Guarantees.
   - Material asset or derivative transactions.
   - Appointment, dismissal of a financial, accounting, and internal audit officer
   - Evaluation of the effectiveness of the internal control system.
   - Regularly communicate the results of the audit report with the internal auditor based on the annual audit plan.

2.3.3 The status of the Company's implementation of corporate governance, any deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies", and the reasons for any deviations.

Items	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Description	
1. Does the Company established and disclosed its corporate governance principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	V		In accordance with the "Code of Practice for Corporate Governance," the Company has established a self-regulatory code and is committed to protecting shareholder rights, strengthening the functions of the Board and independent directors, respecting the rights and interests of stakeholders, and enhancing information transparency. To implement sound corporate governance, the Company has adopted various policies and procedures, including the "Rules of the Shareholders' Meeting", the "Director's Election Rules", the "Remuneration Committee Charter", the "Management Operation Procedures to Prevent Insider Trading", the "Internal Control System", the "Integrity Operation Procedures and Conduct Guidelines" and " Ethical Code of Conduct." The Company also fulfills its legal obligations by regularly disclosing both financial and non-financial information. The Board of Directors is responsible for guiding the Company's strategic direction and overseeing the execution by management.	No significant difference
2. Ownership structure and the rights and interests of shareholders				
i. Does the Company have Internal Operation procedures for handling shareholders' suggestions, concerns, disputes, and litigation matter? If so, these procedures been implemented accordingly?	V		(i) The company has appointed a dedicated shareholders service agency to handle the shareholding matters in Taiwan and a spokesperson and an acting spokesperson by the Code of Practice for Corporate Governance on the Listed List, which handles shareholder suggestions, doubts, disputes, and litigation matters. Website: https://www.techcential-international.com/shareholder-info_eng/.	No significant difference
ii. Does the Company possess a list major shareholders and beneficial owners of these major shareholders?	V		(ii)The stock agency regularly manages and updates a list of the ultimate controllers of the major shareholders. According to Article 25 of the Securities and Exchange Law, the company regularly announces and declares changes in the equity of insiders on the public information observatory every month, so as to truly grasp the main shareholders.	No significant difference
iii. Has the Company built and implemented a risk control system and firewall between the Company and its affiliates?	V		(iii)The company has planned the "Operation Procedure for Group, Associate and Related Party Transactions" and "Operating Procedures for Subsidiary Supervision" and implemented them accordingly. To clearly regulate the management of personnel and assets with related companies. Through the implementation of internal control and an internal audit system, effective risk control is achieved.	No significant difference
iv. Has the Company established internal rules	V		(iv) The company has established "Management Operation Procedures to	No significant difference

Items	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Description	
prohibiting insider trading on undisclosed information?			Prevent Insider Trading" and "Procedures for Handling Material Inside Information" which are publicly disclosed on the company's official website. The operating procedures have regulated the company's directors, managers, employees, and other persons stipulated in Article 157 of the Securities and Exchange Law. When they learn of the company's news that has a significant impact on the stock price, they must wait 18 hours after the news has been made public. No purchase or sale of stocks listed on the company's stock market or traded at securities firms' business premises or other securities with an equity nature. In addition, the corporate governance secretary will also send out publicity emails every quarter to remind directors and company insiders to pay attention to the relevant time limit regulations to avoid insider trading.	
3. Composition and Responsibilities of the Board of Directors				
i. Has the Board of Directors established a diversity policy for the composition of its members and has it been implemented accordingly?	V		(i) Regarding the diversified composition of the board of directors, it presented the new candidates nominated by the existing board of directors during the shareholders' meeting for election. Diversity is one of the critical aspects of nomination consideration. Current board members all have professional expertise either in the relevant industries or in business operations and finance. (Please refer to Pg10 for board members to implement diversity).	No significant difference
ii. Other than Remuneration Committee and Audit Committee which are required by law, has the Company voluntarily established other functional committees?		V	(ii) The company has set up a Remuneration Committee and an Audit Committee at present.	Same as description
iii. Has the Company established a method of evaluation the performance of its Board of Directors and has the performance evaluation been implemented annually and submitted to its Board of Directors as a reference for individual director's remuneration and renewal nomination?	V		(iii) The company planned the "Management of Performance Appraisal of Directors and Managers" on December 5, 2016 (the latest revision date of the Board of Directors was August 12, 2020), which will be evaluated regularly every year. To assist the board of directors in understanding its operational effectiveness and functioning, strengthening directors' remuneration and performance, and coordinating with the competent authority, the company expects to conduct board evaluations starting in 2020. The performance evaluation results from the board of directors and individual members show that the board is operating well in 2024, and we submitted them to the board on March 14, 2025.	No significant difference
iv. Does the Company regularly evaluated the independence of the CPAs?	V		(iv) The company evaluates the independence of KPMG accountants every year. The company refers to Article 47 of the Accountants Act and the	No significant difference

<table>
<tr><th rowspan="2">Items</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>R.O.C. Accountant Professional Ethics Code Bulletin No. 10 ("Integrity, Fairness, Objectivity, and Independence") to determine the independence and suitability of the evaluation form and its contents, and gets the "Independence Statement" issued by the accountants. The audit committee discusses and approves another proposal, and the board of directors approves the appointment of accountants. The Audit Committee approved the most recent evaluation of the independence and suitability of the CPA (Accountant Phyllis Chang and accountant Aaron Chiang) and Board of Directors on March 14, 2025.
Criteria for assessing the independence of accountants:
<table>
<tr><th></th><th>Evaluation Items</th><th>Evaluation Result</th><th>Meets independence</th></tr>
<tr><td>1</td><td>The CPAs have no financial interest in the company, either directly or indirectly.</td><td>Ya</td><td>Ya</td></tr>
<tr><td>2</td><td>There is no significant business relationship between the CPAs and the company.</td><td>Ya</td><td>Ya</td></tr>
<tr><td>3</td><td>At the time of the audit, CPAs had no potential employment relationship with the Company. .</td><td>Ya</td><td>Ya</td></tr>
<tr><td>4</td><td>The CPAs have no loans with the company.</td><td>Ya</td><td>Ya</td></tr>
<tr><td>5</td><td>The CPAs have not accepted gifts or gifts of great value (the value of which exceeds the general social etiquette standards) from the company and the company's directors, supervisors, and managers</td><td>Ya</td><td>Ya</td></tr>
<tr><td>6</td><td>CPAs have not provided audit services for the company for seven consecutive years.</td><td>Ya</td><td>Ya</td></tr>
<tr><td>7</td><td>CPAs do not hold shares in the company.</td><td>Ya</td><td>Ya</td></tr>
<tr><td>8</td><td>The CPAs, their spouses or dependent relatives, and their audit team have not served as directors, supervisors, managers, or other positions that have a significant impact on audit cases during the audit period or in the past two years, and they are also determined not to hold positions in future audit periods.</td><td>Ya</td><td>Ya</td></tr>
<tr><td>9</td><td>Whether the CPA has complied with the regulations on independence in No. 10 Bulletin of the Code of Professional Ethics for Accountants and obtained the "Statement of Independence" issued by the certified accountant.</td><td>Ya</td><td>Ya</td></tr>
</table></td><td></td></tr>
</table>

Items	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Description	
4. Has the Company assigned competent and appropriate personnel and designated corporate governance officer to be in charge of matters related to corporate governance (including but not limited to providing information required by directors and supervisors related to business operations, handling matters relating to Board of Directors' meetings and General Shareholders' Meeting pursuant to the laws, handling corporate registration and amendment registration, and recording minutes of the Board of Directors' meetings and General Shareholders' Meeting)?	V		On May 11, 2023, the Board of Directors approved the appointment of Mr. Kuo-Mei Chen, the Chief Financial Officer, to concurrently serve as the Corporate Governance Officer. Currently, corporate governance matters are managed by the Corporate Governance Officer and the Corporate Governance Secretary. Their responsibilities include providing directors (including independent directors) with the necessary information to perform their duties, handling matters related to board and shareholders' meetings in accordance with legal requirements, preparing meeting minutes for both board and shareholders' meetings, and assisting directors in complying with applicable laws and regulations. In addition, at least once a year, they report to the Board of Directors on the review results regarding whether independent directors meet the relevant legal and regulatory qualifications at the time of nomination, appointment, and throughout their term of service.	No significant difference
5. Has the Company established a communication with its stakeholders (including but not limited to shareholders, employees, customers and suppliers) or created a stakeholders' section on the Company's website? Does the Company respond appropriately to stakeholders' question on major issues of corporate social responsibility?	V		Techcential International Ltd. values communication with interested parties (including but not limited to shareholders, employees, customers, suppliers, etc.) and keeps a balance on rights and obligations between each interested party. There is an "Area for Interested Parties" on the corporate website; related parties could contact the company via email at investor@techcential.com. The company has a dedicated person to manage the establishment of the company's financial business-related information and corporate governance information for the benefit of shareholders and stakeholders. Company Website Stakeholders Engagement: https://www.techcential-international.com/stakeholders-engagement_eng/	No significant difference
6. Has the Company appointed professional registration for its General Shareholders' Meeting?	V		The company appoints a professional stock agency ("SinoPac Securities Corporation Stock Agency Service Deal") to handle shareholder affairs.	No significant difference
7. Information Transparency				
i. Has the Company established a corporate website to disclose information regarding its financial, business, and corporate governance status?	V		(i)The company official website (https://www.techcential-international.com/home-page-eng/) has been set up and contains the information regarding the company's finance, operations, and corporate governance.	No significant difference
ii. Does the Company adopted other methods to disclose channels (e.g., maintaining an English website, designating staff to handle information collection and disclosure, appointing spokepersons, webcasting investor conference etc.)	V		(ii) The company has a dedicated person responsible for the collection and disclosure of company information and implementing the spokesperson system. And set up an English company website (https://www.techcential-international.com/home-page-eng/) in 2020.	No significant difference
iii. Does the Company perform public announcement	V		(iii) The company handles according to the time limit set by the OTC	No significant difference

Items	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Description	
and registration of annual consolidated financial reports within two months after the end of fiscal year and also publicly announces and registers the quarterly financial reports of the Q1, Q2, Q3 and monthly operating status within the prescribed period?			company, announces and declares the annual financial report within three months after the fiscal year, announces and declares the Q1, Q2, and Q3 financial reports, and files information on operating revenue for the preceding month by the 10th day of each month.	
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices? (including but not limited to employee rights, employee care, investors relations, supplier relations, stakeholder rights, continuing education of directors and supervisors, implementation of risk management policies and criteria for risk evaluation, implementation of customer relation policies, and the purchase of liability insurance for directors and supervisors.)	V		(i) Employee Rights: The company's policies and measures regarding labor relations comply with the legal requirements of each region, providing employees with reasonable benefits and compensation. An employee suggestion box and other feedback channels have been established to facilitate communication. Additionally, the company conducts monthly orientation seminars for new employees. These sessions not only introduce company policies and employees' rights but also aim to help employees understand the corporate culture, adhere to workplace rules, and contribute to creating a safe and enjoyable working environment.Adhering to a culture of integrity, the company continually strives toward sustainable operations and maintaining market competitiveness. Through a comprehensive training and development program, employees are placed in roles that match their skills, enabling them to enhance their performance and unlock their potential. This approach seeks to achieve a win-win outcome for both corporate growth and individual development. Furthermore, the company provides professional on-the-job training tailored to various functions, fostering robust professional capabilities. (ii) Employee Welfare: In addition to complying with relevant local government regulations, the company also organizes occasional gatherings, recreational activities, and other events to promote employees' physical and mental well-being. (iii) Investor Relations: The company holds annual shareholders' meetings regularly and has designated a spokesperson and deputy spokesperson as channels for the company's public statements or responses to investor inquiries. An investor relations section is also set up on the company's official website, where investors can contact the company at any time via email and Line. Additionally, the company regularly issues annual reports, providing comprehensive information on rules, revenue statistics, financial statements, corporate governance, and other shareholder-related matters.. The following are the corporate briefings	No significant difference No significant difference No significant difference

<table>
<tr><th rowspan="2">Items</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>the company was invited to participate in for the year 2024, up until the publication date of the annual report::
<table><tr><th>Date</th><th>Hold / Be invited</th><th>Investor Conferences Description</th></tr><tr><td>2024/11/11</td><td>Be Invited</td><td>TIL was invited by First Securities to participate in the Ionline nvestor Conference</td></tr></table>
(iv) Supplier Relations: The company upholds a spirit of mutual trust and mutual benefit with suppliers, managing and auditing them based on a foundation of integrity. This approach ensures that suppliers adhere to environmental agreements and social responsibilities, enabling both parties to grow together and create a win-win situation.
(v) Rights of Stakeholders: The group implements a spokesperson system and assigns dedicated personnel to improve relationships with stakeholders. In addition to providing shareholders with the right to express opinions on the company's operational performance, the group respects and strives to meet the requirements of all stakeholders (shareholders, employees, customers, suppliers).
(vi) Board Member Continuing Education: All directors of the company (including the 3 independent directors) have completed 6 hours of professional training in accordance with the "Guidelines for Continuing Education of Directors and Supervisors of Listed and OTC Companies." (For details of the continuing education in 2024, please refer to: Other important information that enhances understanding of the company's governance operations.).
(vii) Risk Management Policy and Implementation of Risk Measurement Standards: The company has established an internal control system and relevant management procedures, which are implemented to reduce and prevent any potential risks..
(vii)Customer policy: In order to provide comprehensive services and protection for customers and clients, the company communicates with customers in real-time (through email, telephone, or exchanging opinions with the Buyer QC during the factory inspection), understands customer needs, promotes the interactive effect between the company and customers, and regularly responds to customer feedback and reviews at the weekly production and quality control meetings. The company is also actively participating in furniture exhibitions held in Malaysia and the United States.
(ix) Company procurement of liability insurance for directors: The insurance</td><td>No significant difference
No significant difference
No significant difference
No significant difference
No significant difference
No significant difference</td></tr>
</table>

Items	Implementation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and reasons
	Yes	No	Description	
			company for directors of Techcential International Ltd. is AIG Asia Pacific Insurance Pte. Ltd., Taiwan Branch. The company has got directors’ and officers’ (D&O) liability insurance and will report at the board meeting on January 1, 2024. (Please refer to "Other important information that may facilitate a better understanding of the corporate governance—D&O insurance".)	
9. Regarding TWSE corporate governance: According to the results of the company's self-assessment of corporate governance in 2024, there are no major differences. The company updates its own assessment of corporate governance matters at any time according to the actual situation. Except for non-applicable index items, most of them conform to the spirit of corporate governance. The company has not yet commissioned other professional organizations for evaluation. In the future, it will cooperate with the needs of the company and the regulations of the competent authority, and will be reviewed and improved regularly every year.				

2.3.4 The state of operations of the Remuneration Committee

The Board of Directors resolved on December 5, 2016, to establish a Remuneration Committee, consisting of three members. On June 27, 2019, the members of the first term were re-elected, including independent directors Tay Puay Chuan, Oun Lek Wee, and Liao Wei Chuan. Tay Puay Chuan.

On June 29, 2022, the members of the third term were re-elected, with former independent director Tay Puay Chuan, independent director Chou Chih Yuan, and independent director Huang Chi Jui as new members. independent director Tay Puay Chuan, a lawyer, was also elected as the convener. In addition, the Rules and Regulations of the Remuneration Committee were also passed by the Board of Directors on December 5, 2016, in order to improve the corporate governance of the company.

(A) Member of the Remuneration Committee:

Title	Criteria / Name	Professional Qualification Requirements and work experience	Independent Criteria	Concurrently Serving as a Member of the compensation committee at Other Public Companies	Note
Independent Director	Tay Puay Chuan	Tay Puay Chuan is a Malaysian citizen. He holds a Bachelor of Laws with Honours from the University of London, UK; is a lawyer in service; and is the founder of Tay Puay Chuan & Co.	As of April 30, 2025, the number and proportion of the company's shares held by myself, spouse, relatives within the second degree (or in the name of others): 0 shares and 0.00% Amount of remuneration for providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years: NTD 0 Other qualifying conditions for independence are as follows: (1)、(2)、(3)、(4)、(5)、(6)、(7)、(8)、(9)、(10)	0	-
Independent Director	Chou Chih Yuan	Mr. Chou Chih Yuan is a Taiwanese. He graduated from the Chang Jung Christian University, Bachelor of Accounting. He is a Founder of J & C Certified Public Accountant currently.	As of April 30, 2025, the number and proportion of the company's shares held by myself, spouse, relatives within the second degree (or in the name of others): 0 shares and 0.00% Amount of remuneration for providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years: NTD 0 Other qualifying conditions for independence are as follows: (1)、(2)、(3)、(4)、(5)、(6)、(7)、(8)、(9)、(10)	1	-
Independent Director	Huang Chi Jui	Mr. Huang Chi Jui is a Taiwanese. He graduated from the Tamkang University, Bachelor of Accounting. He is a Favorable Business Partner CPAs currently.	As of April 30, 2025, the number and proportion of the company's shares held by myself, spouse, relatives within the second degree (or in the name of others): 0 shares and 0.00% Amount of remuneration for providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years: NTD 311 thousand Other qualifying conditions for independence are as follows: (1)、(2)、(3)、(4)、(5)、(6)、(7)、(8)、(9)、(10)	0	-

Note 1: Each member must meet the following conditions both within the two years prior to their appointment and during their term of office:

1) Not an employee of the company or its affiliated enterprises.
2) Not a director or supervisor of the company or its affiliated enterprises (except for those concurrently serving as independent directors for the company and its parent company, subsidiaries, or subsidiaries under the same parent company as permitted by applicable laws).
3) Neither the individual, their spouse, minor children, nor persons holding shares on their behalf hold more than 1% of the company's total outstanding shares, nor are they among the top ten individual shareholders.
4) Not the spouse, second-degree relative, or third-degree direct blood relative of the persons listed in (1), (2), or (3).
5) Not a director, supervisor, or employee of a corporate shareholder that directly holds more than 5% of the company's total outstanding shares, is among the top five shareholders, or has appointed a representative as a director or supervisor in accordance with Article 27, Paragraphs 1 or 2 of the Company Act (except for those concurrently serving as independent directors for the company and its parent company, subsidiaries, or subsidiaries under the same parent company as permitted by applicable laws).
6) Not a director, supervisor, or employee of another company whose board seats or voting shares are majority-controlled by the same person as the company (except for those concurrently serving as independent directors for the company or its parent company, subsidiaries, or subsidiaries under the same parent company as permitted by applicable laws).
7) Not a director (trustee), supervisor, or employee of another company or institution where the chairman, general manager, or equivalent of that company or institution is the same person or spouse of the chairman or general manager of this company (except for those concurrently serving as independent directors for the company and its parent company, subsidiaries, or subsidiaries under the same parent company as permitted by applicable laws).
8) Not a director (trustee), supervisor, manager, or shareholder holding more than 5% of shares in a specific company or institution that has financial or business dealings with the company (except for specific companies or institutions that hold 20% or more but less than 50% of the company's outstanding shares and are permitted by applicable laws to have cross-serving independent directors among the company and its parent company, subsidiaries, or subsidiaries under the same parent company).
9) Not a professional providing auditing or business, legal, financial, or accounting services to the company or its affiliated enterprises, or the proprietor, partner, director (trustee), supervisor, manager, or spouse thereof, of a sole proprietorship, partnership, company, or institution providing such services, unless the service remuneration received in the past two years is less than NT$500,000 in total. However, members of a salary and compensation committee, tender offer review committee, or merger special committee fulfilling their duties under the Securities and Exchange Act or Business Mergers and Acquisitions Act are not subject to this restriction.

10)Not involved in any circumstances listed in Article 30 of the Company Act.

(B) The state of operations of the Remuneration Committee:

(1) The Remuneration Committee is comprised of three members.

(2) The term of the Remuneration Committee commences from June 29, 2022 and ends on June 28, 2025.

(3) Attendance status: For the current fiscal year (2024) ending April 30, 2025, the Compensation Committee held a total of 4 meetings, with all members in attendance.

The attendance of Remuneration Committee is as below:

Title	Name	Number of Actual Attendance	Number of Delegate Attendance	Rate of Actual Attendance (%)	Note
Independent Director	Tay Puay Chuan	4	0	100%	2022.06.29 Re-elected
Independent Director	Chou Chih Yuan	3	1	100%	2022.06.29 New
Independent Director	Huang Chi Jui	4	0	100%	2022.06.29 New

Other matters that require reporting:

1. If the Board of Directors does not adopt or amend the recommendations of the remuneration committee, it shall state the date, period, content of the resolution, the resolution of the Board of Directors, and the treatment of the opinion of the company on the remuneration committee (e.g., if the board of directors passes the remuneration benefits higher than the recommendation of the remuneration committee, it should state the differences and reasons): No such situation.
2. If there are records or written statements of members' opposition or reservation in the decisions of the remuneration committee, it shall state the date, period, content of the resolution, opinions of all members, and the treatment of members' opinions: No such situation.
3. Responsibilities of Remuneration Committee:
   The Remuneration Committee, with the attention of a good administrator, faithfully performs the following duties and submits the proposed recommendations to the Board of Directors for discussion.
   a. Periodically review the Remuneration Committee's organizational procedures and make revision recommendations.
   b. Establish and periodically review the annual and long-term performance objectives and remuneration policies, systems, standards, and structures of the company's directors and managers.
   c. Periodically evaluate the achievement of the company's directors' and managers' performance objectives and determine the content and amount of their individual remuneration.
4. The important resolutions of the Remuneration Committee:

The Date of meeting	The Important Resolutions		The Date of meeting
2024/03/15	1	The Distribution of 2023 Employee and Director remuneration.	No Opinion
	The company's handling of independent directors' opinions：Not applicable.		
	Resolution result: All the present directors and independent directors passed without objection.		
2024/08/23	1	The 2023 proposal of issuance of Restricted Stock Awards.	No Opinion
	The company's handling of independent directors' opinions：Not applicable.		
	Resolution result: All the present directors and independent directors passed without objection.		
2024/11/11	1	Amend “Management of Performance Appraisal of Directors and Managers”.	No Opinion
	2	Performance assessments of Directors and managerial officers for the year 2024.	No Opinion
	The company's handling of independent directors' opinions：Not applicable.		
	Resolution result: All the present directors and independent directors passed without objection.		
2024/03/14	1	The Distribution of 2024 Employee and Director remuneration.	No Opinion
	2	The proposal of “Performance assessments and remuneration adjustment of Managerial officers” for the year 2025.	No Opinion
	The company's handling of independent directors' opinions：Not applicable.		
	Resolution result: All the present directors and independent directors passed without objection.		

(C) Information on members of the Nomination Committee and information on its operation:

The Company does not have a Nomination Committee.

2.3.5 The status of Company’s implementation of promoting sustainable development.

Items	Implementation Status			Deviations from “Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies” and reasons
	Yes	No	Description	
1. Does the company establish a governance structure to promote sustainable development, and set up a full-time (part-time) unit to promote sustainable development, and the board of directors authorizes the senior management to handle it, and the board of directors supervises the situation?	V		The Company has not yet established a “Sustainability Development Committee,” but has implemented a sustainability governance structure through the formation of a “Sustainability Task Force” to coordinate related affairs. This task force is composed of the Corporate Governance Team in collaboration with the Human Resources Department and other administrative units. It is responsible for consolidating the Company’s sustainability-related data, maintaining the content of the sustainability report, and regularly reporting implementation progress to the Board of Directors to support its oversight role. At present, sustainability initiatives are promoted by relevant departments on a concurrent basis and are executed under the authority delegated by senior management, ensuring alignment with the Company’s overall operational direction. Moving forward, the Company will evaluate the feasibility of establishing a dedicated sustainability unit or a Sustainability Development Committee based on actual needs.	No significant difference
2. Does the company follow the principle of materiality to conduct risk assessments on environmental, social and corporate governance issues related to the company's operations, and formulate relevant risk management policies or strategies?	V		The company has established a "Code of Practice for Corporate Social Responsibility" to serve as a guide for corporate social responsibility. The company promotes corporate social responsibility to employees from time to time in departmental meetings and executive meetings. The administrative department of the company is in charge of promoting and implementing corporate social responsibility policies, and it reports to the board on a regular basis. The company has established a reasonable salary remuneration policy, and will combine the performance appraisal system with the corporate social responsibility policy in a timely manner to fulfil its social responsibilities.	No significant difference
3. Sustainable Environmental Development (i) Has the Company set an environmental management system designed to industry characteristics?		V	(i) Our company has implemented 5S (Order, Arrangement, Cleaning, Cleaning, Cultivation) management in all factories to ensure that employees always abide by the workplace safety regulations and comply with local environmental protection laws, but have not passed international relevant certification standards. In the future, an environmental management system in line with industrial characteristics will be established as appropriate.	Same as description.
(ii) Is the Company committed to improve energy efficiency and using renewable materials with low environmental impace?		V	(ii) Our company has not yet implemented and disclosed specific data on energy efficiency improvement and use of recycled materials, as well as achievement status. However, our company has done its best to make the	Same as description

Items	Implementation Status			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Description	
(iii) Does the company assess the current and future potential risks and opportunities of climate change for the enterprise, and take measures to deal with climate-related issues?		V	best use of all resources. (iii) Our company has yet to assess the potential risks and opportunities of climate change for the present and future of the business. Nevertheless, our company implements energy-saving actions such as turning off lights and controlling air-conditioning temperatures, reducing paper printing, or using double-sided printing or single-sided scrap paper to reduce energy waste; In addition, we periodically promote energy-saving and carbon reduction concepts to all departments to achieve energy saving and greenhouse gas reduction policies, reduce the impact on the environment, and fulfill the corporate environmental protection responsibilities.	Same as description
(iv) Does the Company collect and calculate relevant date on greenhouse gas, water consumption and the total weight of waste over the past two years and set policies for greenhouse gas reduction, water consumption reduction and other waster management?		V	(iv) The company has not yet disclosed the greenhouse gas emissions, water consumption, and total waste weight in the past two years, and has not formulated related policies. In accordance with local laws and regulations, the company does not need to apply for an installation permit for pollution control facilities or an emission permit. However, it is still necessary to report to the competent authority every two years for the inspection and evaluation report of the exhaust system and to report to the competent authority every five years for the chemical gas suspension health inspection report, which are currently handled by professional institutions H&S Solution & Service Trading Sdn. Bhd. And PAC Testing & Consulting Sdn. Bhd. In the future, according to the situation, the environmental management system in line with the characteristics of the industry will be established.	Same as description
4.Preserving Public Welfare (i)Has the Company established management policies and procedures in accordance with applicable laws and regulations and International Bill of Human Rights?	V		(i) Our company is committed to upholding the principle of respecting human rights, ensuring that all employees and stakeholders can work in a safe, fair, and inclusive environment. We adhere to international conventions and Malaysia's labor laws, pledging to protect fundamental labor rights. Through a comprehensive management system, we proactively prevent human rights risks to ensure the company's sustainable development. Our company references and adheres to the following international conventions to ensure that our policies align with global human rights standards: 1. Article 23 and Article 24 of the Universal Declaration of Human Rights – Ensuring fair working conditions and equitable wages. 2. ILO Conventions No. 138 and No. 182 – Prohibiting child labor and hazardous work for children.	No significant difference

Items	Implementation Status			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Description	
			3. Articles 24 and 32 of the United Nations Convention on the Rights of the Child – Providing prenatal and postnatal medical care for pregnant employees and implementing mother-and-child-friendly measures; ensuring no employment of child labor and preventing children from engaging in work that endangers their physical and mental well-being. The company's human rights protection policy and specific management plan have been disclosed on the company's website (https://www.techcential-international.com/related_party/#human-rights).	
(ii) Does the company formulate and implement reasonable employee benefit measures (including remuneration, vacation and other benefits, etc.), and appropriately reflect business performance or results in employee compensation?	V		(ii) In compliance with Malaysian labor laws, the Company has established and implemented reasonable employee welfare measures. Each year, a portion of the Company's profits is allocated as employee bonuses, based on management's performance evaluations. In terms of workplace diversity and gender equality, the Company is committed to providing fair compensation and equal promotion opportunities, upholding the core values of "equal pay for equal work" and gender inclusion. We actively foster an inclusive culture to promote sustainable economic growth. As of 2024, female employees accounted for 10.32% of the total workforce. Among employees in managerial positions, women represented 41.94%, demonstrating the Company's ongoing efforts to enhance female leadership and achieve gender balance. The company has disclosed workplace diversity and gender equality promotion policies on company website. (https://www.techcential-international.com/stakeholders-engagement_eng/#1736994741587-ed99b5fc-e103) Employee benefits disclosure, please refer to page 72.	No significant difference
(iii)Has the Company provided safe and healthful work environments for the employees, including safety and health training to the employees on a regular basis?	V		(iii) Our company pays attention to the safety of employees in the workplace. We have established the "Policy on Safety and Health at the Workplace" and set up a Workplace Safety Management Committee. The personnel in charge of the implementation of the committee are responsible for formulating, implementing, and publicizing employee safety and safety maintenance management programs; strengthening the safety and health of the working environment to improve the safety and health of employees, reducing the hazards of the working environment to employees' safety and health, and setting up annual priority items and action plans for other safety and health promotion items. To ensure that employees are familiar with occupational safety and health regulations and the company's safety maintenance operating mechanisms. Our company will hold seminar and training from time to time, such as the "Workplace	No significant difference

Items	Implementation Status			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Description	
(iv)Has the Company established effective training programs for the employees to foster career skills? (v)Regarding customer health and safety, customer privacy, marketing and labelling of products and services, does the company follow relevant regulations and international standards, and formulate relevant consumer and custormer protection policies and grievance procedures? (ix)Do the contracts entered with any of the major suppliers include terms stipulating mutual compliance with corporate social responsibility policy, and that the contract may be terminated or rescinded any time if the supplier has violated such policy and has caused significant negative impact on the environment and society of the community of the supply source?	V V V		Safety 5S Promotion Lecture", "Fire Training Lecture" and Safety Standard Operating Procedure Training, and remind employees to raise their safety awareness through e-mail and posters to ensure that employees abide by the workplace safety rules at all times.（Company website: https://www.techcential-international.com/related_party/）. In 2024, the company did not experience any fire incidents, resulting in zero casualties. To proactively address fire prevention, the company has implemented several measures. These include upgrading fire protection equipment and organizing a variety of safety training courses. To avoid future fire incidents, the company will conduct training programs focused on fire prevention education and related safety awareness. Additionally, the company has invited a fire safety team to provide professional training for employees.The company is also enhancing its fire prevention infrastructure by adding fire extinguishers, fire balls, and installing a comprehensive fire sprinkler system. Furthermore, the factory will be subject to 24-hour security patrols and will obtain certification from the fire department to ensure compliance with all safety standards. (iv) Our company provides annual educational and training programs to employees to build effective career development capabilities. (v) Our company follows relevant laws and international standards to protect customer health and safety, customer privacy, marketing, and labeling of products and services. The company also has a relevant consumer protection and complaint procedure which is posted on the company's website. (ix) Although no contract has been signed between our company and the main suppliers, according to the internal control system, we regularly visit the suppliers' locations to inspect whether they follow corporate social responsibility. If it is found that policies are violated or significant impacts on the environment and society of the source community are caused, we will immediately terminate the relationship.	No significant difference No significant difference No significant difference
5. Does the company make reference to internationally-prepared reporting standards or guidelines for preparing sustainable development reports and other reports that disclose non-financial information? Did the pre-report report obtain the confidence or assurance opinion of the third-party verification unit?	V		All of the Company's operational activities comply with the laws and regulations of Malaysia. In accordance with the requirements of the relevant authorities, the Company has commenced the preparation of a sustainability report starting in 2025 to disclose non-financial information for the fiscal year 2024. The first sustainability report is scheduled to be published on August 31, 2025. Going forward, the Company will assess, based on actual needs and applicable regulations, the feasibility of	No significant difference

Items	Implementation Status			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Description	
			adopting internationally recognized reporting standards (such as GRI), as well as the possibility of obtaining third-party assurance or verification.	
6. If the Company has established Code of Practice on sustainable development based on "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the principles and their implementation: The Company has established a "Code of Practice on sustainable development", which is gradually handled in accordance with the " Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies ",				
7. Other important information to facilitate better understanding of the Company's practice on sustainable development: The company regularly contributes to school groups every year, and responds to local group fund-raising in order to promote the principles of "Chinese culture preservation" and "support Chinese education". Encourages employees to make good use of resources, promote energy conservation and recycling any materials when possible.				

Climate-related Information of the Company

(1) Implementation Status of Climate-related Information

Item	Implementation Status
1. Explain the board and management's oversight and governance of climate-related risks and opportunities. 2. Describe how identified climate risks and opportunities affect the business, strategy, and financial planning (short-term, medium-term, long-term). 3. Explain the financial impact of extreme climate events and transition actions. 4. Describe how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system. 5. If scenario analysis is used to assess resilience to climate change risks, explain the scenarios, parameters, assumptions, analytical factors, and key financial impacts used. 6. If there is a transition plan to manage climate-related risks, describe the plan's content and the indicators and targets used to identify and manage physical and transition risks. 7. If internal carbon pricing is used as a planning tool, explain the basis for setting the price. 8. If climate-related targets are set, explain the activities covered, greenhouse gas emission scopes, planning timeframe, annual progress, and if carbon offsets or Renewable Energy Certificates (RECs) are used to meet these targets, explain the source and quantity of offsets or RECs. 9. Status of greenhouse gas inventory and assurance, along with reduction targets, strategies, and specific action plans.	Currently under planning

(2) Greenhouse Gas Inventory and Assurance for the Most Recent Two Years

(2-1) Greenhouse Gas Inventory Information: Below the reporting threshold, not applicable.

(2-2) Greenhouse Gas Inventory Information: Below the reporting threshold, not applicable.

(3) Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans: Below the reporting threshold, not applicable.

2.3.6 The status of the Company's implementation of Ethical Corporate Management Best Practice Principles

Items	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Description	
A. Establishing ethical management policy and programs				
i. Has the Company specified in its rules and external documents the ethical corporate management policies and the commitment by the board of directors and the management on rigorous and thorough implementation of such policies?	V		(i) The company has formulated the "Procedures for Ethical Management and Guidelines for Conduct", which were approved by the board of directors on March 20, 2020. and continues to review and revise it. We also summarize relevant policies and practices on the company website and actively implement relevant policies.	No significant difference
ii. Has the Company established and adopted programs to prevent unethical conduct and set out in each program the standard operating procedures, conduct guidelines and a well-defined disciplinary and appeal system for handling violations?	V		(ii) Our company operates in accordance with the principles of fairness, honesty, and transparency, and has formulated "Procedures for Ethical Management and Guidelines for Conduct" and "Code of Ethical Conduct" to specifically regulate matters that should be taken into account when personnel of the company performs business. Bribery and acceptance of bribes, provision or acceptance of improper benefits, and infringement of trade secrets are prohibited.	No significant difference
iii. Has the Company adopted the preventive measures under the situations listed in Article 7, Paragraph 2 "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" or other business activities within its business scope which are possibly at a higher risk of unethical conduct?	V		(iii) The company has formulated the "Procedures for Ethical Management and Guidelines for Conduct" and "Code of Ethical Conduct" to specify the matters to be observed by the company personnel when performing their duties, and to hold regular meetings with the management to review related matters.	No significant difference
B. Carrying out ethical corporate management				
i. Has the Company evaluated trading counterparties' ethical record, and included terms of ethical corporate management policy in the contracts entered with the trading counterparties?	V		(i) Before establishing a business relationship with others, the company should evaluate the legality and business integrity policy of agents, suppliers, customers, or other business counterparts to ensure that their business operations are fair and transparent, and explain the company's integrity policy to the transaction counterpart when executing the business.	No significant difference
ii. Has the Company established a dedicated unit under the board of directors for establishing and supervising the implementation of the ethical corporate management policies and prevention program? Has the dedicated unit reported to the board of directors on a regular basis?	V		(ii)The company appointed the Internal Audit Department to promote company integrity management, and report to the Board on a regular basis.	No significant difference
iii. Does the company formulate a policy to prevent conflicts of interest, provide appropriate presentation channels, and implement them?	V		(iii) The "Procedures for Ethical Management and Guidelines for Conduct" set by the company has a system of avoidance of interests. Those who have a stake in the resolutions listed on the	No significant difference

Items	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Description	
			Board of Directors and their own or their legal representatives should explain the important content of their interests to the board of directors. At the time of the interests of the group, it shall not be included in the discussion and voting, shall be absent from the discussion and voting, and shall not act as an agent to exercise the voting rights of other directors. Directors should also be self-disciplined and have to support each other.	
iv.Has the Company established effective accounting systems and internal control systems for ethical management? Is the Company periodically audited by the internal audit unit or a certified public accountant?	V		(iv) The accounting system of the Company is handled in accordance with the regulations and is checked by an independent accounting firm.	No significant difference
v. Does the Company hold the internal and external trainings on ethical management practices and programs periodically?	V		(v) The company has established a "Procedures for Ethical Management and Guidelines for Conduct" and promotes to employees.	No significant difference
C. Operation of whistle-blowing system				
i. Has the Company established a concrete whistle-blowing programs, incentive measures and convenient reporting channels and appointed dedicated personnel or unit to handle reported matters?	V		(i) In the "Procedures for Ethical Management and Guidelines for Conduct", the company has clearly established a reporting system and a complaints channel, which can be reported or appealed through the company's e-mail address. If a major violation is discovered after an investigation or the group is seriously damaged, it should be immediately recreated. The report is notified to the independent director in writing.	No significant difference
ii. Has the Company established standard operating procedures and related mechanism for whistle-blowing case acceptance?	V		(ii) In the "Procedures for Ethical Management and Guidelines for Conduct", the company has stipulated the relevant operating procedures, and the responsible unit shall conduct an investigation after receiving the report, and describe the follow-up measures to be taken after the investigation is completed in a confidential manner.	No significant difference
iii.Has the Company adopted measures to protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing?	V		(iii) The company takes protective measures against the prosecutor and does not suffer improper handling due to the report.	No significant difference
D. Enhancement of information disclosure				
i. Has the Company disclosed its ethical corporate management best practice principles and the effectiveness of promotion of ethical management policy on the Company websites and the Market Observation Post System (MOPS)?	V		As its basis for ethical corporate management, the Company has linked to the MOPS website and disclosed financial information on the company website (https://www.techcential-international.com).	No significant difference.

<table>
<tr><th rowspan="2">Items</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td colspan="5">E. If the Company has established its ethical corporate management best practice principles according to "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies", please describe the differences of the implementation status: No significant difference.</td></tr>
<tr><td colspan="5">F. Other important information to facilitate better understanding of the Company's implementation of ethical corporate management (e.g., the Company invites the companies' commercial transaction counterparties attending the training, reviewing and revising its ethical management guidelines to emphasize on the resolution to implement ethical corporate management):
(1) The company complies with the Company Law, Securities, and Exchange Law, Business Accounting Law, rules and regulations related to listed companies and over-the-counter markets, and other laws related to commercial activities, as the basis for the implementation of honest business operations.
(2) The company has a "Rules and Procedures of Board Meetings" which stipulates that when the board of directors discusses and votes on matters related to their own interests or those of their representatives, they should state their opinions and answer questions, but should not join the discussion and voting, and should avoid it when discussing and voting. They are not allowed to act as agents for other directors in exercising their voting rights..
(3) The company has an "Procedures for Handling Material Inside Information," which stipulates that directors, managers, and employees shall not disclose internal major information known to them to others, shall not ask those who know internal major information of the company, or collect information unrelated to their personal duties which is not publicly disclosed by the company. They shall not disclose internal major information of the company not publicly disclosed to others unless they obtain such information in performing their duties.
(4) The company has always adhered to the principle of honesty, complied with relevant laws and regulations and internal control systems, strictly prohibited unethical or illegal behavior, and appointed legal consultants to provide necessary consultation and decision-making.
(5) The company has taken out Directors and Officers Insurance (D&O) for directors and managers, which can fully reduce the risks incurred by the personnel in performing their duties and protect the interests of investor.</td></tr>
</table>

2.3.7 Other significant information that will provide a better understanding of the state of The Company's implementation of corporate governance:

1. The company's important information is disclosed through the MOPS.
2. The company has established a Corporate Governance section on its website, disclosing the matters discussed, important regulations, and board performance evaluation reports of the Board of Directors, Audit Committee, and Remuneration Committee, as well as the communication between independent directors, internal auditors, and CPA in 2024.
3. The company has adopted the "Procedures for Handling Material Inside Information" as the basis for the company’s handling and disclosure of inside information and reviews the said procedure periodically to comply with applicable laws and regulations and practical needs. The said procedure is also disclosed on the company’s website (shorturl.at/sxLY2) for reference at any time and informs the employees of the matters to be noted with respect to inside information from time to time.
4. Directors Profession Enhancement Status:

31 December 2024

Title	Name	Training Date (2023)		Organizing agency	Training/Speech Title	Hours	Total Hours
		Start	End				
Director	Eng Synergy Management Sdn. Bhd. Representative: Eng Kai Pin	19/12/2024	19/12/2024	TPMA	上市櫃董事進修課程-企業永續發展與精實生產	3	6
		18/10/2024	18/10/2024	Taiwan Investor Relations Institute	品牌溝通與利害關係人管理	3	
Director	Surging Success Sdn. Bhd. Representative: Eng Kai Jie	19/12/2024	19/12/2024	TPMA	上市櫃董事進修課程-企業永續發展與精實生產	3	6
		18/10/2024	18/10/2024	Taiwan Investor Relations Institute	品牌溝通與利害關係人管理	3	
Director	Liao Wei Chuan	10/12/2024	10/12/2024	社團法人中華公司治理協會	非合意併購之攻防策略與、與相關公司治理課題	3	6
		12/11/2024	12/11/2024	社團法人中華公司治理協會	AI 時代，企業成長創新思維	3	
Director	Chang Ming Huang	21/10/2024	21/10/2024	中華民國會計師公會全國聯合會	會計師執業應注意的洗錢態樣，稅務犯罪案例解析	3	6
		15/04/2024	15/04/2024	中華民國會計師公會全國聯合會	洗錢防制發展趨勢與案例研析	3	
Independent Director	Chou Chih Yuan	26/12/202	26/12/2024	社團法人中華公司治理協會	新版公司治理藍圖及證券法規遵循重點解析	3	12
		14/10/202	14/10/2024	中華民國會計公會全國聯合會	會計師執業應注意的洗錢態樣，稅務犯罪案例解析	3	
		21/06/2024	21/06/2024	中華民國會計公會全國聯合會	洗錢防制國際發展趨勢與實務	3	
		02/04/2024	02/04/2024	中華民國會計公會全國聯合會	洗錢防制發展趨勢與案例研析	3	
Independent Director	Huang Chi Jui	13/11/2024	13/11/2024	中華民國內部稽核協會	資金貸與、背書保證及取得處分資產規定與實務解析	6	9
		04/06/2024	04/06/2024	社團法人中華公司治理協會	董事會/高階管理者在 ESG 治理的角色與職責	3	
Independent Director	Tay Puay Chuan	30/10/2024	30/10/2024	Accounting Research and Development Foundation in Taiwan	以「風險管理」推動企業永續發展	6	6

5. CFO, Corporate Governance manager, Internal Audit manager and Information Security manager profession enhancement status in 2024.

CFO and Corporate Governance manager profession enhancement status:

Title	Name	Training Date (2024)		Organizing agency	Training/Speech Title	Hours	Total Hours
		Start	End				
CFO	Tan Kok Bee	21/11/2024	22/11/2024	Accounting Research and Development Foundation in Taiwan	發行人證券商證券交易所會計主管持續進修班 (審計、財務、職業道德法律責任、會計各3小時)	12	20
		14/03/2024	14/03/2024	SCMS Business Advisory Sdn. Bhd.	Introduction of E Invoice	8	

Corporate Governance manager and CFO profession enhancement status:

Title	Name	Training Date (2024)		Organizing agency	Training/Speech Title	Hours	Total Hours
		Start	End				
Corporate Governance manager	Tan Kok Bee	21/06/2024	21/06/2024	Taiwan Corporate Governance Association	永續報告書之法制規範	3	18
		22/05/2024	22/05/2024	Accounting Research and Development Foundation in Taiwan	企業常見內控管理缺失情形與實務案例解析	6	
		17/05/2024	17/05/2024	Taiwan Corporate Governance Association	董事會資安治理監督策略	3	
		15/04/2024	15/04/2024	Accounting Research and Development Foundation in Taiwan	企業員工獎酬制度之內稽內控實務	6	

Internal Audit manager and acting internal audit manager profession enhancement status:

Title	Name	Training Date (2024)		Organizing agency	Training/Speech Title	Hours	Total Hours
		Start	End				
Internal Audit manager	Yee Lee Ching	22/05/2024	22/05/2024	Accounting Research and Development Foundation in Taiwan	企業常見內控管理缺失情形與實務案例解析	6	23
		17/05/2024	17/05/2024	Taiwan Corporate Governance Association	董事會資安治理監督策略	3	
		15/04/2024	15/04/2024	Accounting Research and Development Foundation in Taiwan	企業員工獎酬制度之內稽內控實務	6	
		14/03/2024	14/03/2024	SCMS Business Advisory Sdn. Bhd.	Introduction of E Invoice	8	
Acting Internal Audit Manager	Chua Siow Ling	22/11/2024	22/11/2024	SCMS Business Advisory Sdn. Bhd.	Budget 2025 Key Updates	7	15
		14/03/2024	14/03/2024	SCMS Business Advisory Sdn. Bhd.	Introduction of E Invoice	8	

Information Security manager profession enhancement status:

Title	Name	Training Date (2024)		Organizing agency	Training/Speech Title	Hours	Total Hours
		Start	End				
Information Security Manager	Chua Siow Ling	29/11/2024	29/11/2024	Taiwan Investor Relations Institute	漫談資安治理的盲點與對策	3	5.5
		01/12/2024	28/02/2025	財團法人台灣金融研訓院	資安事件書名及預防措施 E-Course	2.5	

6. D&O insurance

Insured Object	Insurance Company	Insurance Amount ($)	Insurance Period	Status	Date of Board Meeting	Remarks
All directors and supervisor	AIG Taiwan	US$ 3 Million	From 2024/01/01 To 2024/12/31	Continued	2025/03/14	-

2.3.8 Internal control system implementation status

(A) Statement of Internal Control System:

The company's Statement of Internal Control System can be accessed on the MOPS(Chinese Version) : \[MOPS > Individual Company > Corporate Governance > Company Regulations / Internal Control > Internal Control Statement Announcement] [https://mops.twse.com.tw/mops/#/web/t06sg20].

(B) Those who entrust an accountant to review the internal control system shall disclose the accountant's review report: none.

2.3.9 Major Resolutions of Shareholders' Meeting and Board Meetings.

(A) Major Resolutions of Shareholders' Meeting and Implementation Status:

Date	Major Resolutions		State of Implementation
2024/06/13	1	Discussion Item: To amend the Company M&A.	The result of the resolution has been followed
	2	Discussion Item: To amend "Procedures for Election of Director".	The result of the resolution has been followed

(B) Major Resolutions of Board Meetings:

Date	Major Resolutions	
2024/03/15	1	Distribution of 2023 Employee and Director remuneration.
	2	2023 Consolidated Financial Statements and Annual Report.
	3	The appropriation of profit or loss for the year 2023.
	4	The 2023 Statements of Internal Control System.
	5	Adopt the assessment of the Independence and the 2024 annual remuneration of CPA
	6	Amend the Company M&A.
	7	Amend "Procedures for Election of Director".
	8	Adopt 2024 Annual Shareholders'meeting.
2024/05/13	1	Adopt 2024 Q1 Consolidated Financial Statements.
	2	Adopt 2024 Annual Shareholders'meeting（newly add a reporting matters）.
2024/08/23	1	2024 First-Half Consolidated Financial Statements.
	2	The company will not distribute 2024 First-Half Annual Earnings.
	3	The 2023 proposal of issuance of Restricted Stock Awards.
	4	The Record Date of the issuance of 2023 Restricted Stock Awards.
	5	Amend the Management Procedures for Asset Acquisition and Disposition.
	6	Amend "Rules and Procedures of Board Meetings".
2024/11/11	1	2024 Q3 Consolidated Financial Statements.
	2	Company Business Plan and Budget for 2025.
	3	Audit Plan for 2025.
	4	Amend "Code of Corporate Governance Practices", "Rules and Procedures of Board Meetings" and "Audit Committee Charter".
	5	Amend "Insider Reporting Management Procedures", "Internal Control System", "Procedures for Handling Material Inside Information", "Rules Governing the Scope of Powers of Independent Director", "Management Operation Procedures to Stock Affairs", "Remuneration Committee Charter", "Rules Governing Financial and Business matters", "Management Operation Procedures to Prevent Insider Trading" and "Operation Procedures for Group, Associate and Related Party".
	6	Amend "Management of Performance Appraisal of Directors and Managers".
	7	Amend "Procedures for Ethical Management and Guidelines for Conduct" and "Implementation of Internal Audit System Details".
	8	The Code of Practice for Sustainable Information Management.
	9	Performance assessments of Directors and managerial officers for the year 2024.
2025/03/14	1	The Distribution of 2024 Employee and Director remuneration.
	2	2024 Consolidated Financial Statements and Annual Report.
	3	The appropriation of profit or loss.
	4	The 2024 Statements of Internal Control System.

	5	The rotation CPA.
	6	The assessment of the Independence and the 2025 annual remuneration of CPA.
	7	Increase Paid-Up Capital of the subsidiary Thinker Craft Sdn Bhd.
	8	Re-election of Directors (including independent directors).
	9	List of nominated candidates (by Board).
	10	To Lift Non-Compete Restrictions for Newly Appointed Directors of the Company.
	11	Shareholders' proposals and candidates' nomination for Director Lists.
	12	The proposal of "Performance assessments and remuneration adjustment of Managerial officers" for the year 2025.
	13	2025 Annual Shareholders'meeting.

2.3.10 The major content of any dissenting opinion of any director or supervisor regarding any material resolution passed by the board of directors, where there is a record or written statement of such opinion, for the most recent fiscal year and up to the printing date of this annual report: None.

2.4 CPA Service Fees

Unit: NTD Thousand

Audit Firm	CPA	Service Period	Audit Fees	Non-Audit Fees	Total	Note
KPMG	Phyllis Chang	01.01.2024 ~ 31.12.2024	3,650	-	3,650	-
	Aaron Chiang	01.01.2024 ~ 31.12.2024				

2.4.1 Information of Audit & Non-Audit Services Fees

Unit: NTD Thousand

Audit Firm	CPA	Audit Fees	Non-Audit Fees					Service Period	Note
			System Design	Register-aton	Human Resources	Others	Subtotal		
KPMG	Phyllis Chang	3,650	-	-	-	-	-	01.01.2024~ 31.12.2024	-
	Aaron Chiang								

2.4.2 Replaced the audit firm and the audit fees paid to the new audit firm was less than the payment of previous year: None.

2.4.3 Audit fees reduced more than 15% year over year: None.

2.5 Information on replacement of Certified Public Accountant:

2.5.1 About the former accountant

<table>
<tr><td>Replacement date</td><td colspan="4">Approved by the Board of Directors on 14 March 2025.</td></tr>
<tr><td>Replacement reason and description</td><td colspan="4">The company comply with the internal discussion of KPMG, that the certified public accountants should be changed from accountants Phyllis Chang and Aaron Chiang to accountants Charlotte Chao and Phyllis Chang.</td></tr>
<tr><td rowspan="3">Describe whether the Company terminated or the CPA did not accept the appointment</td><td colspan="2">Condition / Litigant</td><td>CPA</td><td>The Company</td></tr>
<tr><td colspan="2">Voluntary termination of appointment</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td colspan="2">No longer accept (continue) appointment</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td>Other issues (except for unqualified issues) in the audit reports within the last two years</td><td colspan="4">NA</td></tr>
<tr><td rowspan="6">Differences with the Company</td><td rowspan="4">Ya</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of Financial Statements</td></tr>
<tr><td></td><td colspan="2">Audit scope or steps</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td>Na</td><td colspan="3">V</td></tr>
<tr><td colspan="2">Description</td><td colspan="2"></td></tr>
<tr><td colspan="3">Other Revealed Matters
(Should be disclosed according to item 1-4~7, subparagraph 6, article 10 of Regulations Governing Information to be Published in Annual Reports of Public Companies)</td><td colspan="2">NA</td></tr>
</table>

2.5.2 About the Successor Accountants:

Name of accounting firm	KPMG
Name of CPA	Charlotte Chao and Phyllis Chang
Date of appointment	January 1, 2025
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the Company's financial reports that the CPA might issue prior to the engagement.	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

2.5.3 Reply letter from the former accountant on items 1 and 2-3 of Article 10, Subparagraph 6 of these Standards: Not applicable.

2.6 The name and title of any Company Chairperson, President and Manager Responsible for Finance or Accounting who have held positions at the appointed CPA firm or its affiliates in the past year shall be disclosed along with their tenure period at said CPA firm or affiliates: None.

2.7 Changes in Shareholding and Pledge of Stock Rights of Directors, Supervisors, Officers and Major Shareholder holding more than 10% of the share for the most recent year to the date of the annual report printed.

2.7.1 Change in shares holding and shares pledged of Directors, Officers, and Major Shareholders.

Title	Name	Year 2024		Year-To-Date 30 April 2024	
		Shares Increase (Decrease)	Pledged Shares Increase (Decrease)	Shares Increase (Decrease)	Pledged Shares Increase (Decrease)
Director	Eng Synergy Management Sdn Bhd	–	–	–	–
	Representative: Eng Kai Pin	–	–	–	–
Director	Surging Success Sdn. Bhd	–	–	–	–
	Representative: Eng Kai Jie	–	–	–	–
Director	Chang Ming Huang	–	–	–	–
Director	Liao Wei Chuan	–	–	–	–
Independent Director	Chou Chih Yuan	–	–	–	–
Independent Director	Huang Chih Jui	–	–	–	–
Independent Director	Tay Puay Chuan	–	–	–	–
Manager	Eng Kai Pin	–	–	–	–
Manager	Eng Kai Jie	–	–	–	–
Manager	Tan Kok Bee	(10,000)	–	–	–
Manager	Poa Keng Ling	–	–	–	–

2.7.2 Stock transfer with related parties: None.

2.7.3 Stock pledges with Related Parties: None.

2.8 Relationships of related party, spouse, kinships within the second degree among the top 10 shareholders.

April 30, 2025; unit:share；%

Name	Shareholding		Spouse and minor Shareholding		Shareholding by nominee		Title, name, or relationship between the top 10 shareholders and their spouse or relatives within two degrees of consanguinity		Note
	Shares	%	Shares	%	Shares	%	Title (or Name)	Relationship	
Eng Synergy Management Sdn. Bhd. | Representative: Eng Say Kaw	11,700,000	32.98	—	—	—	—	Eng Say Kaw	Same person	—
							Golden Encore Holdings Sdn. Bhd.	Second-class relatives	—
							Youlen Enterprise Sdn. Bhd.		—
							Only Inspiration Sdn. Bhd.		—
Surging Success Sdn. Bhd. | Representative: Yee Jun Xing	2,285,000	6.44	—	—	—	—	—	—	—
Eng Say Kaw	2,205,109	6.22	—	—	—	—	Eng Synergy Management Sdn. Bhd.	Same person	—
							Golden Encore Holdings Sdn. Bhd.	Second-class relatives	
							Youlen Enterprise Sdn. Bhd.		
							Only Inspiration Sdn. Bhd.		
Only Inspiration Sdn. Bhd. | Representative: Eng Say Ben	1,737,000	4.90	—	—	—	—	Eng Say Kaw	Second-class relatives	—
							Eng Synergy Management Sdn. Bhd.		—
							Golden Encore Holdings Sdn. Bhd.		—
							Youlen Enterprise Sdn. Bhd.		—
Bank SinoPac As Custodian for Conceptscope Resources Sdn. Bhd investment account.	1,101,700	3.11	—	—	—	—	—	—	—
XY Chen	581,743	1.64	—	—	—	—	—	—	—
Bank SinoPac as Custodian for Techcential International Ltd Overseas Foreign Employees Collective Investment Account.	427,850	1.21	—	—	—	—	—	—	—
RZ Liu	412,000	1.16	—	—	—	—	—	—	—
KS Yan	400,193	1.13	—	—	—	—	—	—	—
WQ Zhen	271,000	0.76	—	—	—	—	—	—	—

2.9 The number of shares of one enterprise held by the company, the directors, supervisors, officers of the company and the enterprise directly or indirectly controlled by the company.

April 30, 2025; Unit: Shares; %

Affiliated Company (Note)	Ownership by Parade		Direct/Indirect Ownership by Directors and Management		Total Ownership	
	Shares	%	Shares	%	Shares	%
Techcential Sdn. Bhd.	10,000,000	100.00	-	-	10,000,000	100.00
Thinker Craft Sdn. Bhd.	3,500,000	100.00	-	-	3,500,000	100.00
EHL Cabinetry Sdn. Bhd.	32,211,111	89.20	3,900,000	10.80	36,111,111	100.00
TC Home Corporation	100	100.00	-	-	100	100.00
ESK Biomass Sdn. Bhd.	8,000,012	100.00	-	-	8,000,012	100.00
ESK Wood Products Sdn. Bhd.	3,000,000	100.00	-	-	3,000,000	100.00

Note: The company uses long-term investments in the equity method.

3.0 Capital Raising

3.1 Capital and Shares

3.1.1 History of Capitalization

(A) Types of Stock

April 30, 2025; Unit: Shares

Types of Stock	Authorized Capital			Remarks
	Outstanding issued Shares	Unissued Shares	Total	
Common Stock	35,478,473	14,521,527	50,000,000	Tpex

(B) Issue of Shares:

April 30, 2025; Unit: Thousand Shares; NTD Thousand

Year & Month	Issue Price (NTD)	Authorized Capital		Capital Stock		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital	Non-monetary Capital Expansion	Others
June 2016	10	50,000	500,000	0.001	10	Establishment	-	-
October 2016	10	50,000	500,000	21,000	210,000	Conversion	-	-
January 2018	10	50,000	500,000	23,625	236,250	Cash	-	-
December 2021	10	50,000	500,000	28,625	286,250	Cash	-	-
July 2022	10	50,000	500,000	28,634	286,342	Convertible corporate bond	-	-
July 2023	10	50,000	500,000	30,066	300,659	Capitalization of earnings	-	-
November 2023	10	50,000	500,000	34,232	342,319	Cash	-	-
March 2024	10	50,000	500,000	35,018	350,181	Convertible corporate bond	-	-
June 2024	10	50,000	500,000	35,031	350,319	Convertible corporate bond	-	-
October 2024	10	50,000	500,000	35,381	353,819	Restricted Stock Awards	-	-
October 2024	10	50,000	500,000	35,478	354,784	Convertible corporate bond	-	-

(C) Shelf Registration: None.

3.1.2 List of Major Shareholders:

April 30, 2025; Unit: Shares

Shares / Name of Major Shareholders	Shareholding	Percentage (%)
Eng Synergy Management Sdn. Bhd.	11,700,000	32.98%
Surging Success Sdn. Bhd.	2,285,000	6.44%
Eng Say Kaw	2,205,109	6.22%
Only Inspiration Sdn. Bhd	1,737,000	4.90%
Bank SinoPac As Custodian for Conceptscope Resources Sdn. Bhd investment account.	1,101,700	3.11%
XY Chen	581,743	1.64%
Bank SinoPac as Custodian for Techcential International Ltd Overseas Foreign Employees Collective Investment Account.	427,850	1.21%
RZ Liu	412,000	1.16%
KS Yan	400,193	1.13%
WQ Zhen	271,000	0.76%

3.1.3 Dividend Policies and Implementation

(A) Dividend Policies under the Article of Incorporation

The Company is in the business of supplying customized products in a specific market and is in the growth stage. The Board shall prepare the dividend proposal by taking into account the profit of the year, overall development, financial plans, capital need, projection of the industry and the Company's prospects and so on and submit the proposal for the Members' approval. For so long as the shares are traded on the ESM or listed on the TPEx or TSE, if there are profits, in making the profits distribution recommendation, the Board shall set aside out of the profits of the Company for each financial year:

(i) A reserve for payment of tax for the relevant financial year;

(ii) An amount to offset losses incurred in previous years; and

(iii) A special surplus reserve as required by the applicable securities authority of the ROC under the Applicable Public Company Rules.

If there should be any remaining profits, subject to the discretion of the Directors, after combining all or part of the accumulated undistributed profits in the previous years and the reversed special surplus reserve, the combined amount shall be allocated as dividends to the Members in proportion to their shareholdings. Subject to the Law and the Applicable Public Company Rules, and after having considered the financial, business and operational factors of the Company, the dividends shall not be less than ten per cent (10%) of profit after tax of the relevant year, provided that if in any year, the Company has net loss or the amount of the accumulated undistributed profits is less than twenty per cent (20%) of the paid-in capital of the Company, the Company may not distribute any dividend to the Members. The distribution may be made by way of cash dividends or by way of stock dividends or a combination thereof, provided that, the cash dividends shall not be less than ten per cent (10%) of the total amount of dividends payable.

According to M&A Article 14.9, the Company may distribute earnings or offset losses after the first half of the financial year.

(B) Proposal (issued) for dividend distribution of recent & current year:

<u>The distribution of dividend in the 2023:</u>

Cash dividend for the 2023 H1: The board of directors has passed a resolution on August 24, 2023 not to distribute dividends.

Cash dividend for the 2023 H2： It is planned not to issue cash dividend because of after-tax-loss in 2023.

The company's 2023 annual earnings distributions table is as below:

Items	Total NTD
Beginning retained earnings	38,930,446
Net loss after tax	(23,774,272)
Statutory reserve (10%)	-
Surplus reserve	(15,156,174)
Distributable net profit	-
Distributable items: Interim Dividend	-

Distributable items: Dividend	-
Ending retained earnings	-

<u>The distribution of dividend in the 2024:</u>

Cash dividend for the 2024 H1: The board of directors has passed a resolution on August 23, 2024 not to distribute dividends.

Cash dividend for the 2024 H2: It is planned not to issue cash dividend because of after-tax-loss in 2024.

The company's 2023 annual earnings distributions table is as below:

Items	Total NTD
Beginning retained earnings	-
Net loss after tax	(48,412,995)
Statutory reserve (10%)	-
Surplus reserve	20,584,948
Surplus reserve	-
Distributable net profit	(27,828,047)
Distributable items: Interim Dividend	-
Distributable items: Stock Dividend	-
Distributable items: Cash Dividend	-
Ending retained earnings	(27,828,047)

(C)Explanation on Expected Major Changes: There are no major changed in the expected dividend policy of the company.

3.1.4 Impact to business performance and earnings per share resulting from stock dividend distribution: Not applicable.

3.1.5 Remuneration of employees, directors and supervisors. (The company does not have a supervisor)

(A) Description regarding employee’s compensation and Directors’ remuneration in the Company’s current Memorandum and Article of Incorporation:

Article 14.4 of our company's articles stipulates that if the company earns a profit in a fiscal year, no less than 3% of the profit shall be allocated as employee compensation, and not more than 5% of the profit shall be allocated as director compensation. However, in the case of accumulated losses, a provision for their offset shall be reserved in advance. Employee compensation as referred to in Article 14.4 shall be in the form of stocks or cash, and eligible recipients include employees of subsidiary companies meeting certain criteria, as determined by our company's board of directors.

(B) The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if between the actual distributed amount and the estimated figure, for the current period:

According to our company's articles, if the company earns a profit in the fiscal year, no less than 3% of the profit shall be allocated as employee compensation, and not more than 5% of the profit shall be allocated as director compensation. However, in the case of accumulated losses, a provision for their offset shall be reserved in advance. If the actual distribution differs from the estimated amount, accounting adjustments shall be made, and the impact of these adjustments shall be recognized in the next year's income statement.

(C) Board Resolution for the Distribution of Remuneration:

(a) The amount of any employee compensation distributed in cash or stocks and compensation for directors and supervisors. If there is any discrepancy between the amount and the estimated figure for the fiscal year it recognized these expenses, the discrepancy, its cause, and the status of treatment be disclose:

On March 14, 2025, the Board of Directors passed the 2024 employee and director remuneration. The Company has a loss in 2024, and will not distribute remuneration to employees and directors.

(b) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation: Not applicable.

(D) The actual distribution of remuneration to employees, directors, and supervisors (including the number of distributed shares, amount, and share price) in previous year, and whose differences (if any) with the recognized remuneration to employees, directors, and supervisors should be disclosed along with the differences, reasons and status:

On March 15, 2024, the company’s Board of Directors approved the 2023 employee compensation and director remuneration plans, amounting to NT$3,496,082 and NT$136,825 respectively, to be paid entirely in cash. The company had not previously accounted for a ny employee compensation or director remuneration in its books, resulting in a discrepancy of NT$3,496,082 and NT$136,825 between the estimated and actual disbursements. This decision was made in consideration of post-pandemic price increases, increased living pressures on employees, and various operational challenges. To express gratitude for the employees' contributions, the company decided to issue additional bonuses to recognize their hard work over the past year and to help alleviate their living pressures. The management decided to proceed with the usual employee and director remuneration for the current year, and this decision has been approved by the Board of Directors.

3.1.6 The situation of the Company’s repurchase of its own shares: Not Applicable.

3.2 Corporate Bonds (CB):

Corporate Bond	The 1st Non-Guaranteed Convertible CB in Taiwan R.O.C.	The 2nd Non-Guaranteed Convertible CB in Taiwan R.O.C.	The 3rd Non-Guaranteed Convertible CB in Taiwan R.O.C.
Issued Date	December 3, 2019	November 11, 2021	September 20, 2023
Denomination	NT$100,000	NT$100,000	NT$100,000
Place of issue and transaction	R.O.C	R.O.C	R.O.C
Issuing price	101% of the denomination value.	101% of the denomination value.	100% of the denomination value.
Total Amount	NT$200,000 thousand	NT$120,000 thousand	NT$120,000 thousand
Interest rate	The coupon interest rates are 0%	The coupon interest rates are 0%	The coupon interest rates are 0%
Period	3 years. validity: December 3, 2022.	3 years. validity: November 11, 2024.	5 years. validity: September 20, 2028.
Guarantee agency	Not applicable.	Not applicable.	Not applicable.
Trustee	Bank SinoPac	Bank SinoPac	Bank SinoPac
Underwriting agency	SinoPac Securities	First Securities	First Securities
Certified attorney	Far East Law Offices, Charles Chou	Far East Law Offices, Charles Chou	Far East Law Offices, Charles Chou
Certified Accountant	KPMG - CPA: Charlotte Chao, Lisa Kuang	KPMG - CPA: Charlotte Chao, Lisa Kuang	KPMG - CPA: Phyllis Chang, Aarn Chiang
Repayment method	In case of conversion into the Company's common shares in accordance with the Regulations for Issuance or in a case where the Company exercises the right of re-purchase in accordance with the Regulations for Issuance or where the Company redeems before expiry in accordance with the Regulations for Issuance or where the Company buys back for revocation, the Company shall pay back in cash in a lump-sum based on the face amount of the bonds upon expiry of the bonds.	In case of conversion into the Company's common shares in accordance with the Regulations for Issuance or in a case where the Company exercises the right of re-purchase in accordance with the Regulations for Issuance or where the Company redeems before expiry in accordance with the Regulations for Issuance or where the Company buys back for revocation, the Company shall pay back in cash in a lump-sum based on the face amount of the bonds upon expiry of the bonds.	In case of conversion into the Company's common shares in accordance with the Regulations for Issuance or in a case where the Company exercises the right of re-purchase in accordance with the Regulations for Issuance or where the Company redeems before expiry in accordance with the Regulations for Issuance or where the Company buys back for revocation, the Company shall pay back in cash in a lump-sum based on the face amount of the bonds upon expiry of the bonds.
Outstanding principal	NT$0	NT$0	As of the publication date of the annual report, the outstanding principal was NT$107,000,000.
Redemption or advance payment	Please refer to the company's first unsecured CB issuance and conversion method in the R.O.C	Please refer to the company's second unsecured CB issuance and conversion method in the R.O.C	Please refer to the company's third unsecured CB issuance and conversion method in the R.O.C
Restrictions	Not applicable.	Not applicable.	Not applicable.
Credit rating agency name, rating date, corporate debt rating and other results	Not applicable.	Not applicable.	Not applicable.

With other rights	The amount of ordinary shares, overseas depository receipts or other marketable securities converted (exchange or subscription) as of the date of publication of the annual report.	This convertible bond has matured.	This convertible bond has matured, of which NT$92,000 of ordinary shares have been converted.	As of the publication date of the annual report, NT$8,965,000 of ordinary shares have been converted.
	Issuance and conversion (exchange or subscription) method	Please refer to the company's first unsecured CB issuance and conversion method in the Republic of China.	Please refer to the company's second unsecured CB issuance and conversion method in the Republic of China.	
Issuance and conversion, exchange or stock subscription methods, possible dilution of equity conditions and impact on existing shareholders' equity		This convertible bond has expired, so it is not applicable.	This convertible bond has expired, so it is not applicable.	Until the creditors request execution of the rights of conversion, the subject convertible CBs do not function to dilute the equity of the Company. A creditor may, at his or her discretion, choose to proceed with conversion at a timepoint at his or her most advantageous point and has the deferred effect in dilution of the equity. In terms of the impact on existing shareholders 'equity, although the subject convertible CBs will increase the Company's liabilities before conversion, where the subject convertible CBs are converted into common shares, in addition to the effect of reducing liabilities, the subject convertible CBs will, as well, increase the shareholders' equity and thus increase the net worth per share. In the long-term, profit (loss), the shareholders' equity would become better safeguarded.
Name of the entrusted custodian institution to exchange the subject		Not applicable.	Not applicable.	Not applicable.

Status of Convertible Corporate Bonds (CB):

Unit: NT$

Year	2024			Year-To-Date April 30,2025		
Bond type	1st Non-Guaranteed Convertible CB in R.O.C. (Y2019)	2nd Non-Guaranteed Convertible CB in R.O.C. (Y2021)	3rd Non-Guaranteed Convertible CB in R.O.C. (Y2023)	1st Non-Guaranteed Convertible CB in R.O.C. (Y2019)	2nd Non-Guaranteed Convertible CB in R.O.C. (Y2021)	3rd Non-Guaranteed Convertible CB in R.O.C. (Y2023)

The market prices of convertible CB	Highest	-	-	119.35	-	-	100.80
	Lowest	-	-	95.55	-	-	93.50
	Average	-	-	106.97	-	-	71.25
Conversion Price		-	-	14.50	-	-	14.50
Date of issuance and conversion prices upon issuance		03/12/2019, NTD 40.8	11/11/2021, NTD 22.8	20/09/2023, NTD 14.8	03/12/2019, NTD 40.8	11/11/2021, NTD 22.8	20/09/2023, NTD 14.8
Ways of fulfilling conversion obligation		Issuance of new shares	Issuance of new shares	Issuance of new shares	Issuance of new shares	Issuance of new shares	Issuance of new shares

3.3 Preferred Shares: Not Applicable.

3.4 Depositary Receipts: Not Applicable.

3.5 Employee Stock Option Plan: Not Applicable.

3.6 Employee Restricted Stock Awards:

(a) The company's shareholders' meeting approved the issuance of new shares restricting employee rights on June 21, 2023, and June 6, 2024, approved by the Financial Supervision and Administration Commission approved under letter No. 1130346124.

(b) Where the restricted shares have not yet satisfied the required criteria in full, the status up to the printing date of the Annual Report and the impacts on the shareholders' rights and benefits shall be disclosed: All of the restricted shares issued by the Company have statisfied the required criteria in full.

30 April, 2025

Type of the new restricted employee shares	First (Term) - The New Restricted Employee Shares
Effective Date of the Application and Total Number of Shares	06/06/2024 400,000 Shares
Issued Date	01/10/2024
Number of the issued new restricted employee shares	350,000 Shares
Number of the issuable new restricted employee shares	50,000 Shares
Issued price	Each share is priced at NT$0, The new shares with restricted employee rights are issued free.
The number of the new restricted employee shares accounted for the ratio of the total number of issued shares (%)	1%
Vesting conditions of the new restricted employee shares	Vesting Schedule: Employees who remain employed for the following periods after being granted restricted employee stock options can achieve the following vesting percentages: 1. Upon completion of two years, 50% of the vested shares can be exercised. 2. Upon completion of four years, 50% of the vested shares can be exercised. 3. If an employee violates the labour contract, work rules, or regulations of this policy after being granted restricted employee stock options, the company has the right to recover and cancel the unvested

	restricted employee stock options at no cost. The date of granting, vesting, and the commencement of the vesting period shall be the date of the relevant capital increase.
Restrictions of the new restricted employee shares	(1) Before the conditions for vesting are met, employees cannot sell, mortgage, transfer, donate, pledge, or otherwise dispose of their restricted stock options, except in cases of inheritance. (2) The exercise of shareholder rights such as attendance at shareholders' meetings, making proposals, speaking, and voting shall be subject to trust and custody agreements. Apart from the aforementioned restrictions, employees who are granted restricted stock options under this policy have the same rights as ordinary shareholders before the conditions for vesting are met, including but not limited to the right to receive dividends, capital surplus, the right to subscribe to newly issued shares through cash offering, and voting rights. However, for the period starting fifteen business days before the record date for the suspension of free distribution of shares and cash dividends, and ending on the date of distribution of rights, the shares that have not yet met the conditions for vesting will not enjoy the right to receive dividends or participate in the subscription of new shares in case of any circumstances under which the company may reclaim its shares and cancel them in accordance with this policy.
Custody of the new restricted employee shares	Deliver to the trust institute
The handling process of the employees fail to reach vesting conditions after being acquired or subscribed for new shares	According to the company's policies for issuing restricted employee rights new shares, if an employee does not meet the established conditions, the company will reclaim and cancel them at no cost in accordance with the law.
Regained or buy back the number of the new restricted employee shares	0 Shares
Revoked the number of the new restricted employee shares	0 Shares
Un-revoked the number of the new restricted employee shares	350,000 Shares
The number of the un-revoked new restricted employee shares accounted for the ratio of the total number of the issued shares (%)	0.99%
Impact on the shareholder’s right	The potential dilution of the Company's earnings per share in future years is limited and will not have a significant impact on the interests of existing shareholders.

(c) The name of employees and status of receipt of managerial officers and top ten employees receiving restricted shares accumulated up to the printing date of the Annual Report.

The company imposes conditions on the vesting of employee restricted stock rights. The conditions for vesting of restricted stock rights are as follows: 1. If the employee remains employed two years after being granted the restricted stock, they will vest 50% of the shares; 2. If the employee remains employed four years after being granted the restricted stock, they will vest the remaining 50% of the shares. Specifically, for the issuance on October 1, 2024, the employee must remain employed until October 1, 2026, in order to vest 50% of the shares, and will vest the remaining 50% of the shares on October 1, 2028, after a total of four years.

30 April, 2025; Unit: In Thousands of shares; in Thousands of NTD;%

Item	Job Title	Name	Number of Restricted Shares	Restricted Shares as a Percentage of Shares Issued (Note)	Released				Unreleased			
					Number of Released Restricted Shares	Issued Price	Amount	Released Restricted Shares as a Percentage of Shares Issued (Note)	Number of Unreleased Restricted Shares	Issued Price	Amount	Released Restricted Shares as a Percentage of Shares Issued (Note)
Managers and Employees	ESK Marketing Manager	Eng Xin Kai	350,000	0.000987 %	0	0	0	0%	350,000	0	0	0.000987%
	TC Production Manager	Mohd Shaifudin Bin Othman										
	TC Technician Manager	Kutty Krishanan										
	TC Admin Manager	Tan Leng Im										
	TC HR Manager	Goh Lee Kim										
	TC Quality Control Manager	Lin Yea Hong										
	TC Production Manager	Chin Siong Nam										
	TC MIS Manager	Chua Siow Ling										
	TC Admin Manager	Jamuna Kuppusamy										
	TC CEO	Eng Kai Jian										
	TC Account Manager	Tan Soo Yin										
	TC R&D Manager	Gan Boon Ho										
	TC Marketing Manager	Chong Yu Chau										
	TC HR Manager	Yee Lee Ching										
	TC Purchaisng Manager	Poa Mei Ling										
	TC Marketing Manager	Wong Mun Seong										

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

3.7 Status of New Shares Issuance due to mergers or acquisition of shares another company: Not Applicable.

3.8 Financing Plan and Implementation (Undertakings of issuing or privately placing securities that have not been completed or completed within the last three years without evident benefits): The implementation status of the company's capital utilization plan can be found on the MOPS(Chinese Version): \[MOPS > Individual Company > Shareholding Changes / Securities Issuance > Fundraising > Fundraising Plan Execution](https://mopsov.twse.com.tw/mops/web/bfhtm_q2).

4.0 Operational Highlights

4.1 Business Activities

4.1.1 Business Scope

This company is a holding company with substantial operating functions. The main business of its subsidiaries is the design, production, manufacture, and sale of American wooden bedroom furniture. In addition, the company's reinvested businesses have also invested in the procurement and sale of upstream raw materials—boards and rubber wood.

Subsidiary	Techcential Sdn. Bhd	ESK Wood Product
Logo	Techcential	ESK WOOD PRODUCTS 永光木业
Address	Malaysia	Malaysia
Main Product	TC's products are mainly five-piece wooden American bedroom furniture.	ESK wood products handle the procurement and processing of upstream raw materials – board and rubber wood.

(A) Sales Breakdown of main business segments

Unit: NTD in Thousands; %

Products	Year 2023		Year 2024	
	Amount	%	Amount	%
Wooden Furniture	879,877	87.13	1,051,990	90.35
Others	129,921	12.87	112,374	9.65
Total	1,009,798	100.00	1,164,364	100.00

(B) Current Main Product of Techcential International Ltd.

Our company specializes in crafting high-quality solid wood furniture for global enterprises and is committed to becoming Malaysia's leading wooden furniture manufacturer. With a focus on artisanal craftsmanship, we highlight the natural grain and texture of wood to create custom-made furniture that blends aesthetics with functionality, catering to the diverse needs of various markets and clients. Our services span across the United States, Canada, South Africa, and Morocco, earning the trust of international customers. Backed by decades of experience, we skillfully combine traditional woodworking techniques with modern manufacturing technologies to continuously improve product quality and production efficiency. We provide tailored furniture solutions for business clients who value high quality, durability, and design, striving to be a trusted partner for solid wood furniture in the global market.

(1) Bedroom furniture

- TC is the primary operating entity of our company, specializing in the design, manufacturing, and sales of wooden bedroom furniture. Its products are mainly exported to the U.S. market and serve a diverse customer base including distributors, dealers, and major retail chains. The main product offerings consist of five-piece bedroom furniture sets, including bed frames, nightstands, dressers, wardrobes, and mirrors. Currently, our wooden bedroom furniture products are mainly categorized into the following two types:

（i）Painting：

（ii）PU Paper: Styles of Oversized PU Paper Products (PU Sticker).

(2) Dining Set：TC also focuses on providing high-quality solid wood dining tables, combining exceptional craftsmanship, flexible design options, and a sustainable manufacturing philosophy, offering both durability and aesthetic appeal.

(3) Living Series：TC is committed to creating living room furniture that combines comfort with stylish design, enhancing the appeal of the space while elevating the overall home ambiance, and setting a warm and inviting tone for the household.

(4) Board and rubberwood:

- The company also invested in the procurement, processing, and sales of raw materials – board and rubberwood.

(C) Prospective New Products Development

(a) Development of diversified products: Our company has over 20 years of experience in bedroom furniture manufacturing and has accumulated many contacts and customers. Therefore, we intend to invest in the research and development of diversified products to benefit the company's revenue.

4.1.2 Industry Overviews

(A) Current Development of Furniture Industry

(a) Global Furniture Market

The Research and Markets report points out that the furniture market size has grown strongly in recent years. It will grow from US$752.22 billion in 2023 to US$805.54 billion in 2024 at a compound annual growth rate (CAGR) of 7.1% (Figure 1). The growth observed in the historical period can be attributed to several factors, including the globalization of furniture manufacturing, economic growth and housing expansion, the adoption of sustainable and eco-friendly practices, demographic shifts, and the rise of the do-it-yourself (DIY) culture. The furniture market is expected to see strong growth in the next few years. It will grow to US$1040.36 billion in 2028 at a compound annual growth rate (CAGR) of 6.6% (Figure 1). Forecasted growth is fueled by flexible, multifunctional designs, sustainable practices, wellness-focused furniture, rental markets, and luxury furniture. Major trends include smart furniture, customizable designs, retro styles, biophilic design, and space-saving solutions in furniture.

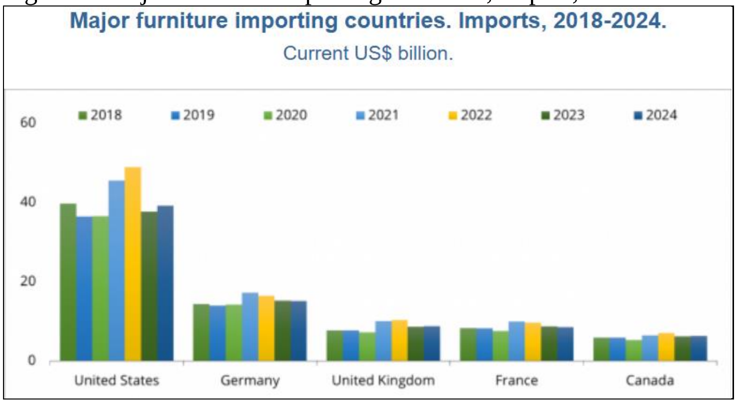
Figure 1. Forecast of global furniture market size from 2024 to 2028.

Source：Research and Markets.

The wooden furniture market is forecast to grow by USD108.09 billion during 2022–2027, accelerating at a CAGR of 5.6% during the forecast period. Persistence Market Research pointed out that the wooden furniture market will account for 53.9% of the overall furniture market in 2023. Consumers' increasing awareness of environmentally friendly furniture and their reluctance to use furniture made of plastic or other harmful materials have led to a significant increase in demand for wooden furniture. The growth of construction activity is also likely to be the reason for the high demand for wooden furniture. As an example, the British government announced an allocation of US$542 million for green building projects as part of its commitment to achieve zero emissions in 2021. Other countries also provide subsidies and financial support for green buildings to promote the development of green buildings, so green buildings will further promote the growth of demand for environmentally friendly furniture. In line with this trend, furniture manufacturers are focusing on strengthening and expanding their product portfolios and production capacities, which is also expected to increase global furniture demand.

The end-of-the-year edition of CSIL's World Furniture Outlook report confirms challenging times for the furniture industry affected by the global geopolitical climate of considerable uncertainty.CSIL's preliminary figures for 2024 show a slight increase in world furniture trade, but future prospects are negatively impacted by the protectionist agenda of the new US administration. The leading importers of furniture globally are the United States, Germany, the United Kingdom, France, and Canada（Figure 2）, accounting together for almost half of total imports. While the United States registered a modest increase in furniture imports in 2024, the trend in European countries, despite a significant slowdown in inflation, has not yet shifted toward higher consumption and imports.

Figure 2. Major furniture importing countries, Import, 2018-2024.

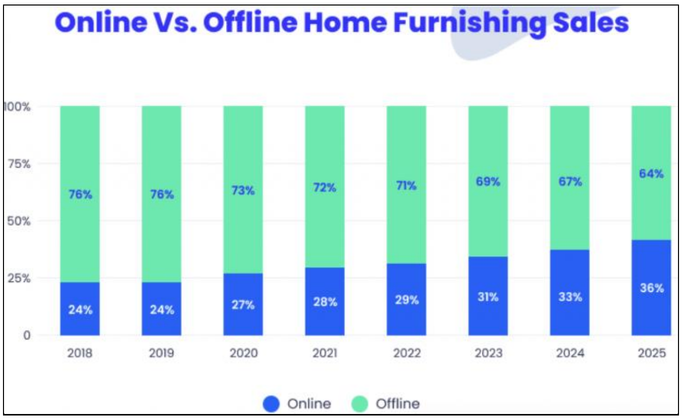


Source：World Furniture Outlook 2025

With the continued advancement of the digital wave, the position of furniture e-commerce in the global market is constantly strengthening, bringing new challenges and opportunities for businesses in the industry. According to United Nations data, the global demographic structure is undergoing significant changes, with the 25-64 age group becoming the primary component of society. This age group is predominantly in a critical phase of home buying or renovation, driving stronger demand for furniture products. This trend imposes new requirements on furniture e-commerce companies. To attract and meet the needs of consumers in this age group, businesses must continuously optimize their e-commerce platforms and enhance user experience. This includes offering a more convenient shopping process, a wider range of product choices, and personalized recommendation services. By strengthening technological innovation and user experience optimization, companies can effectively seize this growth opportunity.

Reports indicate that the current revenue of the global furniture e-commerce market has reached USD 415 billion, with projections suggesting it will increase to USD 455.4 billion by 2025. This demonstrates that furniture e-commerce is experiencing rapid growth, particularly in major markets like China and the United States. Consumers' preference for purchasing home goods online continues to rise. By 2025, online purchases of home goods are expected to account for 36% of the total, reflecting a growing inclination toward using e-commerce platforms for buying furniture and home decor.

Figure 3.Online and Offline Home Furnishing Sales (2018-2025).



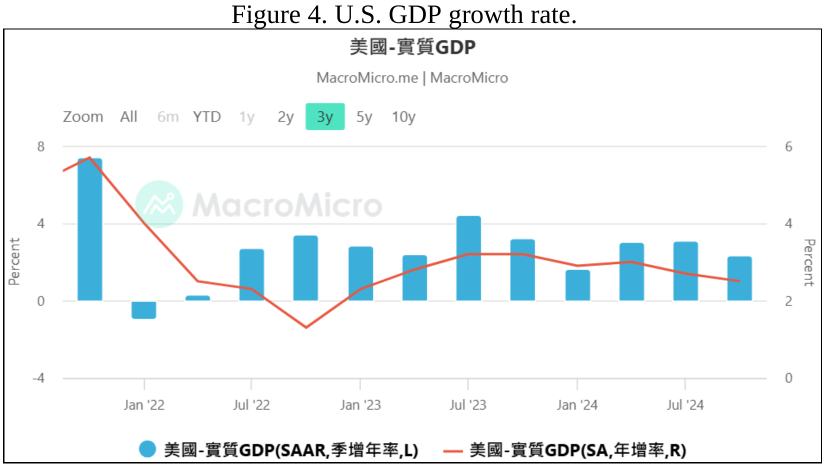
Sourcess："2024 Global Furniture E-Commerce Report"

To sum up, the world will gradually recover from the COVID-19 pandemic in 2021. Although 2022 will be affected by adverse factors such as the Russia-Ukraine war, inflation, and U.S. interest rate hikes, global real estate and construction activities will continue to develop. The demand for products such as smart furniture and wooden furniture also continues to rise, so relevant research institutions predict a compound annual growth rate of 5.5% from 2022 to 2030.

(b) North-America Furniture Market

The United States is the world's largest economy, and its economic activity is primarily measured by the real Gross Domestic Product (GDP) growth rate. In 2022, the real GDP growth rate was 1.9%. In 2023, the growth rate increased to 2.5%, driven mainly by consumer spending, nonresidential fixed investment, state and local government spending, exports, and federal government expenditures. According to reports, the full-year GDP growth rate for 2024 was 2.8%, with a fourth-quarter growth rate of 2.3%, lower than the third quarter’s 3.1%. The slowdown in the fourth quarter was partly attributed to Boeing’s strike, which affected equipment investment, as well as businesses struggling to meet increased consumer demand due to anticipated tariffs. Overall, during these three years, after experiencing relatively low growth in 2022, the U.S. economy showed steady expansion in 2023 and 2024, demonstrating economic resilience and continued recovery (Figure 4).

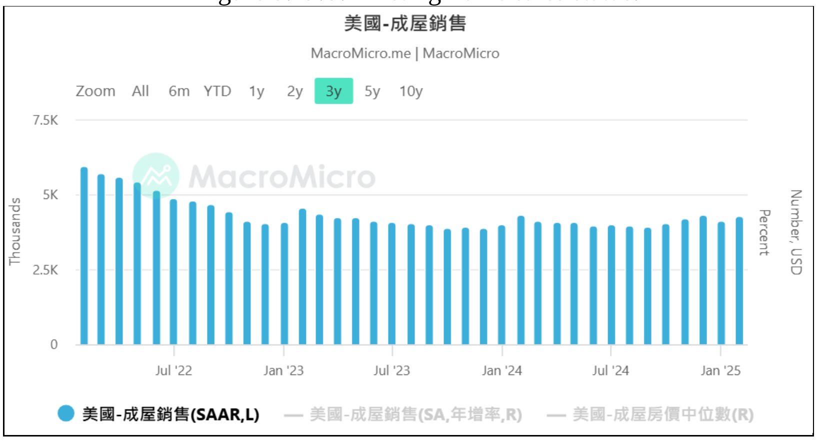
Figure 4. U.S. GDP growth rate.



Source：U.S. Bureau of Economic Analysis，MacroMicro

As of February 2025, according to data from the National Association of Realtors (NAR), existing home sales in the United States (seasonally adjusted annual rate) reached 4.26 million units, reflecting a 4.2% increase from the previous month but a 1.2% decline compared to the same period last year. The chart (Figure 5) illustrates the trend in U.S. existing home sales from February 2024 to February 2025. From the chart, it can be observed that existing home sales rebounded in February 2025, partly due to lower mortgage rates and an increase in the number of homes available for sale. However, compared to the same period last year, sales remained slightly lower, indicating that market demand has yet to fully recover. Additionally, the median sales price of existing homes in February 2025 was $398,400, marking a 3.8% increase from the previous year and setting a record high for the month of February. This suggests that despite fluctuations in sales volume, home prices continue to rise. Overall, data from early 2025 indicates that the U.S. real estate market is gradually recovering, but factors such as interest rate changes and market supply and demand still need to be closely monitored for their impact on future sales trends.

Figure 5. U.S. Existing home sales status.

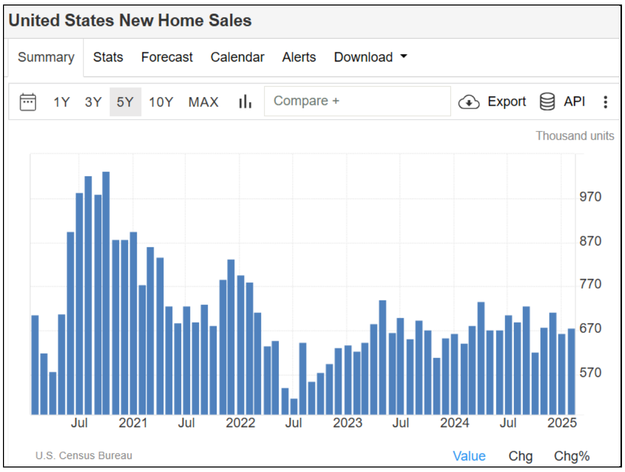


Sources： MacroMicro

It closely linked the rise and fall of the furniture industry to real estate and construction-related industries. As a global economic powerhouse, the United States has seen continuous population growth and economic development, driving increasing demand for real estate and construction. Consequently, the furniture market has experienced long-term stable growth, making the U.S. the world's largest consumer and importer of furniture. In 2022, the U.S. Federal Reserve (Fed) significantly raised interest rates to combat inflation, leading to a sharp increase in mortgage rates. This caused a slowdown in the housing market. The Taiwan Institute of Economics and Business Database pointed out that U.S. mortgage rates peaked in January 2023 and then began to decline, along with a drop in housing prices. This trend may have stimulated home-buying demand, resulting in a slight recovery in furniture sales (Figure 6). In 2024, due to a moderate decline in interest rates, mortgage rates fell somewhat in the middle of the year, reducing home purchase costs and stimulating demand. New home sales rebounded to approximately 683,000 units, a year-over-year increase of 2.5%. As of February 2025, new home sales reached an annualized rate of 676,000 units, up 1.8% from the previous month, indicating signs of market recovery. From 2021 to 2025, U.S. new home sales were influenced by multiple factors, including fluctuations in mortgage rates, changes in construction costs, economic uncertainty, and supply-demand dynamics. Recent data suggests signs of market recovery; however, the future trend will still depend on interest rate policies, economic conditions, and housing affordability.

Figure 6. US New Home Sales

Units：USD Thousand



Sources：US Census Bureau, Trading Economics

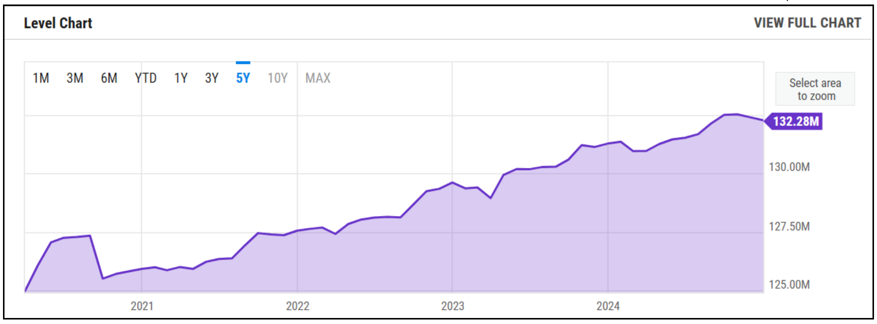
According to the latest data released by the United States International Trade Commission, as reported by Furniture Today, the total value of U.S. furniture imports in 2024 reached USD 42.328 billion, marking a 5.26% increase compared to USD 40.211 billion in 2023. In 2024, Vietnam became the largest source of U.S. furniture imports with exports valued at USD 12.705 billion. China ranked second with USD 12.384 billion. Mexico's furniture exports to the U.S. totaled USD 3.234 billion, reflecting a year-on-year decline of 14.42%. Malaysia ranked as the seventh largest source of U.S. furniture imports, with exports amounting to USD 1.384 billion—an increase of 7.82% from the previous year. Notably, Cambodia's exports to the U.S. surged by 30.43%, highlighting its emerging position in Southeast Asia’s export landscape.

The company's main market is the United States. The company's net sales in the United States accounted for 87.57% of the group's sales revenue in 2022. The United States is a major economic power in the world. With the economic development and real estate recovery in the United States, the number of new home construction projects has increased, and the demand for furniture has increased, which is beneficial to the overall furniture industry. According to statistics from the U.S. Census Bureau, the monthly sales amount of U.S. furniture and home furnishings sellers from 2020 to 2023 (Figure 7) shows that the U.S. furniture industry is showing a long-term and stable trend. Furniture Today pointed out that the North American furniture and bedding market will have sales of approximately US$123.9 billion in 2022, mainly because of fluctuations in the global supply chain, the U.S. real estate market, and the overall economy, resulting in a weak furniture market, and because of inflation and concerns about economic recession. They suppressed household spending in 2022, and this situation may continue into 2023.

Furniture Today predicts that overall furniture and bedding sales will grow to US$147.2 billion in 2027, a five-year growth rate of approximately 18.8%.

Figure 7. 2021-2024 US furniture and homeware seller monthly sales.

Unit: US$ million



Source：US Census Bureau；YCHARTS Financial Service Database. (2024/12)

(c) Asean Furniture Market

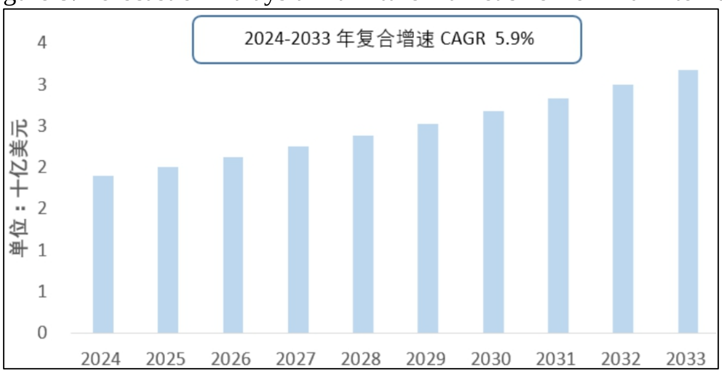
According to data from the World's Richest Countries and the CSIL research institute, China is the world's largest furniture exporter. Based on statistics from Goodwill China Business Information Limited (GCB), which analyzes Chinese customs import and export data, the United States has been the largest importer of Chinese furniture in recent years, followed by countries such as Japan, the United Kingdom, Hong Kong, Singapore, Malaysia, Australia, and Germany. The total volume of Chinese furniture exports is showing an increasing trend, with exports to the United States also rising year by year. Although China is the largest furniture exporter In Asia, the local government's focus on timber protection and rising costs, along with increasing tensions in China-US trade relations, have led international buyers to seek alternative sources that offer the same quality at lower prices. Consequently, international buyers have started to shift their attention to the Southeast Asian market, particularly Vietnam and Malaysia, which both possess abundant timber resources.

According to a report by The Star Online, Malaysia has become one of the world's most trade-friendly countries, exporting competitive products and services to more than 200 countries and regions worldwide. The Malaysia External Trade Development Corporation (Matrade) stated that the country is now an integral part of the global supply chain. In 2024, Malaysia was recognized by the World Trade Organization (WTO) as the world's 24th largest trading nation, the 25th largest exporter and the 24th largest importer. Malaysia's strategic location in the heart of Asia positions it as a bridge to the markets of China, India, and ASEAN. With an annual economic growth rate of 6%, Malaysia is undoubtedly the region's most promising trade hub. With the establishment of rules under the ASEAN Free Trade Area and the WTO framework, the Malaysian International Furniture Fair has increasingly become a link between the Asian furniture industry and the international furniture market, and a growth point for the Asian furniture market. Additionally, with the rising importance of ocean shipping, Malaysia's strategic geographical position has made it an increasingly focal point for East-West convergence and a gateway for the Asian furniture industry to the global market.

Malaysia ranks among the world's top ten furniture exporting countries, with over 80% of its furniture production destined for export. The United States, Japan, and Australia are its largest export destinations, securing Malaysia a significant position in the global furniture industry. In recent years, Malaysian furniture exports to the United Arab Emirates, Saudi Arabia, the Philippines, and Russia have seen substantial growth, while attention has also started to focus on the European and African markets. The success of Malaysia's furniture industry is closely linked to the resurgence of rubberwood, which has become the primary source of timber and has revitalized the industry. As a result, Malaysia has become a leading producer and exporter of wooden furniture, with products sold to over 160 countries worldwide. Currently, Malaysia's furniture industry is among the top ten furniture exporters globally, with approximately 80% of its products exported to international markets.

As of 2024, Malaysia's furniture industry is projected to reach a market size of approximately USD 1.9 billion, with 80% to 85% of its production exported to over 160 countries. The primary export destinations include the United States, Japan, and Australia, with wooden furniture being the dominant export product. In 2024, Malaysia's wooden furniture exports grew by 8.4% compared to the previous year, reaching RM9.9 billion. This accounted for 43.2% of the country's total timber exports, which stood at RM22.9 billion. Looking ahead, the Malaysian government aims to increase the export value of wooden furniture to RM14 billion by 2025, representing 50% of the targeted RM28 billion in total timber exports. Furthermore, according to CRI's analysis, Malaysia's furniture market is expected to grow from USD 1.9 billion in 2024 to USD 3.9 billion by 2033, with a compound annual growth rate (CAGR) of 5.9%. These figures underscore Malaysia's robust position in the global furniture market and the government's commitment to fostering growth in this sector.

Figure 8. Forecast of Malaysian furniture market size from 2024 to 2033.



Source：CRI 元哲咨詢。

(B) Furniture supply Chain Stakeholders

Upstream Suppliers of raw materials	Midstream Furniture manufacturer	Downstream Distributor (wholesale or retail)
Wood, board, paint, carton and hardware, etc.	Design, cutting, stamping, assembly, sanding, painting, drying, veneering, edge sealing, packaging	Major furniture brands or mass merchandisers, ie: Ashley, Coaster, Lifestyle, etc.

The furniture manufacturing industry chain includes the processes of raw material extraction and processing, design, cutting, molding, assembly, sanding, painting, drying, veneering, edge sealing, packaging, and sales.

The furniture manufacturing industry chain can generally be divided into three main stages: upstream, midstream, and downstream. The upstream industry is primarily responsible for the production and supply of raw materials for furniture, including wood, various types of boards (e.g., MDF, chipboard), as well as auxiliary materials such as paint, cardboard, and hardware fittings. Looking at the current global furniture market, Malaysia, with its rich natural resources, has numerous upstream suppliers providing materials and components for furniture, creating a strong foundation for the industry's development. The midstream consists mainly of furniture manufacturers, covering the entire production process from product design, cutting, molding, sanding, spraying, drying, veneering, edging, assembly, to final packaging. Notably, some furniture designs may be led by downstream customers or brand distributors, who then outsource the manufacturing to midstream producers. The downstream stage focuses on furniture wholesale and retail. Many large international furniture distributors have integrated wholesale and retail, marketing their own brands in the global market. Representative brands like Ashley, Coaster, and Lifestyle are typical examples of this integrated model.

(C) Development trends and competitive situations of the product

Malaysia is rich in natural resources, with abundant timber supply and relatively low labor costs compared to Western countries. As a result, wooden furniture—renowned for its quality and aesthetic appeal—is highly favored by consumers. According to a statement by Malaysia’s Minister of Plantation and Commodities, Datuk Seri Johari Abdul Ghani, on March 1, 2025, the export value of Malaysian wooden furniture reached RM 9.9 billion in 2024, marking an 8.4% increase compared to 2023. Wooden furniture accounted for 43.2% of the total timber product exports (RM 22.9 billion) for the year, underscoring the significance of the furniture industry within the timber sector. In addition, Malaysia’s furniture industry is highly export-oriented, with approximately 80–85% of its furniture products exported to key markets such as the United States, Japan, and Australia.

The United States, as Malaysia’s primary export market for furniture, features a highly developed and competitive furniture industry with numerous branded distributors and retailers. According to a report by Furniture Today, the total sales of furniture and home furnishings in the U.S. reached USD 135.672 billion in 2024, representing a 2.2% decline compared to 2023. However, early data from 2025 shows a rebound trend, with monthly sales for January, February, and March recorded at USD 11.653 billion, USD 11.655 billion, and USD 11.67 billion respectively, indicating market stability. Our company specializes in manufacturing American-style wooden bedroom furniture and kitchen cabinets. Our primary customers include the top 100 U.S. furniture brands, comprising retailers, importers, distributors, and small- to medium-sized furniture dealers. With consistent product quality and reliable delivery, our company has earned high recognition from customers, achieved steady revenue growth, and established a strong reputation in the U.S. market.

4.1.3 Development of Technology and Products

(A) Technical level, research and development of the business

They entrusted the company with producing wooden bedroom furniture. The company's R&D department had 26 employees at the end of April 2025. The R&D department is engaged in furniture design, improvement, proofing, assembly testing, production process, and product quality improvement responsibilities. The company will continue to train R&D personnel and invest resources to research and improve production process technology and equipment as future growth momentum.

(B) R&D personnel and their academic experience

Unit: Person

Year		2022	2023	2024	Year-To-Date April 30, 2025
Education	Master & Above	-	-	-	-
	Degree	6	8	8	9
	High School & Below	15	18	16	17
Total		21	26	24	26

(C) Parade’s R&D spending from the recent year up to the print date of annual report

Unit: NTD Thousand; %

Item \ Year	2022	2023	2024
R&D Expenses	7,416	10,664	12,938
Consolidated net operating income	1,154,415	1,009,798	1,164,364
%	0.64	1.06	1.11

(D) The technologies or products that successfully developed in the last three years.

Year	R&D Results	Function and effectiveness
2019	PU Paper products	Increasing the strength of material development and style design of PU paper products, which are more favoured by young consumers.
2020	Automatic drawer assembly machine, bedside frame automatic assembly machine, automatic feeding and in-line edge banding machine	With the improvement of the process, the process can be completed in a centralized manner to save labor costs and improve processing efficiency.
2021	Hanging wire automatic reciprocating electrostatic spraying machine	It significantly improves the quality stability of suspension paint products, and can save labor costs.
2022	Drawer board grooving sander	In conjunction with process improvements, several processes can be completed in one machine to improve processing efficiency.

4.1.4 Long-Term and Short-Term Business Development Strategies

(A) Short-term goals

(a) Developing Diversified Products: Our company has over 20 years of experience in bedroom furniture manufacturing and has built a strong network of contacts and customers. Therefore, we intend to invest in the research and development of diversified products to enhance our revenue and reduce the risks associated with relying on a single product.

(b) Actively Expand the U.S. Market and Acquire New Customers: The company will continue engaging with new customers in the field of professional manufacturing, aiming to expand product visibility through word-of-mouth recommendations, participation in furniture exhibitions in Malaysia and China, and other promotional efforts.

(c) Increasing Automated Machinery: As our company's operational scale continues to grow and Malaysia's average labor wages rise annually, we plan to gradually introduce automated production equipment to replace manual labor. This will help enhance production capacity and reduce labor costs.

(B) Long-term goals

(a) Developing Diversified Products: With over 20 years of experience in manufacturing bedroom furniture and a substantial network of contacts and customers, the company intends to invest in the development of diversified products. This initiative aims to boost company revenue and mitigate the risks associated with reliance on a single product line.

(b) Planning to Acquire Industrial Land to Strengthen Long-Term Operational Deployment: Given that the subsidiary, Techcential Sdn. Bhd., currently operates with a land use ratio of approximately 2:1 between owned and leased facilities—and existing warehouse space is nearing full capacity and unable to meet future production and logistics demands—the company plans to acquire industrial land in nearby areas to support long-term growth. A new plant will be constructed to enhance production line flexibility and storage capacity. The facility will not only accommodate the company’s own production expansion but also explore integration with outsourced partners, potentially centralizing operations within the same industrial park or nearby area. This strategic move aims to consolidate resources, reduce transportation costs for raw materials and semi-finished goods, and improve manufacturing efficiency and delivery speed through optimized logistics flow.

4.2 Market and Sales Overview

4.2.1 Market Analysis

(A) Main Product Sales Regions

Unit: NTD in Thousands; %

Regions	Year 2022		Year 2023		Year 2024	
	Revenue	%	Revenue	%	Revenue	%
Domestic Sales	82,561	7.15	66,223	6.56	104,304	8.96
Overseas Sales	1,071,854	92.85	943,575	93.44	1,060,060	91.04
Total	1,154,415	100.00	1,009,798	100.00	1,164,364	100.00

(B) Market Share

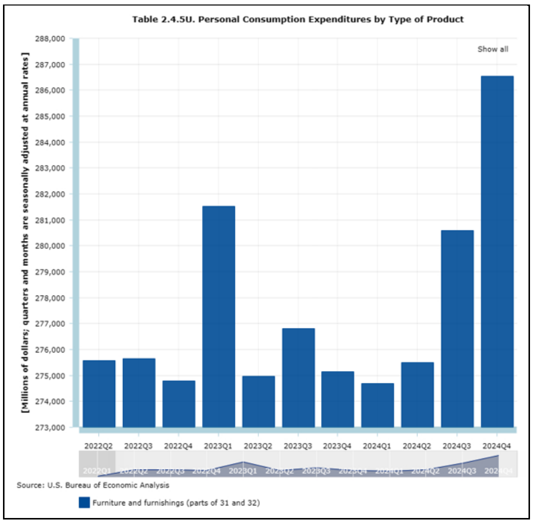
Our company primarily sells American-style wooden bedroom furniture, with North America as our main sales region. Our customers mainly consist of wholesalers and retailers in the United States, including several of the top 100 well-known furniture brands in the country. According to a statement made on March 1, 2025, by Malaysia's Minister of Plantation and Commodities, Datuk Seri Johari Abdul Ghani, the total export value of Malaysian wooden furniture reached RM 9.9 billion in 2024, representing an 8.4% increase compared to 2023. Wooden furniture exports accounted for 43.2% of the total timber product exports for the year (RM 22.9 billion), highlighting the furniture industry's significant role within the timber sector. Based on our company's 2024 sales figures, our estimated market share is approximately 1.51%, indicating our prominent position in Malaysia's furniture export landscape. Moving forward, our company will continue to actively develop new products and expand distribution channels to further enhance overall sales and market share.

(C) Future market supply and demand conditions and growth potential

Our company specializes in the design, production, and sale of American-style wooden bedroom furniture. Our primary sales region is North America, with key customers including retailers, importers, and small to medium-sized furniture retailers of the top 100 furniture brands in the U.S. We have developed long-term cooperative relationships with these customers over many years, maintaining a good interactive relationship. Our main procurement region is primarily local to Malaysia.

Since 2024, personal spending on furniture and household equipment in the United States has shown steady growth (Figure 9). According to data from the U.S. Bureau of Economic Analysis (BEA), personal consumption expenditures (PCE) in the durable goods category for furniture and durable household equipment amounted to USD478.267 billion in 2024Q1. This figure continued to rise, reaching USD 480.501 billion in Q2, USD489.318 billion in Q3, and further increasing to USD496.016 billion in Q4. This indicates that consumer demand for furniture and household equipment remains strong. At the beginning of 2025, U.S. personal consumption expenditures continued to grow. Data from February 2025 shows that consumer spending rebounded with a 0.4% increase, primarily driven by purchases of durable goods, including furniture and household equipment. This suggests that despite economic uncertainties, consumers are still willing to invest in these products. However, this spending growth has also been accompanied by the impact of inflation. In February 2025, the Personal Consumption Expenditures Price Index (PCE Price Index) increased by 0.3%, with a year-over-year growth of 2.5%. Meanwhile, the core PCE inflation rate rose by 0.4%, with a year-over-year increase of 2.8%. This indicates that while consumer spending continues to rise, price increases may affect future purchasing behavior, especially among price-sensitive consumers. Overall, from 2024 to the present, U.S. personal spending on furniture and household equipment has continued to grow, reflecting strong consumer demand. However, inflationary pressures have also risen, which may influence future consumption patterns. This is a key factor that policymakers and market participants need to monitor closely.

Figure 9: The amount of spending on furniture and household equipment.



Sources：U.S. Bureau of Economic Analysis

(D) Core Competency

(a) Professional Management Team: Our management team has been deeply engaged in furniture production and manufacturing for many years, possessing extensive experience in the production of American-style furniture. We have a strong grasp of the manufacturing process, market strategies, and positioning, demonstrating a high level of sensitivity to industry trends. Additionally, we effectively collaborate with upstream and downstream partners and excel in production and sales management to meet customer demands.

(b) Direct Procurement of Raw Materials: Malaysia’s rich natural resources and abundant local suppliers of production materials and components for furniture allow the company to focus on local procurement. This approach not only reduces procurement lead time and lowers the risk of material shortages to ensure on-time delivery, but also enables the company to promptly respond to fluctuations in raw material prices.

(c) R&D, Design, and Customization: Our company has a dedicated design and R&D team with years of experience working with U.S. furniture companies. When customers request new product development, we can swiftly proceed with design and prototyping, significantly reducing communication time and assisting clients in launching new products quickly to gain a competitive edge in the market.

(d) Flexible Mass Production In addition to directly procuring raw materials to ensure quality and supply stability, our company also collaborates with subcontractors for outsourced processing. With years of experience in the furniture industry, we have built strong partnerships with numerous reliable subcontractors. Regardless of order size, whether standard or urgent, we can maintain stable and on-time delivery while providing customers with more flexible ordering options.

(E) Factors benefiting and hindering future development and corresponding strategies

(a) Favorable factors

(i) Large demand in the American market: With the economic recovery, the U.S. furniture market outlook is positive, benefiting from increased new home construction, rising disposable income, and expected steady growth in furniture demand over the coming years. Our company primarily manufactures American-style bedroom furniture, and with the continued stable growth in furniture demand in the U.S., there will be potential for revenue growth.

(ii) Abundant local resources: Malaysia is one of the top three natural rubberwood-producing countries in the world. Rubberwood is a primary material for our wooden furniture. Our company benefits from a geographic advantage and has ventured into upstream raw material procurement and processing (rubberwood and boards). This allows us to source raw materials locally, reducing the risk of material shortages.

(iii) Long-standing and stable customer relationships: Our company has maintained long-term cooperative relationships with our primary customer base for many years, with a stable partnership. Given our extensive experience in American-style furniture and years of collaboration with furniture retailers, along with our design capabilities, consistent quality, and robust production technology, we have earned recognition from U.S. furniture importers and retailers. This foundation of trust will significantly benefit the future development of our business.

(b) Unfavorable factors and corresponding strategies

(i) Price fluctuation of raw materials

Measures：By increasing the purchase quantity of the KD, some of them are used for self-made furniture, and some of them are sold as commodities to local peers with smaller scales, which can increase the negotiation power for purchasing boards and thus reduce the purchase cost and also increase the speed and stability of obtaining raw materials. In addition, the company monitors the raw material market and adjusts the safety stock according to the market trend to cope with the risk of fluctuation in the raw material price.

(ii) Rising global inflation

Measures: The Russia-Ukraine war triggered a global energy and food crisis in the winter of 2022. The previous rise in global sea freight and the change in supply and demand for containers caused a bullwhip effect in the US consumer market in May 2022 and triggered global inflation. To slow down inflation, the central banks of various countries have responded by raising interest rates, which has affected the purchasing power of the consumer market. TC's main products are sold in the United States. TC will pay close attention to the changes in the American furniture consumer market, strengthen communication with customers, and develop new product models to provide more cost-effective products to win customers' orders. In addition, the company will also actively develop other furniture products to match the dormitory with a complete set of series and take part in furniture exhibitions in other countries to gain more product exposure and develop customers in other new markets.

4.2.2 Main Features and Production Process of Major Products

(A) Key Product applications

The subsidiary TC mainly designs, manufactures and sells 5-piece bedroom furniture, including bed frames, bedside tables, dressing tables, cabinets and mirror.

(B) Production Processes

The main production process of the company's bedroom furniture products is divided into 6 major processes, as shown in the following figure:

4.2.3 Production Material Sourcing

Major Raw Material	Major Supplier	Supply Situation
Board	Robin Resources 、Allgreen Timber 、Five Hills	Good
Wood	Magic Wood、Linewood Industries、Goodwood Hectares	Good
Paint	Lycora 、Nikkolac	Good
Packaging	Pine Packaging、Southern Legend	Good

4.2.4 Major suppliers and customers

(A) Major supplier information of the suppliers that have accounted more than 10% of the total annual purchase in any given year over the past 2 years.

The company’s purchases of vendors are scattered, and there is no situation where purchases from the same vendor accounted for more than 10% of the total purchases in the last two years and the most recent period.

(B) Major customer information of the customers that have accounted more than 10% of the total annual sales in any given year over the past 2 years.

Unit: NTD in Thousands; %

Year 2023				Year 2024			
Customer	Sales Amount	Ratio to Net Sales (%)	Relationship with the Company	Customer	Sales Amount	Ratio to Net Sales (%)	Relationship with the Company
Ashley (AFT)	297,379	29.45	None	Elements	329,433	28.29	None
Elements	210,750	20.87	None	Ashley (AFT)	247,314	21.24	None
Crown Mark	171,306	16.96	None	Crown Mark	207,059	17.78	None
Others	330,363	32.72		Others	380,558	32.69	
Net Sales	1,009,798	100.00		Net Sales	1,164,364	100.00	

Ashley Furniture Trading (AFT) is a subsidiary of the American furniture company Ashley Furniture Industries (AFI). AFI operates over 700 stores across the United States and has become the largest furniture retailer in the country by leveraging online marketing and effective promotional strategies based on market insights. Due to the recent weakening of the US dollar, the gross profit margin of some products sold to Ashley has fallen below the minimum threshold. As a result, TC has decided to discontinue the production of these low-profit items, leading to a decrease in sales revenue to AFT in 2024 compared to 2023.

Element is a large-scale furniture importer and wholesaler based in Texas, USA. The company mainly deals in products such as general bed sets, children's bed sets, and dining furniture. As most of its product sourcing is done in Asia, it has warehouse locations not only in the United States but also in Vietnam and Malaysia. This period's sales revenue has increased compared to the same period last year, mainly due to the successful expansion of several TC series products into large U.S. retail chains, which has driven overall sales performance.

Crown Mark is a furniture distributor in the United States and a stable customer of TC. The main products sold include bed sets, dining sets, and coffee tables, with primary sales locations in Fontana and High Point, USA. Sales revenue for 2024 has grown compared to 2023, primarily due to the successful launch of several innovative product lines, which were well received in the market and led to an increase in customer order demand.

4.3 Employees

Unit: Person/%

Year		2023	2024	Year-To-Date 30 April 2025
Number of Employees	Management staff	33	31	32
	Normal staff	74	65	61
	Production Line	642	650	644
	Total	749	746	737
Average age		31.75	32.00	32.19
Average Years of Service		3.83	4.27	4.42
Education (%)	Doctoral	-	-	-
	Master	0.13	0.27	0.27
	University & College	7.21	7.51	8.28
	High School	7.74	7.64	7.60
	Below High School	84.92	84.58	83.85

4.4 Information on Environmental Protection Expenditures

1. Explanation of the Application for Pollution Facility Installation Permits, Pollution Emission Permits, Payment of Pollution Control Fees, or Establishment of Environmental Protection Units or Personnel in Compliance with Legal Requirements:

   - According to the local regulations, our company does not require a permit for the installation of pollution facilities or a permit for the emission of pollution. However, we still need to report to the relevant authorities every two years for the inspection, testing, and assessment of the local exhaust ventilation system report and every five years for the chemical hazardous to health exposure monitoring report. Currently, they are handled by the professional organizations H & S Solution & Service Trading Sdn. Bhd. and PAC Testing & Consulting Sdn. Bhd.

2. Company's Investment in Main Equipment for Environmental Pollution Prevention and Its Use and Potential Benefits: No such incident.

3. The Company's Efforts to Improve Environmental Pollution in the Last Two Years and Up to the Date of the Annual Report Publication, Including Any Pollution Disputes and How They Were Addressed: No such incident.

4. The Company's Losses Due to Environmental Pollution in the Last Two Years and Up to the Date of the Annual Report Publication (Including Compensation), Total Amount Disposed of, and Disclosure of Future Countermeasures (Including Improvement Measures) and Potential Expenditures (Including Estimated Amounts for Losses, Disposals, and Compensation That May Occur Due to the Lack of Countermeasures; if These Cannot Be Reasonably Estimated, the Company Should State the Fact That a Reasonable Estimate Cannot Be Made): No such incident.

5. Current Pollution Situation and Its Impact on the Company's Earnings, Competitive Position, and Capital Expenditures, as Well as the Projected Significant Environmental Capital Expenditures for the Next Two Years: No such incident.

4.5 Labor Relationship

5.5.1 Description of Policies and Programs related to Welfare, Learning, Training and Retirement of Employees, as well as various protections of Employee Rights and Benefits:

(A) Employee welfare measures:

Our company values employee welfare and has established various management policies and regulations, including salary, promotion, rewards and penalties, social insurance funds, provident funds, and annual leave benefits, all in compliance with local laws and regulations. We hope that employees can work in a favorable environment and contribute together to the company's success. The relevant employee benefits are listed in the table below:

Benefit Items	Description
Salary system	A competitive salary level, with annual salary adjustments based on individual performance and the company's overall operational performance.
Bonus System	Each year, the company allocates a portion of its profits and distributes bonuses to employees based on performance evaluations conducted by the management team.
Insurance System	Employees who have served the company for three years or more are covered by accident insurance.
Employee Relations	Organizing sports competitions, year-end banquets, and occasional gatherings.
Employee Care	Subsidies for wedding and funeral expenses, an annual medical allowance of MYR 250 for consultations at company-affiliated clinics, and benefits such as 14 days of paid sick leave.
Attendance and Leave System	In accordance with Malaysian labor laws, benefits include Employees Provident Fund (KWSP), 14 weeks of maternity leave, paternity leave, paid annual leave (ranging from 8 to 16 days based on years of service), and 14 days of paid sick leave.
Others	The company provides uniforms, domestic and overseas travel allowances, and long-service awards for employees who have served for over 10, 20, and 30 years. Employees' children with outstanding academic performance may also receive scholarships awarded by the company.

(B) Human Resource Development and Staff Training:

With a corporate culture built on integrity, the company continuously strives toward the goal of sustainable operations and maintaining market competitiveness. Through a well-established training program, each employee is provided with an appropriate work environment to enhance job performance, unlock personal potential, and achieve the dual goals of corporate development and personal growth. In line with functional development, various professional on-the-job training programs are offered to cultivate rich professional abilities. The company also allocates a certain amount of funds (1% of employees' salaries) each month to the HRDF fund (now renamed HRD Corp) in compliance with government policies.

HRD Corp is responsible for collecting levies from employers and providing funding for training and development programs for Malaysia's workforce, thereby promoting the nation's talent development aspirations. HRD Corp's mission includes driving employment and industrial training, career guidance, and consulting, as well as providing income-generating opportunities for Malaysians with various skills, backgrounds, and abilities.

(C) Retirement Programs

The Employees Provident Fund (EPF) is a government-managed retirement savings scheme that involves mandatory contributions in countries such as India, Hong Kong, Singapore, Malaysia, Mexico, and others. It is similar to the Social Security system in the United States. Malaysia's EPF (KWSP) was established under the Employees Provident Fund Act 1991 (Act 452). It provides retirement benefits to its members through compulsory contributions from both employers and employees (a portion of the employee's salary and the employer's contribution on behalf of the employee). The EPF offers a convenient framework for employers to fulfill their legal and moral obligations to employees by making continuous monthly contributions to their retirement fund accounts.

The monthly contribution rate for the Employees Provident Fund is as follows:

i. Employees: Employees under the age of 60 are required to contribute 11% of their monthly salary to the EPF, which is deducted directly from their wages. Starting from August 2022, employees aged 60 and above are no longer required to make monthly EPF contributions.

ii. Employers: For employees under the age of 60, the employer contribution rate is 13% for monthly salaries of RM5,000 and below, and 12% for salaries exceeding RM5,000. Starting from August 2022, employers are required to contribute a minimum of 4% EPF for employees aged 60 and above.

To safeguard employees' future retirement life, the Company follows Malaysia's Employment Act and Retirement Regulations to ensure proper arrangements for the work and life of retiring employees.

- Employees who reach the age of 60 during the year shall retire in accordance with the law, with December 31 of the same year deemed as their official retirement date. The Company will issue a written notice in advance to terminate the employment relationship.

- Before reaching the age of 60, the Company and the employee may mutually agree to extend the employment contract or negotiate a fixed-term employment arrangement, allowing the employee to remain in service. Upon completion of the extended term, the Company will provide a corresponding retirement allowance based on the employee's years of service.
- The retirement allowance paid by the Company (based on years of service) is as follow:

Years of Service	Gratuity Amount
10 to 15 years	1 month's basic salary
15 to 20 years	1.5 month's basic salary
20 to 25 years	2 months' basic salary
25 to 30 years	2.5 months' basic salary
More than 30 years	3 months' basic salary

(D) Status of Agreements Between Labor and Management and Measures for Safeguarding Employee Rights:

All regulations are established in accordance with local labor laws, with an emphasis on two-way communication with employees. A suggestion box is provided for employee feedback. To date, there have been no major labor-management disputes requiring mediation. The company will continue to strengthen communication and coordination between labor and management and strive to enhance employee welfare measures, with the goal of fostering more harmonious labor relations and minimizing the likelihood of labor disputes.

4.5.2 Losses Due to Labor-Management Disputes in the Last Two Years and Up to the Date of the Annual Report Publication, and Disclosure of Estimated Amounts and Measures for Potential Future Incidents: No disputes between the employer and employee have occurred.

4.6 Security Risk of Information Technology Management

4.6.1 State the security risk of information technology structure and policy, specific management plans and resources invested in security risk of information technology, etc.

(1) Security risk of information technology structure

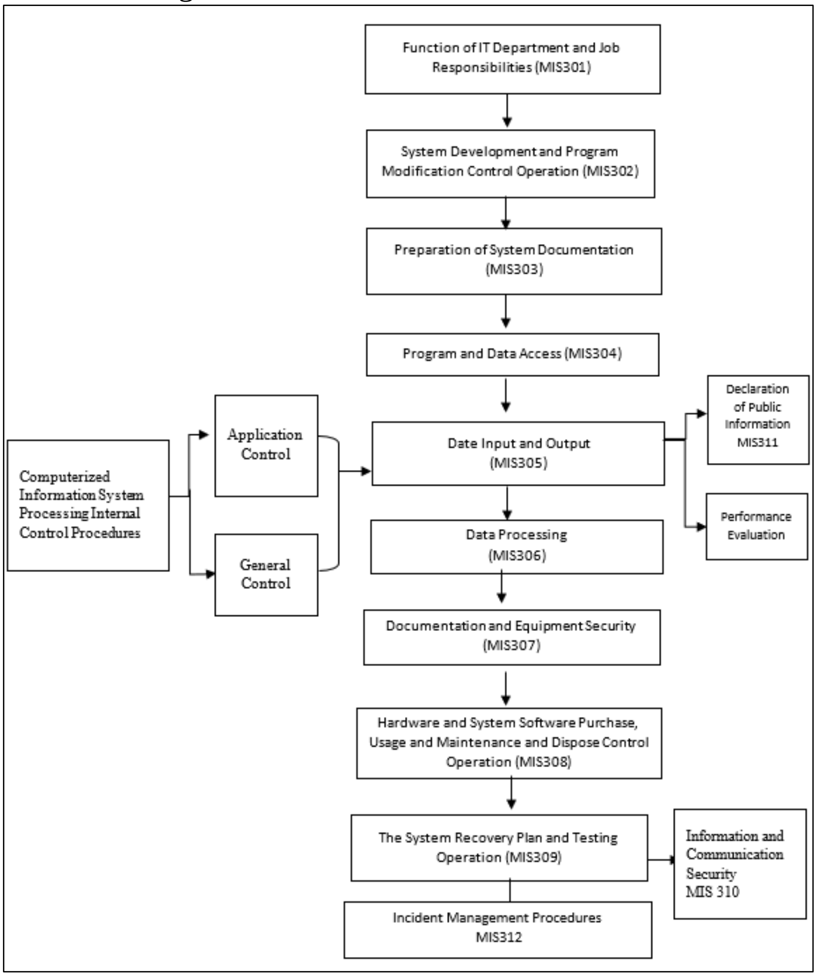
In today’s digital and globalized world, interactions between people, computers, and the internet are increasingly close, and electronic transactions are rapidly becoming mainstream. While this brings convenience to businesses, it also introduces risks such as cybersecurity threats and cybercrime. Although our production and sales operations do not rely on real-time online systems, we fully recognize the importance of information security for stable business operations. To this end, we have established an IT department staffed with professionals responsible for managing network infrastructure, servers, and system access controls. We conduct daily data backups and perform regular maintenance and antivirus scans on employee computers to proactively prevent system failures and malware infections. Additionally, we have strengthened data center management by carrying out regular simulations and emergency drills to ensure continuous system operation and secure data preservation under any unforeseen circumstances. These comprehensive measures significantly reduce the risks of disruptions caused by system failures, human error, or external threats, safeguarding both business continuity and the integrity of customer information.

The department's primary operational role is to support business units with large-scale data processing and query tasks, generate various reports, streamline manual workflows, and reduce repetitive routine tasks to enhance overall efficiency. It also assists departments in establishing standardized processes and form templates, while overseeing the planning, integration, and maintenance of the company’s IT infrastructure to ensure stable system performance. At the management level, the department facilitates cross-departmental coordination to optimize workflows and ensure consistent data flow. By providing comprehensive management information, it supports senior executives in decision-making and operational planning aligned with corporate strategy. Additionally, the department works closely with audit units to strengthen internal controls, enhancing overall corporate governance and competitive advantage. The functions and responsibilities of departmental personnel are detailed as follows:

Management Information System (MIS)	
Manager	IT executive
a. Assist company to plan the information environment, design, project execution (ERP, SFT, Payroll, FingerTech). b. Plan company’s network infrastructure and ensure the plan is up to date, executable and secure. c. Dealing with the vendor/ supplier for related matters about system. d. Assist in internal control and monitor the operation through computer information system. Ensure the data integrity and data confidentiality. e. Authorize and follow up with IT executive regrading requisition, monitoring, maintenance, service of hardware/software in company. f. system training & meeting. g. System monitoring and maintenance.	a. Management of the Office’s Computer equipment/ software (requisition, monitoring, maintenance, service). b. Network/ File sharing/ Email/ Terminal setting in office and production area. c.Database backup and server storage monitoring. d. Update Server Checking List every day. e. System monitoring and maintenance. f. System and computer training.

(2) Security risk of information technology policy

To safeguard the company's confidential data, information systems, equipment, and network security, a "Computerized Information System Processing Cycle (MIS Cycle)" has been established and approved by the Board of Directors. This system provides a structured and systematic framework to strengthen information security controls and enhance overall cybersecurity management. The MIS Cycle outlines detailed control procedures and management processes within the information system workflow, presented through internal control flowcharts to facilitate implementation and audit. It covers key areas such as the procurement, usage, maintenance, and decommissioning of hardware and system software, as well as access control, data and program change management, and other security measures to ensure system integrity and stability. These internal control flowcharts serve as operational and audit references, reinforcing effective system management and risk mitigation.



(3) Specific management plans

To strengthen the company's network security, the IT Department has implemented multiple protective measures, including firewalls, antivirus software, and other cybersecurity technologies to guard against potential threats and intrusions. A multi-layered defense system is also in place to monitor employee access to external websites; suspicious or malicious sites are automatically blocked to prevent malware attacks and data breaches. The company's internal control system clearly defines procedures and management guidelines for information system operations. Policies and best practices for information usage are regularly communicated to all employees via email to ensure awareness and compliance. In addition, the IT Department periodically conducts cybersecurity briefings and awareness programs to keep employees informed of the latest security trends and strengthen overall cyber risk awareness—fostering a secure and resilient digital work environment.

Based on the overall assessment, the company's cybersecurity risk level is classified as low. In 2024, there were no major cyberattacks or security incidents, nor any events that had, or could have had, a significant adverse impact on business operations. Additionally, the company was not involved in any information security-related litigation or regulatory investigations during the year. Overall, cybersecurity management remained effective, with no material losses incurred due to information security issues.

(4) Resources invested in security risk of information technology

(1) Employee management and education training

A. Personnel safety assessment and management	B. Staff responsibility for maintaining information security and official confidentiality
C. Information Security Education and Training	

(2) Computerized Information System Security Management

A. Content for Computerized Information System Processing Internal Control	B. Computerized Information System Processing Flow Chart
C. Function of IT Department and Job Responsibilities	D. System Development and Program Modification Control Operation
E. Preparation of System Documentation Control	F. Program and Data Access Control
G. Data Input and Output Control	H. Data Processing Control
I. Ocumentation & Equipment Security Control	J. Hardware and System Software Purchase, Usage, Maintenance and Dispose Control
K. The System Recovery Plan and Testing Control	L. Information and Communication Security
M. Declaration of Public Information Operation	N. Incident Management Procedures

4.6.2 List the losses, impact, and corresponding measures in the most recent year and as of the publication date of the annual report due to major IT security incidents. It shall be stated if could not estimate:

The company has not experienced any major information security incidents, so there is no loss due to information security, as of the date of publication of the annual report in 2024.

4.7 Important Contracts and Agreements

4.7.1 Techcential Sdn Bhd

Contractual nature	Involved Party	Contract date	Content	Restricted terms (Note 1)
Loan Contract	Hong Leong Bank	2013.03.26（respectively dated to 2013.06.10、2015.06.23、2016.02.02、2016.02.17、2016.10.07、2017.03.28、2017.06.19、2017.08.28、2017.10.09、2019.07.02、2019.10.30、2021.06.17、2022.07.14、2024.02.16、2024.02.20、2024.03.14、2024.04.03、2024.09.26及2025.02.27 supplemental letter amendment）	Bank Loan	1. The debt-to-equity ratio does not exceed 1.5 times. 2. Maintain the operation of the HLB (Hong Leong Bank) account.
Loan Contract	Maybank	2023.09.08（dated to 2024.09.10 supplemental letter amendment）	Bank Loan	The leverage ratio (total liabilities/tangible net worth) does not exceed 5 times.
Loan Contract	Chailease International Financial Services (Singapore) Pte. Ltd.	2021.05.25-2024.05.24	Bank Loan	NA
Loan Contract	BMW Credit (Malaysia) Sdn Bhd	2019.11.06-2024.11.05	Finance Lease	NA
Loan Contract	Hong Leong Bank	2021.12.03-2028.12.02	Finance Lease	NA
Loan Contract	Hong Leong Bank	2023.04.19-2026.04.18	Finance Lease	NA
Loan Contract	Hong Leong Bank	2023.07.03-2026.07.02	Finance Lease	NA
Loan Contract	Hong Leong Bank	2023.07.17-2026.07.16	Finance Lease	NA
Loan Contract	Hong Leong Bank	2023.08.02-2026.08.01	Finance Lease	NA
Loan Contract	Hong Leong Bank	2023.10.04-2026.10.03	Finance Lease	NA
Loan Contract	Hong Leong Bank	2023.12.27-2028.12.26	Finance Lease	NA
Loan Contract	Hong Leong Bank	2024.06.06-2029.06.05	Finance Lease	NA
Loan Contract	Hong Leong Bank	2024.12.12-2029.12.11	Finance Lease	NA
Lease contract	Imei Furniture Sdn Bhd	2022.05.01-2025.04.30	Factory lease	NA
Lease contract	Imei Furniture Sdn Bhd	2022.06.01-2025.05.31	Factory lease	NA
Lease contract	Yong Long Sdn Bhd	2023.05.01-2025.04.30	Factory lease	NA
Lease contract	Nafas Feedmills Sdn Bhd	2024.10.01-2027.09.30	Factory lease	NA

Note 1: The company has complied with the financial ratios and requirements of the above commitments, as of December 31, 2024.

4.7.2 ESK Biomass Sdn Bhd

Contractual nature	Involved Party	Contract date	Content	Restricted terms
Loan Contract	BMW Credit (Malaysia) Sdn Bhd	2019.02.28-2024.02.27	Finance Lease	NA

4.7.3 ESK Wood Products Sdn Bhd

Contractual nature	Involved Party	Contract date	Content	Restricted terms
Loan Contract	Hong Leong Bank	2021.01.21	Bank Loan	NA
Loan Contract	Hong Leong Bank	2024.03.07-2029.03.06	Finance Lease	NA
Lease contract	Tey Kok Leong	2024.11.01-2026.10.31	Office rental	NA
Lease contract	KSC Success Sdn Bhd	2025.01.01-2027.12.31	Warehouse rental	NA

4.7.4 EHL Cabinetry Sdn Bhd

Contractual nature	Involved Party	Contract date	Content	Restricted terms
Lease contract	Muar Industries Sdn Bhd	2020.03.04-2024.06.30	Factory lease	NA
Loan Contract	Ambank	2020.03.30-2025.03.29	Finance Lease	NA
Loan Contract	Ambank	2020.09.18-2025.09.17	Finance Lease	NA
Loan Contract	Ambank	2020.12.30-2025.12.29	Finance Lease	NA
Loan Contract	Ambank	2021.03.15-2026.10.14	Finance Lease	NA
Loan Contract	Ambank	2021.05.08-2026.12.07	Finance Lease	NA
Loan Contract	BMW Credit (Malaysia) Sdn Bhd	2021.10.02-2026.10.01	Finance Lease	NA

5.0 Review of Financial Status, Operating Results and Risk Management.

5.1 Financial Status

Unit: NTD Thousand; %

Item \ Year	2024	2023	Variance	
	Amount	Amount	Amount	%
Current assets	574,685	546,584	28,101	5.14
Property, Plant and Equipment	121,659	132,000	(10,341)	(7.83)
Right of use assets	8,331	56,096	(47,765)	(85.15)
Intangible assets	185	98	87	88.78
Other assets	43,267	59,807	(16,540)	(27.66)
Total assets	748,127	794,585	(46,458)	(5.85)
Current liabilities	181,935	211,984	(30,049)	(14.18)
Non-current liabilities	128,860	151,416	(22,556)	(14.90)
Total liabilities	310,795	363,400	(52,605)	(14.48)
Share capital	354,785	342,319	12,466	3.64
Capital surplus	98,252	94,714	3,538	3.74
Retained earnings	(27,744)	20,669	(48,413)	(234.23)
Other equity	14,916	(30,080)	44,996	(149.59)
Non-control equity	(2,877)	3,563	(6,440)	(180.75)
Total equity	437,332	431,185	6,147	1.43

Analysis and explanation for those who have changed over 20% in the last two fiscal years, and the amount of change has reached NT$10 million: ：

1. Decrease in Right-of-Use Assets: Mainly due to (1) EHL’s termination of the factory lease agreement; (2) EHL’s gradual disposal of machinery and equipment; and (3) EHL’s recognition of impairment losses on most of its right-of-use assets – machinery and equipment.
2. Decrease in Other Assets: Primarily due to (1) full repayment of Chung Tsu’s long-term borrowings during the period, leading to TC’s retrieval of its security deposits; and (2) TC's cancellation of its loan agreement with Citibank and closure of the related bank account, resulting in the return of fixed deposits previously pledged under the loan agreement.
3. Decrease in Retained Earnings: Attributed to losses incurred during the period, mainly due to sluggish market conditions affected by shipping freight rates, appreciation of the Malaysian Ringgit against the US Dollar, and the recognition of asset impairment by EHL.
4. Increase in Other Equity: Mainly due to the strengthening of the Malaysian Ringgit from January to December 2024, with the exchange rate against the New Taiwan Dollar rising from 6.6138 to 7.3389. As a result, the cumulative translation differences from the financial statements of foreign operations increased significantly compared to the same period last year.

5.2 Financial Performance

5.2.1 Financial performance analysis

Unit: NTD Thousand; %

Item	2024	2023	Difference	
	Amount	Amount	Amount	%
Operating revenues	1,164,364	1,009,798	154,566	15.31
Operating costs	1,027,517	909,434	118,083	12.98
Gross profit	136,847	100,364	36,483	36.35
Operating expenses	131,563	126,004	5,559	4.41
Operating income	5,284	(25,640)	30,924	(120.61)
Non-operating income and expenses	(52,966)	(7,597)	(45,369)	597.20
Profit before income tax	(47,682)	(33,237)	(14,445)	43.46
Income tax expense	7,228	(7,044)	14,272	(202.61)
Net profit for the year	(54,910)	(26,193)	(28,717)	109.64
Other comprehensive income(loss) for the year, net of income tax	48,682	(24,875)	73,557	(295.71)

Total comprehensive income for the year	(6,228)	(51,068)	44,840	(87.80)

Cause and impact of the significant differences (over 20% and NT$10 million) in the last two years:

1. Increase in Gross Profit: Due to the economic instability following U.S. interest rate hikes, the company reduced product prices and developed more low-margin products in order to increase order volume. Additionally, the government's increase in the minimum wage to RM1,500 further impacted profitability, resulting in a significant drop in gross profit in 2023. However, with customers beginning to replenish inventory this period, TC's orders increased, capacity utilization improved, and the company gradually adjusted product pricing, leading to a recovery in gross profit.
2. Increase in Operating Profit: Mainly attributed to the increase in gross profit for the group during the period.
3. Decrease in Non-operating Income and Expenses: Primarily due to (1) an asset impairment of approximately NT$42,470 thousand recognized by EHL during the period; and (2) foreign exchange losses caused by the appreciation of the Malaysian Ringgit during the period.
4. Increase in Pre-tax Net Loss: Mainly due to EHL's asset impairment and the increase in foreign exchange losses during the period.
5. Increase in Income Tax Expense: Mainly due to (1) the recognition of deferred tax assets based on EHL's losses during the period; (2) in the prior year, TC reversed an overestimated tax amount of approximately NT$4,583 thousand from the previous year, whereas the reversal in the current period was comparatively lower; and (3) TC's pre-tax profit increased compared to the previous year, resulting in a higher tax expense this period. Overall, income tax expenses increased during the period.
6. Increase in Net Loss After Tax: Primarily due to EHL's asset impairment and increased foreign exchange losses during the period.
7. Other Comprehensive Income: Mainly due to the appreciation trend of the Malaysian Ringgit against the New Taiwan Dollar from January to December 2024 (from 6.6138 to 7.3389), compared to the depreciation trend from January to December 2023 (from 7.055 to 6.6979), resulting in higher translation gains this period.
8. Decrease in Total Comprehensive Loss for the Period: Although the asset impairment recognized by EHL and the appreciation of the Malaysian Ringgit led to higher foreign exchange losses and an increase in net loss after tax, the stronger MYR against TWD resulted in greater translation gains in the financial statements. As a result, the total comprehensive loss for the period was lower compared to the previous year.

5.2.2 Sales forecast and assumptions:

The annual shipping target is based on the customer's estimated demand, capacity planning and past operating performance. Estimated sales volume is expected to grow as customer demand increases. For relevant market research and industry status and development, please refer to the operation overview.

5.2.3 Likely influence on company finance in the future and contingency plans:

The Company will keep abreast of market demand changes, expand market share, develop new customers and new products, enhance company's profitability, and maintain a sound financial position.

5.3 Cash Flows

5.3.1 Analysis of the Change in Cash Flow in 2024:

Unit: NTD Thousand

Item	2024	2023	Difference	
			Amount	%
Net Cash generate from Operating activities	45,430	51,874	(6,444)	(12.42)
Net cash used in Investing activities	7,017	(6,180)	13,197	(213.54)
Net cash used in Financing activities	(26,505)	8,430	(34,935)	(414.41)

Change analysis：

1. Decrease in Cash Inflows from Operating Activities:
   (1) Increased operating revenue during the period resulted in higher net cash inflows.
   (2) Due to a decline in TC's order volume in Q1 2025, the company adjusted its procurement from overseas suppliers, leading to a reduction in advance payments in Q4 2024 and thus higher net cash inflows.
   (3) As total orders in 2024 improved compared to the previous year, inventory turnover improved, resulting in net cash inflows.

2. Decrease in Cash Outflows from Investing Activities: (1) Main Cash Inflows: (a) TC canceled its loan agreement with Citibank and recovered the fixed deposits that had been placed under the agreement; (b) The long-term loan with Chung Tsu was fully repaid, allowing the retrieval of the pledged deposits; (c) EHL generated cash inflows from the disposal of some equipment. (2) Main Net Cash Outflows: Mainly capital expenditures for the renovation of the TC2 factory and the purchase of company vehicles during the period. 3. Increase in Cash Inflows from Financing Activities: (1) Repayment of subsidiary finance leases and factory rental expenses; (2) Repayment of long-term borrowings from Chung Tsu.

5.3.2 Remedial measures for cash deficit:

The company is currently operating steadily, with cash flow sufficient to support daily operations. Bank loans have been drawn down in a timely manner in line with the pace of business development, and there have been no signs of liquidity shortages.

5.3.3 Cash flows analysis for the following year:

Current working capital is adequate. We expect the cash flows position to be stronger and liquid next year.

5.4 Material capital expenditures in the Most Recent Fiscal Year and their Impact on Financial and Business Operations: The Company has no material capital expenditures in recent year.

5.5 Investment policy in Most recent fiscal year, Main Causes for Profits and Losses under the policy, Improvement Plans, and Investment Plans for the following year.

5.5.1 Investment policy:

This company's investment policy focuses on its core business operations and does not engage in industries unrelated to its primary business. The company has established regulations such as the "Investment Cycle," "Subsidiary Supervision Procedures," "Operational Procedures for Transactions with Group Enterprises, Specific Companies, and Related Parties," and the "Procedures for Acquisition or Disposal of Assets." Any future investment plans will be carried out in accordance with these established regulations.

5.5.2 Major causes for profit or losses and improvement plans:

Unit: NTD Thousand

Investee Enterprises	Direct (Indirect) shareholding ratio	Approved investment gains and losses in the most recent year	Reason for profit or loss	Improvement plan
TC	100.00%	17,490	Good operating condition	NA
TCH	100.00%	(57)	This is primarily to align with the group's business restructuring, and there are currently no profits to cover operating expenses.	NA
EHL	89.20%	(53,658)	Since beginning operations in 2022, EHL has been unable to reach full production capacity and has had to bear high fixed costs, resulting in a prolonged inability to achieve break-even. Additionally, the U.S. housing market was sluggish from 2023 to 2024 due to high inflation and interest	In response to the expiration of the factory lease in 2024 and the weak demand in the cabinet market, the management has decided to temporarily suspend operations and

			rate hikes, leading to weak demand, which further reduced revenue and intensified the pressure of losses.	wait for future business opportunities.
TCH(US)	100.00%	(7)	This is primarily to align with the group's business restructuring, and there are currently no profits to cover operating expenses.	NA
ESK B	100.00%	583	Good operating condition	NA
ESK WP	100.00%	810	Good operating condition	NA

5.5.3 The Investment plans for the coming year:

In 2024, the global political and economic landscape remained unstable. Factors such as the U.S. presidential election, tariff wars, geopolitical conflicts, inflationary pressures, and the global increase in minimum wages have posed significant challenges and changes to the industry supply chain. In the face of these external uncertainties, the Company will continue to uphold the principle of "prudent management and enhanced competitiveness" in 2025. We will deepen our existing business operations and optimize manufacturing processes, actively invest in new product development, expand digital sales channels and diversify markets, and improve raw material management efficiency and cost control capabilities. These efforts aim to strengthen the Company's foundation, ensure stable operations, and continue creating value.

5.6 Risk analysis and evaluation from the most recent year till the printing date of annual report.

5.6.1 Risk Management

(a) The impact of any fluctuation of interest rates and exchange rates and inflation on Company's profits (loss) during the current fiscal year up to date of publication of the annual report, and the future countermeasures.

(i) Interest rate changes

Unit: NTD Thousand

Year / Item	Year 2023		Year 2024	
	Amount	Net sales share (%)	Amount	Net sales share (%)
Interest income	1,204	-	4,969	0.43
Interest expense	10,279	1.02	7,091	0.61

In the past two years, the Company's interest income and interest expenses have accounted for only a very small proportion of net operating revenue. As such, fluctuations in market interest rates have not had a significant impact on the Company's financial or operational performance. Interest income in 2024 increased compared to 2023, primarily due to enhanced cash management efficiency. This was achieved by optimizing the allocation of funds in current accounts and adjusting the proportion of time deposits to improve the effectiveness of fund utilization.

The company's capital planning is based on the principles of conservatism and prudentiality. The priority in the allocation of working capital is safety. The idle funds are mainly time deposits and demand deposits. The proportion of interest expenses is not high. However, the company still maintains good relations with financial institutions. The financing has been established, and the financial unit of the company will pay close attention to the economic development situation on weekdays and will take corresponding measures when necessary.

(ii) Exchange rate changes

Unit: NTD Thousand

Item / Year	2023	2024
Gains (losses) on foreign currency exchange	8,006	(842)
Gains (losses) on financial assets at fair value through profit or loss	(8,136)	(7,115)
Total	(130)	(7,957)
Proportion of operating income (%)	(0.01)	(0.68)

The company's foreign exchange gains for the past two years were NT$(130) thousand and NT$(7,957) thousand, accounting for (0.01)% and (0.68)% of net operating revenue for the respective years. Since the company's export products are quoted in U.S. dollars, exchange gains and losses are primarily affected by fluctuations in the USD. Due to the appreciation of the USD against the MYR at the end of last year, the company recorded higher exchange gains in the current period, and foreign exchange losses significantly decreased compared to the previous year.

Although fluctuations in the USD/MYR exchange rate still impact the company's profits and losses, the company's performance is mainly determined by the market supply and demand of its products. In addition, the company closely monitors exchange rate movements and, if necessary, may use derivative financial instruments for hedging. Therefore, exchange rate fluctuations are not expected to pose significant risks to the company's operations.

(iii) Inflation

In recent years, the global economic environment has been marked by uncertainty, including more conservative interest rate policies in major countries, fluctuations in raw material prices, unclear global tariff policies, and Malaysia's adjustment of the minimum wage starting February 2025. These factors have contributed to ongoing inflationary pressure. However, as of now, there has not been any significant adverse impact on the Company's profit and loss. Looking ahead, the Company will continue to closely monitor global and regional market changes, prudently adjust its procurement strategies and cost structure, and mitigate the impact of inflation risks on operational performance through long-term partnerships with suppliers, optimized inventory management, and improved production efficiency. These measures aim to ensure the Company's stable and sustainable development.

(b)Policies, main causes of profits or losses, and future response measures related to engaging in high-risk and highly leveraged investments, lending of funds to others, endorsements and guarantees, and derivative transactions:

(1) Based on the principle of prudence and a pragmatic business philosophy, the

Company focuses on the operation of its core business and does not engage in high-risk or highly leveraged investments or transactions.

(2) The Company has established relevant procedures such as the "Procedures for Lending Funds to Others," "Procedures for Endorsements and Guarantees," and "Procedures for the Acquisition or Disposal of Assets," and conducts its operations in accordance with these procedures. Therefore, the associated risks remain limited.

(c) Future R&D plans and projected investment schedules and R&D expenses:

To respond to the future growth of the American wooden furniture market, the Company is leveraging the advantages of its specialized wooden bedroom furniture manufacturing facility to launch its own brand in the market. In the future, in addition to continuously improving production efficiency, the Company must also enhance its product development and manufacturing capabilities in order to meet the diverse needs of customers. In 2025, the Company plans to invest NT$13 million and will continue to allocate research and development expenses with the aim of strengthening its competitiveness. The Company’s future development directions are as follows:

(1) Enhance product craftsmanship: By actively training R&D personnel, the Company aims to improve product design capabilities and manufacturing technologies to achieve technological upgrades and enhance product competitiveness.

(2) Develop alternative materials: In response to the growing environmental awareness among consumers, the Company will actively develop eco-friendly materials that can replace virgin wood to increase product competitiveness.

(3) Develop diversified products: With over 20 years of experience in bedroom furniture manufacturing and an extensive network of contacts and customers, the Company intends to invest in the development of a more diversified product range. This strategy aims to boost revenue and reduce reliance on a single product category.

(d) Impact of Major Domestic and International Policies and Legal Changes on the Company’s Financial and Business Operations, and Corresponding Response Measures:

The Company is incorporated in the Cayman Islands, with its primary operations located in Malaysia. The Cayman Islands' economy is primarily based on financial services, while Malaysia is one of the major economies in Southeast Asia, known for its openness and currently stable political and economic environment. The Company’s products involve the development, production, and sale of daily consumer necessities and are not part of any licensed or restricted industries. Therefore, significant changes in major policies or laws in either the Cayman Islands or Malaysia are not expected to have a major impact on the Company’s financial or business operations. All of the Company’s business activities are conducted in compliance with relevant domestic and international policies and legal requirements. In the most recent fiscal year, the Company has remained attentive to developments and trends in major policies and legal changes both domestically and internationally, enabling it to respond promptly to market changes and implement appropriate countermeasures. The Group of Twenty (G20) was initiated by the finance ministers of the Group of Eight in 1999 and consists of China, South Korea, India, the United States, the United Kingdom, Canada, Germany, Italy, France, Russia, and Japan.

(e) Impacts of Changes in Technology and Industry on Financial Business of the company and Countermeasures:

The company constantly monitors technological updates and improvements in its industry, staying informed of the latest market information and evaluating their impact on the company's operations. In the most recent year and up until the date of the annual report's publication, technological changes and industry shifts have not had a significant impact on the company's financial or business operations.

Cyber Security Risk

The company relies on its network systems to manage and maintain critical business functions, such as operations and accounting. These network systems may be susceptible to cyberattacks aimed at stealing the company's confidential information. Malicious hackers may also attempt to introduce computer viruses or destructive software into the company's network systems to disrupt operations, extort the company, or spy on confidential data.

Countermeasures:

a. The company has an IT department staffed with professionals to assist in managing network, server, and system access settings. The department has also developed a "Computerized Information System Processing Cycle (MIS cycle)" to implement concrete management plans, further ensuring and enhancing information security management.
b. To strengthen cybersecurity, the IT department adopts various security measures, including firewalls and antivirus software. Additionally, when employees browse external websites using the company's network, a barrier is in place to block access to unknown or malicious websites.
c. The company's internal control system includes procedures related to computerized information system processing. Relevant information usage guidelines and precautions are communicated to all employees via email. The IT department also periodically organizes information security briefings to remind employees of online safety and promote the latest cybersecurity updates.

(f) Impact of Corporate Image Changes on Crisis Management and Response Measures:

The Company upholds the principles of honesty, trust, and sustainable operations. Since its establishment, it has focused on its core business with a strong corporate image and strict compliance with relevant legal regulations. The Company continues to maintain a positive corporate image. In the most recent fiscal year and up to the date of this annual report, there have been no incidents where changes in the corporate image have affected the Company's crisis management.

(g) Expected Benefits, Potential Risks, and Response Measures Regarding Mergers and Acquisitions:

As of the date of publication of this annual report, the Company has no plans to merge with or acquire any other companies

(h) Expected Benefits, Potential Risks, and Response Measures Regarding Plant Expansion:

All plant expansions by the Company undergo a thorough, prudent evaluation process by designated responsible units, with full consideration given to investment return benefits and potential risks.

(i) Potential Risks of Concentrated Procurement and Sales, and countermeasures :

(i) Concentrated purchase of goods:

The first largest procurement supplier of our company accounted for 4.72% of total purchases in 2023 and 4.01% in 2024. In the local furniture industry chain in Muar, Malaysia, the supply chain is well-established, with a focus on local procurement due to industry characteristics, which facilitates control over delivery times. Moreover, our company collaborates with suppliers that have been established for many years, ensuring relatively stable quality and delivery times for raw materials. Additionally, our main procurement items have multiple suppliers. If one supplier cannot provide a stable supply or meet delivery deadlines, we seek alternative manufacturers or suitable alternative materials. Therefore, our procurement sources are stable, reducing the risks associated with concentrated procurement and material shortages.

(ii) Concentrated selling:

In 2023 and 2024, the company's largest customer accounted for 29.45% (Ashley) and 28.29% (Elements) of total operating revenue, respectively. Due to the recent weakening of the U.S. dollar, the gross profit margin of certain products sold to Ashley fell below the company's minimum acceptable standard. To enhance overall operational efficiency, the company decided to discontinue production of these low-margin products, resulting in a decline in sales revenue from Ashley during the current period. On the other hand, as the company has continued to expand its customer base, the risk of sales concentration in 2024 has decreased compared to 2023. Moving forward, the company will continue to actively develop potential clients and strengthen new product development in order to further reduce the risk of sales concentration.

(j) The impact, risks, and response measures regarding substantial transfers or changes in shareholdings by directors, supervisors, or major shareholders holding more than 10% of the company's shares:

From the most recent year till the printing date of the annual report, no such incident has occurred.

(k) Impact, risks, and response measures related to changes in management control:

As of the date of publication of the annual report, there have been no changes in management control that have affected the Company's operations.

(l) Other material risks and countermeasures:

(i) Risks related to macroeconomic, political, economic environment, foreign exchange, and legal regulations

The Company is registered in the Cayman Islands, with its main operations located in Malaysia. Therefore, changes in the macroeconomic and political environment of both the place of registration and the place of operation, as well as fluctuations in foreign exchange rates, may all affect the Company’s operational performance.

(ii) Risks related to protection of shareholders’ rights

There are many differences between the laws of the Cayman Islands, where the Company is registered, and those of the Republic of China. Although the Company has amended its Articles of Association in accordance with the “Foreign Issuer Shareholder Rights Protection Checklist” issued by the Taipei Exchange, and to the extent not conflicting with Cayman Islands law, significant differences remain in the legal frameworks governing corporate operations in both jurisdictions. As such, investors should not expect the same level of legal protection as they would when investing in companies incorporated in Taiwan. Investors are strongly advised to thoroughly understand these differences and consult with legal professionals to determine whether investing in a Cayman Islands company affords effective shareholder rights protection

(iii) Risks related to statements made in this annual report.

A. Facts and Statistical Data

Some of the data and statistics presented in this annual report are sourced from various external publications. These materials may be inaccurate, incomplete, or outdated. The Company makes no representation or warranty as to the truthfulness or accuracy of such external data. Investors should not place undue reliance on this information when making investment decisions.

B. Risks and uncertainties related to forward-looking statements in this annual report.

This annual report contains certain forward-looking statements and information regarding the Company and its affiliates. These statements and information are based on the beliefs, assumptions, and currently available data held by the Company’s management. In this report, words such as “anticipate,” “believe,” “can,” “expect,” “future,” “intend,” “may,” “must,” “plan,” “estimate,” “seek,” “should,” “will,” “likely,” and similar expressions, when used in reference to the Company or its management, indicate forward-looking statements. Such statements reflect management’s current views on future events, operations, liquidity, and sources of capital. However, some of these views may not materialize or may change over time. These statements are subject to various risks, uncertainties, and assumptions, including the other risk factors described in this annual report. Investors should carefully consider that reliance on any forward-looking statement involves both known and unknown risks and uncertainties. These risks and uncertainties may affect the accuracy of such statements, including but not limited to the following aspects:

(a) Description of Section 3 – Business Overview in this annual report.

(b) Certain statements in this annual report regarding trends in pricing, quantity, operations, profits, overall market trends, risk management, and foreign exchange rates. The Company will not update or revise any forward-looking statements contained in this annual report to reflect future events or new information that may arise. Given these risks, along with other uncertainties and assumptions, the forward-looking statements and scenarios described in this annual report may not occur in the manner anticipated by the Company, or may not occur at all. Therefore, investors should not place undue reliance on any forward-looking statements.

(iv) The Company is a holding company and relies on the performance of its subsidiaries and their ability to distribute dividends, which is subject to restrictions on dividend payments and fund transfers.

The Company is a holding company established in the Cayman Islands with no commercial operations or revenue sources. Aside from the shares it holds in its subsidiaries, the Company has no other assets or liabilities, so its profit sources mainly come from its operating subsidiaries. The subsidiary located in Malaysia is an important source of the Group's operational profits. Therefore, the Company's cash dividend distribution is influenced by the subsidiary's cash dividend distribution or the retention of earnings. However, the subsidiary’s cash dividend distribution is subject to local laws on dividends, revenue repatriation, cash transfers, and foreign exchange controls at the time of distribution, and it may be affected by exchange rate fluctuations, which the Company cannot fully control.

Additionally, the Company's subsidiaries are independent legal entities. In the event that a subsidiary goes bankrupt, loses solvency, undergoes restructuring, liquidation, or asset disposal, the priority of the Company's asset acquisition or distribution will be subordinate to the creditors of the subsidiary, including the subsidiary’s counterparties.

The Company's dividend or other benefit distribution will be carried out in accordance with relevant regulations. It is advised that investors fully understand and consult experts regarding the tax impact of investing in a holding company.

5.6.2 Litigation and non-litigation matters

(a) The most recent two years until the printing date of the annual report, conclusive judgements or major litigations, non-litigations, administrative disputes, disputed facts, subject-matter amount, initial date of litigation, main litigants, and status of current proceedings: Not Applicable.

(b) The company's directors, supervisors, general managers, substantive principals, major shareholders, and subordinate companies with a shareholding ratio of more than 10% Participate in any litigation, non-litigation, or administrative litigation that has been determined or is currently in the system in the last two years and up to the date of the annual report, the outcome of which may have a significant impact on the company's shareholders' equity or securities prices: Not Applicable.

(c) The company's directors, supervisors, managers, and major shareholders with a shareholding ratio of more than 10% have stipulated in Article 157 of the Securities Exchange Law, and the current situation of the company in the last two years and as of the end of the annual report: Not Applicable.

5.6.3 If, during the last two years up to the date of the annual report, any of the company's directors, supervisors, managers, or major shareholders holding more than 10% of the shares have experienced financial difficulties or loss of creditworthiness, the company should specify the impact on the company's financial condition: None.

5.6.4 If, during the most recent fiscal year or the fiscal year of the application for listing, the issuer meets one of the important subsidiary criteria under Article 2-1, Paragraph 2 of the Certified Public Accountant's Audit Report Rules, or if the recommended securities firm considers it to have a significant impact on the issuer's financial report, the issuer should include an explanation of the risk matters:

The company is an exempted company registered in the Cayman Islands, and its subsidiary, TC, meets the aforementioned criteria for being considered an "important subsidiary." Therefore, with regard to the risks related to the local overall economic conditions, political and economic environment changes, foreign exchange controls, taxation, and relevant laws, as well as the recognition of the enforceability of civil final judgments from our country's courts, please refer to the explanation in item (5) below.

5.6.5 Foreign issuers applying for stock registration on the emerging market or the first listing must provide an explanation regarding the risks associated with changes in the overall economy, political and economic environment, relevant laws, foreign exchange controls, and taxation in the country of registration and the country of primary operations. Additionally, they should address whether the civil final judgments from our country's courts are recognized and the measures taken to mitigate such risks:

The company is registered in the Cayman Islands, where it does not have substantial economic activities. The company's main operational entity is in Malaysia. Below is an evaluation and explanation of the overall economy, political and economic environment changes, relevant laws, exchange rate policies, related taxation, and risk factors in both the Cayman Islands and Malaysia.

(a) Country of registration: Cayman Islands

(1) Changes in the overall economy and political environment

The Cayman Islands is a British Overseas Territory located in the West Indies, south of Miami, Florida, in the Caribbean Sea. The Cayman Islands has long been politically stable, with Georgetown, the capital, situated on Grand Cayman Island, serving as the administrative, commercial, and financial center. The financial services industry and tourism are the main sources of its economic income. The Cayman Islands is one of the world's major financial centers.

There are five types of companies that can be registered in the Cayman Islands: Ordinary Company, Ordinary Non-Resident Company, Exempted Company, Limited Duration Company, and Foreign Company. Among these, Exempted Companies are mainly used by businesses and individuals worldwide for financial planning purposes.

In recent years, the Cayman Islands government has actively enhanced its reputation for offshore financial operations. In 1986, the government passed a Mutual Legal Assistance Treaty with the United States, which aims to prevent international criminal organizations from using the Cayman Islands for illicit activities such as drug trafficking or money laundering. While the Cayman Islands government works to prevent crime, it also strives to protect the confidentiality of legitimate business activities. As a result, the Cayman Islands has long maintained political and economic stability, with a strong public security situation.

In conclusion, our company is a holding company registered in the Cayman Islands as an Exempted Company, with no substantial operational activities in the region. Additionally, the Cayman Islands has remained politically stable for many years and is the world's fifth-largest financial center. Therefore, the overall economic and political environment changes in the Cayman Islands have no significant impact on the company's operations.

(2) Foreign exchange control, taxation, and relevant laws

The Cayman Islands currently does not impose taxes on profits, income, gains, or capital appreciation for individuals or companies, nor does it have inheritance or estate taxes. Apart from stamp duty applicable to contracts signed or executed within the Cayman Islands, there are no other significant taxes levied by the Cayman Islands government that would affect the company. The transfer of shares in a Cayman Islands company is not subject to stamp duty in the Cayman Islands; however, this exemption does not apply if the company holds interests in land in the Cayman Islands. Additionally, the Cayman Islands does not have any foreign exchange controls or currency regulations.

In terms of legal regulations, the company law of the Cayman Islands requires that Cayman companies establish a Memorandum of Association to specify the company name, registered address, and capital structure, but it does not mandate the establishment of bylaws. In practice, companies in the Cayman Islands typically refer to the standard bylaws (First Schedule Table A) provided by the company law as a template to establish their own internal operating regulations. Therefore, our company is required to comply with its organizational bylaws and the relevant company laws of the Cayman Islands. However, the laws in the Cayman Islands differ from those in the Republic of China. Our company has amended its bylaws within the limits of the laws of the Cayman Islands, following the relevant regulations and requirements of the Republic of China. For matters not specified in the bylaws, our company will comply with the relevant laws of the Cayman Islands and the laws applicable to foreign issuers in the Republic of China to safeguard the shareholder rights of Taiwanese investors. However, the degree of protection of shareholder rights may still differ from that of companies established under Taiwanese law.

(3) The effect of a final civil judgment.

A. Risk of Litigation Claims

As the company is registered in the Cayman Islands, although the company's articles of association specify that certain shareholder rights protection matters may be subject to the jurisdiction of the Taipei District Court in Taiwan for first-instance trials, and the company has designated litigation and non-litigation agents in accordance with securities trading regulations, investors who file lawsuits against the company or its responsible persons in the courts of the Republic of China may still face jurisdictional challenges. The court may decide on jurisdiction and service methods based on the specific nature and circumstances of the case. Additionally, the court may require the investor to explain the foreign laws involved in the case. Therefore, not all types of cases can be assured of obtaining a substantive judgment in the courts of Taiwan.

B. Risk of judgment recognition and enforcement

The company has obtained legal opinions from the Cayman Islands. Although the Cayman Islands does not have a law specifically stipulating that judgments made by Taiwanese courts can be enforced in the Cayman Islands, based on the principle that foreign courts (including the R.O.C) with jurisdiction over the case can issue judgments requiring the debtor to pay the amount determined by the judgment, the Cayman Islands courts will recognize and enforce foreign judgments (including those from Taiwan) made by courts with jurisdiction. However, the judgment must be final, not related to duties, fines, or penalties, and its enforcement must not contradict the public policy of the Cayman Islands. Under specific circumstances, the Cayman Islands courts may extend the category of remedies available for the enforcement of foreign judgments, including money judgments, to include orders for specific performance, declaratory judgments, and injunctions.

The company's articles of association specify that, under the premise allowed by the Cayman Islands Companies Law, the content of the company's articles does not prevent any shareholder from filing a lawsuit within thirty days after a resolution is passed, if there are violations of laws or the articles of association in the convening procedure or decision-making method of the shareholders' meeting. The lawsuit may be filed in a court with jurisdiction to seek appropriate remedies. The company's articles explicitly state that any disputes arising from the aforementioned matters may be brought to the Taipei District Court in Taiwan as the court of first instance. However, since the company is an Exempted Company in the Cayman Islands, if a lawsuit is filed in the Cayman Islands court, the court will first determine whether it has jurisdiction to hear the relevant dispute. If the court determines it has jurisdiction, it will have full discretion to decide the content of the relief.

Under the Cayman Islands Companies Law, there is no specific provision allowing minority shareholders to initiate derivative actions against directors in the Cayman Islands courts. Additionally, the company's articles of association are not a contract between shareholders and directors but an agreement between the shareholders and the company. Therefore, even if the articles allow minority shareholders to initiate derivative actions against directors, such provisions cannot bind the directors under Cayman Islands law. However, under the common law of the Cayman Islands, all shareholders (including minority shareholders), regardless of their shareholding percentage or duration of ownership, have the right to initiate derivative actions (including actions against directors). Once a shareholder initiates a lawsuit, the Cayman Islands court has full discretion to decide whether the shareholder can continue with the action. In other words, even if the company's articles provide that minority shareholders (or those with the required shareholding percentage or duration of ownership) may represent the company in a lawsuit against directors, whether the lawsuit can proceed will ultimately depend on the decision of the Cayman Islands court. According to relevant rulings made by the Grand Court of the Cayman Islands, when considering whether to approve the continuation of a derivative action, the court applies the criteria of whether it believes and accepts that the claim filed on behalf of the company appears to have substantial merit, that the alleged wrongdoing was committed by those controlling the company, and that these controllers are capable of preventing the company from suing them. The Cayman Islands court will determine this based on the facts of each case, although the court may refer to the company's articles of association, which is not a decisive factor.

(4) The risk of legal applicability arising from differences between the laws of the Cayman Islands and the laws of the Republic of China..

This company is incorporated under the laws of the Cayman Islands and is listed on the Taiwan Stock Exchange. It has amended its Articles of Association in accordance with relevant Taiwanese regulations to protect shareholder rights. For matters not specified in the Articles, the company will adhere to applicable Cayman Islands laws and the relevant Taiwanese regulations. The legal regulations governing company operations in the Cayman Islands differ in many respects from those in Taiwan. Investors should not apply the legal protections afforded to shareholders in Taiwanese companies directly to investments in Cayman Islands companies. Investors should fully understand these differences and, when necessary, seek expert advice to determine whether shareholder rights protection is available when investing in a Cayman Islands company.

However, the differences between the laws of the Cayman Islands and those of the Republic of China (Taiwan) and the securities trading systems may still lead to conflicts in the application of laws or ambiguities in interpretation. The resolution of such conflicts or ambiguities will depend on court rulings. Therefore, investors are reminded that if they wish to request the enforcement of Taiwanese court judgments in the Cayman Islands or file lawsuits or enforce related rights in Cayman Islands courts, the courts in the Cayman Islands will not automatically recognize Taiwanese laws and trading practices (including but not limited to methods of share transfer and shareholder records). This could potentially result in risks when exercising rights in foreign companies.

(5) The shareholders' rights in the Cayman Islands may be more restricted than the laws of other countries

The corporate affairs shall comply with the articles of incorporation, the Cayman Islands company law (and its amendments).

(b) The main operation country: Malaysia

(1) The changes in the overall economic and political environment

Malaysia, as an export-oriented and open economy, boasts a diversified industrial structure and a robust financial system, holding a leading position globally in Islamic finance. According to the latest statistics, in 2024, the contributions of agriculture, industry, and services to GDP are estimated at 6.3%, 35.0%, and 58.7%, respectively. Benefiting from the gradual recovery of tourism and exports, the growth of high value-added industries such as electric vehicles and semiconductors, and the boost from government fiscal spending, Malaysia’s real GDP growth rate for the full year of 2024 is projected to be 5.1%.

Looking ahead, although the government is actively promoting investment and industrial transformation, external challenges remain, including a slowdown in global demand, geopolitical risks, intensifying U.S.-China tech competition, and more cautious monetary policies in major economies. On the domestic front, a high household debt ratio and rising cost of living may also dampen private consumption momentum. It is estimated that Malaysia's real GDP growth rate will slow to 4.7% in 2025 and 4.5% in 2026.

In terms of fiscal policy, the government is committed to achieving its medium-term fiscal consolidation goals. Starting in 2024, it has gradually adjusted fuel and food subsidy policies, broadened the tax base, improved the civil service salary structure, and strengthened anti-tax evasion efforts. The fiscal deficit is projected to account for 4.4% of GDP in 2024, and is expected to decline to 3.7% in 2025 and 3.6% in 2026. These measures are anticipated to effectively improve fiscal health, enhance the efficiency of government spending, and allocate more resources to social security and infrastructure development. Additionally, Malaysia continues to deepen economic and trade cooperation with ASEAN, RCEP member countries, and the Middle East, aiming to expand into new markets and attract new investment opportunities.

Since the general election in November 2022, the unity government formed by the Pakatan Harapan (PH) and the United Malays National Organization (UMNO), under the leadership of Prime Minister Anwar Ibrahim (Dato' Seri Anwar Ibrahim), has maintained stable governance. The coalition government continues to implement policies focused on strengthening fiscal management, improving the investment environment, and promoting social equity. The next general election is expected to be held in 2027.

Overall, Malaysia's economy, supported by policy initiatives and industrial upgrading, has medium- to long-term growth potential. However, in the short term, it still needs to carefully address the challenges posed by global economic uncertainties and internal structural adjustments. Businesses should prudently manage costs, adjust operational strategies flexibly, and actively engage in the new opportunities arising from the government's green and digital transformation policies.

(2) Foreign exchange control, taxation, and related laws and regulations

A. Foreign exchange control

According to the latest announcement by Bank Negara Malaysia (BNM) on February 27, 2025, the central bank aims to strengthen Malaysia’s competitive position in the global supply chain and create a favorable business environment for attracting foreign direct investment (FDI). To achieve this, BNM has announced further relaxation of the Foreign Exchange Policy (FEP). The relevant measures will take effect on April 15, 2025, and key points include:

- Removal of Export Revenue Conversion Ratio Limit: Resident exporters are now allowed to determine the conversion ratio of their export earnings based on their actual foreign exchange needs, without being subject to the previous mandatory ratio limits.

- Allowing Foreign Currency Settlements for Domestic Trade: Resident exporters involved in global supply chain businesses can now settle domestic transactions with other residents in foreign currencies, enhancing the flexibility in foreign exchange risk management.
- Extension of Export Revenue Repatriation Period: Under specific circumstances, resident exporters are allowed to extend the repatriation period for export earnings beyond six months, without needing prior approval from the central bank.
- Offsetting Export Earnings with Foreign Currency Liabilities: Resident businesses can directly offset their export earnings against eligible foreign currency liabilities, such as import payments from the same country, improving capital efficiency.
- Opening Up Commodity Derivatives Trading Counterparties: Resident businesses are now permitted to engage in commodity derivatives transactions directly with non-resident counterparties, strengthening their ability to manage commodity price risks.

In addition, on November 15, 2024, BNM announced further relaxation of the relevant foreign exchange policies, allowing Multilateral Development Banks (MDBs) and eligible non-resident Development Financial Institutions (DFIs) to invest in key growth sectors in Malaysia, such as the electronics and electrical (E&E) industry, advanced technology applications, sustainable development projects, and data center construction. This move aims to further promote economic structural transformation and attract foreign investment.

B. Taxation

As of 2025, Malaysia's corporate income tax rate remains at 24%, and the Single Tier Tax System, which has been in place since 2008, continues to be implemented. Under this system, the corporate income tax paid by the company is considered the final tax liability, and shareholders are not required to pay additional income tax on dividend income.

In terms of indirect taxes, Malaysia reintroduced the Sales and Service Tax (SST) on September 1, 2018, replacing the previous Goods and Services Tax (GST). Starting from March 1, 2024, the service tax rate was increased from 6% to 8%, but specific service sectors, such as food and beverage supply, logistics services, telecommunications services, and parking services, will continue to be taxed at 6%. Additionally, the taxable scope of the service tax has been expanded to include services such as karaoke, brokerage and underwriting services for non-financial services, maintenance or repair services, and e-commerce.

According to the 2024 Budget, the Malaysian government plans to gradually implement the electronic invoicing (E-Invoicing) system starting from August 2024, with the goal of full implementation by January 2026. Businesses with a turnover of less than 500,000 Malaysian Ringgit will be exempted. The implementation of electronic invoicing aims to improve tax efficiency and transparency, and reduce tax evasion and fraud. The relevant implementation timeline is as follows:

Implementation schedule	Enterprises involved	Implementation date
1st stage	Enterprises with a turnover of MYR100 million and above	1/8/2024
2nd stage	Businesses with a turnover of MYR25 million and above	1/1/2025
3rd stage	Businesses with a turnover of MYR500,000 and above.	1/7/2025
4th stage	With a turnover between MYR150,000 and RM500,000	1/1/2026

C. Social Insurance and Provident Fund

Malaysia has a population of approximately 30 million, making it the least populous among the major ASEAN countries, except for Singapore. To address labor shortages, Malaysia allows the introduction of foreign workers in the manufacturing and export-oriented industries, though employers must pay a head tax (about 1,250 Malaysian Ringgit per year), with increasing restrictions year by year. Currently, Malaysia primarily permits the employment of foreign workers from countries such as Indonesia, Thailand, Cambodia, Nepal, Myanmar, Laos, Vietnam, the Philippines, India, Turkmenistan, Uzbekistan, and Kazakhstan. In August 2005, Malaysia established a single-window application system for foreign worker recruitment. Officially introduced foreign workers have increased dramatically from 700,000 in 2000 to 2.35 million currently, with Indonesia accounting for the majority due to its proximity and language similarities.

(i) Employees Provident Fund Act 1991

According to the Employees Provident Fund Act of 1991 (Act No. 452), all employers and employees are required to pay the Employees Provident Fund (EPF) under this law. The employer sets the contribution rate based on the employee's monthly salary. For employees aged less than 60 years old, if the employee's salary is less than MYR5,000, the employer sets a share of 13%. If the employee’s salary is more than MYR5,000, the employer’s contribution ratio is 12%; starting in August 2022, for employees over 60 years old, the employer’s contribution ratio is 4%. Employees are required to pay 11% of the employee share. Starting from August 2022, employees over 60 years old will be exempted from paying the Employees Provident Fund, and employees who are not Malaysian nationals will be exempted from paying.

According to the latest Employees' Provident Fund (Amendment) Act 2025, Malaysia’s Employees' Provident Fund (EPF) scheme has undergone the following key updates:

1. Mandatory Foreign Worker Contribution: Starting from the 2025Q4, foreign workers and their employers will be required to contribute 2% of the worker’s monthly salary to the EPF. Previously, contributions from foreign workers to the EPF were voluntary. This move aims to enhance the social security of foreign workers and align with international labor standards.

2. Account Restructuring: Starting from May 11, 2024, EPF members' accounts will be restructured into three accounts: 75% of the contributions will be allocated to the "Retirement Account," 15% to the "Welfare Account," and 10% to the "Flexible Account." The Flexible Account will allow members to withdraw funds at any time to meet short-term financial needs.

(ii) Employee Social Insurance Law

The Social Security Organization (SOCSO) implements the Work Injury Insurance Plan and Disability Pension Plan under the Employees' Social Security Act of 1969. Starting from January 1, 2013, all employees under the age of 60, regardless of their salary amount, are required to contribute to social security. The contribution rate is 1.75% of the employee's salary, with the employer covering 1.25% and the employee covering 0.5%. Employees aged 60 and above, or those who are first registered with SOCSO and are already 55 years old, are only required to contribute to the Work Injury Insurance Plan. In this plan, the employer contributes 1.25% of the employee's monthly salary, providing cash and medical coverage for injuries or death caused by work-related accidents. However, the law only covers Malaysian citizens and permanent residents..

Work Injury Insurance Scheme: For employees aged 60 and above, or those who were already 55 years old at the time of first registration with SOCSO, the employer contributes 1.25% of the employee’s monthly salary. This scheme provides cash and medical benefits for disability or death resulting from work-related injuries. Invalidity Pension Scheme: A contribution of 1% of the employee’s monthly salary is required, shared equally between the employer and the employee. This scheme provides protection for employees under the age of 55 who become incapacitated for work or pass away due to any cause..

According to the latest Employees' Social Security (Amendment) Act 2024 (Act A1724), Malaysia’s Employees’ Social Security Scheme (SOCSO) has undergone the following key updates:

1. Increase in Salary Ceiling for Contribution: Effective from October 1, 2024, the salary ceiling for SOCSO contributions will be raised from MYR 5,000 to MYR 6,000 per month. This means that both employer and employee contributions will be calculated based on a maximum salary of MYR 6,000, providing broader social security coverage.
2. Adjustment of Contribution Rates: Along with the increase in the salary ceiling, SOCSO contribution rates have also been adjusted. The exact contribution amount depends on the actual wage level of the employee. Employers and employees should refer to the latest contribution schedule published by SOCSO to determine the specific amounts payable.
3. Expanded Coverage: Under the new amendments, SOCSO’s protection has been extended to cover all employees, including contract and temporary workers.

This change ensures that a wider range of workers can benefit from social insurance coverage.

(3) Risk Regarding Whether the Country of Incorporation and the Country of Principal Operations Recognize the Binding Effect of Final Civil Judgments Rendered by Taiwanese Courts.

The Company has obtained a legal opinion under Malaysian law, which briefly states that: any monetary judgment obtained from a court in the Republic of China may serve as a basis for initiating a summary judgment action in Malaysia, unless the defendant raises one of the following defenses:

A. The judgements are not a fixed amount;

B. The relevant courts of the R.O.C. do not have jurisdiction;

C. The R.O.C.'s proceedings did not provide notice (to the parties;

D. The judgements violate Malaysian public policy, or they were obtained through fraud or a violation of natural justice principles;

E. The choice of the law of the R.O.C. as the governing law of a document is to circumvent other laws, or the choice of the law of the R.O.C. as the governing law is not based on the principle of good faith or violates public policy;

F. The judgements are tax or fine judgements or other similar judgements based on foreign tax or criminal law;

G. Fraud obtained;

H. The right granted by the court’s judgement is a non-granting creditor;

I. The judgements were dismissed on appeal; or

J. The judgement is not final.

5.7 Other Significant Matters: None.

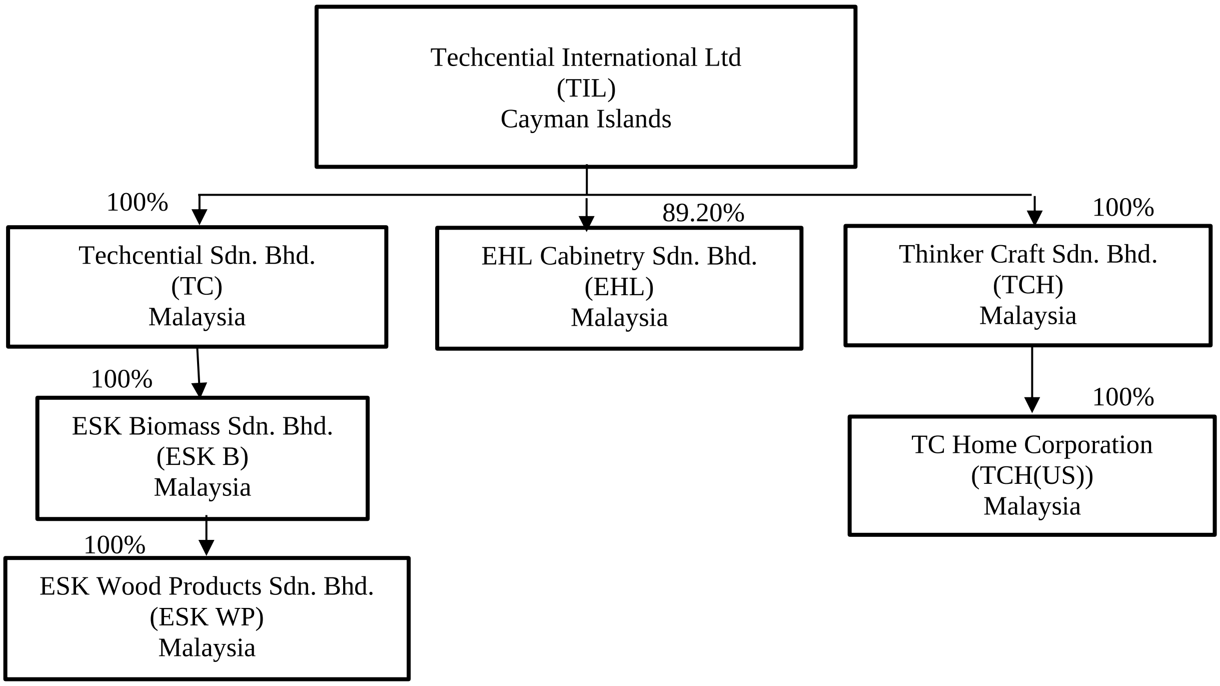
6.0 Special Disclosures

6.1 Chart of Affiliated Companies

6.1.1 Organization

(A) Affiliated Organizational Chart

April 30, 2025



6.1.2 List of Affiliated Companies

April 30, 2025

Name of subsidiary	Set up Date	Address	Paid-up capital (Thousand)	Nature of Business
TC	2001.6.11	PTD 4093 Kaw Perindustrian Parit Jamil, Parit Jawa 84150 Muar, Johor, Malaysia.	MYR 10,000	Manufacturing of American wooden furniture
TCH	2013.1.22	PTD 4093 Kaw Perindustrian Parit Jamil, Parit Jawa 84150 Muar, Johor, Malaysia.	MYR 2,000	Engaged in furniture e-commerce business
TCH(US)	2015.8.20	c/o Isaacson Isaacson Sheriden Fountain & Leftwich, LLP, 804 Green Valley Road, Suite 200, Greensboro, Guilford County, North Carolina 27408.	US$ 100	Management consultant
EHL	2016.5.20	PTD 4093 Kaw Perindustrian Parit Jamil, Parit Jawa 84150 Muar, Johor, Malaysia.	MYR 16,000	Manufacturing of Kitchen Cabinet
ESK B	2018.9.01	No. 35, (1st Floor), Jalan Seroja 8, Taman Seroja, Jalan Abd. Jabar, Parit Jawa, 84150 Parit Jawa, Muar, Johor.	MYR 8,000	Manufacturing & Trading of Rubber Wood
ESK WP	2018.9.01	No. 35, (1st Floor), Jalan Seroja 8, Taman Seroja, Jalan Abd. Jabar, Parit Jawa, 84150 Parit Jawa, Muar, Johor.	MYR 3,000	Manufacturing & Trading of Rubber Wood

6.1.3Shareholders in common of the company and its affiliates with deemed control and Subordination: Not Applicable.

6.1.4 Business Scope of the company and its affiliates.

Company Name	Investment Year	The function of reinvestment business	Group Positioning and Business Policy
TC	2016	The Research& Development and manufacturing for American wooden furniture.	Group positioning: Professional manufacturing, the main operating base. Business policy: Accept the orders from large American wholesalers and retailers to manufacture American-style wooden bedroom furniture.
TCH	2016	E-Commerce	Group positioning: Online Sales Business. Business Policy : The main business is engaged in furniture e-commerce business.
TCH(US)	2016	The consultant of management	Group positioning: The receive payment of the customers in the U.S. and related expenses. Business policy : There is currently no operation to be corporate with the group's business reorganization currently.
EHL	2016	The manufacture of kitchen cabinet business.	Group positioning: The manufacturing of kitchen cabinet business. Business Policy: In order to cooperate with the group's business reorganization, it is temporarily out of operation.
ESK B	2018	The manufacturing of the rubber wood.	Group positioning: Green fuel - Production of wood pellets. Business policy: The remaining rubber wood scraps within the group are processed and made into wood pellets. In order to cooperate with the group's business reorganization, it is temporarily out of operation.
ESK WP	2018	The manufacturing of the rubber wood	Group positioning: The procurement, processing and sales of raw material (rubber wood). Business policy: The main business is the procurement, processing and sales of rubberwood, and sales of the products to small and medium-sized furniture manufacturers in Malaysia.

6.1.5 List of Directors, Supevisors, and Presidents of the company's affiliates

April 30, 2025

Name of Affiliated Companies	Title	Name of Representative	Shareholding	
			Shares	%
Techcential Sdn. Bhd.	Director	Eng Kai Pin	-	-
	Director	Eng Kai Jie	-	-
	Director	Eng Kai Jian	-	-
	CEO	Eng Kai Jian	-	-
Thinker Craft Sdn. Bhd.	Director	Eng Kai Pin	-	-
	Director	Eng Kai Jie	-	-
	Director	Eng Say Kaw	-	-
	CEO	Eng Kai Pin	-	-
TC Home Corporation	Director	Eng Kai Pin	-	-
	Director	Eng Kai Jie	-	-
EHL Cabinetry Sdn. Bhd.	Director	Eng Kai Pin	-	-
	Director	Eng Say Kaw	-	-
	Director	Eng Kai Jie	-	-
	Director	Lim Swee Soon	3,510,000	9.70%
	CEO	Eng Kai Jie	-	-
ESK Biomass Sdn. Bhd.	Director	Eng Kai Jie	-	-
	Director	Eng Xin Kai	-	-
ESK Wood Products Sdn. Bhd.	Director	Eng Kai Jie	-	-
	Director	Eng Xin Kai	-	-

6.1.6 Operational Highlights of Affiliated Companies

December 31, 2024; Unit: NTD Thousand

Name of Subsidiary	Paid-in Capital (Thousand)	Total Assets	Total Liabilities	Net Worth	Revenues	Operating Income	Net Profit	EPS
TC	MYR 10,000	718,134	160,189	557,945	1,051,990	26,232	17,490	NA
TCH	MYR 2,000	821	132	689	-	(60)	(57)	NA
TCH(US)	USD 100	1051	231	820	-	(7)	(7)	NA
EHL	MYR 19,000	38,844	65,484	(26,640)	33,473	(13,719)	(60,155)	NA
ESKB	MYR 8,000	36,373	3,401	32,972	1,039	(301)	583	NA
ESKW	MYR 3,000	69,379	35,683	33,696	110,749	2,369	810	NA

6.2 Private Placement Securities: None.

6.3 Other Supplementary Information Required:

(a)The Statement or promised items from the Company's registration (application) for offering and issuance of securities, and the current state of the fulfillment:

The statement or promised items	The current state of the fulfillment
Commitment to amend the "Management Procedures for Asset Acquisition and Disposition" as below: "When the Company loses its actual control over Techcential Sdn Bhd, either by giving up increased capital in the future, either directly or indirectly, or by disposing of TC Shares directly or indirectly, it must be approved by a special resolution of the Board of the Company, and all independent directors shall attend and express their views." " The content of the resolution and the amendment to the measure shall be disclosed publicly on a reporting website designated by the securities authorities and reported to the securities authorities for future reference.	This case was proposed and approved by the 10th Board of Directors on March 21, 2018, and the relevant provisions were submitted to the 2018 Annual General Meeting for discussion and amendment.

6.4 Explanation for material difference from the provisions for the protection of shareholders' rights:

Important matters for shareholder's protection	Differences for articles of incorporation and Reasons	The Influence for Shareholder's Equity
1. Shareholders' meetings shall be held within the territory of the R.O.C. If a shareholders' meeting is to be held outside the R.O.C., it must be reported to and approved by the Taipei Exchange within 2 days after the board of directors resolves to hold the meeting or after shareholders obtain approval from the competent authority to convene the meeting. 2. Shareholders who have held 3% or more of the total issued shares for over one year may submit a written request to the board of directors, specifying the proposed matters and reasons, to convene an extraordinary shareholders' meeting. If the board of directors fails to issue a notice to convene the meeting within 15 days after receiving such request, the shareholders may, with approval from the competent authority, convene the meeting on their own.	1. With regard to shareholders convening a shareholders' meeting on their own, the Companies Law of the Cayman Islands does not specifically regulate the matter of shareholders convening such meetings. Therefore, Article 19.6 of the Company's Articles of Association does not stipulate that shareholders must obtain approval from the competent authority before convening an extraordinary shareholders' meeting on their own. 2. Furthermore, if shareholders convene a shareholders' meeting outside the R.O.C., since no approval from the local competent authority in the Cayman Islands is required for shareholders to independently convene an extraordinary shareholders' meeting, Article 19.6 of the Company's Articles of Association only requires prior reporting to and approval by the Taipei Exchange or the Taiwan Stock Exchange (as applicable), rather than, as required by the Shareholders' Rights Protection Checklist, "reporting to the Taipei Exchange within two days after obtaining approval from the competent authority to convene the meeting."	No significant impact to equity.
1. The Articles of Association shall expressly include electronic means as a method for exercising voting rights. When convening a shareholders' meeting, shareholders may exercise their voting rights either in writing or by electronic means. If the shareholders' meeting is held outside the R.O.C., the company shall provide shareholders with the option to exercise their voting rights in writing or electronically. 2. When the company adopts written or electronic means for shareholders to exercise their voting rights, the method of such exercise shall be specified in the notice of the shareholders' meeting. Shareholders who exercise their voting rights in writing or by electronic means shall be deemed to have attended the shareholders' meeting in person. However, with respect to any extempore motions or amendments to the original proposals at that meeting, they shall be deemed to have abstained.	Regarding the exercise of voting rights by shareholders in writing or by electronic means, the Companies Law of the Cayman Islands does not specify whether shareholders who exercise their voting rights in such manners shall be deemed to have attended the shareholders' meeting in person, and Cayman Islands counsel has not identified any relevant case law on this matter. To make alternative arrangements, Article 25.4 of the Company's Articles of Association provides that when a shareholder exercises voting rights at a shareholders' meeting in writing or by electronic means in accordance with the aforementioned provisions, such shareholder shall be deemed to have appointed the chairman of the meeting as his or her proxy to exercise the voting rights at the meeting in accordance with the instructions specified in the written or electronic document. In the capacity of proxy, the chairman shall have no authority to vote on matters not mentioned or not specified in such written or electronic instructions, including any amendments to the original proposals raised during the meeting and/or any extempore motions. To eliminate any doubt, a shareholder who exercises voting rights in such a manner shall be deemed to have waived the right to vote on any extempore motions and/or amendments to the original proposals presented at that shareholders' meeting. Additionally, Article 26.3 of the Company's Articles of Association stipulates that the voting rights exercised by the chairman on behalf of shareholders in this proxy capacity shall not be subject to the 3% limit of the total issued shares.	No significant impact to equity.
The following proposals, which involve significant shareholder rights, shall require the presence of shareholders representing two-thirds or more of the total issued shares, and approval by more than half of the voting rights of the shareholders present. If the total number of shares represented by the shareholders present is insufficient to meet the above threshold, the resolution	1. With respect to the method of shareholders' resolutions, in addition to the ordinary and special resolutions as defined under the laws of the R.O.C., Article 1.1 of the Company's Articles of Association also provides for a "Special Resolution" as defined under the Companies Law of the Cayman Islands. A Special Resolution refers to a resolution passed at a shareholders' meeting where shareholders entitled to vote are present in person, represented by proxy, or represented by a duly	No significant impact to equity.

may be adopted with the presence of shareholders representing more than half of the total issued shares, and approval by two-thirds or more of the voting rights of the shareholders present: 1. The company entering into, amending, or terminating any contract for the lease of its entire business, the delegation of business operations, or regular joint business operations with others; transferring all or the major part of its business or assets; or acquiring another's entire business or assets with significant impact on the company's operations. 2. Amendments to the Articles of Association. 3. Where the amendment to the Articles of Association impairs the rights of preferred shareholders, a separate resolution at the preferred shareholders' meeting is also required. 4. Distribution of dividends and bonuses, in whole or in part, in the form of newly issued shares. 5. Resolutions regarding dissolution, merger, or demerger. 6. Issuance of new shares with restricted employee rights.	authorized representative of a corporate or non-natural person shareholder. After calculating the number of votes each shareholder is entitled to cast, the resolution must be approved by at least two-thirds of the voting rights of the shareholders present. 2. According to the Companies Law of the Cayman Islands, the following matters must be resolved by way of a Special Resolution: (1) Amendments to the Articles of Association: Under Cayman Islands law, amendments to the Articles of Association must be made by a Special Resolution as defined in the Companies Law of the Cayman Islands. Therefore, Article 12.1 of the Company's Articles of Association does not adopt the threshold of a "Supermajority Resolution" as required under the Shareholders' Rights Protection Checklist in Taiwan. Furthermore, under Article 13 of the Articles, if any amendment or alteration to the Articles would prejudice the rights attached to any class of shares, such amendment or alteration must be approved not only by a Special Resolution but also by a separate Special Resolution passed at a shareholders' meeting of the affected class of shareholders. (2) Dissolution: According to Cayman Islands law, if a company resolves to voluntarily wind up and dissolve due to its inability to pay debts as they fall due, such dissolution must be approved by a shareholders' resolution. However, for voluntary dissolution for reasons other than insolvency, the Companies Law requires it to be approved by a Special Resolution. Therefore, Article 12.4(a) of the Articles of Association does not adopt the "Supermajority Resolution" threshold set out in the Shareholders' Rights Protection Checklist under Taiwanese law when the company resolves to voluntarily dissolve due to insolvency. (3) Merger： Since the Companies Law of the Cayman Islands imposes mandatory requirements for the approval of mergers as defined under that law, Article 12.3(b) of the Company's Articles of Association provides that "mergers" (as defined under the Cayman Companies Law for mergers and/or consolidations) require only a Special Resolution, rather than a Supermajority Resolution. 3. The difference between the above matters and the Shareholders' Rights Protection Checklist lies in the resolution thresholds: Matters that are classified as requiring a Supermajority Resolution under Taiwanese shareholder protection regulations are set out in the Company's Articles of Association either as matters requiring a Supermajority Resolution or a Special Resolution, depending on their nature. These differences arise from the legal requirements of the Cayman Islands. Given that the Company's Articles already explicitly specify the matters requiring higher shareholder approval thresholds—whether as Supermajority or Special Resolutions—the impact on shareholder rights is considered limited.	

1. If the company establishes supervisors, they shall be elected by the shareholders' meeting. At least one supervisor must have a domicile within the territory of the R.O.C.. 2. The term of office of a supervisor shall not exceed three years, but they may be re-elected for consecutive terms. 3. If all supervisors are dismissed, the board of directors shall convene an extraordinary shareholders' meeting within 60 days to elect new supervisors. 4. Supervisors shall supervise the execution of the company's business, and may at any time investigate the company's operations and financial status, audit books and documents, and request reports from the board of directors or managers. 5. Supervisors shall audit the various statements prepared by the board of directors and submitted to the shareholders' meeting, and report their opinions to the shareholders' meeting. 6. When conducting audits, supervisors may appoint accountants or lawyers on behalf of the company to assist in the audit. 7. Supervisors may attend board meetings to express their opinions. If the board of directors or any director conducts business in violation of laws, the Articles of Association, or resolutions of the shareholders' meeting, the supervisor shall immediately notify the board or the relevant director to cease such actions. 8. Each supervisor may exercise supervisory powers independently. 9. Supervisors may not concurrently serve as directors, managers, or other employees of the company.	The Companies Law of the Cayman Islands does not include the concept of "supervisors", and the issuing company has established an Audit Committee instead of appointing supervisors. Therefore, there are no provisions related to supervisors in the Company's Articles of Association*.	No significant impact to equity.
1. A shareholder who has continuously held 3% or more of the total issued shares of the company for over one year may make a written request to the supervisor to initiate litigation on behalf of the company against a director, and may designate the Taipei District Court in Taiwan as the court of first instance. 2. If the supervisor fails to initiate litigation within 30 days after the shareholder's request, the shareholder may file a lawsuit on behalf of the company, and the Taipei District Court in Taiwan may serve as the court with jurisdiction over the case.	Since Cayman Islands law does not include the concept of "supervisors" equivalent to that under Taiwanese law, and the company has established an Audit Committee, there are no provisions related to supervisors in the Company's Articles of Association. However, referencing Article 214 of the Taiwan Company Act, which allows minority shareholders to request the initiation of litigation against directors, Article 48.3 of the Company's Articles of Association stipulates that, within the limits allowed by Cayman Islands law, shareholders who have held 3% or more of the total issued shares of the company for over one year may: (a) Make a written request for the board of directors to authorize the independent directors of the Audit Committee to initiate litigation on behalf of the company against the directors, and designate the Taipei District Court in Taiwan as the court of first instance; or (b) Make a written request for the independent directors of the Audit Committee to initiate litigation on behalf of the company against the directors, and designate the Taipei District Court in Taiwan as the court of first instance. If the board of directors does not grant the authorization as requested in (a), or if the independent directors of the Audit Committee authorized by the board do not initiate litigation, or if the independent directors of the Audit Committee, upon being requested, do not initiate litigation	No significant impact to equity.

	within 30 days of receiving the shareholder's request, the shareholder may, within the limits permitted by Cayman Islands law, initiate litigation on behalf of the company against the directors, and designate the Taipei District Court in Taiwan as the court of first instance. However, Cayman Islands lawyers have provided the following reminder regarding the above clause, in accordance with Cayman Islands law: The Cayman Islands Companies Law does not provide specific regulations allowing minority shareholders to initiate derivative actions against directors in Cayman Islands courts. The Articles of Association are not a contract between shareholders and directors, but rather an agreement between shareholders and the company. Therefore, even if the Articles allow minority shareholders to initiate derivative actions against directors, Cayman Islands lawyers believe that such provisions would not be binding on the directors. However, under common law, all shareholders (including minority shareholders), regardless of their shareholding percentage or duration of ownership, have the right to bring derivative actions (including actions against directors). Once a shareholder initiates a lawsuit, the Cayman Islands court will have full authority to decide whether the shareholder can continue with the lawsuit. In other words, even if the Articles provide that minority shareholders (or shareholders with the required shareholding percentage or duration) may represent the company in a lawsuit against the directors, whether the lawsuit can proceed will ultimately depend on the decision of the Cayman Islands court. According to relevant rulings by the Grand Court of the Cayman Islands, the criteria for the court's decision on whether to permit the continuation of a derivative action is whether the court believes and accepts that the claim made by the plaintiff on behalf of the company is substantive, that the alleged wrongdoing was committed by individuals who control the company, and that these controllers could prevent the company from suing them. The Cayman Islands court will make its decision based on the facts of each case, and although the court may refer to the provisions of the Articles of Association, this is not a determining factor. Under Cayman Islands law, the board of directors must make decisions on behalf of the company as a whole (rather than by individual directors). Therefore, directors should act in accordance with the Articles of Association, which require a board resolution to authorize any director to represent the company in a lawsuit against other directors. The Cayman Islands Companies Law does not provide specific provisions granting shareholders the right to request the board of directors to convene a board meeting to resolve particular matters. However, the Cayman Islands Companies Law does not prohibit a company from including provisions in its Articles of Association related to the board's procedural rules, including the provisions for convening board meetings.	

1. Directors of the company must faithfully perform their duties and exercise the care of a good manager. If they breach this duty and cause harm to the company, they will be liable for damages. If the act is done for their own benefit or the benefit of others, the shareholders' meeting may pass a resolution to treat the income from the act as the company's income. 2. If the directors' actions in executing company business violate laws and cause harm to others, the directors will be jointly and severally liable for damages along with the company. 3. Managers and supervisors of the company, within the scope of their duties, shall bear the same liability for damages as the company's directors.	If a violation causes harm to the company, the responsible party shall be liable for damages to the maximum extent permitted by law. If a director, due to a violation of the aforementioned provisions, acquires any benefit for themselves or others, and such benefits are approved by a shareholders' ordinary resolution, the company shall take all appropriate actions and steps and, to the maximum extent permitted by law, recover such benefits from the director for the company. When a director engages in company business and violates laws or orders, resulting in the company incurring any compensation or liability to any person, the director shall be jointly and severally liable for such compensation or damages with the company. Furthermore, if for any reason the director is not jointly and severally liable with the company, the director shall compensate the company for any losses it incurs due to the director's breach of responsibility. Managers, when performing their duties, shall bear the same liability for damages as the company's directors. However, the Cayman Islands lawyer has the following reminder regarding the above provisions, according to Cayman Islands law: Under Cayman Islands law, in general, managers or supervisors do not have the same responsibilities to the company or shareholders as the company's directors. However, if a manager or supervisor is authorized to represent senior management, they will bear the same duties as the company's directors. To avoid any ambiguity, Cayman Islands companies typically define the responsibilities and obligations of managers or supervisors to the company and shareholders in their service contracts. Similarly, because the Articles of Association represent an agreement between shareholders and the company, and managers or supervisors are not parties to the Articles, any claims for damages against managers or supervisors for breaching their duties should be regulated in their service contracts. Regarding Cayman Islands law, because the Articles represent an agreement between the shareholders and the issuing company, directors (in their capacity as directors of the issuing company) are not parties to the Articles. Therefore, the Cayman Islands lawyer believes that the Articles are not binding on the directors. If the company wishes to make relevant provisions binding on the directors, the Cayman Islands lawyer suggests that these rights and obligations should be specified in contracts with individual directors, such as service agreements.	No significant impact to equity.

6.5 Up to the most recent fiscal year and the publication date, occurrence of Securities and Exchange Law, Article 36, paragraph 3, subparagraph 2, that any significant impact on shareholders' equity or securities price matters: None

Stock Code:6616

TECHCENTIAL INTERNATIONAL LIMITED
AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2024 and 2023

Address: **4th Floor, Harbour Place, 103 South Church Street,**
P.O. Box 10240, Grand Cayman, KY1 1002, Cayman
Islands.
Telephone: **(04)2260 5899**

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of Techcential International Limited:

Opinion

We have audited the consolidated financial statements of Techcential International Limited and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretation Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China .

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in the Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The accountant's judgment is that the key audit matter that should be communicated in the audit report is inventory evaluation.

For the accounting policies regarding inventory valuation, please refer to Note 4(h) Inventories in the consolidated financial statements; for the accounting estimates and assumptions uncertainty in inventory valuation, please refer to Note 5; for information on inventory valuation, please refer to Note 6(e).

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors’ report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors’ report and consolidated financial statements, the Chinese version shall prevail.

Description of key audit matter:

The Group's principal activities are the manufacturing and sales of furniture. As of December 31, 2024, the inventory balance of $170,877 thousand consisted 23% of the total consolidated assets. Valuation of inventory was based on past experience and future sales forecasts, which involved the subjective judgment made by the top management. Therefore, the valuation of inventories was considered to be one of our key audit matters.

How the matter was addressed in our audit:

Our audit procedures included:

- Assessing whether appropriate provision policies for inventories are applied.
- Assessing whether the Group's subsequent measurement of inventories has been evaluated in accordance with the Group's provision policy consistently.
- Assessing the appropriateness of the aging movement by examining the aging analysis of inventories, and relevant documents to verify the aging period.
- Understanding the sales prices adopted by the Group’s management and the changes in market prices of inventories after the reporting date, then verifying the accuracy of the selling prices and the calculation of net realizable value through sample testing.

Management and governance responsibilities for consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concerned and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations or has no realistic alternative but to do so.

The Group's governance unit (including the Audit Committee) is responsible for overseeing the financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China-will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the governance unit regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the governance unit with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the governance unit, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

Taipei, Taiwan (Republic of China)
March 14, 2025

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

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(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TECHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2024		December 31, 2023	
	Assets	**Amount**	**%**	**Amount**	**%**
11xx	**Current assets:**				
1100	Cash and cash equivalents (note 6(a))	$ 270,919	36	209,721	27
1110	Current financial assets at fair value through profit or loss (notes 6(b) and 7)	-	-	942	-
1170	Accounts receivable, net (notes 6(c) and (r))	105,902	14	110,373	14
1200	Other receivables (note 6(d))	138	-	93	-
1220	Current tax assets	14,452	2	9,213	1
1310	Inventories (note 6(e))	170,877	23	191,449	24
1410	Prepayments	11,668	2	22,231	3
1479	Other current assets	729	-	2,562	-
	Total current assets	574,685	77	546,584	69
15xx	**Non-current assets:**				
1536	Non-current financial assets at amortized cost (notes 6(b), (i), (k) and 8)	-	-	3,825	-
1600	Property, plant and equipment (notes 6(f), (g), (i), (k), 7 and 8)	121,659	16	132,000	17
1755	Right-of-use assets (notes 6(f), (g) and (j))	8,331	1	56,096	7
1780	Intangible assets (note 6(h))	185	-	98	-
1840	Deferred tax assets (note 6(n))	34,197	5	37,619	5
1915	Prepayments for equipment (note 6(f))	433	-	453	-
1920	Refundable deposits	8,637	1	17,910	2
	Total non-current assets	173,442	23	248,001	31
1xxx	**Total assets**	$ 748,127	100	794,585	100

		December 31, 2024		December 31, 2023	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
21xx	**Current liabilities:**				
2100	Short-term loans (notes 6(b), (f), (i), 7 and 8)	$ 55,417	7	48,366	6
2120	Current financial liabilities at fair value through profit or loss (notes 6(b), and 7)	1,742	-	-	-
2130	Current contract liabilities (note 6(r))	1,750	-	2,049	-
2170	Accounts payable	62,974	9	81,271	11
2200	Other payables	32,542	4	40,397	5
2230	Current tax liabilities	231	-	216	-
2280	Current lease liabilities (notes 6(j) and 7)	15,162	2	23,766	3
2321	Convertible bonds payable, current portion (notes 6(b) and (l))	-	-	1,075	-
2322	Long-term loans, current portion (notes 6(b), (f), (k), 7 and 8)	7,011	1	12,307	2
2399	Other current liabilities	5,106	1	2,537	-
	Total current liabilities	181,935	24	211,984	27
25xx	**Non-Current liabilities:**				
2500	Non-current financial liabilities at fair value through profit or loss (notes 6(b))	2,322	-	1,572	-
2531	Convertible bonds payable (notes 6(b) and (l))	97,952	13	107,268	13
2540	Long-term loans (notes (b), (f), (k), 7 and 8)	13,882	2	13,433	2
2570	Deferred tax liabilities (note 6(n))	6,980	1	7,830	1
2580	Non-current lease liabilities (notes 6(j) and 7)	3,616	-	17,295	2
2670	Other non-current liabilities	4,108	1	4,018	1
	Total non-current liabilities	128,860	17	151,416	19
2xxx	**Total liabilities**	310,795	41	363,400	46
31xx	**Equity attributable to owners of the Company (notes 6(l), (o) and (p)):**				
3110	Common stock	354,785	47	342,319	43
3200	Capital surplus	98,252	13	94,714	12
3300	Retained earnings:				
3310	Legal reserve	84	-	84	-
3320	Special reserve	20,585	3	5,429	1
3350	Unappropriated retained earnings (Accumulated deficit)	(48,413)	(6)	15,156	2
	Total retained earnings	(27,744)	(3)	20,669	3
3400	Other equity interest:				
3410	Exchange differences on translation of foreign financial statements	18,545	2	(30,080)	(4)
3491	Other Equity - Employee Unearned Compensation	(3,629)	-	-	-
	Total other equity interest	14,916	2	(30,080)	(4)
	Total equity attributable to owners of the Company	440,209	59	427,622	54
36xx	**Non-controlling interests**	(2,877)	-	3,563	-
3xxx	**Total equity**	437,332	59	431,185	54
2-3xxx	**Total liabilities and equity**	$ 748,127	100	794,585	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TECHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2024		2023	
		Amount	**%**	**Amount**	**%**
4000	**Operating revenue (note 6(r))**	$ 1,164,364	100	1,009,798	100
5000	**Operating costs (notes 6(e), (f), (g), (j), (m), 7 and 12)**	1,027,517	88	909,434	90
5900	**Gross profit from operations**	136,847	12	100,364	10
6000	**Operating expenses (notes 6(c), (f), (g), (j), (m), (p), 7 and 12):**				
6100	Selling expenses	54,588	5	54,226	5
6200	Administrative expenses	64,776	6	60,926	6
6300	Research and development expenses	12,938	1	10,664	1
6450	Expected credit loss (reversal of expected credit loss)	(739)	-	188	-
	Total operating expenses	131,563	12	126,004	12
6900	**Operating income**	5,284	-	(25,640)	(2)
7000	**Non-operating income and expenses (notes 6(b), (f), (g), (j), (l) and (t)):**				
7100	Interest income	4,969	1	1,204	-
7010	Other income	1,762	-	3,766	-
7020	Other gains and losses	(52,606)	(4)	(2,288)	-
7050	Finance costs	(7,091)	(1)	(10,279)	(1)
	Total non-operating income and expenses	(52,966)	(4)	(7,597)	(1)
7900	**Profit (loss) before tax**	(47,682)	(4)	(33,237)	(3)
7950	**Less: Income tax expenses (benefit) (note 6(n))**	7,228	1	(7,044)	-
8200	**Net profit (loss)**	(54,910)	(5)	(26,193)	(3)
8300	**Other comprehensive income (loss):**				
8360	**Item that may be reclassified subsequently to profit or loss**				
8361	Foreign currency translation difference for foreign operations	48,682	4	(24,875)	(2)
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	-	-	-	-
8300	**Other comprehensive income (loss), net**	48,682	4	(24,875)	(2)
8500	**Total comprehensive income (loss)**	$ (6,228)	(1)	(51,068)	(5)
	Net profit (loss), attributable to:				
8610	Owners of the Company	$ (48,413)	(4)	(23,774)	(3)
8620	Non-controlling interests	(6,497)	(1)	(2,419)	-
		$ (54,910)	(5)	(26,193)	(3)
	Total comprehensive income (loss) attributable to:				
8710	Owners of the Company	$ 212	-	(48,425)	(5)
8720	Non-controlling interests	(6,440)	(1)	(2,643)	-
		$ (6,228)	(1)	(51,068)	(5)
	Basic earnings (deficits) per share (expressed in New Taiwan dollars) (note (q))				
9750	Basic earnings (deficits) per share	$	(1.39)		(0.78)
9850	Diluted earnings (deficits) per share	$	(1.39)		(0.78)

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TECHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of the parent company										
			Retained earnings				Other equity				
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Employee Unearned Compensation	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance at January 1, 2023	$ 286,342	76,452	84	30,308	31,232	61,624	(5,429)	-	418,989	6,206	425,195
Appropriation and distribution of retained earnings:											
Reversal of special reserve	-	-	-	(24,879)	24,879	-	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(2,864)	(2,864)	-	-	(2,864)	-	(2,864)
Stock dividends on ordinary share	14,317	-	-	-	(14,317)	(14,317)	-	-	-	-	-
Equity component from convertible bonds issued	-	8,658	-	-	-	-	-	-	8,658	-	8,658
Net loss for the year	-	-	-	-	(23,774)	(23,774)	-	-	(23,774)	(2,419)	(26,193)
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(24,651)	-	(24,651)	(224)	(24,875)
Total comprehensive income (loss) for the year	-	-	-	-	(23,774)	(23,774)	(24,651)	-	(48,425)	(2,643)	(51,068)
Capital increased by cash	41,660	8,105	-	-	-	-	-	-	49,765	-	49,765
Share-based payment transactions	-	1,499	-	-	-	-	-	-	1,499	-	1,499
Balance at December 31, 2023	342,319	94,714	84	5,429	15,156	20,669	(30,080)	-	427,622	3,563	431,185
Appropriation and distribution of retained earnings:											
Special reserve	-	-	-	15,156	(15,156)	-	-	-	-	-	-
Net loss for the year	-	-	-	-	(48,413)	(48,413)	-	-	(48,413)	(6,497)	(54,910)
Other comprehensive income (loss) for the year	-	-	-	-	-	-	48,625	-	48,625	57	48,682
Total comprehensive income (loss) for the year	-	-	-	-	(48,413)	(48,413)	48,625	-	212	(6,440)	(6,228)
Conversion of convertible bonds	8,966	2,891	-	-	-	-	-	-	11,857	-	11,857
Share-based payment transactions	3,500	647	-	-	-	-	-	(3,629)	518	-	518
Balance at December 31, 2024	**$ 354,785**	**98,252**	**84**	**20,585**	**(48,413)**	**(27,744)**	**18,545**	**(3,629)**	**440,209**	**(2,877)**	**437,332**

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TECHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	2024	2023
Cash flows from (used in) operating activities:		
Profit (loss) before income tax	$ (47,682)	(33,237)
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	33,233	36,185
Amortization expense	46	24
Expected credit loss (reversal of expected credit loss)	(739)	188
Net loss on financial assets or liabilities at fair value through profit or loss	7,115	8,136
Interest expense	7,091	10,279
Interest income	(4,969)	(1,204)
Share-based payments transaction	518	1,499
Loss (gain) on disposal of property, plant and equipment	398	(130)
Reclassification prepayments for equipment to expenses	-	1,140
Loss on disposal of right-of-use assets	1,163	-
Impairment loss on non-financial assets	42,664	-
Loss on redemption of bonds payable	25	-
Gain on lease modifications	(265)	(106)
Reclassification of property, plant and equipment to expenses	47	-
Total adjustments to reconcile profit	86,327	56,011
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	1,216	602
Accounts receivable	5,210	(33,239)
Other receivables	(15)	375
Inventories	20,572	33,734
Prepayments	10,563	(3,908)
Other current assets	1,833	2,408
Total changes in operating assets	39,379	(28)
Changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	(4,737)	(6,729)
Contract liabilities	(299)	(4,348)
Accounts payable	(18,297)	47,424
Other payables	(5,886)	9,315
Other current liabilities	2,569	2,515
Total changes in operating liabilities	(26,650)	48,177
Total changes in operating assets and liabilities	12,729	48,149
Total adjustments	99,056	104,160
Cash inflow generated from operations	51,374	70,923
Interest received	4,939	1,236
Interest paid	(4,674)	(6,714)
Income taxes paid	(6,209)	(13,571)
Net cash flows from operating activities	45,430	51,874
Cash flows from (used in) investing activities:		
Disposal of financial assets at amortized cost	3,825	-
Acquisition of property, plant and equipment	(11,397)	(11,253)
Proceeds from disposal of property, plant and equipment	2,732	535
Decrease in refundable deposits	9,273	3,834
Acquisition of intangible assets	(121)	(124)
Decrease (increase) in prepayments for equipment	(393)	-
Proceeds from disposal of right-of-use assets	3,098	828
Net cash flows used in investing activities	7,017	(6,180)
Cash flows from (used in) financing activities:		
Increase in short-term loans	149,283	5,733
Decrease in short-term loans	(142,232)	-
Issuance of convertible bonds	-	116,680
Repayments of bonds	(1,100)	(119,889)
Proceeds from long-term loans	6,588	3,515
Repayments of long-term loans	(13,829)	(20,002)
Payment of lease liabilities	(25,305)	(24,013)
Increase (decrease) in other non-current liabilities	90	(495)
Cash dividends paid	-	(2,864)
Capital increase by cash	-	49,765
Net cash flows from (used in) financing activities	(26,505)	8,430
Effect of exchange rate changes on cash and cash equivalents	35,256	(17,330)
Net increase (decrease) in cash and cash equivalents	61,198	36,794
Cash and cash equivalents at beginning of period	209,721	172,927
Cash and cash equivalents at end of period	$ 270,919	209,721

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TECHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Techcential International Limited (the "Company") was established in the Cayman Islands in June 2016. The main purpose of the establishment, which resulted from organizational restructuring, was to apply for listing on the Taipei Exchange (TPEx) in the Republic of China. After the restructuring in October 2016 and acquiring 100% of TC Home SDN. BHD. (TCH) from Techcential SDN. BHD. (TC) in December of the same year, the Company became the holding company of TC and TCH, and became a listed company on the TPEx in the Republic of China (R.O.C.) on January 10, 2018. The Company and its subsidiaries ("the Group") mainly engage in the manufacturing and sales of furniture and wood pellets, rubber wood trading, as well as leasing machinery and equipment. Please refer to note 14 for related information.

(2) Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were authorized for issue by the Board of Directors on March 14, 2025.

(3) New standards, amendments and interpretations adopted:

(a) The impact of adopting the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C.("FSC").

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024:

- Amendment to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendment to IAS 1 "Non-current Liabilities with Covenants"
- Amendment to IAS 7 and IFRS 7 "Supplier Financing Arrangements"
- Amendment to IFRS 16 "Lease Liabilities in Sale and Leaseback Transactions"

(b) The impact of IFRS Standards endorsed by the FSC but not yet adopted

The group assessed that the adoption of the following new amendments, effective for the annual period beginning on January 1, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 21 “Lack of Exchangeability”
- Amendment to IFRS 9 and IFRS 7: "Amendments to the Classification and Measurement of Financial Instruments", including the application guidance in IFRS 9 Section 4.1 and the related disclosure requirements in IFRS 7.

(Continued)

TECHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

c) **Newly issued and revised standards and interpretations not yet approved by the FSC**

The standards and interpretations issued and amended by the International Accounting Standards Board (IASB) but not yet approved by the Financial Supervisory Commission (FSC) may be relevant to the consolidated companies as follows:

Newly Issued or Revised Standards	Main Amendments	Effective Date Released by the Council
IFRS 18 "Presentation and Disclosure in Financial Statements"	The new standard introduces three categories of income and expenses, two subtotal lines in the income statement, and a single note on management performance measures. These three amendments strengthen and guide how information is segmented in financial statements, laying a foundation for providing better and more consistent information to users, which will impact all companies. • More Structured Income Statement: Under current standards, companies use different formats to present their operating results, making it difficult for investors to compare financial performance across companies. The new standard adopts a more structured income statement, introducing a newly defined "Operating Profit" subtotal, and requires all income and expenses to be classified into three new categories based on the company's primary business activities. • Management Performance Measures (MPM): The new standard introduces a definition of management performance measures and requires companies to explain, in a single note to the financial statements, why each measure provides useful information, how it is calculated, and how the measure is reconciled with amounts recognized in accordance with IFRS accounting standards. • More Detailed Information: The new standard includes guidelines on how companies should enhance the grouping of information in the financial statements. This includes guidance on whether information should be included in the primary financial statements or further disaggregated in the notes.	January 1, 2027

(Continued)

The Group is currently assessing the potential impact of the aforementioned standards and interpretations on its financial position and operating results. The related effects will be disclosed upon completion of the evaluation.

The Group anticipates that the following other newly issued and amended standards, which have not yet been approved, will not have a material impact on the consolidated financial statements.

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and Amendments to IFRS 17
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures"

(4) Summary of significant accounting policies:

The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. (hereinafter referred to as "the IFRS endorsed by the FSC").

(b) Basis of preparation

(i) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for financial instruments at fair value through profit or loss, which are measured at fair value.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the Company and the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

(Continued)

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding December 31, 2024	Shareholding December 31, 2023	Note
The Company	Techcential Sdn. Bhd. (TC)	Furniture manufacturing and sales	100.00%	100.00%	
The Company	Thinker Craft Sdn. Bhd. (TCH) (Note)	Furniture sales	100.00%	100.00%	
The Company	EHL Cabinetry Sdn. Bhd. (EHL)	Kitchen cabinet manufacturing and sales	89.20%	89.20%	
TC	ESK Biomass Sdn. Bhd. (ESKB)	Wood pellet manufacturing and sales, leasing machinery and equipment	100.00%	100.00%	
TCH	TC Home Corporation (TCH(US))	Management Consultant	100.00%	100.00%	
ESKB	ESK Wood Products Sdn. Bhd. (ESKW)	Rubber Wood processing and sales	100.00%	100.00%	

Note: TC Home Sdn. Bhd. was renamed Thinker Craft Sdn. Bhd. in December 2024.

List of subsidiaries that are not included in the consolidated financial statements: None.

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Except for the differences in an investment in equity securities designated as at fair value through other comprehensive income which are recognized in other comprehensive income, the foreign currency differences are recognized in profit and loss.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on the acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

(Continued)

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

The consolidated company classifies assets as current assets if they meet any of the following criteria. All other assets not meeting these conditions are classified as non-current assets:

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is classified as current if it meets the definition of cash or cash equivalents (as defined in IAS 7), unless its use for settlement or exchange is restricted for at least twelve months after the reporting period.

The Group classifies a liability as current when it meets any of the following criteria. All other liabilities are classified as non-current:

An entity shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The company does not have the right to defer the settlement of the liability for at least twelve months after the end of the reporting period.

(f) Cash and cash equivalents

Cash comprises cash on hand, demand deposits, time deposits and checking deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(Continued)

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at amortized cost or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost described above (e.g., held for trading and fair value through profit or loss financial assets managed and evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, that meets the requirements to be measured at amortized cost or fair value through other comprehensive income (FVOCI), as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

3) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, financial assets at amortized costs, accounts receivable, other receivable and refundable deposits).

(Continued)

Loss allowances for bank balances, financial assets at amortized cost, other receivables and refundable deposits are measured by 12-month ECL for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable is always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses financial assets carried at amortized cost. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession that the lender would not otherwise consider;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

(Continued)

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually assesses for the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities to comply with the Group's procedures for recovery of amounts due.

4) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

After initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion to ordinary shares, the financial liability is reclassified to equity and no gain or loss is recognized.

(Continued)

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. After initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. When there's fixed production expense being unallocated due to low production capacity and idle equipment, it should be recognized as the cost of goods sold during the period that it occurs.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(Continued)

(i) Property, plant and equipment

1) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

2) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

3) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Buildings	2～50 years
Machinery and equipment	3～10 years
Transportation equipment	3～5 years
Office equipment	3 years
Other equipment	3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Lease

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

(Continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise an extension or termination option; or
- there are any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery and buildings that have a lease term of 12 months or less. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(Continued)

(ii) As a lessor

For transactions where the Group acts as a lessor, the lease contracts are classified as either finance leases or operating leases based on whether substantially all risks and rewards incidental to the ownership of the leased asset are transferred to the lessee on the lease commencement date. If so, it is classified as a finance lease; otherwise, it is classified as an operating lease. In making this assessment, the Group considers specific indicators, including whether the lease term covers a major part of the economic life of the underlying asset.

(k) Intangible assets

Intangible assets that are acquired by the Group are measured at cost less accumulated amortization and any accumulated impairment losses.

(i) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(ii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The Group held software as intangible assets and amortization of intangible assets is recognized in profit or loss on a straight-line basis over 3 years from the date that they are available for use.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis.

For assets other than goodwill, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(Continued)

(m) Recognition of Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or service to a customer. The Group recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Therefore, the group does not adjust the time value of money in transaction prices.

(n) Government grants and government assistance

The Group recognizes an unconditional government grant related to operating assistance as profit or loss under other income when the grant becomes receivable. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

The Group determines that interest or penalties related to income taxes (including uncertain tax treatments) do not meet the definition of income taxes. Therefore, they are accounted for in accordance with IAS 37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amounts represent the best estimate of the amounts expected to be paid or received based on the statutory tax rates or substantive legislation at the reporting date.

(Continued)

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that (1) affects neither accounting nor taxable profits (losses) at the time of the transaction; (2) do not incur equal temporary differences that are taxable or deductible.

(ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group can control the timing of the reversal of the temporary differences and, probably, they will not reverse in the foreseeable future; and

(iii) Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that future taxable profits will probably be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred income taxes are measured at the tax rate expected to occur when temporary differences reverse, using either statutory or substantive legislative rates at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities that intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(q) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The grant date for the share-based payments of the Group is the date when the company notifies employees of the subscription price and the number of shares available for subscription.

(Continued)

(r) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. The basic earnings per share are calculated as the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The new issuance of shares due to capitalization of earnings or capital surplus is adjusted retrospectively. The adjustment is also made retrospectively when the date of capitalization of earnings or capital surplus falls before the issuance date of the financial statement.

The diluted earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as convertible bonds and employee compensation.

(s) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision-maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of discrete financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of these consolidated financial statements in accordance with IFRSs endorsed by the Financial Supervisory Commission (FSC) requires management to make judgments, estimates and assumptions concerning the future (including climate-related risks and opportunities). These affect both the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management continues to review estimates and underlying assumptions, which are consistent with the Group's risk management and climate-related commitments. Changes in estimated values are recognized in the periods during which the changes occur and are deferred to affect future periods.

There are no critical judgments in applying accounting policies that have a significant effect on the amounts recognized in the consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note 6(e) for further description of the subsequent measurements of inventories.

(Continued)

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(6) Explanation of significant accounts:

(a) Cash and cash equivalents

		December 31, 2024	December 31, 2023
Cash	$	387	508
Demand and checking deposits		210,087	209,213
Time deposits		60,445	-
Cash and cash equivalents	$	270,919	209,721

Please refer to note 6(u) for the disclosure of interest rate risks and sensitivity analysis of the Group's financial assets and liabilities.

(b) Financial assets and liabilities

(i) Financial assets at fair value through profit or loss – current and non-current

The Group uses derivative financial instruments to hedge certain foreign exchange risks the Group is exposed to arising from its operating activities. As these derivative financial instruments did not qualify for hedge accounting, the Group held the following derivative financial instruments as held-for-trading financial assets as of December 31, 2024 and 2023.

Foreign currency options contracts:

	December 31, 2024					
	Amount (in thousands)		Currency	Maturity dates	Fair value of assets	
Foreign currency options bought	USD	300	USD to MYR	2024.1.3~2025.2.3	$	(143)

	December 31, 2023					
	Amount (in thousands)		Currency	Maturity dates	Fair value of assets	
Foreign currency options bought	USD	1,100	USD to MYR	2024.1.10~2024.3.19	$	942

Forward exchange contracts:

	December 31, 2024					
	Amount (in thousands)		Currency	Maturity dates	Fair value of assets	
Forward exchange sold	USD	2,050	USD to MYR	2025.1.2~2025.3.12	$	(1,599)

Details on derivative financial liability generated due to the issuance of convertible bonds by the Group were as follows:

		December 31, 2024	December 31, 2023
Derivate financial liability			
Corporate bonds payable－call and put options	$	(2,322)	(1,572)
Current	$	-	-
Non-current		(2,322)	(1,572)
Total	$	(2,322)	(1,572)

(Continued)

Please refer to note 6(t) for the amounts recognized in other gains and losses that resulted from remeasurement at fair value.

Please refer to note 6(l) for financial liabilities at fair value through profit or loss components from issuing unsecured convertible bonds.

(ii) Financial assets at amortized cost－non-current

	December 31, 2024	December 31, 2023
Restricted time deposits	$ -	3,825

The Group has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets at amortized cost.

1) As of December 31, 2024, none of the aforementioned circumstances existed.

2) For credit risk, please refer to note 6(u).

3) The financial assets at amortized costs of the Group had been pledged as collateral for its long-term and short-term borrowings. Please refer to note 8.

(c) Accounts receivable

	December 31, 2024	December 31, 2023
Accounts receivable	$ 109,849	114,678
Less: loss allowance	(3,947)	(4,305)
	$ 105,902	110,373

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables on December 31, 2024 and 2023. To measure the expected credit losses, accounts receivable has been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward-looking information, including macroeconomics and relevant industry information.

The Group's analyses on the expected credit loss of its accounts receivable from the operating segment of its furniture (bedding and kitchen cabinets included) manufacturing and sales, as of December 31, 2024 and 2023 were as follows:

	December 31, 2024		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	$ 67,172	0.29	198
Past due 1~30 days	10,435	0.54	56
Past due 31~60 days	244	2.87	7
Past due 61~90 days	465	12.47	58
Over 91 days	6	100.00	6
	$ 78,322		325

(Continued)

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	December 31, 2023		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	$ 57,919	0.01	6
Past due 1~30 days	8,140	0.09	7
Over 91 days	984	100.00	984
	$ 67,043		997

The above accounts receivable amount does not include the total accounts receivable of $20,300 thousand from a sales customer of the group. Due to the unstable assessment of the recovery situation, it is not included in the provision for expected credit losses of the group. A provision for losses has been made in the amount of $452 thousand, and credit insurance has been obtained. The aforementioned accounts receivable of $20,300 thousand were fully collected after the period, and the group assessed that there were no significant credit losses.

The Group's analyses on the expected credit loss of its accounts receivable from the operating segment of its rubber wood processing and sales, as of December 31, 2024 and 2023 were as follow:

	December 31, 2024		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	$ 17,594	0.15	26
Past due 1~30 days	6,782	0.41	28
Past due 31~60 days	1,482	1.01	15
Past due 61~90 days	1,742	2.47	43
Past due 91~120 days	308	3.90	12
Past due 181~210 days	154	21.43	33
Over 365 days	281	100.00	281
	$ 28,343		438

	December 31, 2023		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	$ 11,292	0.18	20
Past due 1~30 days	6,229	0.48	30
Past due 31~60 days	4,242	1.23	52
Past due 61~90 days	1,529	2.88	44
Past due 91~120 days	837	4.66	39
Past due 151~180 days	225	13.33	30
	$ 24,354		215

(Continued)

As of December 31, 2024, the consolidated accounts receivable balance of the Company's wood pellet manufacturing, sales and equipment leasing operations amounted to NT$3,184 thousand. The Company has assessed that there is objective evidence indicating these receivables are not reasonably expected to be collected, and accordingly has fully provided for impairment losses.

The Group's analyses on the expected credit loss of its accounts receivable from the operating segment of its wood pellet manufacturing and sales and equipment leasing operations, as of December 31, 2024 and 2023 were as follow:

	December 31, 2023		
	Gross carrying amount	**Weighted average loss rate (%)**	**Loss allowance provision**
Not yet due	$ 103	1.94	2
Past due 1~30 days	131	4.58	6
Past due 31~60 days	121	5.79	7
Over 365 days	2,626	100.00	2,626
	$ 2,981		**2,641**

The movement in the allowance of accounts receivable was as follows:

	2024	**2023**
Balance as of January 1	$ 4,305	4,310
Impairment losses recognized (reversal gain)	(739)	188
Foreign exchange gain (loss)	381	(193)
Balance as of December 31	**$ 3,947**	**4,305**

The accounts receivables of the Group were not associated with factoring transactions nor pledged as collaterals.

(d) Other receivables

	December 31, 2024	**December 31, 2023**
Other receivables	**$ 138**	**93**

For further credit risk information, please refer to note 6(u).

(e) Inventories

	December 31, 2024		
	Cost	**Allowance for loss**	**Net receivables value**
Raw materials	$ 52,645	7,587	45,058
Work in process	31,555	459	31,096
Semi-finished goods	44,193	8,185	36,008
Finished goods	64,057	5,342	58,715
	$ 192,450	**21,573**	**170,877**

	December 31, 2023		
	Cost	**Allowance for loss**	**Net receivables value**
Raw materials	$ 79,859	7,745	72,114
Work in process	52,802	2,016	50,786
Semi-finished goods	29,320	11,405	17,915
Finished goods	63,054	12,420	50,634
	$ 225,035	**33,586**	**191,449**

The changes in the aforementioned allowance for loss were as follows:

	2024	**2023**
Balance as of January 1	$ 33,586	48,102
Losses recognized (reversal gain)	(14,588)	(12,658)
Foreign currency translation effect	2,575	(1,858)
Balance as of December 31	**$ 21,573**	**33,586**

For the years ended December 31, 2024 and 2023, in addition to the costs of goods sold, the following loss and revenue were included in the Group's operating costs:

	2024	**2023**
Reversal gains for inventory impairment and obsolescence	$ (14,588)	(12,658)
Revenue from sale of scraps	(1,037)	(492)
Loss on inventory write-off	12,634	2,654
Unallocated manufacturing costs	17,335	2,821
Physical count variance	(41)	491
	$ 14,303	**(7,184)**

As of December 31, 2024 and 2023, The Group did not pledge the inventory as collateral.

(f) Property, plant and equipment

The cost, depreciation, and impairment losses of the property, plant and equipment of the Group in the years ended December 31, 2024 and 2023, were as follows:

	Land	**Buildings and construction**	**Machinery and equipment**	**Transportation Equipment**	**Office Equipment**	**Other equipment**	**Construction in progress and equipment to be inspected**	**Total**
Cost or deemed cost:								
Balance on January 1, 2024	$ 16,707	99,257	99,006	36,744	10,422	22,018	1,273	285,427
Additions	-	929	169	5,847	752	148	1,547	9,392
Disposal	-	(10,488)	(9,091)	(1,736)	(489)	(3,163)	-	(24,967)
Reclassification (note)	-	335	8,124	2,380	(425)	40	-	10,454
Foreign currency translation effect	1,599	9,095	9,440	3,801	990	1,976	190	27,091
Balance at December 31, 2024	**$ 18,306**	**99,128**	**107,648**	**47,036**	**11,250**	**21,019**	**3,010**	**307,397**
Balance on January 1, 2023	$ 17,473	84,747	94,399	34,817	10,633	21,441	20,185	283,695
Additions	-	5,748	-	4,240	1,183	1,559	1,094	13,824
Disposal	-	-	(726)	(2,317)	(923)	(12)	-	(3,978)
Reclassification (note)	-	12,846	9,648	1,600	-	-	(19,485)	4,609
Foreign currency translation effect	(766)	(4,084)	(4,315)	(1,596)	(471)	(970)	(521)	(12,723)
Balance at December 31, 2023	**$ 16,707**	**99,257**	**99,006**	**36,744**	**10,422**	**22,018**	**1,273**	**285,427**

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	Land	Buildings and construction	Machinery and equipment	Transportation Equipment	Office Equipment	Other equipment	Construction in progress and equipment to be inspected	Total
Depreciation and impairments loss:								
Balance at January 1, 2024	$ -	41,390	55,423	28,137	9,041	19,436	-	153,427
Depreciation	-	2,721	6,625	4,266	783	1,510	-	15,905
Impairment loss	-	8,640	7,486	-	62	143	-	16,331
Disposal	-	(10,483)	(5,965)	(1,736)	(489)	(3,164)	-	(21,837)
Reclassification (note)	-	(7)	4,525	2,380	(405)	(4)	-	6,489
Foreign currency translation effect	-	3,998	5,857	2,908	864	1,796	-	15,423
Balance at December 31, 2024	**$ -**	**46,259**	**73,951**	**35,955**	**9,856**	**19,717**	**-**	**185,738**
Balance at January 1, 2023	$ -	40,796	50,933	27,078	9,422	16,998	-	145,227
Depreciation	-	2,431	6,207	3,488	949	3,255	-	16,330
Disposal	-	-	(332)	(2,317)	(916)	(8)	-	(3,573)
Reclassification (note)	-	-	984	1,120	-	-	-	2,104
Foreign currency translation effect	-	(1,837)	(2,369)	(1,232)	(414)	(809)	-	(6,661)
Balance at December 31, 2023	**$ -**	**41,390**	**55,423**	**28,137**	**9,041**	**19,436**	**-**	**153,427**
Carrying amounts:								
Balance at December 31, 2024	**$ 18,306**	**52,869**	**33,697**	**11,081**	**1,394**	**1,302**	**3,010**	**121,659**
Balance at December 31, 2023	**$ 16,707**	**57,867**	**43,583**	**8,607**	**1,381**	**2,582**	**1,273**	**132,000**

Note: The amounts reclassified from prepayments for equipment to asset costs were NTD 413 thousand and NTD 0 thousand for the years ended December 31, 2024 and 2023, respectively the costs and accumulated depreciation amounts reclassified from right-of-use assets were NTD 10,504 thousand and NTD6,905 thousand in 2024, and NTD 4,609 thousand and NTD 2,104 thousand in 2023. Additionally, the costs and accumulated depreciation reclassified to expenses were NTD 463 thousand and NTD 416 thousand in 2024, with no such reclassifications made in 2023.

As of December 31, 2024, the Group performed an impairment test on the cash-generating unit (CGU) related to its kitchen cabinet manufacturing and sales operations due to sustained losses. The recoverable amount of the tested assets was determined based on their value in use, calculated using the company's five-year financial projections discounted at a pre-tax rate of 12.32% to reflect industry-specific risks. The consolidated company recognized an impairment loss of NT$16,331 thousand, representing the excess of the carrying amount over the recoverable amount, which was reported under "other gains and losses" in the comprehensive income statement. Please refer to note 8 for the disclosure of assets pledged as collateral for loans.

(g) Right-of-use assets

The Group leases many assets including land, buildings, machinery and equipment, transportation equipment, and other equipment. Information about leases for which the Group as a lessee was presented below:

	Land	Buildings	Machinery and equipment	Transportation Equipment	Total
Cost:					
Balance at January 1, 2024	$ 134	53,119	60,664	2,267	116,184
Additions	-	5,709	-	-	5,709
Disposals (sale and written off)	-	-	(22,445)	-	(22,445)
Disposals (lease maturity and early lease termination)	-	(28,324)	-	-	(28,324)
Reclassified to property, plant and equipment	-	-	(8,124)	(2,380)	(10,504)
Foreign currency translation effect	13	4,093	4,466	113	8,685
Balance at December 31, 2024	**$ 147**	**34,597**	**34,561**	**-**	**69,305**
Balance at January 1, 2023	$ 140	62,301	66,530	4,011	132,982
Additions	-	5,993	-	-	5,993
Disposals (lease maturity and early lease termination)	-	(12,573)	-	-	(12,573)
Reclassified to property, plant and equipment	-	-	(3,009)	(1,600)	(4,609)
Foreign currency translation effect	(6)	(2,602)	(2,857)	(144)	(5,609)
Balance at December 31, 2023	**$ 134**	**53,119**	**60,664**	**2,267**	**116,184**

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		Land	Buildings	Machinery and equipment	Transportation Equipment	Total
Accumulated depreciation and impairment losses:						
Balance at January 1, 2024	$	60	35,349	22,790	1,889	60,088
Depreciation		47	13,439	3,445	397	17,328
Impairment losses (note)		-	-	26,333	-	26,333
Disposals (sale and written off)		-	-	(18,184)	-	(18,184)
Disposals (lease maturity and early lease termination)		-	(23,038)	-	-	(23,038)
Reclassified to property, plant and equipment		-	-	(4,525)	(2,380)	(6,905)
Foreign currency translation effect		7	2,963	2,288	94	5,352
Balance at December 31, 2024	$	114	28,713	32,147	-	60,974
Balance at January 1, 2023	$	16	30,102	18,513	2,513	51,144
Depreciation		46	13,038	6,175	596	19,855
Disposals (end of contract)		-	(6,339)	-	-	(6,339)
Reclassified to property, plant and equipment		-	-	(984)	(1,120)	(2,104)
Foreign currency translation effect		(2)	(1,452)	(914)	(100)	(2,468)
Balance at December 31, 2023	$	60	35,349	22,790	1,889	60,088
Carrying amount:						
Balance at December 31, 2024	$	33	5,884	2,414	-	8,331
Balance at December 31, 2023	$	74	17,770	37,874	378	56,096

Note: As of December 31, 2024, the consolidated company assessed that the carrying amount of the right-of-use asset – machinery and equipment under the cash-generating unit of its kitchen cabinet manufacturing and sales operations exceeded the recoverable amount by NT$26,333 thousand, and recognized an impairment loss. For further details regarding the impairment loss, please refer to Note 6(f) – Property, Plant, and Equipment.

(h) Intangible assets

The cost, amortization and impairment of the intangible assets of the Group for the years ended December 31, 2024 and 2023, were as follows:

		Computers and Software
Cost:		
Balance at January 1, 2024	$	744
Additions		121
Foreign currency translation effect		77
Balance at December 31, 2024	$	942
Balance at January 1, 2023	$	701
Additions		124
Disposals		(49)
Foreign currency translation effect		(32)
Balance at December 31, 2023	$	744
Amortization:		
Balance at January 1, 2024	$	646
Amortization		46
Foreign currency translation effect		65
Balance at December 31, 2024	$	757

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		Computers and Software
Balance at January 1, 2023	$	701
Amortization		24
Disposals		(49)
Foreign currency translation effect		(30)
Balance at December 31, 2023	$	646
Carrying amount:		
Balance at December 31, 2024	$	185
Balance at December 31, 2023	$	98

(i) Short-term loans

		December 31, 2024	December 31, 2023
Secured bank loans	$	55,417	48,366
Unused credit line	$	173,630	63,148
Interest rate (%)		3.55~4.25	3.92~4.09

Please refer to note 8 for the information of the collateral for loans.

(j) Lease liabilities

The carrying value of the lease liabilities of the Group for the years ended December 31, 2019, were as follows:

		December 31, 2024	December 31, 2023
Current	$	15,162	23,766
Non-current		3,616	17,295
Total	$	18,778	41,061

For the maturity analysis, please refer to note 6(u).

The amounts recognized in profit or loss were as follows:

		2024	2023
Interest on lease liabilities	$	1,903	3,054
Expenses relating to short-term leases	$	254	372

The amounts recognized in the statement of cash flows for the Group was as follows:

		2024	2023
Total cash flows from operating activities	$	(2,157)	(3,426)
Total cash flows from investing activities		(25,305)	(24,013)
Total cash outflow for leases	$	(27,462)	(27,439)

(i) Real estate leases

The Group leases buildings for its office space and warehouse. The leases of office typically run for a period of 2 to 3 years, and of warehouse for 2 to 5 years.

(ii) Other leases

The Group leases machinery and equipment and transportation equipment, with lease terms of two to seven years. The Group has the option to transfer ownership of the vehicles and equipment unconditionally at the end of the contract term.

The Group leases machinery and equipment and buildings, with monthly contracts. These leases are considered short-term leases. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(k) Long-term loans

The details were as follows:

	December 31, 2024			
	Currency	**Interest rate (%)**	**Maturity date**	**Amount**
Secured loans	MYR	2.45~5.53	115.4.18~118.12.12	$ 19,419
Secured loans from lease finance company	MYR	3.60	115.9.2	1,474
Subtotal				20,893
Less: current portion				7,011
Total				**$ 13,882**
Unused credit line				**$ 19,705**

	December 31, 2023			
	Currency	**Interest rate (%)**	**Maturity date**	**Amount**
Secured loans	MYR	2.46~6.56	2026.2.15~2029.2.1	$ 16,307
Secured loans from lease finance company	MYR	3.60	2026.9.2	2,047
Secured loans from lease finance company	USD	4.73~5.46	2024.5.25	7,386
Subtotal				25,740
Less: current portion				12,307
Total				**$ 13,433**
Unused credit line				**$ -**

Please refer to note 8 for more information on the collateral for loans.

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Notes to the Consolidated Financial Statements

(l) Corporate bonds payable

	December 31, 2024			
		Second unsecured convertible bond	**Third unsecured convertible bond**	**Total**
Total amount of convertible bonds	$	120,000	120,000	240,000
Less: Discount on convertible bond issuance		6,127	10,416	16,543
Less: Underwriting expense		3,212	3,032	6,244
Discounted present value of bond payable when issued		110,661	106,552	217,213
Cumulative amortization of discount on bonds payable		6,136	3,097	9,233
Reversal of discount upon exercising put option		3,203	1,303	4,506
Less: Cumulative amount of put option exercised		118,700	-	118,700
Less: Cumulative converted amount		200	13,000	13,200
Less: Cumulative redeemed amount		1,100	-	1,100
Ending balance of bonds payable	$	-	97,952	97,952

	December 31, 2023			
		First unsecured convertible bond	**Second unsecured convertible bond**	**Total**
Total amount of convertible bonds	$	120,000	120,000	240,000
Less: Discount on convertible bond issuance		6,127	10,416	16,543
Less: Underwriting expense		3,212	3,032	6,244
Discounted present value of bond payable when issued		110,661	106,552	217,213
Cumulative amortization of discount on bonds payable		6,136	716	6,852
Reversal of discount upon exercising put option		3,178	-	3,178
Less: Cumulative amount of put option exercised		118,700	-	118,700
Less: Cumulative converted amount		200	-	200
Ending balance of bonds payable	$	1,075	107,268	108,343

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Notes to the Consolidated Financial Statements

On July 26, 2023 (ex-dividend date), the conversion price of the second unsecured convertible bonds of the Group was $20.60 per share.

On April 10, 2024 (ex-dividend date), the conversion price of the third unsecured convertible bonds of the Group was $14.50 per share.

The Company issued its second unsecured convertible bond amounting to $121,578 thousand on November 11, 2021, with the approval of the FSC on its application on October 18, 2021. The Group issued its convertible bonds in accordance with IAS 39, which requires the Company to recognize the liability and equity components of convertible bonds separately as follows:

	Second unsecured convertible bond
Discounted present value under effective interest rate method	$ 113,873
Embedded derivative financial instruments (put option and call option)	613
Equity component (conversion option)	7,092
	$ 121,578

The Company issued its third unsecured convertible bond amounting to $120,000 thousand on September 20, 2023, with the approval of the FSC on its application on August 28, 2023. The Group issued its convertible bonds in accordance with regulations, which require the Company to recognize the liability and equity components of convertible bonds separately as follows:

	Third unsecured convertible bond
Discounted present value using the effective interest rate method	$ 109,584
Embedded derivative financial instruments (put option and call option)	1,512
Equity component (conversion option)	8,904
	$ 120,000

(i) Terms of issuing unsecured convertible bonds are as follows:

Second unsecured convertible bonds

1) Coupon rate: 0%

2) Issue period: 3 years (November 11, 2021 to November 11, 2024)

3) Repayment term:

The bonds are repayable in cash upon the maturity of the bonds except for those that were repurchased by the Company, sold back to the Company, or converted to common stock before maturity.

4) Conversion period:

Beginning from three months after the issuance date (February 12, 2022) until maturity (November 11, 2024), the bondholders may convert the bonds into common stock according to the conversion arrangement.

(Continued)

5) The Company's call option (right of redemption):

Beginning from three months after the issuance date (February 12, 2022) until 40 days before maturity (October 2, 2024), if the stock closing price exceeds 30% of the conversion price for 30 consecutive working days, or the remaining amount of bonds payable which have not yet been converted into shares is lower than 10% of the total issue amount, the Company is entitled to send a "bond redemption notification" to bondholders and publish an announcement through the TPEx to exercise its call option.

6) Bondholders' put option:

Bondholders are entitled to exercise the put option beginning from the put date (November 11, 2023), with an exercise price of 101.0025% (which is 0.5% annual yield rate of the put option) of the face value of the bonds. Upon receiving the sell-back request, the Company shall pay the amount to the bondholders by cheque or electronic transfer within 5 working days of the put date.

7) Conversion price and adjustment:

The conversion price at the issuance date was $22.80 (dollars) per share. If there is any increase in the Company's common stock (including but not limited to cash injection by public offering or private offering, capital increase from retained earnings or capital surplus, issuance of new shares for consolidation purposes or as the consideration payable by the Company for its acquisition of another company's shares, stock split, or cash injection by participating in the issuance of overseas depository receipts) except for increases in shares from conversion of securities in which a stock conversion right or stock warrant was embedded or from issuance of new shares as employees' bonus, the Company shall calculate and adjust the conversion price based on the formula stated in the conversion arrangement before publishing an announcement through the TPEx. The adjustment shall be made at the ex-rights date when issuing new shares. However, the adjustment will be made at the date when the new share subscriptions are fully collected if the issuance of new shares involves share subscription collection. If the issue price of new shares changes after the ex-rights date for issuing new shares, the conversion price should be adjusted based on the revised issue price by using the formula stated in the conversion arrangement. If such a recalculated conversion price is lower than that announced to the public through the TPEx before the ex-rights date for issuing new shares, the Company should re-announce the adjustment of the conversion price through the TPEx.

Third unsecured convertible bonds

1) Coupon rate: 0%

2) Issue period: 5 years (September 20, 2023 to September 20, 2028)

3) Repayment term:

The bonds are repayable in cash upon the maturity of the bonds except for those that were repurchased by the Company, sold back to the Company, or converted to common stock before maturity.

(Continued)

4) Conversion period:

Beginning from three months after the issuance date (December 21, 2023) until maturity (September 20, 2028), the bondholders may convert the bonds into common stock according to the conversion arrangement.

5) The Company's call option (right of redemption):

Beginning from three months after the issuance date (December 21, 2023) until 40 days before maturity (August 12, 2028), if the stock closing price exceeds 30% of the conversion price for 30 consecutive working days, or the remaining amount of bonds payable which have not yet been converted into shares is lower than 10% of the total issue amount, the Company is entitled to send a "bond redemption notification" to bondholders and publish an announcement through the TPEx to exercise its call option.

6) Bondholders' put option:

Bondholders are entitled to exercise the put option beginning from the put date (September 20, 2026 and September 20, 2027), with an exercise price of 101. 51% and 102.02% (which is 0.5% annual yield rate of the put option) of the face value of the bonds. Upon receiving the sell-back request, the Company shall pay the amount to the bondholders by cheque or electronic transfer within 5 working days of the put date.

7) Conversion price and adjustment:

The conversion price at the issuance date was $14.80 (dollars) per share. If there is any increase in the Company's common stock (including but not limited to cash injection by public offering or private offering, capital increase from retained earnings or capital surplus, issuance of new shares for consolidation purposes or as the consideration payable by the Company for its acquisition of another company's shares, stock split, or cash injection by participating in the issuance of overseas depository receipts) except for increases in shares from conversion of securities in which a stock conversion right or stock warrant was embedded or from issuance of new shares as employees' bonus, the Company shall calculate and adjust the conversion price based on the formula stated in the conversion arrangement before publishing an announcement through the TPEx. The adjustment shall be made at the ex-rights date when issuing new shares. However, the adjustment will be made at the date when the new share subscriptions are fully collected if the issuance of new shares involves share subscription collection. If the issue price of new shares changes after the ex-rights date for issuing new shares, the conversion price should be adjusted based on the revised issue price by using the formula stated in the conversion arrangement. If such recalculated conversion price is lower than that announced to the public through the TPEx before the ex-rights date for issuing new shares, the Company should re-announce the adjustment of the conversion price through the TPEx.

(Continued)

TECHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) Financial liabilities measured at fair value through profit or loss are as follows:

	2024	2023		
	Third unsecured convertible bond	**Second unsecured convertible bond**	**Third unsecured convertible bond**	**Total**
Balance as of January 1	$ 1,572	1,641	-	1,641
Add: Addition in this period	-	-	1,512	1,512
Add: Valuation loss	910	2,741	102	2,816
Less: Underwriting Expenses	-	-	(42)	(42)
Less: Put option exercised	-	(4,355)	-	(4,355)
Less: Conversion	(160)	-	-	-
Balance as of December 31	$ 2,322	-	1,572	1,572

(iii) The balance of the equity component recorded as capital surplus－stock options are as follows:

	2024			2023		
	Second unsecured convertible bond	**Third unsecured convertible bond**	**Total**	**First unsecured convertible bond**	**Second unsecured convertible bond**	**Total**
Balance as of January 1	$ 63	8,658	8,721	6,881	-	6,881
Add: Addition in this period	-	-	-	-	8,904	8,904
Less: Underwriting Expenses	-	-	-	-	(246)	(246)
Less: Conversion	-	(938)	(938)	-	-	-
Less: Put option exercised	-	-	-	(6,818)	-	(6,818)
Less: Redemption	(63)	-	(63)	-	-	-
Balance as of December 31	$ -	7,720	7,720	63	8,658	8,721

(m) Employee benefits

The Malaysia subsidiaries of the Group follow the Employee's Provident Fund system of Malaysia (EPF) to contribute to their employee retirement savings. Each month, the Group contributes to its employees' benefits by using the employees' salary, and times, a contribution rate of 12%. For employees with a salary under MYR 5,000, the contribution rate is 13%, and for employees who are over 60 years old, the contribution rate is reduced by half. The Group follows the regulations and transfers the contributions to each employee's independent account. These accounts are under the government's management and arrangements. Except for contributing to its employee benefits monthly, the Group has no further obligation.

(Continued)

TECHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The pension expenses from defined contribution plans of 2024 and 2023, were paid to the subsidiaries' local government organizations, the details are as follows:

		2024	2023
Operating costs	$	1,509	1,494
Operating expenses		5,066	4,693
	$	6,575	6,187

(n) Income taxes

(i) The components of income tax in the years 2024 and 2023 were as follows:

		2024	2023
Current tax expense (benefit)			
Current period	$	2,498	1,004
Adjustment for prior periods		(466)	(4,339)
		2,032	(3,335)
Deferred tax expense (benefit)			
Origination and reversal of temporary differences		5,196	(3,709)
Income tax expense (benefit)	$	7,228	(7,044)

Reconciliation of income tax expense (benefit) and profit before tax for 2024 and 2023 was as follows:

		2024	2023
Loss before income tax	$	(47,682)	(33,237)
Income tax calculated by a statutory tax rate applied by subsidiaries	$	(8,327)	(3,594)
Adjustment according to tax act		1,592	853
Over provision in prior periods		(466)	(4,339)
Current-year losses for which no deferred tax asset was recognized		15,440	36
Changes in unrecognized temporary differences		(1,011)	-
Total	$	7,228	(7,044)

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

		December 31, 2024	December 31, 2023
Deductible temporary differences	$	23,405	25,200
Tax losses		75,029	7,830
	$	98,434	33,030

(Continued)

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Notes to the Consolidated Financial Statements

According to Malaysia Finance Bill, which was released in November 2021, the net losses before 2018, as assessed by the tax authorities, are allowed to be offset against the taxable income before the income is taxed. The last deductible year is set for 2028. Starting in 2019, the net losses are to be offset against any future taxable income over a period of ten years for local tax purposes. Such items are not recognized as deferred tax assets since the Group is not likely to have sufficient taxable income in the future to utilize the temporary differences.

The Group's estimated unused loss carry-forwards up to December 31, 2024, were as follows:

Year of loss	Unused amount	Year of expiry
ESKB:		
2019	$ 2,319	2029
2020	3,751	2030
2021	1,380	2031
2022	335	2032
2024	5,445	2034
TCH:		
2022	45	2032
EHL:		
2024	61,754	2034
	$ 75,029	

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2024 and 2023 were as follows:

Deferred tax assets:

	Provision of doubtful debts	Provision of inventory Obsolescence	Tax loss carry forward	Property Plant and Equipment useful life	Other	Total
Balance at January 1, 2024	$ 400	8,054	12,985	8,254	7,926	37,619
Recognized in profit or loss	3	(2,727)	11	107	(4,114)	(6,720)
Foreign currency translation effect	39	651	1,242	795	571	3,298
Balance at December 31, 2024	**$ 442**	**5,978**	**14,238**	**9,156**	**4,383**	**34,197**
Balance at January 1, 2023	$ 369	11,537	9,250	5,918	2,968	30,042
Recognized in profit or loss	48	(3,038)	4,225	2,648	5,192	9,075
Foreign currency translation effect	(17)	(445)	(490)	(312)	(234)	(1,498)
Balance at December 31, 2023	**$ 400**	**8,054**	**12,985**	**8,254**	**7,926**	**37,619**

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TECHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

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Deferred tax liabilities:

		Property Plant and Equipment useful life	Other	Total
Balance at January 1, 2024	$	(1,844)	(5,986)	(7,830)
Recognized in profit or loss		535	989	1,524
Foreign currency translation effect		(153)	(521)	(674)
Balance at December 31, 2024	**$**	**(1,462)**	**(5,518)**	**(6,980)**
Balance at January 1, 2023	$	(1,173)	(1,516)	(2,689)
Recognized in profit or loss		(738)	(4,628)	(5,366)
Foreign currency translation effect		67	158	225
Balance at December 31, 2023	**$**	**(1,844)**	**(5,986)**	**(7,830)**

(iii) Examination and approval

The Company is not required to pay income tax in the country in which it is incorporated; therefore, no filing of income tax returns is needed. As for other subsidiaries, income taxes were filed as follows:

1) Malaysia:

a) According to Malaysia's tax regulations, taxable corporation profit is calculated using the current year's total income, deducted by costs, losses, tax expenses, and other non-taxable items as regulated in relevant tax regulations.

b) The tax rate for both 2024 and 2023 was 24%. If the subsidiary meets the criteria, it would then be eligible for specific tax preferences.

2) United States

According to the Federal tax regulations and North Carolina tax regulations, the Federal tax rates for both 2024 and 2023 were 21%. The tax rate of North Carolina State for both years 2024 and 2023 was 2.5%.

The Group's subsidiaries have declared their income tax through the year 2023 to their local tax agencies.

(o) Share capital and other equity

As of December 31, 2024 and 2023, the total value of authorized ordinary shares each amounted to $500,000 thousand, with a par value of $10 per share; and the total ordinary shares issued were 35,479 thousand and 34,232 thousand, respectively. All payments have been received as of the reporting date.

Reconciliations of shares outstanding in 2024 and 2023 were as follows:

Unit: thousand shares

	2024	2023
Balance on January 1	34,232	28,634
Issued for cash	-	4,166
Capitalization of retained earnings	-	1,432
Conversion of convertible bonds	897	-
Issuance of restricted employee stock shares	350	-
Balance at December 31	**35,479**	**34,232**

(i) Issuance of ordinary shares

In the year 2024, the company issued 897,000 new shares at par value, totaling $8,966 thousand, due to the exercise of conversion rights by the holders of the third convertible bonds. Additionally, 350,000 new shares were issued at par value under the employee stock option plan, totaling $3,500 thousand.

On July 21, 2023, the company passed the resolution of the board of directors to increase capital by issuing 4,166,000 new shares with a par value of S10 per share at an issue price of $12 per share in cash. The total proceeds amounted to $49,992 thousand and the premium on the issuance of shares, after deducting the cost of $227 thousand and share capital of $41,660 thousand amounting to $8,105 thousand was recorded as capital reserve.

On August 28, 2023, the Company received the approval letter with Ruling No.1120351441 from the Financial Supervisory Commission for this capital increase, with the base date set on October 1, 2023. All issued shares were paid up upon issuance and the relevant statutory registration procedures have since been completed.

A resolution was passed during the shareholders' meeting held on June 21, 2023 to issue 1,431,711 new shares through capitalization of retained earnings amounting to $14,317 thousand, with the base date set on July 26, 2023.

(ii) Capital surplus

The balance of capital surplus was as follows:

	December 31, 2024	December 31, 2023
Premium on issuance of shares	$ 66,438	62,609
Recognition of changes in equity of subsidiaries	3,196	3,196
Share-based payment	5,101	4,454
Issuance of convertible bonds－stock option	7,720	8,721
Stock option of convertible bonds－expired	15,797	15,734
	$ 98,252	**94,714**

(iii) Retained earnings

According to the amendment of the Company's articles of association, if there is any profit, the Company shall set the following aside for each financial year: (i) a reserve for payment of tax for the relevant financial year; (ii) an amount to offset losses incurred in previous years; and (iii) a special surplus reserve as required by the applicable securities authority under the Applicable Public Company Rules. If there should be any remaining profits, subject to the discretion of the Directors, after combining all or part of the accumulated undistributed profits in the previous years and the reversed special surplus reserve, with the current profit after deducting the aforementioned reserves, the combined amount shall be allocated as dividends to the shareholders subject to the discretion of the directors and upon approval by the shareholders. Subject to the Law and the Applicable Public Company Rules, and after having considered the financial, business and operational factors of the Company, the dividends shall not be less than 10% of the profit after tax of the relevant year, provided that if in any year, the Company has net loss or the amount of the accumulated undistributed profits is less than 20% of the paid-in capital of the Company, the Company may not distribute any dividend to the Members. The distribution may be made by way of cash or stock, or a combination of both provided that the cash dividends shall not be less than 10% of the total amount of dividends payable.

Since the Company is engaged in supplying customized products in a specific market and is in its growth stage, the Board shall prepare the dividend proposal by taking into account the profit of the year, overall development, financial plans, capital need, projection of the industry and the Company's prospects, to be proposed during the shareholders' meeting for approval.

1) Special reserve

In accordance with the regulation issued by the FSC, the Company shall set aside a special reserve before earnings distribution, and equal to the net balance of other deductions in shareholders' equity in the current period from net income in the current period and prior to unappropriated retained earnings. The special reserve set aside based on the deductions in shareholders' equity that resulted from prior periods cannot be distributed to shareholders. The Company can distribute the special reserve with an amount not exceeding that of the reversal of such deductions.

2) Earnings distribution

The distribution of 2023 earnings were resolved during the shareholders' meeting on June 13, 2024. Except for the special reserve for the net decrease in other shareholders' equity recorded in accordance with the regulations of the FSC, there are no earnings available for distribution, therefore, no dividends will be distributed.

On June 21, 2023, the shareholders' meeting resolved to appropriate the 2022 earnings.

These earnings were appropriated as follows:

	2022
Dividends distributed to ordinary shareholders	
Cash	$ 2,864
Shares	14,317
Total	**$ 17,181**

On March 14, 2025, the company proposed at the board meeting not to distribute dividends for the year 2024.

The earnings distribution information would be available on the Market Observation Post System.

(p) Share-based payment

(i) Restricted employee stock shares plan

The company's Board of Directors passed a resolution on August 23, 2024, to implement a restricted employee stock shares plan to incentivize outstanding employees to stay with the company. The plan will be granted in the form of free allocation of new shares to full-time employees who have served the company or its domestic or foreign subsidiaries for at least two years. The record date for the capital increase is set for October 1, 2024. The Plan will remain in effect for four years.

Share-based Payment Transactions of the Group as of December 31, 2024:

	Equity-Settled
	Restricted Employee Stock Plan
Grant date	September 11, 2024
Number of shares granted (thousands)	350
Recipients	Full-time employees of the Company and its domestic/foreign subsidiaries or affiliates who have completed at least two years of service
Vesting conditions	- 50% of shares vest after 2 years from grant date - Remaining 50% vest after 4 years from grant date

(ii) Details of the Restricted Employee Stock Shares Plan are as follows:

Restricted employee stock shares plan

Unit: thousand shares

	2024
	First Grant
Outstanding on January 1	-
Granted during the year	350
Vested during the year	-
Forfeited during the year	-
Outstanding on December 31	**350**

(Continued)

(iii) The Group's share-based payment transaction for 2023 was as follows:

	New shares reserved for employee subscription
Grant date	September 18, 2023
Number of shares granted	624,900
Contract term (year)	0.1562
Recipients	All employees
Vesting conditions	Immediately vested

(iv) Details of the employee stock options are as follows:

	2023	
	Weighted average exercise price	Number of options
Outstanding at January 1	$ -	-
Granted during the year (number)	12.00	624,900
Exercised during the year (number)	12.00	(624,900)
Outstanding at December 31	-	-
Exercisable at December 31	-	-

(v) Determining the fair value of instruments granted

The Group used Black Scholes Option Pricing Model method in measuring the fair value of the share-based payment at the grant date as follows:

	New shares reserved for employee subscription
Fair value at grant date	2.40
Exercise price	12.00
Duration (years)	0.1562
Expected dividend (%)	-
Risk-free interest rate (%)	1.16

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(vi) Employee Expense for Share-Based Payment

The expenses incurred by the Group for share-based payments in the years 2024 and 2023 are as follows:

	2024	2023
Expense from restricted employee stock shares plan	$ 518	-
Expense from employee stock options	-	1,499
Total	$ 518	1,499

(q) Deficits per share

The calculation of basic deficits per share was as follows:

	2024	2023
Basic deficits per share:		
Net loss attributable to owners of partner	$ (48,413)	(23,774)
Weighted average number of common shares (thousand shares)	34,883	30,625
Basic deficits per share (New Taiwan dollars)	$ (1.39)	(0.78)

For the year ended December 31, 2024 and December 31, 2023, the potential common shares outstanding were not disclosed as they had an anti-dilutive effect.

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

	2024				
	Department A	Department B	Department C	Department D	Total
Primary geographical markets					
United States	$ 1,028,897	14,335	-	-	1,043,232
Malaysia	6,266	4,383	92,617	1,039	104,305
Other	16,827	-	-	-	16,827
	$ 1,051,990	18,718	92,617	1,039	1,164,364
Major products/services lines					
Bedding manufacturing and sales	$ 1,055,030	-	-	-	1,055,030
Kitchen cabinet manufacturing and sales	-	18,718	-	-	18,718
Rubberwood processing and sales	-	-	92,670	-	92,670
Rental income	-	-	-	1,125	1,125
Less: Sales returns and discount	3,040	-	53	86	3,179
Net sales	$ 1,051,990	18,718	92,617	1,039	1,164,364

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	2023				
	Department A	**Department B**	**Department C**	**Department D**	**Total**
Primary geographical markets					
United States	$ 841,174	69,190	-	-	910,364
Malaysia	5,492	3,121	56,330	1,280	66,223
China	16,631	-	-	-	16,631
Other	16,580	-	-	-	16,580
	$ 879,877	72,311	56,330	1,280	1,009,798
Major products/services lines					
Bedding manufacturing and sales	$ 883,070	-	-	-	883,070
Kitchen cabinet manufacturing and sales	-	73,243	-	-	73,243
Rubberwood processing and sales	-	-	56,553	-	56,553
Rental income	-	-	-	1,307	1,307
Less: Sales returns and discount	3,193	932	223	27	4,375
Net sales	$ 879,877	72,311	56,330	1,280	1,009,798

(ii) Remaining balances of contract

	December 31, 2024	**December 31, 2023**	**January 1, 2023**
Accounts receivables	$ 109,849	114,678	81,632
Less: Loss allowance	3,947	4,305	4,310
Total	$ 105,902	110,373	77,322
Contract liabilities	$ 1,750	2,049	6,397

The amount of revenue recognized for the years ended December 31, 2024 and 2023 that was included in the contract liability balance at the beginning of the period were $1,695 thousand and $6,114 thousand, respectively. The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

The change in contract liabilities is mainly due to the difference between the timing of satisfying performance obligations and the timing of customer payments.

Please refer to Note 6(c) for disclosure of accounts receivable and impairment loss.

(s) Employee and directors' remuneration

According to the amendment of the Company's articles of incorporation, no less than 3% of current-year profit before tax excluding employee compensation shall be distributed as employee compensation and no more than 5% of it as director remuneration. However, if the Company has an accumulated deficit, such profit should be used to offset the deficit. The recipients of employee compensation in the preceding paragraph in the form of stocks or cash include employees of affiliated companies who meet certain conditions.

For the fiscal years ended December 31, 2024 and 2023, the Company incurred net losses and therefore did not accrue any employee compensation or director remuneration. The Board of Directors resolved not to distribute such bonuses for both years, which is consistent with the amounts recorded in the Company’s 2024 and 2023 financial statements. For further details, please refer to the Market Observation Post System.

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TECHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(t) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

		2024	2023
Interest income	$	4,969	1,204

(ii) Other income

The details of other income were as follows:

		2024	2023
Settlement of insurance claim	$	945	2,543
Government grants		-	249
Others		817	974
Total	$	1,762	3,766

(iii) Other gains and losses

The details of other gains and losses were as follows:

		2024	2023
Gains (losses) on disposals of property, plant and equipment	$	(398)	130
Loss on disposal of right-of-use assets		(1,163)	-
Gains on lease modification		265	106
Gains (losses) on foreign exchange		(842)	8,006
Losses on financial assets (liabilities) at fair value through profit or loss		(7,115)	(8,136)
Losses on impairment		(42,664)	-
Loss on redemption of corporate bonds		(25)	-
Others		(664)	(2,394)
Total	$	(52,606)	(2,288)

(iv) Finance costs

The details of finance costs were as follows:

		2024	2023
Interest expense:			
Bank loans	$	(2,807)	(3,824)
Lease liabilities		(1,903)	(3,054)
Convertible bonds		(2,381)	(3,401)
Total	$	(7,091)	(10,279)

(Continued)

(u) Financial instruments

(i) Credit risk

1) Credit risk exposure

The book value of financial assets represents the maximum risk exposure.

2) Concentration of credit risk

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the management also considers the statistical information on the Group's customer base, including the default risk of the industry and country in which customers operate. These factors may influence credit risk, particularly in the current deteriorating economic circumstances. The Group's accounts receivable is concentrated on three main customers, which accounted for 41% and 73% of the total amount of accounts receivable as of December 31, 2024 and 2023. As of December 31, 2024 and 2023, the Group's accounts receivable concentrated on three main customers were $43,775 thousand and $80,897 thousand, respectively.

3) Credit risk of accounts receivable and financial assets measured at amortized cost

Please refer to note 6(c) for information on the credit risk of accounts receivable.

Please refer to note 6(b) for details on financial assets measured at amortized cost and refer to note 6(d) for details on other receivables. Financial assets measured at amortized cost, other receivables and refundable deposits are determined to have low credit risk, therefore, they are measured using the 12-month ECL allowance method.

(ii) Liquidity risk

The following table shows the maturity of financial liabilities including estimated interest:

	Amount	Contractual cash flows	Less than 1 year	2~5 years	Over 5 years
December 31, 2024					
Non derivative financial liabilities					
Short-term loans	$ 55,417	55,676	55,676	-	-
Accounts payable	62,974	62,974	62,974	-	-
Other payables	32,542	32,542	32,542	-	-
Long-term loans	20,893	22,679	7,928	14,751	-
Lease liabilities	18,778	19,513	15,799	3,714	-
Convertible bonds payable (include derivative financial liabilities)	100,274	109,161	-	109,161	-
	290,878	302,545	174,919	127,616	-

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		Amount	Contractual cash flows	Less than 1 year	2~5 years	Over 5 years
Derivative financial liabilities						
Other forward foreign exchange contracts						
Inflow		-	(75,349)	(75,349)	-	-
Outflow		1,742	77,091	77,091	-	-
		1,742	1,742	1,742	-	-
	$	292,620	304,287	176,661	127,626	-
December 31, 2023						
Non derivative financial liabilities						
Short-term loans	$	48,366	48,658	48,658	-	-
Accounts payable		81,271	81,271	81,271	-	-
Other payables		40,397	40,397	40,397	-	-
Long-term loans		25,740	27,244	13,287	13,779	178
Lease liabilities		41,061	43,435	25,563	17,872	-
Convertible bonds payable (include derivative financial liabilities)		109,915	123,535	1,111	122,424	-
	$	346,750	364,540	210,287	154,075	178

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Currency risk exposure

The Group's significant exposure to foreign currency risk was as follows:

		December 31, 2024			December 31, 2023		
		Foreign currency (in thousands)	Exchange rate	Amount	Foreign currency (in thousands)	Exchange rate	Amount
Financial assets							
Monetary items							
USD	$	4,916	32.85	161,458	7,004	30.74	215,316
Financial liabilities							
Monetary items							
USD		124	32.85	4,062	389	30.74	11,963

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on accounts receivables.

A 0.25% strengthening (weakening) of the TWD and MYR against the USD as at December 31, 2024 and 2023, would have decreased (increased) the net profit before tax for the years ended December 31, 2024 and 2023 by $394 thousand and $508 thousand, respectively.

3) Foreign exchange gain and loss on monetary items

Due to the different types of functional currency of the Group, the Group discloses its exchange gains and losses of monetary items aggregately. The Company's exchange gain (loss), including realized and unrealized, were $(842) thousand and $8,006 thousand for the years ended December 31, 2024 and 2023, respectively.

(iv) Interest rate analysis

The Group's financial liabilities and the restricted time deposits interest rate exposure was due to interest rate fluctuation.

If the interest rate had increased/decreased by 1%, the Group's net income before taxation would have decreased/increased by $763 thousand and $703 thousand for the years ended December 31, 2024 and 2023.

(v) Fair value of financial instruments

1) Categories and fair value of financial instruments

The Group's financial assets at fair value through profit or loss are measured at fair value regularly. The book value and the fair value of financial assets and financial liabilities, including fair value hierarchy disclosures (excluding financial instruments in which their book value is not measured at fair value, but represents a reasonable approximation of their fair value, or lease liabilities, as disclosure for such instruments is not required), are as follows:

	December 31, 2024				
		Fair value			
	Amount	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 270,919	-	-	-	-
Accounts receivables	105,902	-	-	-	-
Other receivables	138	-	-	-	-
Refundable deposits	8,637	-	-	-	-
Total	$ 385,596	-	-	-	-

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	December 31, 2024				
		Fair value			
	Amount	Level 1	Level 2	Level 3	Total
Financial liabilities measured of fair value through profit or loss					
Derivative financial liabilities	$ 4,064	-	4,064	-	4,064
Financial liabilities measured at amortized cost					
Short-term loans	55,417	-	-	-	-
Accounts payable	62,974	-	-	-	-
Other payables	32,542	-	-	-	-
Long-term loans	20,893	-	-	-	-
Lease liabilities	18,778	-	-	-	-
Convertible bonds payable	97,952	-	-	-	-
Subtotal	288,556	-	-	-	-
Total	**$ 292,620**	**-**	**4,064**	**-**	**4,064**

	December 31, 2023				
		Fair value			
	Amount	Level 1	Level 2	Level 3	Total
Financial assets measured of fair value through profit or loss					
Derivative financial assets	$ 942	-	942	-	942
Financial assets measured at amortized cost					
Cash and cash equivalents	209,721	-	-	-	-
Financial assets at amortized cost	3,825	-	-	-	-
Accounts receivables	110,373	-	-	-	-
Other receivables	93	-	-	-	-
Refundable deposits	17,910	-	-	-	-
Subtotal	341,922	-	-	-	-
Total	**$ 342,864**	**-**	**942**	**-**	**942**
Financial liabilities measured of fair value through profit or loss					
Derivative financial liabilities	$ 1,572	-	1,572	-	1,572
Financial liabilities measured at amortized cost					
Short-term loans	48,366	-	-	-	-
Accounts payable	81,271	-	-	-	-
Other payables	40,397	-	-	-	-
Long-term loans	25,740	-	-	-	-
Lease liabilities	41,061	-	-	-	-
Convertible bonds payable	108,343	-	-	-	-
Subtotal	345,178	-	-	-	-
Total	**$ 346,750**	**-**	**1,572**	**-**	**1,572**

(Continued)

2) Valuation techniques and assumptions used in fair value determination

a) Non derivative financial instruments

i) The carrying amounts of the following short-term financial instruments approximate their fair values because of their short maturities: cash and cash in the bank, accounts receivable and payable (including related parties), other receivables and payables, financial assets at amortized cost, other financial assets, refundable deposits, and short-term loans.

ii) The fair value of convertible bonds is estimated using a valuation model, but the fair value of convertible bonds is not necessarily equal to future cash outflow.

iii) The fair value of long-term loans and lease liabilities is estimated using the present value of future cash flows discounted by the interest rates the Group may obtain for similar loans and leases payable. However, the fair value of long-term loans is estimated by using its book value because most of it has floating rates. Lease liabilities are calculated based on the fixed rate agreed in the lease contract or incremental borrowing rate.

b) Derivative financial instruments

Forward exchange contracts were usually estimated by using the current forward exchange rates of the transaction banks. Foreign currency option contracts were evaluated by using the Black Scholes model provided by the transaction banks. The fair value of redemption rights and put options of the convertible bonds was estimated according to the external expert's valuation report. The valuation model is a binary tree convertible bond valuation model that uses market-based observable input values that include stock price volatility, risk-free interest rate, risk discount rate and liquidity risk to reflect the fair value of the options.

(v) Financial risk management

(i) Overview

The Group has exposure to the following risks arising from financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

This note presents information about the Group's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Please see other related notes for quantitative information.

(ii) Risk management framework

The Group's management monitors risk exposure, risk control, and the managing process and ensures appropriate handling to balance the risk and control.

(Continued)

The Group minimizes the risk exposure through derivative financial instruments. The management of the finance department regulates the use of derivative and non-derivative financial instruments in accordance with the Group's policy in consideration of the risks arising from financial instruments such as credit risk, currency risk, and interest rate risk to which the Group is exposed. The Group has no transactions of any derivative financial instruments of speculation.

The management reports the results of derivative financial instruments to the board of directors on a regular basis.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

1) Accounts receivable and other receivables

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes the financial statement analysis and external ratings, when available.

2) Investments

The credit risk exposure of the bank deposits and other financial instruments is measured and monitored by the Group's management. Since the Group's counterparties are banks with good credit standing, there is no significant default risk and therefore no significant credit risk.

3) Guarantees

For information on guarantees as of December 31, 2023, please refer to note 13.

(iv) Liquidity risk

Based on the management forecasted working capital requirement, the Group maintains sufficient funds to fulfill operational requirements and retains adequate unused credit lines to avoid violation of loan related terms and conditions. The forecast is in consideration of finance projects and compliance with the terms of loan agreements.

Loans and borrowings from the banks form an important source of liquidity for the Group. As of December 31, 2024 and 2023, the Group's unused credit line amounted to $193,335 thousand and $63,148 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and changes in equity instrument prices, which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

The Group buys and sells derivatives, and also incurs financial assets to manage market risks. All such transactions are carried out within the scope of the Group's internal control policy.

(Continued)

1) Currency risk

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the USD and MYR. According to Malaysian regulations announced in December 2016, at any point in time, if any foreign exchange transactions occur, 75% of the foreign currency must be exchanged for MYR. The regulation does not have a significant impact on the Group.

To manage its future transactions and realize currency risk on assets and liabilities, the management of the Group adopts forward foreign exchange contracts to hedge the risk.

The Group uses forward foreign exchange contracts to lower its currency risk that is caused by exchange rate fluctuation and sets a stop loss point to lower its currency risk.

2) Interest rate risk

The interest rate risk is explained in the interest rate analysis in this note. The changes in interest rates do not have a significant effect on the fair value of the aforementioned financial liabilities.

(w) Capital management

The Group manages capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of related parties, and to maintain an optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Group uses the debt-to-equity ratio to manage capital. This ratio is the total debt divided by the total capital. The total debt is derived from the total liabilities on the balance sheet. The total capital and equity include share capital, capital surplus, retained earnings, other equity and non-controlling interest.

The Group's collective quantitative data is as follows:

		December 31, 2024	December 31, 2023
Total liabilities	$	310,795	363,400
Total equity	$	437,332	431,185
Debt-to-equity ratio		71.07%	84.28%

(x) Non-cash financing activities

For the years ended December 31, 2024 and 2023 the Group's non-cash investing and financing activities were derived from the acquisition of machinery and equipment and right-of-use asset through leasing. Please refer to note 6(g), (j) and (l) for related information.

Reconciliation of liabilities from financing activities of the Company in 2024 and 2023 were as follows:

	January 1, 2024	Cash flows	Non-cash changes						December 31, 2024
			Acquisition of contracts	Expiration and cancellation of contracts	Conversion of bonds	Amortization of Bond Discount upon Redemption	Amortization of discount	Translation effect	
Long-term loans	$ 25,740	(7,241)	-	-	-	-	-	2,394	20,893
Short-term loans	48,366	7,051	-	-	-	-	-	-	55,417
Lease liabilities	41,061	(25,305)	5,709	(5,551)	-	-	-	2,864	18,778
Convertible bonds payable	108,343	(1,100)	-	-	(11,697)	25	2,381	-	97,952
Total liabilities from activities	$ 223,510	(26,595)	5,709	(5,551)	(11,697)	25	2,381	5,258	193,040

	January 1, 2023	Cash flows	Non-cash changes						December 31, 2023
			Acquisition of contracts	Expiration and cancellation of contracts	Issuance of bonds	Repayment of bonds	Amortization of discount	Translation effect	
Long-term loans	$ 42,879	(16,487)	-	-	-	-	-	(652)	25,740
Short-term loans	42,633	5,733	-	-	-	-	-	-	48,366
Lease liabilities	67,915	(24,013)	5,993	(6,340)	-	-	-	(2,494)	41,061
Convertible bonds payable	113,924	(3,209)	-	-	(10,128)	4,355	3,401	-	108,343
Total liabilities from activities	$ 267,351	(37,976)	5,993	(6,340)	(10,128)	4,355	3,401	(3,146)	223,510

(7) Related-party transactions

(a) Names and relationships with related parties

The following are entities that have had transactions with related parties during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Eng Say Kaw	Management of the Company
Eng Kai Pin	Management of the Company
Eng Kai Jie	Management of the Company
Eng Kai Jian	Management of the Company
Eng Xin Kai	Management of the Company
Tey Pek Kiang	Management of the Company
Lim Swee Soon	Management of the Company
Hock Guan Seng Sdn Bhd	Other related parties

(b) Significant transactions with related parties

(i) Purchase and operating costs

Purchase and commission-related parties for processing

	2024	2023
Other related parties	$ -	442

There is no significant difference on the processing cost, purchase price and payment terms between other related parties and other suppliers.

(Continued)

(ii) Guarantee

For the years ended December 31, 2024 and 2023, Eng Say Kaw, Eng Kai Pin, Eng Kai Jie, Eng Kai Jian, Eng Xin Kai, Tey Pek Kiang and Lim Swee Soon are the joint guarantors providing credit guarantees to the Group for forward transactions, loans and leases.

(c) Management personnel compensation

Key management personnel compensation comprised:

		2024	2023
Short-term employee benefits	$	17,962	18,348
Post-employment benefits		1,754	1,671
	$	19,716	20,019

For the years ended December 31, 2024 and 2023, the costs of motor vehicles offered for management use by the Group were $22,157 thousand (MYR 2,880 thousand) and $19,875 thousand (MYR 2,909 thousand), respectively.

(8) Pledged assets:

Pledged assets	Object		December 31, 2024	December 31, 2023
Financial assets at amortized cost－non-current				
Restricted time deposit	Long-term and short-term loans	$	-	3,825
Property, plant and equipment:				
Land	Long-term and short-term loans		18,306	16,707
Building and constructions	Long-term and short-term loans		52,423	48,098
Machinery and equipment	Long-term loans		2,896	11,371
Transportation equipment	Long-term loans		6,648	3,479
Total		$	80,273	83,480

(9) Commitments and contingencies: None

(10) Losses due to major disasters: None

(11) Subsequent events: None

(Continued)

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(12) Other:

A summary of personnel costs, depreciation, depletion and amortization is as follows:

Function / Account	2024 Operating cost	2024 Operating expenses	2024 Total	2023 Operating cost	2023 Operating expenses	2023 Total
Personnel costs						
Salaries	130,256	48,228	178,484	124,865	44,786	169,651
Health insurance	1,845	550	2,395	1,542	472	2,014
Pension	1,509	5,066	6,575	1,494	4,693	6,187
Other personnel expense	11,051	955	12,006	9,278	748	10,026
Depreciation	28,548	4,685	33,233	32,666	3,519	36,185
Amortization	-	46	46	-	24	24

(13) Other disclosures:

(a) Information on significant transactions:

The following was the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the year ended December 31, 2024:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Maximum balance of financing to other parties during the period	Ending balance	Actual usage amount during the period (note 3)	Range of interest rates during the period	Purposes of fund financing for the borrower (note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt (note 3)	Collateral Item	Collateral Value	Individual funding loan limits (note 2)	Maximum limit of fund financing (note 2)
1	TC	The Company	Other receivables	Yes	22,017 (MYR3,000)	-	-	4.0	2	-	Operating capital	-		-	1,673,835	1,673,835
1	TC	TCH	Other receivables	Yes	4,036 (MYR550)	4,036 (MYR550)	4,036 (MYR550)	2.7	2	-	Operating capital	4,036		-	1,673,835	1,673,835
1	TC	EHL	Other receivables	Yes	44,033 (MYR6,000)	44,033 (MYR6,000)	44,033 (MYR6,000)	4.0	2	-	Operating capital	-		-	167,384	223,178
1	TC	ESKB	Other receivables	Yes	4,770 (MYR650)	3,303 (MYR450)	3,303 (MYR450)	4.0	2	-	Operating capital	-		-	1,673,835	1,673,835
1	TC	ESKW	Other receivables	Yes	7,339 (MYR1,000)	7,339 (MYR1,000)	7,339 (MYR1,000)	4.0	2	-	Operating capital	-		-	1,673,835	1,673,835

Note 1: The nature of financing is classified as follows:
1. business-related.
2. short-term financing

Note 2: According to TC's policy on loans granted for others, the maximum aggregate amount of loans granted and individual loans granted by TC shall not exceed 40% and 30%, respectively. For entities in which the Company, directly or indirectly, owned more than 100% of their shares, the amount available for financing shall not exceed 300% of the net worth of the lending Company.

Note 3: Transactions within the Group have been eliminated in the preparation of the consolidated financial statements.

Note 4: Calculated with the year-end exchange rate (MYR:NTD＝1:7.3389).

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement: Name	Counter-party of guarantee and endorsement: Relationship with the Company (note 1)	Limitation on amount of guarantees and endorsements for a specific enterprise (note 2)	Maximum balance for guarantees and endorsements during the period (note 3)	Balance of guarantees and endorsements as of reporting date (note 3)	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (note 2)	Guarantee provided by parent company	Guarantee provided by subsidiaries	Guarantee for companies in China area
1	TC	EHL	3	176,084	106,612 (MYR14,527)	106,612 (MYR14,527)	66,175 (MYR9,017)	-	24.22%	220,105	N	N	N
1	TC	ESKB	1	176,084	3,060 (MYR417)	-	-	-	- %	220,105	N	N	N
1	TC	ESKW	1	176,084	38,441 (USD500；MYR3,000)	22,017 (MYR3,000)	20,666 (MYR2,816)	-	5.00%	220,105	N	N	N

Note 1: The relationship between guarantor and guarantee is as follows:
1. A subsidiary whose common stock is more than 50% owned by the guarantors.
2. For entities in which the Company, directly or indirectly, owned more than 90% of their shares.
3. For entities that do business with the Company.

Note 2: The following are in accordance with the internal control policy "Policy and Procedures for Loaning of Funds and Making of Endorsement/Guarantees":
1. The overall guarantee amounts and guarantee provided to any individual company shall not exceed 50% and 40% of the net worth of the endorsement / guarantee provider's latest financial statements.
2. the aggregate endorsement/ guarantees amount and the maximum amount permitted to any single entity shall not exceed 50% and 40%, respectively, of the net worth on the latest financial statements of the Company.

Note 3: Calculated with year-end exchange rate was (USD:NTD＝1:32.8452；MYR:NTD＝1:7.3389).

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(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures): None.

(iv) Individual securities acquired or disposed of with accumulated amounts exceeding the lower of NT$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with an amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with an amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

(ix) Information regarding trading in derivative financial instruments: Please refer to notes 6(b) and 6(l).

(x) Business relationships and significant intercompany transactions:

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	TC	EHL	2	Other receivables	44,033	Loans, no available comparisons. The mutual negotiable terms and conditions.	5.89%
2	EHL	TC	2	Revenue	14,756	The Price was calculated by the mutual negotiable prices.	1.27%

Note 1: the numbering is as follows

1. 0 represents the parent company.
2. 1 and thereafter subsidiary companies.

Note 2: the nature of the relationship is as follows

1. Parent company to subsidiary company
2. Subsidiary company to subsidiary company
3. Subsidiary company to parent company

Note 3: other receivables include loans, receivable interest, and payments made on behalf.

Note 4: The account should be disclosed if the amount is over 1% of the total assets from the statement of financial position and total operating revenue from the statement of comprehensive income.

Note 5: The mentioned transactions between the Group's subsidiaries have been eliminated in the consolidated financial statements.

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2024:

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2024			Net income (losses) of investee (Note 1)	Share of profits/losses of investee (Notes 1 and 2)	Note
				December 31, 2024	December 31, 2023	Shares (thousands)	Percentage of ownership	Carrying value (Notes 1 and 2)			
The Company	TC	Malaysia	Furniture manufacturing and sales	77,137	77,137	10,000,000	100.00%	557,945	17,490	17,490	Subsidiary
The Company	TCH	Malaysia	Furniture sales	13,842	13,842	2,000,000	100.00%	689	(57)	(57)	Subsidiary
The Company	EHL	Malaysia	Kitchen cabinet manufacturing and sales	105,008	105,008	32,211,111	89.20%	(26,640)	(60,155)	(53,658)	Subsidiary
TC	ESKB	Malaysia	Wood pellet manufacturing and sales, leasing machinery and equipment	56,884	56,884	8,000,012	100.00%	32,972	583	583	Sub-subsidiary
TCH	TCH(US)	United States	Management Consultant	3	3	100	100.00%	819	(7)	(7)	Sub-subsidiary
ESKB	ESKW	Malaysia	Rubberwood processing and sales	22,512	22,512	3,000,000	100.00%	33,696	810	810	Sub-subsidiary

Note 1: Investment gains (losses) have been recognized by the equity method based on the financial statements of the investee companies audited by the Company's auditor.

Note 2: The long-term investment and investment gain or loss have been eliminated in the preparation of the consolidated financial statements.

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(c) Information on investment in mainland China: None

(d) Major shareholders:

Unit: share

Shareholding / Shareholder's Name	Shares	Percentage
Eng Synergy Management Sdn. Bhd.	11,700,000	32.97%
Surging Success Sdn. Bhd.	2,285,000	6.44%
Eng Say Kaw	2,205,109	6.21%

Note: (1) The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of the total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculations basis.

(2) If the aforementioned data contained shares that were kept in trust by the shareholders, the data disclosed will be deemed as the settlor's separate account for the fund set by the trustee. As for the shareholder who reports its share equity as an insider and whose shareholding ratio is greater than 10% in accordance with the Securities and Exchange Act, its shares should include its self-owned shares and trusted shares, as well as the shares of the individuals who have the power to decide how to allocate the trust assets. For the information on reported share equity of the insider, please refer to the Market Observation Post System.

(3) The shareholding ratio is calculated by unconditionally rounding it down to two decimal places.

(14) Segment information:

(a) General information

The Group's reportable segments are A, B, C, and D. Segment A is involved in the manufacturing and sale of bedroom furniture, segment B in the manufacturing and sale of kitchen cabinets, segment C in the manufacturing and sale of rubber wood, and segment D, starting in 2023, has shifted its primary operating activities from wood pellet manufacturing and sales to leasing.

(b) Information about reportable segments and their measurement and reconciliations

The Group uses the internal management report, which the chief operating decision maker reviews, as the basis to determine resource allocation and make a performance evaluation. The Group's operating segments' profits and losses are measured based on the income before income tax. The amount reported should be consistent with the report used by the chief operating decision maker.

The measured amount of assets and liabilities of the Group's reportable segments has not yet been reported to the operating decision-makers.

TECHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group's operating segment information and reconciliation are as follows:

	2024					
	Segment A	**Segment B**	**Segment C**	**Segment D**	**Adjustments and eliminations**	**Total**
Revenue						
Revenue from external customers	$ 1,051,990	18,718	92,617	1,039	-	1,164,364
Intersegment revenues	-	14,756	18,132	-	(32,888)	-
Interest revenue	7,013	12	2	-	(2,058)	4,969
Total revenue	$ 1,059,003	33,486	110,751	1,039	(34,946)	1,169,333
Interest Expense	$ 4,587	3,377	1,019	160	(2,052)	7,091
Depreciation and Amortization	$ 23,030	7,900	1,431	918	-	33,279
Reportable segment profit or loss	$ 11,495	(60,155)	1,205	(227)	-	(47,682)

	2023					
	Segment A	**Segment B**	**Segment C**	**Segment D**	**Adjustments and eliminations**	**Total**
Revenue						
Revenue from external customers	$ 879,877	72,311	56,330	1,280	-	1,009,798
Intersegment revenues	-	18,262	14,886	-	(33,148)	-
Interest revenue	4,286	45	-	-	(3,127)	1,204
Total revenue	$ 884,163	90,618	71,216	1,280	(36,275)	1,011,002
Interest Expense	$ 8,471	4,347	375	211	(3,125)	10,279
Depreciation and Amortization	$ 18,687	15,820	696	1,006	-	36,209
Reportable segment profit or loss	$ (5,470)	(29,741)	2,122	(148)	-	(33,237)

(c) Product and service information

Revenue from external customers of the Group was as follows:

Products and Services	**2024**	**2023**
Furniture manufacturing and sales	$ 1,051,990	879,877
Kitchen cabinet manufacturing and sales	18,718	72,311
Rubberwood processing and sales	92,617	56,330
Rental income	1,039	1,280
Total	$ 1,164,364	1,009,798

(Continued)

TECHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

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(d) Geographic information

Export sales revenue by country is based on the billing location of the customer, and non-current assets by location are based on where the assets are located. The information was as follows:

Export sales

Region		2024	2023
United States	$	1,043,232	910,364
Malaysia		104,305	66,223
Other		16,827	33,211
Total	$	1,164,364	1,009,798

Non-current Assets

Region		December 31, 2024	December 31, 2023
Malaysia	$	130,608	188,647

Non-current assets include property, plant and equipment, right-or-use assets, intangible assets, and prepayment for equipment, not including financial assets measured at amortized cost, deferred tax assets and refundable deposits.

(e) Information on major customers whose revenue exceeded 10% of the Group's operating revenue was as follows:

		2024	2023
Customer A	$	329,433	210,750
Customer C		247,314	297,379
Customer D		207,059	171,306
Total	$	783,806	679,435

Note: Any single customer whose annual consolidated revenue does not exceed 10% will not be disclosed.

Techcential International Ltd
特昇國際股份有限公司

Person-In-Charge：Eng Synergy Management Sdn. Bhd.
Representative：Eng Kai Pin