



TWSE Stock Code: 1726

113年年報

ANNUAL REPORT 2024

永記造漆工業股份有限公司
YUNG CHI PAINT & VARNISH MFG. CO., LTD.

TWSE' s Market Observation Post System: <http://mops.twse.com.tw>
Company website: <http://www.rainbowpaint.com.tw>

Printed on March 31, 2025

- I. The name, title, contact number, and email address of the Company's spokesperson and deputy spokesperson:
- (I) The Company's spokesperson
Name: Chen Hung-Wei
Title: President
Tel: (07)871-3181
Email address: hwchen@mail.rainbowpaint.com.tw
- (II) Acting spokesperson
Name: Chang Te-Jen
Title: Chairperson
Tel: (07)871-3181
Email address: gm@mail.rainbowpaint.com.tw
- II. Addresses and telephone numbers of headquarter, branch offices, and factories:
Headquarters and factories: No. 26,28, Yanhai 3rd Rd., Xiaogang Dist., Kaohsiung City, Taiwan (R.O.C.)
Tel: (07)871-3181
- III. Name, address, website, and contact number of the stock transfer agency
Name: Shareholder Services Department of CAPITALSECURITIESCORP.
Address: Basement Level 1, No. 97, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City
Website: <http://www.capital.com.tw>
Tel: (02)2702-3999
- IV. Names of the certified public accountant who duly audited the annual financial report for the most recent fiscal year, and the name, address and telephone number of said person's accounting firm:
Name: Hsu Jui-Hsuan; Liu Yu-Shiang
Name of accounting firm: Deloitte & Touche
Address: 3F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City
Website: <http://www.deloitte.com.tw>
Tel: (07)530-1888
- V. Name of any exchanges where the Company's securities are traded offshore, and the method by which to access information on said offshore securities
Name of any exchanges where the Company's securities are traded offshore: None.
The method by which to access information on said offshore securities: None.
- VI. The Company's website:
Website: <http://www.rainbowpaint.com.tw>

Table of Contents

One. Letter to Shareholders	1
Two. Corporate Governance Report	4
I. Profile of directors, president, vice presidents, assistant vice presidents, and supervisors of departments and branches	4
II. Remuneration paid during the most recent fiscal year to directors of the board, the president, and vice presidents	9
III. Corporate governance implementation	12
IV. Information on the professional fees of the attesting CPAs	56
V. Information on replacement of CPAs	56
VI. Circumstances in which the chairperson, president, or officers in charge of financial or accounting matters of the Company has worked in the firm of the CPA or its affiliated companies within the last year	57
VII. Any equity transfer or change in equity pledge by a director, managerial officer, or shareholder with a 10% stake or more during the most recent year or during the current year up to the date of publication of the annual report	57
VIII. Information on the top ten shareholders who are a related party, a spouse, or a relative within the second degree of kinship of one another:	58
IX. The total number of shares and the consolidated equity stake percentage held in any single investee enterprise by the Company, its directors, managerial officers, or any companies controlled either directly or indirectly by the Company	61
Three. Fund Raising Status	
I. Capital and shares	62
II. Corporate bonds, preferred stock, global depository receipts, employee stock options, new restricted employee shares, and any merger and acquisition activities	64
III. The implementation of the Company's capital allocation plans	64
Four. Operational Highlights	
I. Business Activities	65
II. Markets, Production and Sales Overview	72
III. Information on in-service Employees	78
IV. Information on Environmental Expenditure	78
V. Labor Relations	83
VI. Cybersecurity Management	84
VII. Important Contracts	85

Five. Review and analysis of financial position and financial performance, and risks

I.	Financial position	87
II.	Financial performance	87
III.	Cash flow	88
IV.	Effect of major capital expenditures on finance and business matters in the most recent year	88
V.	Investment policy for the most recent year, the main reasons for profit or loss, improvement plan, and investment plan for the coming year	88
VI.	Analysis of risks	89
VII.	Other important matters	91

Six. Special Items

I.	Information on affiliates	92
II.	Private placement of marketable securities in the most recent year and the current year up till the publication date of this annual report	96
III.	Other matters that require additional explanation	96

Seven. Any events in the most recent year and the current year up to the publication date of this annual report that materially affect shareholders' equity or the price of securities as defined in Article 36, Paragraph 2 and 3, Subparagraph 2, of the Securities and Exchange Act

96

One. Letter to Shareholders

Ladies and gentlemen:

Thank you for your support and care for the Company in the past year.

In 2024, our consolidated revenue amounted to NT\$9.53 billion, up 1.83% from NT\$9.35 billion in 2023, mainly due to an increase of NT\$0.108 billion in construction revenue. The earnings per share increased from NT\$5.13 in 2023 to NT\$5.28 in 2024.

The Company will continue to develop new coating materials and expand the sales market to stabilize profits, to create profits for shareholders, and to fulfill corporate social responsibilities, thereby giving back to shareholders for your long-term support and care.

Below is a summary of the 2024 business results and 2025 business plan:

I. 2024 business results

(I) Achievements of business plan:

Unit: NT\$1,000

Item	2024	2023	Increase or decrease (%)
Operating revenue	9,525,927	9,354,380	1.83
Operating profit	991,956	944,774	4.99
Post-tax profit	856,053	831,238	2.99
Earnings per share (NT\$)	5.28	5.13	2.92

(II) Budget execution status: Not applicable because a financial forecast was not disclosed for 2024.

(III) Financial income and expenses and profitability analysis:

1. Financial income and expenses analysis:

Item		2024	2023
Financial structure	Debt-to-assets ratio (%)	13.35	15.32
	Ratio of long-term funds to fixed assets (%)	317.47	305.01
Solvency	Current ratio (%)	535.02	469.41
	Quick ratio (%)	356.73	323.99

2. Profitability analysis:

Item	2024	2023
Return on assets (%)	7.32	7.24
Return on equity (%)	8.53	8.59
Pre-tax profit to paid-in capital (%)	68.34	64.36
Net profit margin (%)	8.98	8.89
Earnings per share (NT\$)	5.28	5.13

(IV) Research and Development:

1. 2024 Research and Development achievements:

- (1) The 1000°C water-based inorganic heat-resistant paint was developed.
- (2) The zinc-aluminum primer specifically for screws was developed.
- (3) Launched water-based paint for artistic modeling.
- (4) Launched new fluorocarbon steel coil coating.
- (5) The Concrete art paint was developed and launched.
- (6) Both FM-906 and FM-900 have passed the British Warrington fire certification and the EU's EAD weather resistance and durability tests, making them suitable for use in both indoor and outdoor environments.
- (7) Launched the fouling-release fouling prevention topcoat.

2. Future development trend:

- (1) Development of high-performance water-based topcoat for waterproofing systems.
- (2) Development of highly corrosion-resistant chromium-free pretreatment.
- (3) High-performance (anti-fouling/weather-resistant/heat-insulating) water-based

- exterior coatings.
- (4) Three-component foul-release antifouling tie coat.
- (5) Reduction of UL1709 three-hour certification thickness for Epoxy Type fire-resistant coatings.
- (6) Development of ultra-low VOC coil coatings.

II. Outline of the 2025 Business Plan

(I) Business strategies:

1. Gain an in-depth understanding of future market trend to develop products with market potential.
2. Establish a greenhouse gas inventory and carbon footprint system to adapt to the future operational environment.
3. Integration of Kunshan and Jiaying plant operations to maximize synergies.
4. Promote ESG for sustainable operations and management; fulfill corporate social responsibilities.

(II) Business objectives:

Unit: Metric tons			
Item	Forecast sales for 2025	Sales in 2024	Growth rate
Sales Volume	104,889	97,218	7.89%

(III) Important production and sales policies:

1. Production policy:
 - A. Introduce automation equipment to improve production efficiency and order fill rate.
 - B. Strengthen the integration of, and reduce the gap between, production and sales information; reduce the backlog of finished products.
 - C. Implementation of Bar-Code system in production lines to enable real-time, precise monitoring of product information, enhancing overall operational performance.
2. Sales policy:
 - A. Continue to develop waterproof materials, water-based industrial coating materials, and nano-level/heat insulation/ energy-saving/sound insulation and low-carbon products; gradually introduce inorganic products to develop new products and new markets to increase sales.
 - B. Through sponsorship and broadcasting of prominent sporting events including NBA, CPBL (Chinese Professional Baseball League), international competitions such as the World Baseball Classic and FIFA World Cup, combined with diverse digital channels including Google Display Network, Facebook, Instagram, and YouTube, while leveraging Key Opinion Leaders (KOLs) to deeply convey product content and brand stories, we've enhanced brand recognition and favorability among younger demographics, strengthened customer loyalty and reach, and expanded market influence and market share.
 - C. Integrate overseas subsidiaries resources and jointly develop overseas markets.

III. Future Development Strategies

The Company's future development strategies aim to achieve the following goals:

- (I) Gain an in-depth understanding of consumer demands to develop products with market potential.
- (II) Establish a greenhouse gas inventory and carbon footprint system to adapt to the future operating environment.
- (III) Integration of Kunshan and Jiaying plant operations to maximize synergies.

IV. Effect of external competition, the legal environment, and the overall business environment:

(I) Effect of external competition:

Since the entry barrier is low when it comes to technologies or equipment requisite for

the production and use of coating materials, market competition is fierce. Aside from enhancing quality and increasing the price–performance ratio and delivery efficiency to provide good service quality and enhance customer relationship to ensure stable sales, the Company will also actively develop coating materials that are high added-value, low carbon, inorganic, or of special function, or make life cozier, thereby differentiating ourselves from peers in the market.

(II) Effect of regulatory environment:

Taiwan relies heavily on exports for its economic growth. In the past few years, the global focus on “greenhouse gases.” In the coming years, the industry can expect more stringent regulations on carbon emissions, carbon fee, carbon reduction, carbon neutrality, and ESG sustainable practices due to growing environmental concerns. Currently, the overall operations comply with regulatory requirements and the ISO 14001 Environmental Management System. The Company will further incorporate carbon inventory, carbon footprint and ESG sustainable operations into its business plan.

(III) Effect of the overall business environment:

In response to the Trump re-administration’s policies on tariffs, energy, American manufacturing, and America First initiatives that will impact the overall economic environment, our company will implement the following strategies:

1. With multiple overseas manufacturing facilities, our company can promptly adjust shipping regions in response to tariff factors.
2. Maintain management flexibility to adapt to future changes in the business environment.
3. Maintain sufficient capital reserves for contingency needs.
4. Develop new products to enhance competitiveness while continuously promoting effective cost and expense management.

TWO. Corporate Governance Report

I. Profile of directors, president, vice presidents, assistant vice presidents, and supervisors of departments and branches:

(I) Information on directors:

March 31, 2025

Title	Nationality or Place of Registration	Name	Gender and age	Date on which the person was elected (took office)	Tenure	Date first elected	Shareholding when elected		Current shareholding		Shareholding of spouse and underage children		Shares held in the name of other persons		Main career (academic) achievements	Concurrent duties in the Company and other companies	Spouse or relatives of the second degree or closer acting as manager, director or supervisor		
							Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding percentage			Title	Name	Relationship
Chairman	ROC	Chang Te-Jen	Male Aged70~75	2023.06.19	3 years	1993.06.19	11,529,971	7.12%	11,529,971	7.12%	2,586,889	1.60%	0	0	Yung Ta Institute of Technology & Commerce	1. Director, YUNG CHI PAINT & VARNISH MFG. (Kunshan) CO., LTD. 2. Director, Jieyou Industrial Co., Ltd. 3. Director, Sanxiangmin Co., Ltd. 4. Director, Yongxiang Investment Co., Ltd. 5. Director, JAUH - HSING ENTERPRISE CO., LTD. 6. Chairperson, Bmass Investment Co.,Ltd. 7. Director, CHERN LUNG FISHERY CO., LTD. 8. Director,RISING CHEMICAL CO., LTD.	Director Director Vice president Vice president Vice president	Chang Te-Hsiung Chang Te-Sheng Chang Te-Hsien Chang Te-Ming Kuo Ping-Lin	Brothers Brothers Brothers Brothers In-law
Director	ROC	Chang Te-Hsiung	Male Aged70~75	2023.06.19	3 years	1993.06.19	12,248,846	7.56%	12,248,846	7.56%	0	0	0	0	Master of Management, Cheng Shiu University	1. Chairperson, Jieyou Industrial Co., Ltd. 2. Supervisor, Yong Ying Investment Co., Ltd. 3. Supervisor, Sanxiangmin Co., Ltd. 4. Director, Yongxiang Investment Co., Ltd. 5. Director, JAUH - HSING ENTERPRISE CO., LTD. 6. Chairperson, YUNG CHI PAINT & VARNISH MFG. (Vietnam) CO., LTD. 7. Chairperson, Emass Investment International Co.,Ltd. 8. Director, YUNG CHI America Corp. 9. Director, Continental Coatings Inc.	Chairperson Director Vice president Vice president Vice president	Chang Te-Jen Chang Te-Sheng Chang Te-Hsien; Chang Te-Ming Kuo Ping-Lin	Brothers Brothers Brothers Brothers In-law
Director	ROC	Chang Te-Sheng	Male Aged70~75	2023.06.19	3 years	1993.06.19	10,365,996	6.40%	10,365,996	6.40%	2,229,133	1.38%	0	0	EMBA, National Sun Yat-sen University	1. Chairperson, Yongxiang Investment Co., Ltd. 2. Director, Jieyou Industrial Co., Ltd. 3. Director, Sanxiangmin Co., Ltd. 4. Director, JAUH - HSING ENTERPRISE CO., LTD. 5. Director, YUNG CHI PAINT & VARNISH MFG. (Kunshan) CO., LTD. 6. Chairperson, Cmass Investment Co.,Ltd. 7. Chairperson, Dmass Investment International Co.,Ltd.	Director Chairperson Vice president Vice president Vice president	Chang Te-Hsiung Chang Te-Jen Chang Te-Hsien Chang Te-Ming Kuo Ping-Lin	Brothers Brothers Brothers Brothers In-law
Director	ROC	Wu Hsiao-Yen	Female Aged60~69	2023.06.19	3 years	2011.06.17	0	0	0	0	0	0	0	0	Master, Institute of Law, National Chung Cheng University.	1. Office Chief, Kaohsiung Office, Chien Yeh Law Offices 2. Independent director, Shiny Chemical Industrial Co., Ltd	None	None	None
Independent director	ROC	Chan Chin-Yi	Male Aged70~75	2023.06.19	3 years	2017.06.23	0	0	0	0	0	0	0	0	EMBA, College of Management, NSYSU	1. Partner CPA, L. L. CHANG& CO., CPAs	None	None	None
Independent director	ROC	Wu Chien-Hsun	Male Aged60~69	2023.06.19	3 years	2017.06.23	0	0	0	0	0	0	0	0	Department of Law, Fu Jen Catholic University Passed the Civil Service Special Examination Regulations for Judges and Prosecutors Judge of Changhua District Court/Kaohsiung District Court/Taiwan High Court	1. Legal practitioner, Wu Chien-Hsun & Partners	None	None	None
Independent director	ROC	Chang Chin-Cheng	Male Aged50~60	2023.06.19	3 years	2017.06.23	0	0	0	0	0	0	0	0	Bachelor, Department of Accounting, Chung Yuan Christian University Associate Vice President, Division of Tax, Deloitte & Touche Taiwan	1.CPA Partner, Chia-Chung Accounting Firm 2. Director, Force-MOS Technology Co., LTD. 3. Representative of Corporate Director, Logah Technology 4. Independent Director and Remuneration Committee member, WinWay Technology Co., Ltd. 5. Independent Director and Remuneration Committee member, Horng Terng Automation Co., LTD.	None	None	None

1. Disclosure of professional qualifications of directors and independence of independent directors:

Criteria Name	Professional qualifications and experience	Independence	Number of concurrent duties as an independent director at a public company
Chang Te-Jen Director	· Has work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company. · The Company's incumbent Chairperson. · Used to be the Company's director and President. · Circumstances specified in the various subparagraphs of Article 30 of the Company Act do not exist.	(1) Not a director, supervisor, or employee of another company or institution in which the majority of board seats or voting rights are controlled by the same person in the Company. (2) Not a director, supervisor, or employee of another company or institution, who is also the president or holds equivalent position, or a spouse of these personnel, of the Company. (3) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.	None
Chang Te-Hsiung Director	· Has work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company. · Has served as the Company's chairperson and director. · Circumstances specified in the various subparagraphs of Article 30 of the Company Act do not exist.	(1) Not a director, supervisor, or employee of another company or institution in which the majority of board seats or voting rights are controlled by the same person in the Company. (2) Not a director, supervisor, or employee of another company or institution, who is also the president or holds equivalent position, or a spouse of these personnel, of the Company. (3) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.	None
Chang Te-Sheng Director	· Has work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company. · Used to be the Company's director and President. · Circumstances specified in the various subparagraphs of Article 30 of the Company Act do not exist.	(1) Not a director, supervisor, or employee of another company or institution in which the majority of board seats or voting rights are controlled by the same person in the Company. (2) Not a director, supervisor, or employee of another company or institution, who is also the president or holds equivalent position, or a spouse of these personnel, of the Company.	None

	exist.	(3) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.	
Wu Hsiao-Yen Director	<ul style="list-style-type: none"> · A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the company. · Currently serving as the Chief of Kaohsiung Office, Chien Yeh Law Offices; and independent director of Shiny Chemical Industrial Co., Ltd. · Circumstances specified in the various subparagraphs of Article 30 of the Company Act do not exist. 	(1) Not an employee of the Company or any of its affiliates. (2) Not a director or supervisor of the Company or any of its affiliates. (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate that reaches one percent or more of the total number of issued shares of the company or ranks among the top 10 in terms of shareholding. (4) Not a spouse, relative within the second degree of kinship or lineal relative within the third degree of kinship, of any of the above persons listed in Subparagraph (2) and (3) or of the manager listed in (1).	1
Chan Chin-Yi Independent director	<ul style="list-style-type: none"> · A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the company. · Currently serving as the partner CPA of L. L. CHANG& CO., CPAs . · Used to be an Independent director of HAI KWANG ENTERPRISE CORPORATION and the Chairperson of TAIWAN FILAMENT WEAVING DEVELOPMENT CO., LTD. · Circumstances specified in the various subparagraphs of Article 30 of the Company Act do not exist. 	(5) Not a director, supervisor or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the Company, or ranks among its top five shareholders, or appointed as a representative in accordance with Paragraph 1 or 2 of Article 27 of the Company Act. (6) Not a director, supervisor, or employee of another company or institution in which the majority of board seats or voting rights are controlled by the same person in the Company.	None
Wu Chien-Hsun Independent director	<ul style="list-style-type: none"> · A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the company. · Currently serving as a legal practitioner of Wu Chien-Hsun & Partners. · Used to be a judge of Changhua District Court, Kaohsiung District Court, and Taiwan High Court. · Circumstances specified in the various subparagraphs of Article 30 of the Company Act do not exist. 	(7) Not a director, supervisor or employee of another company or institution, who is also the chairperson, president or holds equivalent position, or a spouse of these personnel, of the Company. (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company.	None
Chang Chin-Cheng Independent director	<ul style="list-style-type: none"> · Has work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company. · Current CPA Partner, Chia-Chung Accounting Firm, Director of Force-MOS Technology Co., LTD.; Representative of Corporate Director of Logah Technology; Independent Director of WinWay Technology; and Independent Director of Horng Terng Automation Co., LTD. · Circumstances specified in the various subparagraphs of Article 30 of the Company Act do not exist. 	(9) Not a professional individual who, or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company over the past 2 years and has received cumulative compensation not exceeding NT\$500,000, or a spouse thereof; (10) Not having a marital relationship or a relative within the second degree of kinship to any other director of the Company. (11) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.	2

2. Board diversity and independence:

(1) Diversity of the board:

To strengthen corporate governance and promote sound development of board composition and structure, Article 20, Paragraph 2 of our company's "Corporate Governance Best Practice Principles" outlines "appropriate diversity" guidelines based on our operational model and development needs. The policy states: Board composition should consider the company's operational structure, business development direction, future development trends, and other requirements, and should evaluate various diversity dimensions, such as: basic composition (e.g., gender, age), professional experience (e.g., technology, science and engineering, law, business, culture and education), and professional knowledge and skills (e.g., legal practice, financial accounting).

Our Board of Directors consists of 7 directors, including 3 independent directors and 4 non-independent directors. Directors with employee status account for 14%, while independent directors represent 43% of the board. All directors are industry elites. The company values gender equality in board composition and aims to increase female representation to at least two-sevenths (28%) of board seats. Currently, the board comprises 85% males (6 directors) and 15% females (1 director). We will strive to increase female representation going forward. The 4 non-independent directors possess expertise in business management, leadership decision-making, industry knowledge, and legal proficiency, while the 3 independent directors specialize in finance, accounting, taxation, and legal matters, fulfilling our diversity policy.

Below are the Company's policy on Board of Directors membership diversity, and the implementation of the policy:

Name of Director		Basic composition							Professional background				Professional knowledge and skill					
		Gender	Nationality	Concurrently serving as the Company's employee	Age		Term and seniority of independent director		Financial accounting	Business administration	Industry knowledge	Legal professionalism	Operational judgment capability	Business administration capability	Crisis management capability	International market perspective	Leadership	Decision-making capability
					55~69	70~75	under 3 years	3~6 years										
Chairman	Chang Te-Jen	Male	ROC	V		V			V	V	V		V	V	V	V	V	V
Director	Chang Te-Hsiung	Male				V			V	V	V		V	V	V	V	V	V
Director	Chang Te-Sheng	Male				V			V	V	V		V	V	V	V	V	V
Director	Wu Hsiao-Yen	Female			V					V		V	V	V	V	V	V	V
Independent director	Chan Chin-Yi	Male				V		V	V	V			V	V	V	V	V	V
Independent director	Wu Chien-Hsun	Male			V			V		V		V	V	V	V	V	V	V
Independent director	Chang Chin-Cheng	Male			V		V		V	V			V	V	V	V	V	V

(2) Independence of the board:

Of the Company's 7 directors, 3 are independent directors and 1 serves double duty as a director and an employee. All independent directors meet what the competent authority requires of an independent director. In addition, the number of directors who are a spouse or a relative within the second degree of kinship of another director must not exceed half of the Board seats. The Company's Board of Directors only has 3 directors who are a relative within the second degree of one another, and therefore is considered independent.

(II) Profile of directors, president, vice presidents, assistant vice presidents, and supervisors of departments and branches

March 31, 2025

Title	Nationality	Name	Gender	Date on which the person was elected (took office)	Shareholding		Shareholding of spouse and underage children		Shares held in the name of other persons		Main career (academic) achievements	Concurrent duties in the Company and other companies	Managers who are spouse or blood relatives within the second degree		
					Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding percentage			Title	Name	Relationship
President	ROC	Chen Hung-Wei	Male	2014.06.16	0	0	0	0	0	0	Master of Science, Department of Mechanical Engineering, National Taiwan University	1. Director, TLT ENGINEERING SDN BHD. 2. President, YUNG CHI PAINT & VARNISH MFG. (Jiaxing) CO., LTD.	None	None	None
Vice president	ROC	Chang Te-Hsien	Male	2014.06.16	5,000	0	9,336,101	5.76%	0	0	EMBA, National Sun Yat-sen University	1. Chairperson, JAUH - HSING ENTERPRISE CO., LTD. 2. Director, Yong Ying Investment Co., Ltd. 3. Director, Yongxiang Investment Co., Ltd. 4. Director, YUNG CHI PAINT & VARNISH MFG. (Kunshan) CO., LTD. 5. Director, TLT ENGINEERING SDN BHD. 6. Supervisor, YUNG CHI PAINT & VARNISH MFG. (Jiaxing) CO., LTD.	Vice president Vice president	Chang Te-Ming Kuo Ping-Lin	Brothers In-law
Vice president	ROC	Chang Te-Ming	Male	2014.06.16	2,745,168	1.69%	2,237,448	1.38%	0	0	Cheng Shiu University	1. Chairperson, Yong Ying Investment Co., Ltd. 2. Director, Yongxiang Investment Co., Ltd. 3. Director, JAUH - HSING ENTERPRISE CO., LTD. 4. Director, YUNG CHI PAINT & VARNISH MFG. (Kunshan) CO., LTD.	Vice president Vice president	Chang Te-Hsien Kuo Ping-Lin	Brothers In-law
Vice president	ROC	Kuo Ping-Lin	Male	2023.06.01	7,205,354	4.45%	2,978,184	1.84%	0	0	PhD, Osaka University, Japan	Chairperson, RISING CHEMICAL CO., LTD.	Vice president Vice president	Chang Te-Hsien Chang Te-Ming	In-law In-law

Vice president	ROC	Tseng Shih-Yu	Male	2021.01.01	3,192	0	0	0	0	0	National Sun Yat-sen University	1. Chairperson, Yung Chi America Corp. 2. Chairperson, Continental Coatings Inc. 3. Director, YUNG CHI PAINT & VARNISH MFG. (Vietnam) CO., LTD.	None	None	None
Associate Vice President, Operations Division	ROC	Wang Ling-Chang	Male	2018.03.01	0	0	0	0	0	0	National Chin-Yi University of Technology	None	None	None	None
Associate Vice President, Research and Development Division	ROC	Pan Yi-Ming	Male	2021.02.01	0	0	0	0	0	0	Chung Yuan Christian University	None	None	None	None
Associate Vice President, Vietnam Factory	ROC	Huang Shi-Chang	Male	2022.11.01	0	0	0	0	0	0	Tung Fang Junior College of Technology	None	None	None	None
Manager, Production Division	ROC	Lin Te-Ming	Male	2013.05.01	4,000	0	0	0	0	0	Kaohsiung Municipal Kaohsiung Industrial High School	None	None	None	None
Manager of Finance Department	ROC	Chen Hsi-Hui	Female	2018.03.12	0	0	0	0	0	0	Master of Business Taxation, University of Minnesota	None	None	None	None
Manager of Auditing Office	ROC	Chou Hung-Chih	Male	2020.11.05	0	0	0	0	0	0	Feng Chia University	None	None	None	None
Deputy Manager, Quality Assurance Department	ROC	Lai Tsun-Hua	Male	2017.09.01	0	0	0	0	0	0	Chung Yuan Christian University	None	None	None	None
Deputy Manager, Administrative Department	ROC	Chang Feng-Yu	Male	2023.03.01	1,715,125	1.06%	0	0	0	0	Northwestern Polytechnic University	Chairperson, Yung Chi Paint & Varnish Mfg. (Jiaxing) Co., Ltd.	None	None	None
Section Chief, Materials Department	ROC	Lo Ta-Tsung	Male	2021.04.01	1,000	0	0	0	0	0	National Taipei University of Technology	None	None	None	None

Overseas operations Manager	ROC	Kuo Hsu-Chang	Male	2014.06.01	0	0	0	0	0	0	Southern Taiwan University of Science and Technology	President, YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Kunshan)	None	None	None
Chief Corporate Governance Officer	ROC	Chang Tsung-Han	Male	2023.03.16	0	0	0	0	0	0	PhD in Information Engineering, I-Shou University	None	None	None	None

II. Remuneration paid during the most recent fiscal year to directors, the president, and vice presidents:

(I) Directors' remuneration:

2024; Unit: NT\$1,000

Title	Name	Directors' remuneration								Total Remuneration (A+B+C+D) as a % of the Net Income		Remuneration for concurrent duty as an employee								Total Remuneration (A+B+C+D+E+F+G) as a % of the Net Income		Remuneration received from an investee other than a subsidiary, or the parent company
		Compensation (A)		Disability retirement benefits (B)		Directors' remuneration (C)		Fees for professional practice (D)				Salary, bonus, and special reimbursement (E)		Disability retirement benefits (F)		Employee compensation (G)						
		The Company	All companies within the financial statements	The Company	All companies within the financial statements	The Company	All companies within the financial statements	The Company	All companies within the financial statements	The Company	All companies within the financial statements	The Company	All companies within the financial statements	The Company		All companies within the financial statements		The Company	All companies within the financial statements			
Chairman	Chang Te-Jen	0	0	0	0	479	479	30	30	509 0.06%	509 0.06%	3,920	3,920	107	107	35	0	35	0	4,571 0.53%	4,571 0.53%	0
Director	Chang Te-Hsiung	0	0	0	0	479	479	24	24	503 0.06%	503 0.06%	0	0	0	0	0	0	0	0	503 0.06%	503 0.06%	220
Director	Chang Te-Sheng	0	0	0	0	479	479	24	24	503 0.06%	503 0.06%	0	0	0	0	0	0	0	0	503 0.06%	503 0.06%	0
Director	Wu Hsiao-Yen	0	0	0	0	479	479	30	30	509 0.06%	509 0.06%	0	0	0	0	0	0	0	0	509 0.06%	509 0.06%	0
Independent director	Chan Chin-Yi	0	0	0	0	479	479	30	30	509 0.06%	509 0.06%	0	0	0	0	0	0	0	0	509 0.06%	509 0.06%	0
Independent director	Wu Chien-Hsun	0	0	0	0	479	479	30	30	509 0.06%	509 0.06%	0	0	0	0	0	0	0	0	509 0.06%	509 0.06%	0

Independent director	Chang Chin-Cheng	0	0	0	0	479	479	30	30	509 0.06%	509 0.06%	0	0	0	0	0	0	0	0	509 0.06%	509 0.06%	0
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1. Please describe the remuneration policy, system, criteria, and structure for independent directors, and the relevance of remuneration to factors such as the duty and risk they assume and the time they invest:

According to Article 28 of the Company's Articles of Incorporation, independent directors' compensation should be proposed by the Remuneration Committee by referring to the Company's operating performance and the payment standard among industry peers, and should then be submitted to the Board of Directors for resolution.

2. Aside from the remuneration disclosed in the above table, is there any other remuneration received by directors in the most recent year from any company included in the financial statements for their services rendered (such as serving as an advisor other than an employee): NT\$1,379 thousand.

3. Fees for professional practice: These are the transportation fees for directors to attend the Board of Directors meetings.

4. Disability retirement benefits: These are the expenditures of disability retirement benefits contributed.

(II) Remuneration to the president and vice presidents:

2024; Unit: NT\$1,000

Title	Name	Salary (A)		Disability retirement benefits (B)		Bonus and special reimbursement (C)		Employee compensation (D)				Total Remuneration (A+B+C+D) as a % of the Net Income (%)		Remuneration received from an investee other than a subsidiary, or the parent company
		The Company	All companies within the financial statements	The Company	All companies within the financial statements	The Company	All companies within the financial statements	The Company		All companies within the financial statements		The Company	All companies within the financial statements	
								Amount in cash	Amount in shares	Amount in cash	Stock			
President	Chen Hung-Wei	1,672	1,672	100	100	2,607	2,607	35	0	35	0	4,414 0.52%	4,414 0.52%	None
Vice president	Chang Te-Hsien	1,669	1,669	100	100	811	811	35	0	35	0	2,615 0.31%	2,615 0.31%	None
Vice president	Chang Te-Ming	1,595	1,595	96	96	780	780	35	0	35	0	2,506 0.29%	2,506 0.29%	None
Vice president	Kuo Ping-Lin	1,844	1,844	277	277	1,134	1,134	35	0	35	0	3,290 0.38%	3,290 0.38%	None
Vice president	Tseng Shih-Yu	1,615	1,615	98	98	1,788	1,788	35	0	35	0	3,536 0.41%	3,536 0.41%	None

(III) Remuneration to the Five Highest Remunerated Management Personnel:

2024; Unit: NT\$1,000

Title	Name	Salary (A)		Disability retirement benefits (B)		Bonus and special reimbursement (C)		Employee compensation (D)				Sum of A+B+C+D and ratio to net income (%)		Remuneration received from an investee other than a subsidiary, or the parent company
		The Company	All companies within the financial statements	The Company	All companies within the financial statements	The Company	All companies within the financial statements	The Company		All companies within the financial statements		The Company	All companies within the financial statements	
								Amount of cash dividend	Amount of stock dividend	Amount of cash dividend	Amount of stock dividend			
President	Chen Hung-Wei	1,672	1,672	100	100	2,607	2,607	35	0	35	0	4,414 0.52%	4,414 0.52%	None
Vice president	Chang Te-Hsien	1,669	1,669	100	100	811	811	35	0	35	0	2,615 0.31%	2,615 0.31%	None
Vice president	Kuo Ping-Lin	1,844	1,844	277	277	1,134	1,134	35	0	35	0	3,290 0.38%	3,290 0.38%	None
Vice president	Tseng Shih-Yu	1,615	1,615	98	98	1,788	1,788	35	0	35	0	3,536 0.41%	3,536 0.41%	None
Associate vice president	Pan Yi-Ming	1,373	1,373	83	83	1,490	1,490	35	0	35	0	2,981 0.35%	2,981 0.35%	None

(IV) Names and Distributions of Employee Profit-Sharing Compensation to Managerial Officers:

2024; Unit: NT\$1,000

Position	Title	Name	Amount in shares	Amount in cash	Total	Ratio of total amount to the net profit after tax (%)
Director	Chairperson	Chang Te-Jen	0	380	380	0.04%
Manager	President	Chen Hung-Wei				
	Vice president	Chang Te-Hsien				
	Vice president	Chang Te-Ming				
	Vice president	Kuo Ping-Lin				
	Vice president	Tseng Shih-Yu				
	Associate vice president	Wang Ling-Chang				
	Associate vice president	Pan Yi-Ming				
	Associate vice president	Huang Shi-Chang				
	Manager of Finance Department	Chen Hsi-Hui				
	Chief Corporate Governance	Chang Tsung-Han				

	Officer				
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(V) Below is the analysis and payment of the total remuneration, the remuneration policies, standards and packages, the procedures for determining remuneration and their relationship to the Company's operating performance and future risks, as a percentage of net income stated in the parent company only financial reports, as paid by the Company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, president, and vice presidents:

1. Below is the analysis of the total remuneration, as a percentage of net income stated in the parent company only financial reports during the past 2 fiscal years to directors, president, and vice presidents:

Unit: NT\$1,000

Remuneration recipient	2023				2024			
	Remuneration amount		Ratio to the Net Income(%)		Remuneration amount		Ratio to the Net Income(%)	
	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities
Director	7,269	7,269	0.8745	0.8745	7,613	7,613	0.8893	0.8893
President and vice president	15,906	15,906	1.9135	1.9135	16,361	16,361	1.9112	1.9112

2. Description of the remuneration policies, standards and packages, the procedures for determining remuneration and their relationship to the Company's operating performance:

(1) Remuneration policies, standards and packages:

According to Article 28 of the Company's Articles of Incorporation, if the Company has profit in the fiscal year, 1%~5% of the profit shall be offered as employee remuneration, and no more than 0.5% of the profit shall be allocated as directors' remuneration.

(2) The procedures for determining remuneration and their relationship to the Company's operating performance and future risks

Compensation paid to directors is discussed and reviewed by the Company's Remuneration Committee based on operating performance, submitted to the Board of Directors for resolution, reported to the Shareholders Meeting for adoption, and then distributed. The Company distributes remuneration by considering the year's financial conditions, operating achievements, and future capital utilization planning while taking into account the assessment of future risks so as to minimize the occurrence of risk.

III. Corporate governance implementation

(I) The state of operation of the board of directors: The Board of Directors had 4 meetings(A) in the most recent fiscal year, and the attendance of directors is shown as follows:

Title	Name	Actual attendance in person (B)	Number of attendance by proxy	Actual Attendance Rate (%) (B/A)	Remarks
Chairperson	Chang Te-Jen	4	0	100.00	
Director	Chang Te-Hsiung	4	0	100.00	

Director	Chang Te-Sheng	4	0	100.00	
Director	Wu Hsiao-Yen	4	0	100.00	
Independent director	Chan Chin-Yi	4	0	100.00	
Independent director	Wu Chien-Hsun	4	0	100.00	
Independent director	Chang Chin-Cheng	4	0	100.00	

The real number of directors present at board meetings is 28 out of 28, resulting in an attendance rate of 100%.

Other matters to be recorded:

1. If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors:
 (1) Items listed in Article 14-3 of the Securities and Exchange Act: No such situation.
 (2) Any other documented objections or qualified opinions raised by an independent director against a board resolution: No such situation.
2. The status of implementation of recusals of directors with respect to any motions with which they may have a conflict of interest: specify the director's name, the content of the motion, the cause for recusal, and whether and how the director voted: No such situation.
3. Disclose information including the evaluation cycle and period(s) of the board of directors' self-evaluations (or peer evaluations) and the evaluation method and content.

Evaluation periodicity	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Annually	January 1 to December 31, 2024	The Board of Directors as a whole	Directors' self-evaluation	1. Participation in the operations of the Company. 2. Improvement in the quality of the Board of Directors' decision making 3. Composition and structure of the Board of Directors. 4. Election and continuing education of the directors. 5. Internal control.
Annually	January 1 to December 31, 2024	Individual board member.	Directors' self-evaluation	1. Alignment with the goals and tasks of the Company. 2. Awareness of the duties of a director. 3. Participation in the operations of the Company.

				4. Management of internal relationship and communication. 5. Professionalism and continuing education of the directors. 6. Internal control.
Annually	January 1 to December 31, 2024	Each functional committee. (Including Remuneration Committee and Audit Committee)	Directors' self-evaluation	1. Participation in the operations of the Company. 2. Awareness of the duties of the functional committee 3. Improve the functional committee's decision-making quality 4. Composition of the functional committee and selection of committee members. 5. Internal control.

4. The goal of improving the performance of board of directors in this year and latest fiscal year (including the establishment of audit committee and improvement of the information transparency, etc.) and the analysis of implementation:

(1) Establishment of the Audit Committee and Remuneration Committee: The Company's Audit Committee exercises duties assigned to them by the Securities and Exchange Act, the Company Act, and other laws and regulations; the Company's Remuneration Committee assesses the policy and systems regarding the remuneration paid to the Company's Board of Directors and managers, so as to enhance the Board of Directors' functions.

(2) Establishment of corporate governance regulations: The Company has formulated the Corporate Social Responsibility Best Practice Principles, Ethical Corporate Management Best Practice Principles, Corporate Governance Code of Conduct and Code of Ethical Conduct for Directors for compliance purposes.

(3) Improve information transparency: The Company's website has an "Investors Zone", where the contact information of the Company's spokesperson is provided for shareholders to make a query about financial and business information. Related information is also disclosed in a timely manner as required by the competent authority so that investors can access transparent and fair information.

(II) Operation of the Audit Committee

1. Operation of the Audit Committee: The Audit Committee had 4 (A) meetings in the most recent fiscal year, and the attendance of independent directors is shown as follows:

Title	Name	Number of attendance in person	Number of attendance by proxy	Actual attendance rate [B/A]	Remarks
Independent director	Chan Chin-Yi	4	0	100.00	-
Independent director	Wu Chien-Hsun	4	0	100.00	-
Independent director	Chang Chin-Cheng	4	0	100.00	-

Other matters to be recorded:

I. If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the

content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee:

(I) Matters described in Article 14-5 of the Securities and Exchange Act: No such situation.

(II) In addition to the matters referred to above, any matter that was not approved by the audit committee but was approved by a two-thirds or greater majority resolution of the board of directors.: No such situation.

II. When there is avoidance of conflicts of interest by a director, state the name of that director, the involved proposal(s), the cause(s) of the avoidance of conflicts of interest, and the participation in voting of that director: No such situation.

III. Communication between the independent directors and the chief internal audit officer and the CPAs that serve as external auditor (including any significant matters communicated about with respect to the state of the company's finances and business and the method(s) and outcomes of the communication) :

A. Independent directors did not object to any items in the audit report submitted by the Chief Audit Officer.

B. The Chief Audit Officer attended the Board of Directors meeting and gave an audit business report.

C. The CPAs explained and communicated about the audit planning and results, significant risks and key audit matters of the Company's financial statements and other competent authorities' official letters which are of significance.

(III) The Company's implementation of corporate governance and the differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor:

Evaluation Items	The State of Operation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies for TWSE/GTSM Listed Companies and the reasons therefor.
	Yes	No	Summary description	
I. Has the Company formulated and disclosed its corporate governance best practice principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"?	V		The Company has formulated and disclosed its "Corporate Governance Code of Conduct".	Not significantly different from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
II. The Company's equity structure and shareholder equity				
(I) Has the Company established internal operating procedures to handle shareholder recommendations, doubts, disputes and litigations, and implemented them in accordance with the procedures?	V		(I) The Company already has a spokesperson and a deputy spokesperson, and has disclosed their telephone number and email address; shareholders' and stakeholders' suggestions or questions are dealt with by dedicated personnel.	(I) Not significantly different from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
(II) Does the Company have a list of the major shareholders who actually control the Company and those who ultimately have control over the major shareholders?	V		(II) The Company always has a good grasp of the shareholding of directors, managers, and major shareholders with 10% or more stake in the Company, and regularly reports any insider shareholding changes.	(II) Not significantly different from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
(III) Has the Company established and implemented risk control and firewall mechanisms between affiliated companies?	V		(III) 1. The Company has formulated regulations for transaction management, endorsements and guarantees, and loaning of funds between the Company and affiliates. 2. In addition, as required by the FSC's "Regulations Governing Establishment of Internal Control Systems by Public Companies", the Company also puts in place	(III) Not significantly different from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation Items	The State of Operation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies for TWSE/GTSM Listed Companies and the reasons therefor.
	Yes	No	Summary description	
(IV) Has the Company formulated internal regulations to prevent insiders from trading securities using undisclosed information on the market?	V		<p>the “Regulations for Supervising and Managing Subsidiaries”, whereby the Company implements its management of risks arising from subsidiaries’ management or operation.</p> <p>(IV) The Company has formulated the “Regulations for Preventing Insider Trading” to prevent the occurrence of insider trading.</p>	(IV) Not significantly different from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
<p>III. Composition and responsibilities of the Board of Directors</p> <p>(I) Has the board established a policy on diversity and specific management approaches and objectives, and have they been implemented accordingly?</p> <p>(II) In addition to the Remuneration Committee and the Audit Committee established in accordance with law, has the company voluntarily set up other functional committees?</p> <p>(III) Has the Company established its Board Performance Appraisal Measures and the evaluation methods, conducted the performance appraisal regularly every year and provided the results to the board as the reference for directors’ remuneration and nomination and renewal?</p>	V	<p>V</p> <p>V</p> <p>V</p>	<p>(I) The Company’s Board of Directors designates the management to formulate policy and goals corresponding to the operational environment, and to report the implementation achievements it monitored.</p> <p>(II) Aside from setting up the Remuneration Committee and the Audit Committee as required by law, the Company will also set up other functional committees depending on actual needs.</p> <p>(III) The Company has formulated the “Rules for Performance Evaluation of Board of Directors”, whereby it started performance evaluation and reporting to the Board of Directors from 2020 in order to obtain a reference for the remuneration and renewal of</p>	<p>(I) Matters will be carried out in the future based on the Company’s development needs and laws and regulations.</p> <p>(II) Matters will be carried out in the future based on the Company’s development needs and laws and regulations.</p> <p>(III) Not significantly different from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.</p>

Evaluation Items	The State of Operation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies for TWSE/GTSM Listed Companies and the reasons therefor.
	Yes	No	Summary description	
(IV) Does the company regularly evaluate the independence of attesting CPAs?	V		<p>the term of directors.</p> <p>(IV) The independence and competency of the attesting CPAs are evaluated annually by the Company's Audit Committee. Alongside the "Declaration of Independence" from the CPAs and "Audit Quality Indicators (AQIs)," the evaluation is performed based on the standards of Note 1 and 13 AQI indicators. It has been verified that the CPAs' only financial involvement and business associations with the Company are limited to receiving fees for attestation and taxation services. In addition, neither do the CPA's family members violate the independence requirements. We have further referred to the AQIs, including 13 indicators comprised under five aspects, namely, professionalism, independence, quality control, supervision, and innovation ability, to evaluate the independence and competence of the CPAs; the AQIs cover information both at the accounting firm level" and the "audit case level." The Audit Committee has reviewed and endorsed the evaluation findings for the current year on March 11, 2024, and presented them to the Board of Directors for a resolution on the independence and proficiency of the CPAs being evaluated.</p> <p>CPAs' independence evaluation criteria (Note 1)</p>	(IV) Not significantly different from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation Items	The State of Operation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies for TWSE/GTSM Listed Companies and the reasons therefor.
	Yes	No	Summary description	
IV. Has the Company allocated qualified and sufficient number of personnel and appointed managers in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors and independent directors, assisting directors and independent directors to comply with laws, handling matters relating to board meetings and shareholder meetings according to laws, recording minutes of board meetings and shareholder meetings, etc.)?	V		<p>In a resolution passed by the Board of Directors on March 16, 2023, manager Chang Tsung-Han was appointed as the Chief Corporate Governance Officer with the responsibility of protecting shareholder rights and bolstering the role of the Board of Directors. Manager Chang Tsung-Han boasts a wealth of experience in corporate governance for publicly traded companies, having served as a managerial officer for over three years. The primary duties of the Chief Governance Officer include managing affairs pertaining to Board of Directors and shareholders' meetings in compliance with legal regulations, documenting minutes of such meetings, supporting directors in their induction and ongoing training, providing directors with information needed to perform their duties, and assisting directors in complying with laws.</p> <p>Continuing education courses taken by the Chief Governance Officer in 2024 (Note 2)</p>	Not significantly different from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation Items	The State of Operation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies for TWSE/GTSM Listed Companies and the reasons therefor.
	Yes	No	Summary description	
V. Has the company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.) and a special sections for stakeholders on the company's website, and responded appropriately to important corporate social responsibility issues that are of concern to stakeholders?	V		<p>(I) The Company has set up a spokesperson system and a deputy spokesperson system. The telephone number of the spokesperson and the deputy spokesperson is disclosed on the Company's website. Queries are responded through a dedicated email box on an irregular basis. Financial information is disclosed on the Company's website or the Market Observation Post System as required in order to build a good communication channel with investors.</p> <p>(II) The Company provides consumers and suppliers with a communication channel through its procurement, sales, and technological support departments.</p> <p>(III) The Company designates each of its units to deal with each stakeholder separately for timely communication, response, and handling.</p>	Not significantly different from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
VI. Has the company appointed a professional stock affairs agency to handle matters for shareholder meetings?	V		The Company commission CAPITALSECURITIESCORP. to handle the Company's stock affairs.	Not significantly different from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
VII. Public disclosure of information (I) Has the Company set up a website to disclose finance and business matters and corporate governance information?	V		(I) The Company has set up an official website in the Chinese language, on which financial, business, and corporate governance is disclosed in a timely manner.	(I) Not significantly different from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation Items	The State of Operation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies for TWSE/GTSM Listed Companies and the reasons therefor.
	Yes	No	Summary description	
<p>(II) Has the Company adopted other means of information disclosure (such as setting up an English website, appointing dedicated personnel responsible for the collection and disclosure of Company information, implementing a spokesperson system, posting the Company's earnings calls on its website, etc.)?</p> <p>(III) Does the Company publish and make official filing of annual financial report within two months after the end of an accounting period, and publish/file Q1, Q2 and Q3 financial reports along with the monthly business performance statements before the required due dates?</p>	V	V	<p>(II) The Company has a dedicated person who is responsible for collecting the Company's information and disclose it on the Company's website or the Market Observation Post System. The Company has also implemented a spokesperson system.</p> <p>(III) The Company announces the follows according to laws and regulations and files them with the competent authorities: 1. Within 3 months after the end of each fiscal year, the Copan files the annual financial statements that were attested by CPAs, approved by the Board of Directors, and adopted by the Audit Committee. 2. Within 45 days after the end of the first, second, and third quarter of each fiscal year, the Company announce and files the financial statements that were reviewed by CPAs and reported to the Board of Directors. 3. The Company also announces and files its monthly operating performance before the 10th day of the following month.</p>	<p>(II) Not significantly different from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.</p> <p>(III) Matters will be carried out in the future based on the Company's development needs and laws and regulations.</p>
VIII. Does the company have other important information that is helpful to understand its implementation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, continuing education of directors and	V		<p>(I) Employee rights and employee care The Company has set up an Employee Benefit Committee, of which the members are elected by employees to carry out employee benefit measures. Employees legal rights are protected based on the Labor Standards Act.</p>	Not significantly different from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation Items	The State of Operation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies for TWSE/GTSM Listed Companies and the reasons therefor.
	Yes	No	Summary description	
supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, the company's purchase of liability insurance for directors and supervisors, and so on)?			<p>(II) The Company also provides employees with group insurance, trainings, festive bonus, and employee travel in order to maintain a harmonious labor-management relations.</p> <p>Investor relations: Information is fully disclosed on the Company's website and the Market Observation Post System so that investors can know the Company's operational and corporate governance status. The Company answer investors' questions through its spokesperson or by convening investor conferences and a shareholders meeting.</p> <p>(III) Supplier relations: 1. The Company partners with suppliers based on the principles of equality, reciprocally benefit, and co-prosperity, and ensures the reasonableness of raw materials purchase price by adhering to the procurement principles. 2. The Company also surveys suppliers' needs and expectations regularly every year and gives timely response.</p> <p>(IV) Stakeholders' rights: The Company maintains a good communication channel with consumers, shareholders, suppliers, and creditors through its website, spokesperson, financial units, and procurement units.</p>	

Evaluation Items	The State of Operation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies for TWSE/GTSM Listed Companies and the reasons therefor.
	Yes	No	Summary description	
			<p>(V) Continuing education of directors: The Company's directors are an expert in either industry, finance, and/or administration; the Company actively encourages directors to take continuing education courses. Continuing education courses taken by directors in 2024 (Note 3)</p> <p>(VI) Implementation of risk management policies and risk measurement standards: 1. The Company focuses on its own business, promotes and implements policy in accordance with relevant laws and regulations, and establishes various standard operating manuals in order to reduce and avoid any possible risks. 2. The Company controls risks by having a SWOT analysis to understand the business environment, conducting a survey to understand stakeholders needs and expectations, doing a business analysis, examining material customer complaints, and carrying out internal audit and control measure, periodically every year.</p> <p>(VII) Implementation of customer policies: The Company has set up an 0800 number, a toll-free number which consumers may call. A smooth channel through which consumers may make an inquiry or file complaints is also available in each distributor's operational</p>	

Evaluation Items	The State of Operation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies for TWSE/GTSM Listed Companies and the reasons therefor.
	Yes	No	Summary description	
			premises, capable of solving consumers' product use questions in a timely manner. (VIII) The company's purchase of liability insurance for directors and supervisors: The Company purchased a liability insurance with an insurance period from January 1, 2025 to January 1, 2026 for all directors and managers; such purchase had been approved by the Board of Directors on November 12, 2024, and disclosed on the Market Observation Post System and the Corporate Governance Zone on the Company's website.	
IX. Please explain improvements that have been made as well as priorities to improve the results of the Corporate Governance Evaluation issued by the Taiwan Stock Exchange Corporate Governance Center: (I) After giving full consideration to cost effectiveness, the Company will gradually improve its information disclosure on its website in order to improve information transparency. (II) The Company will actively implement corporate governance regulations.				

Note 1: CPAs' independence evaluation criteria

Evaluation Items	Evaluation Results	Qualified for independence or not
Does the CPA have a direct or material indirect financial interest in the Company?	No	Yes
Does the CPA receive/provide loans or guarantee from/for directors of the Company?	No	Yes
Does the CPA have a close business relationship or a potential employment relationship with Company?	No	Yes
Did the CPA or a member of the audit team thereof used to be a director or manager of the Company or take any post within the Company that has great influence over the audit work, in the last two years?	No	Yes
Does the CPA provide the Company with non-audit service which could directly influence the audit work?	No	Yes
Did the CPA work as an agent for trading the Company's shares or other securities?	No	Yes

Did the CPA act as a defendant for the Company or mediate a dispute with another third party on the behalf of the Company?	No	Yes
Is there a familial connection between the CPA and any of the Company's directors, managers or influential personnel involved in the audit case?	No	Yes

Note 2: Continuing education courses taken by the Chief Governance Officer in 2024

Date of participation	Course name	Course hours
2024/03/11	Taskforce on Nature-related Financial Disclosures (TNFD)	2
2024/03/25	Financial Inclusion Service Guidelines	2
2024/04/15	Sustainable Development and Governance Trends	3
2024/04/22	Low-carbon Transition Planning - Carbon Inventory (Organizational, Project, Product)	3
2024/05/13	Sustainable Finance Trends and Corporate Response Strategies under Net-Zero Emissions	3
2024/09/12~13	Climate Risk Identification Workshop and Net-Zero Emissions Promotion Meeting	9
Total hour count of continuing education courses		22

Note 3: Continuing education courses taken by directors in 2024

Title	Name	Course name	Course hours
Director	Chang Te-Jen	• 2024 Awareness Session on Insider Trading Prevention	3
		• Opportunities and Challenges of Generative AI Applications in Industry	3
Director	Chang Te-Hsiung	• 2024 Awareness Session on Insider Trading Prevention	3
		• Taiwan Capital Market Summit	3
		• Opportunities and Challenges of Generative AI Applications in Industry	
Director	Chang Te-Sheng	• 2024 Awareness Session on Insider Trading Prevention	3
		• Opportunities and Challenges of Generative AI Applications in Industry	3
Director	Wu Hsiao-Yen	• Striking the Right Balance: Ensuring Company Sustainability and Family Governance	3
		• Striking the Right Balance: Ensuring Company Sustainability and Family Governance - Legal and Taxation	3
		• Opportunities and Challenges of Generative AI Applications in Industry	3
Independent director	Chan Chin-Yi	• 2024 Awareness Session on Insider Trading Prevention	3
		• Opportunities and Challenges of Generative AI Applications in Industry	3
Independent director	Wu Chien-Hsun	• 2024 Advocacy on Compliance of Regulations Governing Insider Equity Transactions	3
		• Opportunities and Challenges of Generative AI Applications in Industry	3
Independent director	Chang Chin-Cheng	• Intellectual Property Rights and Trade Secrets	3
		• Patent Rights Offense and Defense Strategies	3

(IV) Composition, duties, and operation of the Remuneration Committee

1. Information on members of the Remuneration Committee

Position	Criteria Name	Professional qualifications and experience	Independence	Number of concurrent duty as a Remuneration Committee member at a public company
Independent director (Convener)	Wu Chien-Hsun	Please refer to the directors' information on pages 4 and 5.	(1) The independent director, his/her spouse or relative within second degree of kinship does not serve as a director, supervisor, or employee of the Company or its affiliates or a company having specific relation with the Company, or hold any number or percentage of the Company's shares; (2) Not providing business, legal, financial, accounting, and other services to the Company or other affiliates for any compensation in the past two years.	None
Independent director	Chan Chin-Yi	Please refer to the directors' information on pages 4 and 5.		None
Independent director	Chang Chin-Cheng	Please refer to the directors' information on pages 4 and 5.		2

2. Information on the operation of the Remuneration Committee

(1) The Company's Remuneration Committee has 3 members.

(2) Term of office: August 8, 2023 through June 18, 2026. The Remuneration Committee has held 2 meetings (A) in the most recent fiscal year, and the qualifications and attendance of the members are shown as follows:

Title	Name	Number of attendance in person (B)	Number of attendance by proxy	Attendance rate (%) (B/A)	Remarks
Convener	Wu Chien-Hsun	2	0	100.00	-
Committee member	Chan Chin-Yi	2	0	100.00	-
Committee member	Chang Chin-Cheng	2	0	100.00	-

Other matters to be recorded:

- I. If the board of directors does not adopt or amend the recommendations from the Salary and Remuneration Committee, it shall clarify the date, session, proposal content and resolution of the board and how the Company handles the recommendations of the Committee (such as that the salary and remuneration approved by the board are better than what the Committee recommended, and the differences and reasons should be clarified): No such situation.
- II. If the Committee members have objections or reservations and there are records or written statements from the meetings, the date, term, proposal content, opinions of all members and the handling of their opinions shall be clearly stated: No such situation.

(V) Fulfillment of Sustainable Development; Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies; and Causes for Such Differences:

Item	Implementation			Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
I. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	V		<p>In 2024, our company established the "Sustainability Development Committee" as the highest-level sustainability decision-making center within the company. Chaired by the Chairman of the Board, the committee works with senior executives from various fields to review the company's core operational capabilities and establish medium and long-term sustainability development plans. Through annual meetings and task forces established according to specific issues, the "Sustainability Development Committee" identifies sustainability issues relevant to company operations and stakeholder concerns, formulates corresponding strategies and work guidelines, plans and implements annual programs, while tracking implementation effectiveness to ensure sustainability strategies are fully integrated into the company's daily operations.</p> <p>The Chair of the "Sustainability Development Committee" reports annually to the Board of Directors on sustainability implementation results and future work plans. In 2024, the committee held 1 meeting, with agenda items including:</p> <ul style="list-style-type: none"> (1) Review of sustainability implementation status and effectiveness. (2) Revision of goals and policies related to major sustainability issues. (3) Implementation status of sustainability promotion initiatives. <p>The Board of Directors regularly receives reports</p>	Not significantly different from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Item	Implementation			Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			from the management team each year. The management must propose company strategies to the Board, which must evaluate the likelihood of these strategies' success, regularly review strategic progress, and urge the management team to make adjustments when necessary.	
II. Has the Company conducted risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulated relevant risk management policies and strategies?	V		The company's website features an ESG section with questionnaires on environment, social, and corporate governance issues related to company operations. This collects feedback from various stakeholders, compiles relevant issues to identify material topics, selects highly material issues, conducts risk assessments, sets topic boundaries, and formulates corresponding management strategies and performance measurements.	Not significantly different from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.
III. Environmental Issues (I) Has the Company set up an appropriate environmental management system based on the characteristics of its industry?	V		(I) The Company has set up an occupational safety unit, which is responsible for the following: 1. Personnel management: labor health, safety and health habits, environmental, safety, and health education and training, qualification and certification management, and related business declarations. 2. Equipment management: focusing on protection guards against hazardous facilities/machinery/objects and machinery and equipment, and the planning, promotion, and implementation of the safety of electric heating equipment.	(I) Not significantly different from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Item	Implementation			Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
(II) Is the Company committed to improving energy efficiency and to the use of renewable materials with low environmental impact?	V		<p>3. Environmental Management: Development of environmental safety and health management regulations in accordance with environmental protection laws established by the Ministry of Environment (such as the Air Pollution Control Act, Water Pollution Prevention Act, Waste Disposal Act, and Toxic and Concerned Chemical Substances Control Act).</p> <p>4. Obtained "ISO 14001:2015" Environmental Management System certification, valid from December 27, 2024, to December 27, 2027.</p> <p>(II) The Company is committed to improving the utilization efficiency of various resources and using raw materials with low impact on the environment. Currently, the Company is committed to the following measures:</p> <ol style="list-style-type: none"> 1. 53 Recycling and reuse of 53-gallon drums. 2. Recycling and reuse of waste solvents after tank cleaning. 3. Reprocessing and reuse of paint. 4. Active processing and repurposing of slow-moving raw materials. 5. Gradual adoption of recycled materials with lower environmental impact. 	(II) Not significantly different from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.
(III) Does the Company evaluate the potential risks and opportunities of climate change to the Company now and in the future, and take	V		<p>(III) Following the TCFD framework published by the Financial Stability Board, our company evaluates climate change risks and</p>	(III) Not significantly different from the Sustainable Development Best Practice

Item	Implementation			Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
corresponding measures to respond to climate related issues?			<p>opportunities affecting the business. We conduct a comprehensive reassessment every three years with annual reviews and updates.</p> <p>At the end of 2024, our company completed its latest climate risk assessment, identifying the following 10 key risk issues across transition risks and physical risks:</p> <ol style="list-style-type: none"> 1. Greenhouse gas carbon pricing (Government/EU) (annual) 2. Enhanced emissions reporting obligations (annual) 3. Requirements and regulations for existing products and services (annual) 4. Compliance with government laws and regulations (annual) 5. Substitution of existing products and services with low-carbon alternatives 6. Investment in new technologies 7. Transition costs to low-carbon technologies / increases in raw material costs 8. Changes in customer preferences / market signal uncertainty 9. Increased severity of extreme weather events such as typhoons and floods 10. Rising mean temperatures <p>To mitigate the risks identified above, our company has simultaneously developed feasible opportunities and established corresponding measures. For transition risks, we have developed strategies</p>	Principles for TWSE/TPEX Listed Companies.

Item	Implementation				Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons			
	Yes	No	Summary description					
(IV) Does the Company make statistics on greenhouse gas emissions, water consumption and total weight of waste for the past two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management?	V		according to policy and regulatory requirements, technological advances, and market/reputation considerations. For physical risks, we have established relevant response measures addressing both immediate and long-term issues. Detailed analysis of the company’s climate change risks and opportunities has been disclosed in our Task Force on Climate-related Financial Disclosures (TCFD) report. (https://www.rainbowpaint.com.tw/csr)		(IV) Not significantly different from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.			
			(IV) 1.The company's greenhouse gas emissions over the past two years are as follows:					
			Year	2023		2024		
			Item (unit)	Emissions (tonnes of CO2e)		Intensity (tons CO2e/ton of production)	Emissions (tonnes of CO2e)	Intensity (tons CO2e/ton of production)
			Scope 1	1,921.9302			2,015.8329	
			Scope 2	4,126.5080			4,285.2919	
			Scope 3	1,598.8031			1,832.8930	
			Total	7,647.2413		0.0953	8,134.0178	0.0963
			In 2024, our company completed the greenhouse gas inventory for 2023. In the same year, our Xiaogang Headquarters, Taipei Office, Wugu Office, Taichung Office, Mailiao Office, and Southern Taiwan Office passed verification by the third-party verification company SGS and obtained the ISO-14064-1 verification statement. (https://www.rainbowpaint.com.tw/abouts/quality ISO14064 Greenhouse Gas Verification Opinion). The greenhouse gas emissions table for the past two					

Item	Implementation						Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons														
	Yes	No	Summary description																		
			<p>years shows that emissions in 2025 increased by 486.7765 tons CO2e compared to 2024. The main reason for this increase is that order volume in 2024 grew significantly compared to 2023, which correspondingly increased our consumption of electricity, diesel fuel, and natural gas. The table also shows that in 2024, Scope 2 emissions accounted for the largest portion at 52.68% of total emissions, followed by Scope 1 emissions at 24.78% of the total.</p> <p>To prevent similar increases in the future and to align with the government's net-zero carbon emissions policy, our company has established 2023 as the baseline year and has begun planning emission reduction targets and energy conservation policies as follows:</p> <p>For emission reduction targets, the company has developed short, medium, and long-term reduction goals implemented alongside energy conservation policies to achieve our reduction targets.</p> <table><tr><th>2025 Short-term Goal (1-2 years)</th><th>Reduction amount (%)</th><th>2028 Medium-term Goal (3-4 years)</th><th>Reduction amount (%)</th><th>2030 Long-term Goal (5-7 years)</th><th>Reduction amount (%)</th><th>2050 Government Policy Target</th></tr><tr><td>Greenhouse gas emissions compared to baseline year (2023)</td><td>1%</td><td>Greenhouse gas emissions compared to baseline year (2023)</td><td>2%</td><td>Greenhouse gas emissions compared to baseline year (2023)</td><td>3%</td><td>Net-zero emissions</td></tr></table> <p>For energy conservation policies, the company has established</p> <p>(1) Participation in the energy conservation diagnostic services of the Industrial</p>				2025 Short-term Goal (1-2 years)	Reduction amount (%)	2028 Medium-term Goal (3-4 years)	Reduction amount (%)	2030 Long-term Goal (5-7 years)	Reduction amount (%)	2050 Government Policy Target	Greenhouse gas emissions compared to baseline year (2023)	1%	Greenhouse gas emissions compared to baseline year (2023)	2%	Greenhouse gas emissions compared to baseline year (2023)	3%	Net-zero emissions	
2025 Short-term Goal (1-2 years)	Reduction amount (%)	2028 Medium-term Goal (3-4 years)	Reduction amount (%)	2030 Long-term Goal (5-7 years)	Reduction amount (%)	2050 Government Policy Target															
Greenhouse gas emissions compared to baseline year (2023)	1%	Greenhouse gas emissions compared to baseline year (2023)	2%	Greenhouse gas emissions compared to baseline year (2023)	3%	Net-zero emissions															

Item	Implementation			Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons															
	Yes	No	Summary description																
			<p>Development Administration, Ministry of Economic Affairs.</p> <p>(2) Energy conservation assistance from Energy Service Companies (ESCO) under the Ministry of Economic Affairs.</p> <p>(3) Gradual replacement of the company's lighting fixtures with sensor-based LED lighting.</p> <p>(4) Phased replacement of the company's existing outdated equipment with energy-efficient alternatives.</p> <p>After policy implementation, the Corporate Sustainability Development Committee will track emission reductions and make policy improvements based on actual reduction results.</p> <p>2. Water Resources and Waste Management</p> <p>Data for the Past Two Years:</p> <table><tr><td>Item</td><td>2023</td><td>2024</td></tr><tr><td>Water usage (million liters)</td><td>46.69</td><td>65.82</td></tr><tr><td>Wastewater discharge (million liters)</td><td>10.95</td><td>9.6</td></tr><tr><td>General industrial waste (tons)</td><td>1,525.92</td><td>1435.44</td></tr><tr><td>Hazardous industrial waste (tons)</td><td>485.74</td><td>459.77</td></tr></table> <p>(1) The Company’s achievement in greenhouse gas emission reduction: In 2024, total electricity consumption was 8,674,680 kWh. In terms of electricity intensity per unit production, only 102.75 kWh was required to produce each ton</p>	Item	2023	2024	Water usage (million liters)	46.69	65.82	Wastewater discharge (million liters)	10.95	9.6	General industrial waste (tons)	1,525.92	1435.44	Hazardous industrial waste (tons)	485.74	459.77	
Item	2023	2024																	
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Hazardous industrial waste (tons)	485.74	459.77																	

Item	Implementation			Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			<p>of product, demonstrating excellent electricity conservation results.</p> <p>(2) Policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction, or other waste management are as follows:</p> <p>A. Continue to improve energy conservation management:</p> <p>a. Continue to promote the digitization of forms to reduce paper consumption; encourage double-sided photocopying and recycle and reuse single-sided photocopies.</p> <p>b. Promote source improvement to reduce energy consumption.</p> <p>c. Air conditioning temperature settings controlled to minimize energy consumption.</p> <p>d. Replace energy consuming air compressors with inverter ones.</p> <p>B. Continue carbon-reduction management:</p> <p>a. Replace fuel-powered fork lifts with electricity-driven ones.</p> <p>b. Warehouse roof skylights updated to utilize natural daylight, eliminating the need for artificial lighting during daytime.</p> <p>c. Enhance the promotion of</p>	

Item	Implementation			Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			<p>turning off the lights when leaving a place and cultivate the habit of turning off unnecessary power to reduce energy waste.</p> <p>d. Long-duration lighting sources (such as directional indicators, emergency exit signs, etc.) replaced with LED tubes.</p> <p>e. Research the various energy-conservation methods; use energy-efficient equipment; and implement energy-conservation measures for the electricity, lighting, and air conditioning systems.</p> <p>C. The measures adopted by the Company for dealing with business waste, air pollutant emission reduction, and waste water discharge are as follows:</p> <p>a. Optimize waste water treatment system; the quality of waste water after treatment is far lower than the waste water control standards in the industrial zone, an embodiment of our active implementation of water resource management. In addition, water consumption did not proportionally increased with the increase in production volume because the Company</p>	

Item	Implementation			Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			<p>had effectively executed water conservation projects for recycling and reuse purposes.</p> <p>b. Continuous updating and efficiency improvement of air pollution control equipment. In 2021, investment in additional air pollution control equipment achieved VOC reduction of 29,970 kilograms; additionally, two diesel boilers were converted to low-pollution fuels. In compliance with the Environmental Protection Bureau's policies, our company continuously works toward pollution reduction and the improvement of air quality.</p> <p>c. Continue to extend or renew the air pollution source operation permit for each manufacturing process, waste disposal plans, and the waste water discharge permit.</p> <p>d. Turn to low-emission fuels to reduce air pollutant emission from the source.</p> <p>e. Improve the fire safety measures in premises where public hazardous substances are present, to lower the safety and health risk and fire risk.</p>	

Item	Implementation			Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			f. Implementation of waste classification, collection, storage, and transportation to effectively control waste. Effectively implement source reduction control; implement waste reduction measures in the manufacturing process; and effectively prevent pollution and monitor environmental impact.	
IV. Social Issues (I) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations as well as the International Bill of Human Rights?	V		(I) Our company adheres to labor laws and gender equality regulations in its operational locations. The company recognizes and voluntarily complies with internationally recognized human rights standards including the "United Nations Universal Declaration of Human Rights," "United Nations Guiding Principles on Business and Human Rights," and "International Labour Organization of the United Nations." The company has established internal employee opinion communication/grievance email boxes at various card-punching locations. Our human rights policy highlights include the adoption of "Yung Chi Paint & Varnish Mfg. Co., Ltd. Human Rights Management Policy," which respects the protections established by human rights conventions and is published on our consolidated corporate website. The	(I) Not significantly different from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Item	Implementation			Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
(II) Has the Company established and implemented reasonable employee welfare measures (including remuneration, vacation and other benefits) and appropriately reflected the business performance or results in the employee remuneration policy?	V		<p>Company regularly monitors significant social issues, conducts data monitoring, and administers questionnaires annually to evaluate our operations, value chain, new business activities (such as mergers, acquisitions, and joint ventures), and other relevant activities. This process helps us identify and assess potentially at-risk groups and human rights risks. Based on these potential risks, we develop human rights issue control plans and continuously monitor and improve the implementation results.</p> <p>(II) The Company has set up the Employee Benefit Committee, which is responsible for carrying out the various employee benefit measures. The Company also complies with labor laws and regulations, offers labor insurance and health insurance, and makes pension contribution and covers employees with group insurance to protect their rights. In addition, performance money rewards are given on the three major Chinese festivals every year based on operating results and 1%-5% of earnings is set aside as employee bonus. Furthermore, the Company has also set up regulations for employment, employment termination, and remunerations for compliance purposes. Additionally, the annual "Year-End Bonus" is calculated based on 12-15% of the Company's after-tax profit. This bonus is distributed to all employees after</p>	(II) Not significantly different from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Item	Implementation			Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
(III) Does the Company provide employees with a safe and healthy working environment, and related education?	V		<p>considering their length of service and annual performance evaluations, incentivizing everyone to work collectively toward company goals.</p> <p>(III) In compliance with Occupational Safety and Health regulations, the Company strives to create a healthy and safe work environment. We have established safety and health work rules, conduct workplace hazard identification, risk assessments, and change management, and regularly implement occupational safety and health audits. We also execute the following measures and activities to enhance occupational safety awareness and provide employees with a healthy working environment:</p> <ol style="list-style-type: none"> 1. The Training Department arranges safety, health, and hazard communication education training for all new employees during onboarding. 2. Ongoing occupational safety and health education training for all employees. 3. Specialized training for employees in specific roles, such as first aid personnel, organic solvent operations supervisors, forklift operators, etc. 4. Relevant departments conduct weekly and monthly scheduled environmental and facility inspections. 5. Regular workplace monitoring of organic solvents, noise levels, and other environmental factors. 	(III) Not significantly different from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Item	Implementation			Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
(IV) Has the Company established an effective career development training program for employees?	V		<p>6. The Company conducts annual employee health examinations to maintain employees' physical and mental well-being.</p> <p>7. Zero fire incidents in 2024. Fire management measures include: annual inspection and reporting of fire safety equipment, semi-annual electrical equipment inspections, and fire brigade/disaster prevention training.</p> <p>(IV) The Company formulates business goals every year. Achieving these business goals requires employees with qualified professional literacy. Therefore, each unit formulates training requirements based on annual business goals and development requirements. Trainings will be carried out internally by personnel units or externally in the form of professional trainings.</p>	(IV) Not significantly different from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.
(V) Has the Company complied with the relevant regulations and international standards and formulated policies for protection of consumers and clients' rights and interests and grievance procedures with respect to consumer health and safety, customer privacy, marketing and labeling of products and services?	V		<p>(V) 1. To protect customer health and safety, the Company labels its products as required by laws and regulations. The Company will also gradually transition to low-VOC and water-based products and develop a green supply chain for both products and raw materials.</p> <p>2. Sales specialists will interview customers irregularly, conduct a survey on the satisfaction of stakeholders and customers, and gather customer needs and give feedback.</p> <p>3. A company website and a 0800 toll-free</p>	(V) Not significantly different from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Item	Implementation			Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
(VI) Has the Company formulated supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and monitor their implementation?	V		<p>number are in place, to receive suggestions, comments and complaints from stakeholders including customers. This is then handled by designated personnel.</p> <p>(VI) 1. Before starting business relationship with suppliers, the Company will evaluate them and communicate the Company's business philosophy to them so that they understand the Company is gradually transitioning to green products. The Company has established a "Supplier Code of Conduct" and promotes its implementation.</p> <p>2. Aside from evaluating suppliers regularly every year during the collaboration period, the Company also shares with them the Company's raw materials needs in the future and development trend towards green products, so that they know the Company's future purchase strategy and thereby obtain a reference for them to develop new raw materials or improve existing materials, thereby achieving mutual prosperity.</p> <p>3. Existing suppliers will be evaluated based on the "Supplier Code of Conduct" to understand their implementation of environmental protection, occupational safety and health, and labor rights. Recommendations will be provided when appropriate as reference for</p>	(VI) Not significantly different from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Item	Implementation			Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			improvements.	
V. Has the Company referred to international reporting standards or guidelines in its preparation of sustainability reports and other reports which disclose the Company's non-financial information? Has the assurance or opinion from third-party certifying institutions been obtained for the reports of the preceding paragraph?	V		The Company annually compiles the previous year's Sustainability (ESG) Report, disclosing our efforts in environmental protection, social responsibility, and corporate governance. The report is prepared in accordance with the "Regulations Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" and primarily follows the framework of the GRI Standards established by the Global Reporting Initiative (GRI) and SASB Standards. The sustainability report published by the Company is reviewed by Deloitte Taiwan in accordance with Assurance Standards No. 1 "Standard for Assurance over Non-historical Financial Information" issued by Accounting Research and Development Foundation (Taiwan) (based on the International Standard on Assurance Engagements (ISAE 3000) and provided with limited assurance. This has been disclosed on the company website.	Not significantly different from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.
VI. If the Company has established its own sustainability best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the principles and their implementation in the Company: The Company has acted according to relevant regulations and the requirements of the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.				
VII. Other important information for facilitating the understanding the implementation of sustainable development: (I) Environmental aspect: The Company exercises environmental protection and health control according to laws and regulations. Please see "Information on Environmental Expenditure" for details. (II) Social engagement; social contribution; social service; and social benefits: The Company is seriously engaged in social benefit activities and fulfills its corporate social responsibilities. Through BOYO Social Welfare Foundation and Chang Yun Wang Chueh Foundation that were established for years, the Company has helped impoverished and needy families, provided sponsorships to impoverished students, and sponsored events held by various charities as well as sports competitions in support of the government's call for nation-wide sports participation. (III) Consumer rights: Aside from designating dedicated personnel to deal with customer complaints, the Company also answers customers' questions in				

Item	Implementation			Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
Rainbow Houses, its distribution premises, in a timely manner.				
(IV) Human rights: The Company has created a good working environment where employees are respected and away from unnecessary interference.				
(V) Safety and health: The Company implements safety and health management according to laws and regulations.				
(VI) Other social responsibility events: The Company has formulated the Sustainable Development Best Practice Principles. To fulfill its responsibilities to shareholders, employees, and the general consumers, aside from actively investing in the development of green building coatings, the Company also spares no effort in participating in and sponsoring community events and charitable events. To ensure reduction of pollutants like waste water and waste gas generated during the manufacturing process, the Company actively monitors the discharge from liquid waste incinerators and controls the quality of waste water. Besides, the Company also encourages employees to save energy in order to create a green Earth. In the future, we will inventory our greenhouse gas emissions and carbon footprint and reduce emissions to jointly guard our Earth, thereby complying with the requirements of the Sustainable Development Best Practice Principles.				

Implementation of Climate-Related Information

Item	Implementation
1. Description of the Board of Directors' and management's oversight and governance of climate-related risks and opportunities.	A. The Company's Board of Directors has established a "Corporate Sustainability Development Committee," with the Chairman serving as the Committee Chairman and the President serving as the Vice Chairman. Based on actual work implementation, the committee addresses issues related to corporate sustainability governance, environmental friendliness, employee care, and social care. B. The Company has organized a "Corporate Sustainability Development Committee" responsible for promoting and implementing TCFD. Following the framework of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, the committee identifies risks and opportunities brought by climate change and formulates response plans for climate change risks. C. The "Corporate Sustainability Development Committee" is responsible for implementing results and regularly reports to the Board of Directors on an annual basis. D. Management is concerned with climate change issues and monitors domestic and international regulatory trends. Following the framework of the Task Force on Climate-related Financial Disclosures (TCFD), they identify risks and opportunities brought by climate change and formulate response plans for climate change risks.
2. Explanation of how identified climate risks and opportunities impact the company's business, strategy, and finances (short-term, medium-term, and long-term).	A. Business: Short-term: Extreme climate impacts on raw material supply and costs Medium to long-term: Supply chain disruptions or changes in consumer market demand Strategy: Implement appropriate strategic adaptations to address adverse impacts of climate change. B. Finance:

<p>3. Description of the financial impact of extreme climate events and transition actions.</p> <p>4. Explanation of how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</p> <p>5. If scenario analysis is used to assess resilience to climate change risks, explanation of the scenarios, parameters, assumptions, analysis factors, and major financial impacts used.</p>	<p>Short-term: Increased natural disasters leading to damage to plant facilities and equipment, and instability in water and electricity supply Medium to long-term: Carbon tax levied on total greenhouse gas emissions</p> <p>Response measures:</p> <ol style="list-style-type: none"> 1. Survey current greenhouse gas emissions and establish annual energy management targets 2. Reduce operational water and electricity costs 3. Promote low-carbon green production and electricity conservation to save costs 4. Establish response mechanisms for disasters such as floods and earthquakes, and conduct regular emergency response drills <p>A. Extreme climate events: May lead to asset damage or supply chain disruptions. B. Transition actions: Gradually shifting toward supporting low-carbon, high-efficiency technological improvements and innovations, affecting organizational competitiveness.</p> <p>A. Senior executives are requested to evaluate short/medium/long-term risk assessments concerning climate change issues based on the company's current business operations, including physical risks, transition risks, and opportunities. Under the TCFD framework, through internal discussion and communication, they clarify potential impacts on the company and regularly conduct annual climate-related risk and opportunity identification to ensure the identification results align with current conditions. B. Based on the results of climate risk and opportunity identification, related response actions are formulated considering probability and degree of impact. C. In accordance with climate-related risks, the Company manages risks through processes including risk identification/analysis and assessment/response/monitoring management/reporting and disclosure. Each responsible unit conducts risk identification based on short, medium, and long-term objectives and business functions, analyzes and evaluates the probability of risk events occurring, primarily focusing on high risks, and proposes risk response improvement plans (measures) according to the risk levels determined after assessment, effectively adapting to and addressing these risks.</p> <p>A. Moderate scenario: Low emissions scenario, temperature increase not exceeding 2°C; warming is controlled, physical risks are lower. B. Severe scenario: High emissions scenario, temperature increase not exceeding 4°C. C. Scenario analysis (including 2°C or more stringent scenarios): Affected by climate change, the frequency of extreme weather events is gradually increasing. Equipment may suffer flood damage due to heavy rains and typhoons, affecting production schedules and causing property losses. Considering the future probability of flooding, we evaluate the level of flood risk faced and plan various flood prevention measures, assessing the need for countermeasures. For details, please refer to TCFD-Strategy.</p>
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<p>6. If there is a transition plan to address climate-related risks, description of the plan's content and the indicators and targets used to identify and manage physical risks and transition risks.</p> <p>7. If internal carbon pricing is used as a planning tool, explanation of the pricing basis.</p> <p>8. If climate-related targets are set, description of the activities covered, greenhouse gas emission scopes, planning timeline, annual progress, and other relevant information. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve related targets, explanation of the source and quantity of carbon reduction credits or the number of RECs.</p> <p>9. Greenhouse gas inventory, verification status, reduction targets, strategies, and specific action plans (to be completed separately in sections 1-1 and 1-2).</p>	<p>A. Transition risk: Transition plan: Carbon reduction—Compliance with ISO14064-1 requirements.</p> <p>B. Physical Risks: Flood and Wind Disaster Prevention - Enhanced waterproofing facilities and strengthened emergency response protocols.</p> <p>Currently, our company has not implemented an internal carbon pricing mechanism. While awaiting further clarification on greenhouse gas regulations from government authorities, we plan to conduct self-inventory and implement emissions reduction measures.</p> <p>Three-year inventory results: Please refer to the Greenhouse Gas Emissions Report 2022: 5,968.2849 metric tons CO₂e (Scope 1 + Scope 2) 2023: 7,647.2413 metric tons CO₂e (Scope 1 + Scope 2 + Scope 3) 2024: 8,134.0178 metric tons CO₂e (Scope 1 + Scope 2 + Scope 3)</p> <p>Greenhouse gas emissions reduction targets are set as follows:</p> <table><tr><th>Short-term (1-3 years) (2024-2027 years)</th><th>Reduction (%)</th><th>Mid-term (4-5 years) (2028-2029 years)</th><th>Reduction (%)</th><th>Long-term (4-5 years) (Beyond 2030)</th><th>Reduction (%)</th></tr><tr><td>Greenhouse gas emissions compared to baseline year (2023)</td><td>1%</td><td>Greenhouse gas emissions compared to baseline year (2023)</td><td>2%</td><td>Greenhouse gas emissions compared to baseline year (2023)</td><td>3%</td></tr></table>	Short-term (1-3 years) (2024-2027 years)	Reduction (%)	Mid-term (4-5 years) (2028-2029 years)	Reduction (%)	Long-term (4-5 years) (Beyond 2030)	Reduction (%)	Greenhouse gas emissions compared to baseline year (2023)	1%	Greenhouse gas emissions compared to baseline year (2023)	2%	Greenhouse gas emissions compared to baseline year (2023)	3%
Short-term (1-3 years) (2024-2027 years)	Reduction (%)	Mid-term (4-5 years) (2028-2029 years)	Reduction (%)	Long-term (4-5 years) (Beyond 2030)	Reduction (%)								
Greenhouse gas emissions compared to baseline year (2023)	1%	Greenhouse gas emissions compared to baseline year (2023)	2%	Greenhouse gas emissions compared to baseline year (2023)	3%								

1-1 Company Greenhouse Gas Inventory and Verification for the Past Two Years

1-1-1 Greenhouse Gas Inventory Information

<p>The following details the greenhouse gas emissions for the past two years in metric tons CO₂e, emission intensity (metric tons CO₂e/metric ton), and data coverage scope.</p>
<p>2023: 7,647.2413 metric tons CO₂e (Scope 1 + Scope 2) 2024: 8,134.0178 metric tons CO₂e (Scope 1 + Scope 2 + Scope 3) Emission Intensity:</p>

2023: 9.53224×10^{-02} metric tons CO₂e/production volume (Note: (Scope 1 + Scope 2 + Scope 3)/production volume)

2024: 9.63472×10^{-02} metric tons CO₂e/production volume (Note: (Scope 1 + Scope 2 + Scope 3)/production volume)

Data coverage includes our company:

2023: Xiaogang Headquarters (No. 26 and No. 28, Yanhai 3rd Rd., Xiaogang Dist., Kaohsiung City)

- Taipei Office (No. 52, Section 3, Jianguo North Road, Taipei City 104)
- Wugu Office (No. 40, Wuquan 7th Road, Wugu District, New Taipei City 248)
- Central Taiwan Office (No. 16-1, Gongyequ 25th Road, Nantun District, Taichung City 408)
- Southern Taiwan Office (No. 213, Yinchuan Street, Gushan District, Kaohsiung City 804)
- Mailiao Office (No. 37, Jianxing New Village, Haifeng Village, Mailiao Township, Yunlin County 638)

2024: Xiaogang Headquarters (No. 26 and No. 28, Yanhai 3rd Rd., Xiaogang Dist., Kaohsiung City)

- Taipei Office (No. 52, Section 3, Jianguo North Road, Taipei City 104)
- Wugu Office (No. 40, Wuquan 7th Road, Wugu District, New Taipei City 248)
- Central Taiwan Office (No. 16-1, Gongyequ 25th Road, Nantun District, Taichung City 408)
- Southern Taiwan Office (No. 213, Yinchuan Street, Gushan District, Kaohsiung City 804)
- Mailiao Office (No. 37, Jianxing New Village, Haifeng Village, Mailiao Township, Yunlin County 638)

1-1-2 Greenhouse Gas Verification Information

Describe the assurance status for the most recent two years as of the date of publication of this annual report, including the scope of assurance, assurance institution, assurance standards, and assurance opinion.

1. Information on assurance matters for 2023 are described below:

Scope of Assurance: The Xiaogang Headquarters (No. 26 and No. 28, Yanhai 3rd Road, Xiaogang District, Kaohsiung City) and the Taipei, Wugu, Central, Southern, and Mailiao offices (assurance scope for 2023).

Assurance Institution: SGS Taiwan Ltd.

Assurance Standards: ISO14064-1: 2018

2. No assurance was conducted in 2024.

1-2 Greenhouse Gas Reduction Targets, Strategies and Specific Action Plans

This section outlines the greenhouse gas reduction base year and its data, reduction targets, strategies and specific action plans, as well as the progress toward achieving reduction targets.

Greenhouse gas reduction base year: 2023, with baseline emissions of 7,647.2413 metric tons CO₂e

Reduction targets/strategies and specific action plans/progress toward achieving reduction targets:

1. Reduction targets: Reduction of 1% per year (short-term) / 2% per year (mid-term) / 3% per year (long-term)

2. Strategies and specific action plans:

- Localized procurement (original transport distance from the US to Taiwan, changed to Korea and China to Taiwan), evaluating the effectiveness of reduced transportation carbon emissions.
- Installation of energy-saving switches (office building) (reduced carbon emissions)

- Constant temperature control for air conditioning (office building) (reduced carbon emissions)
- Installation of energy-saving switches in warehouse and plant walkways (reduced carbon emissions)

3. Progress toward achieving reduction targets:

Reduction initiative: Localized procurement (original transport distance from the US to Taiwan, changed to Korea and China to Taiwan), evaluating the effectiveness of reduced transportation carbon emissions.

- Raw material (NPG), original shipping distance from US to Taiwan; changed to Korea and China; carbon emissions assessment, comparison between 2022-2024 is as follows:
- 2022-2023 reduction of approximately 30% (Note: using 2022 as baseline; based on this material's transportation case)
- 2023-2024 reduction of approximately 30% (Note: using 2023 as baseline; based on this material's transportation case)

Note: For future annual greenhouse gas inventories, other reduction measures will consider comprehensive itemization (Scope 1/2/3 subcategories) for holistic comparison and evaluation.

(VI) The Company's implementation of ethical corporate management and the differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor

Evaluation Items	The State of Operation			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons for the differences
	Yes	No	Summary Description	
I. Establish corporate conduct and ethics policy and implementation measures				
(I) Does the company establish ethical management policies approved by the board and have bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures and the commitment regarding the implementation of such policy from the board and the executive management team?	V		(I) The Company has formulated the Ethical Corporate Management Best Practice Principles, Code of Ethical Conduct for Directors, and Code of Conduct and Ethics for Employees, which the management must comply with when carrying out duties and staff at each level are required to strictly comply with, and whereby the management builds a good corporate governance system and a risk control mechanism to create an environment facilitating sustainable operations.	(I) Not significantly different from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
(II) Has the Company established a risk assessment mechanism against unethical conduct, analyzed and assessed on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and established prevention programs accordingly which at least cover the prevention measures against the conducts listed in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?	V		(II) The Company's "Ethical Corporate Management Best Practice Principles" explicitly prohibits unethical conduct like bribing or taking bribe, providing or accepting improper benefits, providing or promising facilitating payments, providing illegal political donation, engaging in unfair competition, providing improper charitable donation or sponsorship, confiding trade secrets, or impairing stakeholders' rights. By phasing in preventive measures, the Company implements ethical corporate management.	(II) Not significantly different from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
(III) Has the Company defined operating procedures,	V		(III) The Company revised the "Ethical Corporate	(III) Not significantly

Evaluation Items	The State of Operation			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons for the differences
	Yes	No	Summary Description	
conduct guidelines, disciplinary penalties and grievance process in the program preventing unethical conduct and put them in practice, and regularly reviewed and amended the program?			Management Best Practice Principles” on August 21, 2019. Currently, programs to prevent unethical conduct that are to be included in these Principles are under discussion, and will be incorporated gradually into related operating procedures and personnel regulations, promoted, and reviewed.	different from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
II. The implementation of ethical corporate management				
(I) Does the Company evaluate the ethical records of its counterparties and specify the ethical conduct clauses in the contracts signed with the counterparties?	V		(I) The Company will evaluate a customer and a supplier in advance to determine whether to start a business relationship with them. When evaluating new customers in the future, the Company will have responsible staff understand and promote ethical conduct. An unethical conduct, if found, will be noted down as reference for evaluation. An awareness session is given periodically to existing customers, whose ethical conduct is also strictly monitored. A correction will be given if any unethical conduct is found.	(I) Not significantly different from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
(II) Does the Company have a dedicated unit under the Board of Directors to promote ethical corporate management and report regularly (at least once a year) to the Board of Directors on its ethical management policy, plan to prevent unethical conduct, and the state of monitoring and implementation of such policy and plan?		V	(II) The Company has yet to set up a unit exclusively or concurrently responsible for ethical corporate management. However, the Company has designated staff to coordinate and promote the compliance with ethical regulations among each department based on the scope of their duties, so as to avoid any conduct that might jeopardize the Company’s interests. A self-evaluation is	(II) Will be set up in the future based on practical needs.

Evaluation Items	The State of Operation			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons for the differences
	Yes	No	Summary Description	
(III) Does the Company have a policy to prevent conflict of interest, provide appropriate channels for explanation, and carry out the implementation?	V		(III) conducted every year and the results thereof are submitted to the Board of Directors. The Company has formulated the “Code of Conduct and Ethics for Employees” and the “Ethical Corporate Management Best Practice Principles”, which prohibits engagement in any activity or business which will conflict with the Company’s interests. Opinions can be submitted through intra-company website and the Company’s official website.	(III) Not significantly different from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
(IV) Does Company establish an effective accounting system and internal control system for the implementation of ethical corporate management, and have the internal audit unit draw up relevant audit plans based on the evaluation results of risk of unethical conduct and audit the compliance with the plan to prevent unethical conduct, or entrust a CPA to perform the audit?	V		(IV) After regularly auditing the compliance with the Company’s accounting system and internal control system, the Company’s auditors did not find any employee or the management to violate ethical corporate management. In the future, the Company will formulate relevant audit plans based on the results of unethical conduct risk assessment, and will carry out audit accordingly to ensure compliance with the unethical conduct prevention programs.	(IV) Not significantly different from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
(V) Does the Company regularly organize internal and external education and training on ethical corporate management?	V		(V) The Company has published the “Ethical Corporate Management Best Practice Principles” and distribute it to each unit. The head of each unit is required to disseminate the information to subordinates and discuss with them about the Company’s implementation in this field, so as to provide a reference for formulating future training	(V) Not significantly different from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation Items	The State of Operation			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons for the differences
	Yes	No	Summary Description	
			items. If there are appropriate external courses, the Company will designate personnel to attend the courses and do internal dissemination thereafter.	
III. The operation of the Company's whistleblower reporting system				
(I) Does the Company establish specific whistleblowing and reward procedures, set up conveniently accessible whistleblowing channels and designate responsible individuals to handle the complaints received?	V		(I) In its Code of Conduct and Ethics for Employees, the Company has specified whistleblowing and disciplinary regulations, which encourage employees to report any conduct violating laws, regulations, or code of ethical conduct, if they suspect or find any, through related channels. A whistleblowing case will be accepted and audited by designated, qualified personnel.	(I) Not significantly different from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
(II) Does the Company establish standard operating procedures for investigating the complaints received, follow-up measures to be adopted and the related confidentiality measures after investigation?	V		(II) The company's website homepage has a reporting mailbox and QR code. On receiving a whistleblowing case, the Company will designate personnel to investigate. The case, if confirmed to be true through investigation, will be dealt with according to laws and regulations or personnel rewards and disciplinary regulations. A reward system is in place to reward employees who whistleblow on illegal conduct. The Company also demands that relevant personnel keep confidential so as to protect the whistleblower.	(II) Not significantly different from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation Items	The State of Operation			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons for the differences
	Yes	No	Summary Description	
(III) Does the Company adopt proper measures to shield a whistleblower from retaliation for filing grievances?	V		(III) The Company keeps a whistleblower confidential and away from improper treatment due to whistleblowing.	(III) Not significantly different from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
IV. Enhance Information Disclosure (I) Does the Company disclose the content and implementation results of its Ethical Corporate Management Best Practice Principles on its website and the Market Observation Post System?	V		(I) The Company has disclosed information on ethical corporate management on its “company website” and the “Market Observation Post System”.	(I) Not significantly different from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
V. If the Company has established its own ethical corporate management best practice principles in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”, please state the differences between its own principles and the state of implementation: Acted according to requirements.				
VI. Other important information that is conducive to understanding the implementation of ethical corporate management (e.g., the Company’s review or revision of <u>its own</u> ethical corporate management best practice principles): The Company always pays attention to the development of the regulatory framework on ethical corporate management, so as to review and revise its “Ethical Corporate Management Best Practice Principles” accordingly for implementation and promotion purposes.				

(VII) Other important information conducive to understanding the operation of corporate governance may be disclosed:
None.

(VIII) State of implementation of the internal control system:

1. Statement on Internal Control:

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Statement of internal control system

Date: March 11, 2025

The Company states the following for its 2024 internal control system based on the results of self-evaluation:

- I. The Company knows that establishing, implementing and maintaining an internal control system is the responsibility of the Company's Board of Directors and managerial officers, and the Company has established this system. Its purpose is to provide reasonable assurance of the achievement of objectives such as the effectiveness and efficiency of operations (including profitability, performance, and asset security, etc.), the reliability, timeliness, and transparency of reporting, as well as compliance with relevant rulings, laws and regulations, etc.
- II. Internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide a reasonable assurance of the achievement of the above three objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system has a self-monitoring mechanism. Once a defect is identified, the Company will take corrective actions.
- III. The Company determines the effectiveness of the design and implementation of its internal control system in accordance with the criteria for the effectiveness of the internal control system stipulated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria of internal control system adopted in the "Regulations" are based on the process of managerial control and divide internal control system into five components: **1.** control environment, **2.** risk evaluation, **3.** control operation, **4.** information and communication, and **5.** monitoring operation. Each component consists of a number of items. Please refer to the "Regulations" for these items.
- IV. The Company has adopted the aforementioned criteria of internal control system to evaluate the effectiveness of the design and implementation of its internal control system.
- V. Based on the evaluation results of the preceding paragraph, the Company believed that the design and implementation of its internal control system was effective as of December 31, 2024 (including the supervision and management of subsidiaries), with an understanding of the extent to which the objectives of effectiveness and efficiency of operations were achieved, whether the reporting was reliable, timely, transparent, and if the compliance with relevant rulings, laws and regulations is met, and a reasonable assurance of the achievement of these objectives.
- VI. This statement will become the main content of the Company's annual report and prospectus, and will be made public. If the above-mentioned disclosures have falsehood or concealment, legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act will be incurred.
- VII. This statement was approved by the Company's Board of Directors on March 11, 2025. Of the 7 directors present, 0 had objections, and the rest all agreed with the content of this statement and hereby declare the same.

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Chairperson: **Chang Te-Jen**

President: **Chen Hung-Wei**

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

(IX) Important resolutions of the shareholder meeting and board meeting during the most recent year and during the current year up to the date of publication of the annual report:

1. Important resolutions and implementation status of the 2024 regular shareholders' meeting

Meeting session	Meeting date	Important resolution content	Implementation
Regular shareholders meeting	2024.05.31	Proposal to approve the 2023 business report and financial statements through voting	Passed as proposed.
		Proposal to approve the 2023 Earnings Distribution Proposal	Approved as proposed, with the ex-dividend record date on July 23, 2024 and cash dividend distribution date on August 19, 2024 (NT\$3.5 per share).

2. A total of 5 Board of Directors meetings were held during the most recent year and during the current fiscal year up to the date of publication of the annual report; the important resolutions thereof are summarized as follows:

Meeting session	Meeting date	Important resolution content
Board of Directors meeting	2024.03.11	<ol style="list-style-type: none"> 1. Passed the proposal to approve the 2023 Statement of Internal Control 2. Passed the proposal regarding the Company's Business Report and Financial Statements for 2023. 3. Passed the proposal to distribute compensation to employees, directors, and managers for 2023. 4. Passed the Earnings Distribution Proposal for 2023. 5. Passed the proposal to convene the 2024 General Shareholders Meeting. 6. Proposal to replace the attesting CPAs in 2024 7. Passed the proposal to assess the independence and suitability of attesting CPAs for 2024.
Board of Directors meeting	2024.05.07	<ol style="list-style-type: none"> 1. Passed the proposal regarding the financial statements for the three months ended March 31, 2024. 2. Passed the loaning of funds from subsidiary Yung Chi (Kunshan) to subsidiary Yung Chi (Jiaxing)
Board of Directors meeting	2024.08.07	<ol style="list-style-type: none"> 1. Passed the proposal regarding the financial statements for the six months ended June 30, 2024. 2. Passed the 2023 sustainability report proposal
Board of Directors meeting	2024.11.12	<ol style="list-style-type: none"> 1. Passed the proposal regarding the financial statements for the 9 months ended September 30, 2024. 2. Passed the proposal regarding the 2025 Annual Audit Plan. 3. Passed the proposal to take out financing facilities from banks in 2025. 4. Passed the proposal to purchase liability insurance for directors and managers. 5. Passed the proposal to revise the Corporate Governance Code of Conduct.
Board of Directors meeting	2025.03.11	<ol style="list-style-type: none"> 1. Passed the proposal to approve the 2024 Statement of Internal Control 2. Passed the proposal regarding the Company's Business Report and Financial Statements for 2024. 3. Passed the proposal to distribute compensation to employees, directors, and managers for 2024. 4. Passed the Earnings Distribution Proposal for 2024. 5. Passed the proposal to convene the 2025 General Shareholders Meeting. 6. Passed the proposal to assess the independence and suitability of attesting CPAs for 2025. 7. Passed the proposal to revise the Articles of Incorporation. 8. Passed the loaning of funds from subsidiary Yung Chi (Kunshan) to subsidiary Yung Chi (Jiaxing)

(X) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairperson, general manager, chief accounting officer, chief financial officer, chief internal auditor, chief

corporate governance officer, or chief research and development officer: No such situation.

IV. Information on the professional fees of the attesting CPAs

(I) Information on CPA Professional Fees

Unit: NT\$1,000

CPA firm	CPA name	CPA audit period	Audit fee	Non-audit fee (Note)	Total	Remarks
Deloitte & Touche Taiwan	Hsu Jui-Hsuan	2024.01.01-2024.12.31	3,340	455	3,795	
	Liu Yu-Shiang	2024.01.01-2024.12.31				

Note: These are fees for a transfer pricing report and the attestation and filing of profit-seeking enterprise income tax returns.

(II) Where the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year: No such situation.

(III) Where the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more: No such situation.

V. Information on replacement of CPAs

(I) About the predecessor CPA:

Replacement date	Approved by the Board of Directors on March 11, 2024.		
Reasons and explanation for replacement	Due to the internal job rotation of the accounting firm, the Company's financial statements were originally attested by CPAs Kuo Li-Yuan and Hsu Jui-Hsuan; from the first quarter of 2024 onwards, this task was passed on to Hsu Jui-Hsuan and Liu Yu-Hsiang.		
Indicate whether the appointment was terminated or rejected by the client or CPA	Party	CPA	Client
	Circumstance	Not applicable	
	Voluntary termination of appointment		
	Turning down the offer for appointment renewal		
Audit reports with an opinion other than an unqualified one in the most recent two years and reasons therefore.	Not applicable		
Whether dissenting from the issuer's opinion	Yes		Accounting principles or practices
			Financial report disclosure
			Audit scope or steps
			Others
	None		
	Description	Not applicable	
Other disclosures (Disclosures required under Article 10, Subparagraph 6, Item1-4 through Item1-7 of these Regulations)	None		

(II) Regarding the successor CPAs:

Accounting firm	Deloitte & Touche Taiwan
CPA name	Hsu Jui-Hsuan; Liu Yu-Hsiang
Date of appointment	Approved by the Board of Directors on

	March 11, 2024.
If prior to the formal engagement of the successor certified public accountant, the company consulted the newly engaged accountant regarding the accounting treatment of or application of accounting principles to a specified transaction, or the type of audit opinion that might be rendered on the company's financial report, the company shall state and identify the subjects discussed during those consultations and the consultation results.	Not applicable
A documented perspective on the issues in which the successor CPA differs from the predecessor CPA	Not applicable

(III) Reply from the predecessor CPA on matters outlined in Article 10, Subparagraph 6, Item 1 and Item 2-3 of these Regulations: Not applicable.

VI. If the chairman, president, or managers in charge of the Company's finance or accounting operations held any positions within the Company's independent audit firm or its affiliates during the past one year: No such situation.

VII. Any equity transfer or change in equity pledge by a director, managerial officer, or shareholder with 10% stake or more during the most recent year or during the current year up to the date of publication of the annual report

(I) Changes in Shareholding of Directors, Managerial Officers, and Major Shareholders

Unit: Share

Title	Name	2024		Year-to-date through March 31, 2025	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares	Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares
Chairperson	Chang Te-Jen	0	0	0	0
Director	Chang Te-Hsiung	0	2,400,000	0	0
Director	Chang Te-Sheng	0	0	0	0
Director	Wu Hsiao-Yen	0	0	0	0
Independent director	Chan Chin-Yi	0	0	0	0
Independent director	Wu Chien-Hsun	0	0	0	0
Independent director	Chang Chin-Cheng	0	0	0	0
President	Chen Hung-Wei	0	0	0	0
Vice president	Chang Te-Hsien	0	0	0	0
Vice president	Chang Te-Ming	0	0	0	0
Vice president	Kuo Ping-Lin	0	0	0	0
Vice president	Tseng Shih-Yu	0	0	0	0
Associate vice president	Wang Ling-Chang	0	0	0	0
Associate vice president	Pan Yi-Ming	0	0	0	0
Associate vice President	Huang Shi-Chang	0	0	0	0
Financial Manager	Chen Hsi-Hui	0	0	0	0
Chief Corporate Governance Officer	Chang Tsung-Han	0	0	0	0

(II) Where the counterparty to an equity transfer transaction made by a director, manager, or a major shareholder with 10% stake or more is a related party:

No such situation.

(III) Where the counterparty to an equity pledge transaction made by a director, manager, or a major shareholder with 10% stake or more is a related party:

No such situation.

VIII. Information on the top ten shareholders who are a related party, a spouse, or a relative within the second degree of kinship of one another:

Name	Shareholding		Shareholding of spouse and minor children		Total shares held in the name of others		The name of and relationship among the top 10 shareholders if anyone is a related party, a spouse or a relative within second degree of kinship of another		Remarks
	Number of shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage	Name (or name)	Relationship	
Yong Ying Investment Co., Ltd.	36,698,653	22.65%	Not applicable	Not applicable	0	0	Chang Te-Hsiung	The company's supervisor	
Yong Ying Investment Co., Ltd. Representative: Chang Te-Ming	2,745,168	1.69%	2,237,448	1.38%	0	0	Chang Te-Hsiung Chang Te-Jen Chang Te-Sheng Huang Hsiang-Hui Chang Shu-Li Kuo Ping-Lin	A relative within 2 degree of kinship A relative within 2 degree of kinship A relative within 2 degree of kinship A relative within 2 degree of kinship A relative within 2 degree of kinship A relative within 2 degree of kinship A relative within 2 degree of kinship	
Chang Te-Hsiung	12,248,846	7.56%	0	0%	0	0	Chang Te-Jen Chang Te-Sheng Huang Hsiang-Hui Chang Te-Ming Chang Shu-Li Kuo Ping-Lin	A relative within 2 degree of kinship A relative within 2 degree of kinship A relative within 2 degree of kinship A relative within 2 degree of kinship A relative within 2 degree of kinship A relative within 2 degree of kinship	

CITI Bank as the custodian of the dedicated investment account of Yuanta Securities	12,167,000	7.51%	Not applicable	Not applicable	0	0	None	None	
Chang Te-Jen	11,529,971	7.12%	2,586,889	1.60%	0	0	Chang Te-Hsiung Chang Te-Sheng Huang Hsiang-Hui Chang Te-Ming Chang Shu-Li Kuo Ping-Lin	A relative within 2 degree of kinship A relative within 2 degree of kinship A relative within 2 degree of kinship A relative within 2 degree of kinship A relative within 2 degree of kinship A relative within 2 degree of kinship A relative within 2 degree of kinship	
Chang Te-Sheng	10,365,996	6.40%	2,229,133	1.38%	0	0	Chang Te-Hsiung Chang Te-Jen Huang Hsiang-Hui Chang Te-Ming Chang Shu-Li Kuo Ping-Lin	A relative within 2 degree of kinship A relative within 2 degree of kinship A relative within 2 degree of kinship A relative within 2 degree of kinship A relative within 2 degree of kinship A relative within 2 degree of kinship A relative within 2 degree of kinship	
Huang Hsiang-Hui	9,336,101	5.76%	5,000	0%	0	0	Chang Te-Hsiung Chang Te-Jen Chang Te-Sheng Chang	A relative within 2 degree of kinship A relative within 2 degree of kinship A relative within 2 degree of kinship A relative	

							Te-Ming Chang Shu-Li Kuo Ping-Lin	within 2 degree of kinship A relative within 2 degree of kinship A relative within 2 degree of kinship A relative within 2 degree of kinship A relative within 2 degree of kinship	
Kuo Ping-Lin	7,206,354	4.45%	2,978,184	1.84%	0	0	Chang Shu-Li Chang Te-Hsiung Chang Te-Sheng Chang Te-Jen Chang Te-Ming Huang Hsiang-Hui	Spouse A relative within 2 degree of kinship A relative within 2 degree of kinship A relative within 2 degree of kinship A relative within 2 degree of kinship A relative within 2 degree of kinship A relative within 2 degree of kinship	
Sanxiangmin Co., Ltd.	3,501,188	2.16%	Not applicable	Not applicable	0	0	Chang Shu-Li Chang Te-Hsiung Chang Te-Jen Chang Te-Sheng	The company's chairperson. The company's supervisor The company's director The company's director	
Sanxiangmin Co., Ltd. Representative: Chang Shu-Li	2,978,184	1.84%	7,206,354	4.45%	0	0	Kuo Ping-Lin Chang Te-Hsiung Chang Te-Jen Chang Te-Sheng Huang Hsiang-Hui	Spouse A relative within 2 degrees of kinship A relative within 2 degrees of kinship A relative within 2 degrees of kinship A relative within 2 degrees of kinship A relative within 2 degrees of kinship	

Tu Yu-Jen's account entrusted to Chang Te-Ming	3,400,000	2.10%	Not applicable	Not applicable	0	0	None	None	
HSBC Bank (Taiwan) Limited as Custodian for Fidelity International Small Cap Fund Investment Account	3,312,000	2.04%	Not applicable	Not applicable	0	0	None	None	

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

December 31, 2024; Unit: shares

Investee	Ownership by the Company		Directors and managerial officers, and any companies controlled either directly or indirectly by the company		Total Ownership	
	Number of shares	Ownership	Number of shares	Ownership	Number of shares	Shareholding percentage
Bmass Investment Co.,Ltd.	16,714,658	94.07%	1,053,408	5.93%	17,768,066	100.00%
Cmass Investment Co.,Ltd.	23,800,000	100.00%	0	0	23,800,000	100.00%
Emass Investment International Co.,Ltd.	22,020,000	100.00%	0	0	22,020,000	100.00%
PPG YUNG CHI COATINGS CO.,LTD	0	35.00%	0	0	0	35.00%
YUNG CHI PAINT & VARNISH MFG. (Kunshan) CO., LTD.	0	0	0	100.00%	0	100.00%
YUNG CHI PAINT & VARNISH MFG. (Jiaxing) CO., LTD.	0	0	0	100.00%	0	100.00%
Dmass Investment International Co.,Ltd.	0	0	23,800,000	100.00%	23,800,000	100.00%
YUNG CHI PAINT & VARNISH MFG. (Vietnam) CO., LTD.	0	0	0	100.00%	0	100.00%
YUNG CHI PAINT & VARNISH MFG. (Malaysia) SDN. BHD	0	0	44,552,170	100.00%	44,552,170	100.00%
YUNG CHI America Corp.	0	0	2,202,000	100.00%	2,202,000	100.00%
CONTINENTAL COATINGS,Inc.	0	0	10,736,000	100.00%	10,736,000	100.00%
TLT ENGINEERING SDN. BHD	0	0	1,960,000	49.00%	1,960,000	49.00%

THREE. Fund Raising Status

I. Capital and shares

(I) Source of share capital:

1. Information on total issued shares for the most recent two years and up to the publication date of the annual report:

Unit: Thousand shares; NT\$1,000

Date	Issue Price	Authorized Share Capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of share capital	Capital paid in by assets other than cash	Others
2000.8	10	156,249	1,562,489	156,249	1,562,489	Recapitalization of earnings of NT\$203,803 thousand	-	Note1
2001.7	10	156,249	1,562,489	156,249	1,562,489	-	-	-
2002.7	10	156,249	1,562,489	156,249	1,562,489	-	-	-
2003.7	10	159,998	1,599,989	159,998	1,599,989	Recapitalization of earnings of NT\$37,500 thousand	-	Note2
2008.7	10	180,000	1,800,000	162,000	1,620,000	Recapitalization of earnings of NT\$20,011 thousand	-	Note3

Note 1: Approval document code: Tai-Cai (89) (I) No.58511 dated July 7, 2000.

Note 2: Approved as per the official approval document titled Tai-Cai-I-Zi No. 0920130543 dated July 9, 2003.

Note 3: Approved as per the official approval document titled FSC-I-Zi No. 0970033427 dated July 4, 2008.

2. Type of shares:

March 31, 2025; Unit: shares

Type of equity	Authorized capital stock			Remarks
	Shares outstanding (Exchange-listed shares)	Unissued shares	Total	
Common shares	162,000,000	18,000,000	180,000,000	

(II) List of major shareholders:

March 31, 2025

Name of major shareholder	Number of shares held	Shareholding percentage (%)
Yong Ying Investment Co., Ltd.	36,698,653	22.65
Chang Te-Hsiung	12,248,846	7.56
CITI Bank as the custodian of the dedicated investment account of Yuanta Securities	12,167,000	7.51

Chang Te-Jen	11,529,971	7.12
Chang Te-Sheng	10,365,996	6.40
Huang Hsiang-Hui	9,336,101	5.76
Kuo Ping-Lin	7,206,354	4.45
Sanxiangmin Co., Ltd.	3,501,188	2.16
Tu Yu-Jen's account entrusted to Chang Te-Ming	3,400,000	2.10
HSBC Bank (Taiwan) Limited as Custodian for Fidelity International Small Cap Fund Investment Account	3,312,000	2.04

(III) Dividend policy and implementation status:

1. Dividends policy:

If the Company has earnings in the final account, such earnings shall be used first to pay income tax and second to make up for previous deficits; thirdly, 10 percent of the remainder, if any, shall be provided as legal reserve. Any remainder shall be used to provide special reserves according to business or legal requirements. The remainder earnings, if any, along with the undistributed earnings at the beginning of the period, shall be used by the Board of Directors to draft the Earnings Distribution Proposal, which shall then be submitted to the Shareholders Meeting for approval, thus distribution.

The Company is a coating manufacturing company which is at the “maturity” stage of the business life cycle. Considering capital expenditure needs and a sound financial planning requisite for sustainable development, the Company shall distribute no less than 50% of the annual earnings as shareholder dividends in principle. The Company may distribute dividends in cash or in shares. Considering the Company's growth rate and capital expenditure status, the Company shall distribute earnings more in cash than in shares; the cash dividends distributed shall not be less than 60% of total dividends distributed in the given year.

- Proposed dividends to be resolved on at this Shareholders Meeting: The Company put forward a proposal to distribute dividends of NT\$3.6 to each share; the proposal is pending resolution by the Shareholders Meeting.
- If a material change in dividend policy is expected, provide an explanation: The Company does not expect its dividend policy to change materially.

(IV) Effect of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting upon business performance, and earnings per share, and return on equity: Not applicable.

(V) Remuneration to employees and directors:

- Percentage or scope of remuneration to employees and directors stipulated in the Articles of Incorporation:

According to the Company's Articles of Incorporation, if the Company has profit in the fiscal year, 1%~5% of the profit shall be offered as employee remuneration, and no more than 0.5% of the profit shall be allocated as directors' remuneration.

- The basis for estimating the amount of employee and director profit-sharing compensation, for calculating the number of shares to be distributed as employee profit-sharing compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.
 - The basis for estimating the amount of employee and director profit-sharing compensation: Estimated based on the average distributed amount over the past three years, taking into account the profits expected of the future.
 - The basis for calculating the number of shares to be distributed as profit-sharing compensation: Not applicable.
 - The accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure: Any difference between the actual distributed amount and the estimated amount is accounted for as a change in accounting estimate and will be recognized in the following year.

3. Distribution of compensation as approved by the board:

- (1) Amount of remuneration for employees and directors payable in cash or stocks: If the amount recognized in the fiscal year is different from the estimate, please disclose the difference, reasons and treatment:

It is proposed to issue cash remuneration to employees for NT\$21,902,677 and cash remuneration to directors for NT\$3,352,454, respectively for 2024. These amounts are consistent with the expenses recognized for 2024.

- (2) 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.

4. The actual distribution of employee and director compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee or director compensation, additionally the discrepancy, cause, and how it is treated: Not applicable.

(VI) Buyback of shares by the Company: None.

II. Corporate bonds, preferred stock, global depository receipts, employee stock options, new restricted employee shares, and issuance of new share in connection with mergers and acquisitions:

(I) Corporate bonds: None.

(II) Preferred shares: None.

(III) Global depository receipts: None.

(IV) Issuance of employee stock options certificates and restricted shares: None.

(V) Issuance of new shares in connection with mergers or acquisitions: None

III. The implementation of the Company's capital allocation plans

(I) Plan content:

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

(II) Implementation status: None.

FOUR. Operational Highlights

I. Business Activities

(I) Scope of business

1. Core business activities:

- (1)C802200 Coating, Paint, Dye and Pigment Manufacturing;
- (2)C802120 Industrial and Additive Manufacturing;
- (3)C801100 Synthetic Resin and Plastic Manufacturing;
- (4)C901060 Manufacture of Refractory Products;
- (5)C901050 Cement and Concrete Products Manufacturing;
- (6)C802990 Other Chemical Products Manufacturing;
- (7)C801990 Other Chemical Materials Manufacturing;
- (8)C901990 Other Other Non-Metallic Mineral Products Manufacturing;
- (9)CA02060 Metal Containers Manufacturing;
- (10)CA04010 Surface Treatments;
- (11)E901010 Painting Engineering;
- (12)E903010 Anti-Corrosion and Anti-Rust Engineering;
- (13)E603120 Sand Blasting Engineering;
- (14)EZ99990 Other Engineering;
- (15)H701010 Housing and Building Development and Rental;
- (16)ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Major business lines and their revenue weight

Main business line	Weight of the 2024 revenue
Coatings	95.04%
Coating Engineering	4.96%
Total	100.00%

3. Major lines of products (services)

- (1) Coatings: Architecture coatings, marine coatings, coil coatings, fire retardant coatings, heave duty coatings and specialty coating, etc.

- (2) Coating Engineering.

4. Planned new products (services):

- (1)Development of high-performance water-based topcoat for waterproofing systems.
- (2)Development of highly corrosion-resistant chromium-free pretreatment.
- (3)High-performance (anti-fouling/weather-resistant/heat-insulating) water-based exterior coatings.
- (4)Three-component foul-release antifouling tie coat.
- (5)Reduction of UL1709 three-hour certification thickness for Epoxy Type fire-resistant coatings.
- (6)Development of ultra-low VOC coil coatings.

(II) Industry overview:

1. Status and development of the industry:

Paints and coatings are an important industry in the world. The surface of things commonly seen in day to day life, e.g., buildings, furniture, cars, computer/ communication/ electronic consumer products, factories, or facilities and mechanism, is coated with specialty coatings for their beautification and protection, and even for rendering additional functions such as sound-insulation, waterproofing, heat-insulation, anti-bacteria, and anti-mold.

In support of what the government has called for, paint and coating manufacturers have improved productivity, promoted automation, strictly implemented quality control, and improved production quality, thereby boosting domestic manufacturers' paint and coating production capacity and providing quality products at low price, thus gaining the recognition from enterprises and households.

Currently, global paint manufacturers are mainly international conglomerates. To respond to

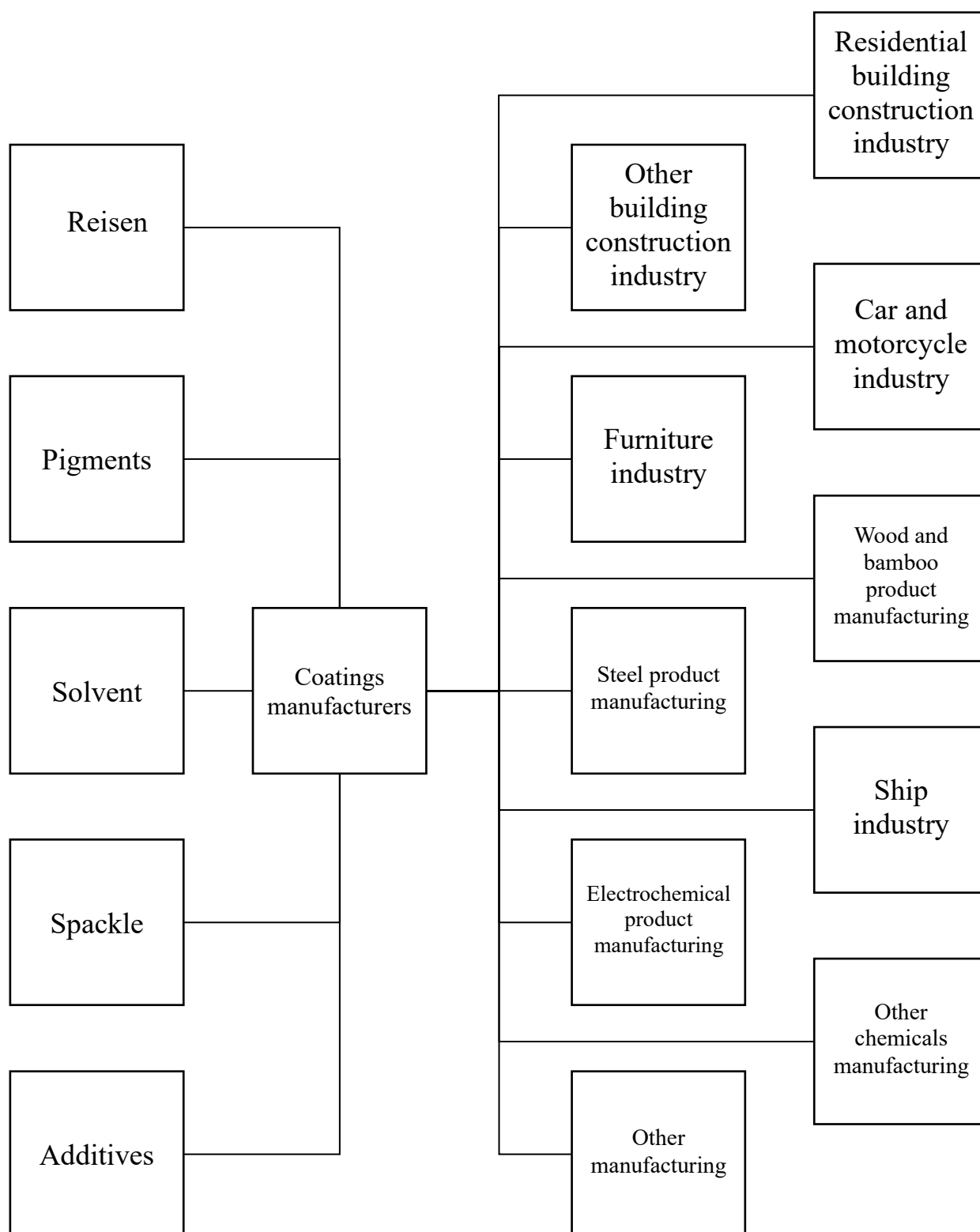
volatile market changes, lower cost pressure, and increase market influence, each large paint and coating manufacturers have set off a series of mergers and acquisitions. Through organizational re-structuring, the coating industry will become ever professional and larger to fully leverage their advantages in terms of technologies and market sales, thereby optimizing their network of production and sale, technologies, and materials supply. Since coatings are a dependent and supporting industry, the volume of demand for them is closely related to the economic climate among relevant industries. In addition, the volume of coatings consumed can reflect the extent of a country's economic prosperity and progress.

Propelled by climate changes, economic growth, and rising living standards in recent years, the demand for energy-efficient, safe and nontoxic, and environmentally friendly products and green building materials has gradually increased. To meet the national environmental certification standards and international standards, developing coating products that are low-impact, low-hazard, and human health-friendly, e.g., water-based, non-toxic, heat insulating, fire retardant, low carbon, waterproofing, and sound insulating products, is the development trend. With the world's attention turning to "climate change and greenhouse gases emissions," it is crucial for industries to address key concerns such as greenhouse gas inventory, carbon footprint reduction, and their impact on industrial the future competition and development.

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

Raw materials (upstream industry)

Customers (downstream industry)



(1) Relation between raw materials industry in the upstream and the coating industry:

Paint and coating are a compound material, a high-tech product that is a mixture of multiple raw chemical materials. The product cost elements are mainly direct raw materials. The formula of paint and coating mainly comprises film components such as resin, pigments, additives, and fillers and non-film components such as solvent. A description is given in the following table. Since domestic environment features fully circulated information and heating competition, raw materials suppliers of domestic and foreign large manufacturers, when factoring in the purchase volume, offer preferential supply conditions to large coating manufacturers, making the market a buyer's market. Contrarily, for small coating manufacturers, the market is a seller's market because raw materials suppliers sell under a distribution or agent system.

Main components	Description	Main suppliers
1. Resin	Resin is the major component improving film quality, a fixative that holds pigments and the coated materials together, and a binder in paint and coating. Since resin's stockiness, which is usually high, is not conducive to the grinding of abrasives and the mixing of adjustment components at a later stage and increases coating operation difficulty, it is required to add solvent and thinner. Resin may be categorized by source into botanic natural resin (such as: rosin, shellac...etc.), chemical synthetic resin (such as epoxy resin, polyester resin...etc.), and drying oils (e.g., linseed oil, etc.)	Main suppliers at home and abroad include Covestro, Dow, Evonik, Eastman, Eternal, Chang Chun, and Nan Ya.
2. Pigment	The conditions required of the pigments of paints and coatings vary with the type, use method, and intended use of paints and coatings. Proper materials are then selected to give a color and offer protective and anti-corrosive functions to paints and coatings. Pigments can be categorized into inorganic pigments, organic pigments, anti-corrosion pigments, etc.	The main suppliers in Taiwan and overseas include Lanxess 、 Heabach Colorants 、 Sun Chemical 、 Chemours (Taiwan) and Taiwan Color.
3. Solvent	Generally, paints and coatings mainly rely on solvents to facilitate the flow and coating performance of resins. Solvents have an impact on the viscosity, fluidity, drying speed, and gloss of coating films; nevertheless, they evaporate immediately after the formulation of coating films, i.e., they do not stay in coating films. The solvents generally include toluene, xylene and various esters, ketones, alcohols, ethers...etc.	Currently, main suppliers at home and abroad include Eastman, Ashland, Dow Chemical, CPC Corporation, LCY CHEMICAL, Taiwan, and so on.
4. Additives	Additives are used mainly to improve the quality of coating films and prevent possible defects during the manufacturing, storage, and coating process. From the perspective of paint and coating formula design, the use of additives has a great impact on the quality of	Currently, the main suppliers include Ashland, Elementis, Nocarbo, Byk, Evonik, PQ, Budenheim, and so on.

	the paint and coat. Additives include defoamer, leveling agent, anti-settling agent, catalyst...etc.	
5. Filler	Filler is used mainly to increase the thickness of coating films and reduce cost. Its physical and chemical properties vary with its type. Fillers include calcium carbonate, talcum powder, mica powder, silicates...etc.	The main suppliers in Taiwan and overseas include KaMin, EP Minerals, Huadong, and Formosa Plastics.

(2) Relations between paints and coatings and downstream industry:

Being a high-tech precision surface treatment industry, paints and coatings mainly serve the function of protecting the quality of coated objects, refining their appearance and sense of value, and extending their useful lives. Paints and coatings are second to none when it comes to the final beautification work of buildings, ships, bridges, machinery, toys, wooden objects, and factories. Furthermore, the ever advancing technologies and the continuous development of new applications of paints and coatings have caused paints and coatings to be widely used in the construction industry, transportation vehicle industry, mechanical industry, and steel products industry. Therefore, the paint and coating industry develops in tandem with the overall industry development and, due to its close relationship with the industry, in line with the economic climate among downstream industries.

3. Various product development trends and competition:

(1) Development trend:

Judging from global coating trend development, as the environmental requirements become even stringent, each large coating manufacturer aims to comply with environmental laws and regulations and grasp the consumption demand trend, so they develop environmentally friendly coatings at all costs, e.g., water-based coatings, energy-efficient coatings, solvent-less coatings, highly durable coatings that can be used at length and reduce coating application times, use volume, and emission of volatile organic compound (VOC). In addition, self-cleaning coatings that do not require manual cleaning or detergent cleaning will gradually rank highly with consumers. As climate changes draw a great deal of concerns, what will be at issue are greenhouse gas emission reduction, carbon inventory, carbon neutral, and circular economies.

(2) Competition:

General coating production process and the technologies and equipment involved therein are anything but complicated, creating a low entry barrier, thus many startups. This heats market competition, resulting in a price war among peers and highly uneven quality. Aside from producing general coatings for construction and industry use, the Company also manufactures technology-intensive specialty coatings, e.g., weather-resistant coatings, inorganic zinc dust paint, heat-resistant paint, ship bottom anti-fouling paint, color steel paint, fire retardant paint, waterproofing and sound-insulation coatings, creating an incomparable advantage not achievable by general coating manufacturing technologies, thus a favorable competition status. In the future, we will continue the development of high value-added coatings so as to segment the market and distinguish ourselves from small manufacturers.

Aside from owning complete production lines, which enables full control of product quality and delivery date, the Company also has multiple production and quality control equipment and precision instruments that were purchased abroad and have advanced performance, significantly facilitating process improvement and product quality control. For instance, our automated packaging system is able to handle mass-produced and standardized products, saving more than half of manual labor cost. In addition, the high precision laser displacement sensors whose production technology is imported from Japan and modified by the Company, as well as other purchased equipment such as gas chromatograph, atomic absorption spectrometry, and laser particle size distribution analyzer greatly help the certification and quality control after development of new products. Considering the effect of aging population and labor shortage, we will review current production process and operation

status gradually and phase in automated production, which can reduce dependency on manual labor and reduce cost and improve competitiveness.

After more than 70 years into incorporation, YUNG CHI PAINT & VARNISH MFG.CO.,LTD is still dedicated itself to product research and development, making it a reputational company in the coatings industry. By adopting a stable and practical approach and upholding the business philosophy of “Customer First, Quality First”, it serves as a model leading brand in the paint and coating industry. Due to the Company’s mature production technology, stable quality, and high order fill rate, its products are highly regarded by customers and orders are therefore flooding in. In addition, due to its excellent achievement in continuous development of new products, in 1994, the Company was rated an excellent manufacturer by the Chinese National Federation of Industries (CNFI) and an excellent manufacturer that developed new products by the Ministry of Economic Affairs. In addition, the Company also successively passed some important certification, e.g., ISO9001 quality management system, the CNS Mark awarded by the Commodity Inspection Bureau, the Green Mark and Green Building Material Mark, and ISO14001 environmental management system, indicating a high level of recognition for the Company’s capability of operations and research and development and transitioning product competitive pattern from price orientation to price–performance ratio like quality and function.

To provide better quality and service, the Company was the first among the industry to build a paint concept house, namely, the Rainbow House, in 2011, where professional color-matching service is provided and customers can experience color matching and get advice on paint-related matters on the spot, thereby establishing the brand objective, namely, “Rainbow Paint Rainbow House” is a Jack-of-all-paints.

"Climate change" will be a global issue, and businesses will face supply chain requirements such as "carbon footprint," "emissions reduction," "low carbon," and "green products." Failure to respond appropriately may lead to a reshuffling of the industry chain. Therefore, our company will sequentially implement measures including "carbon inventory," "carbon footprint," "emissions reduction," and "green raw materials."

(III) Overview of technology and R&D

1. A listing of research and development expenditures during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

Unit: NT\$1,000

Item \ Year	2024 (Note 1)	Up to March 31, 2025 (Note 2)
Consolidated research and development expenses	253,758	60,262
Consolidated operating revenue	9,525,927	2,544,275
Ratio to operating revenue	2.66%	2.37%

Note 1 : This is the R&D expenses 2024 consolidated financial statements audited by CPAs.

Note 2 : The is the consolidated R&D expenses as of March 31, 2025 calculated by ourselves.

2. Products or technology successfully developed:

- (1) The 1000°C water-based inorganic heat-resistant paint was developed.
- (2) The zinc-aluminum primer specifically for screws was developed.
- (3) Launched water-based paint for artistic modeling.
- (4) Launched new fluorocarbon steel coil coating.
- (5) The Concrete art paint was developed and launched.
- (6) Both FM-906 and FM-900 have passed the British Warrington fire certification and the EU's EAD weather resistance and durability tests, making them suitable for use in both indoor and outdoor environments.

(7) Launched the fouling-release fouling prevention topcoat.

(IV) Long-term and short-term business development planning:

1. Short-term development plan

(1) Marketing strategy

- A. Introduce TAF-accredited ISO 17025 Testing and calibration laboratories to improve corporate image.
- B. Participate in relevant exhibitions and seminars at home and abroad; strengthen interaction with upstream and downstream manufacturers at home and abroad; and intensify communication between industries.
- C. Through sponsorship and broadcasting of prominent sporting events including NBA, CPBL (Chinese Professional Baseball League), international competitions such as the World Baseball Classic and FIFA World Cup, combined with diverse digital channels including Google Display Network, Facebook, Instagram, and YouTube, while leveraging Key Opinion Leaders (KOLs) to deeply convey product content and brand stories, we've enhanced brand recognition and favorability among younger demographics.
- D. Introduce ad data analysis for precision broadcasting on electronic media, so as to increase the Return On Ad Spend (ROAS).
- E. We actively support the government's "5+2 Industrial Innovation Plan," which includes "Smart Machinery," "Asia Silicon Valley," "Green Energy Technology," "Biomedical Industry," "Defense Industry," "New Agriculture," and "Circular Economy," by providing coatings required by these relevant industries.

(2) Development strategy

- A. Develop coating products that are friendly to the environment and make life cozier.
- B. Strengthen product features and enhance product competitiveness.
- C. Improve technological capability by developing new coatings for the government's 5+2 industrial innovation plan, thereby expanding product lines.
- D. Our reaction to climate change involves sourcing low-carbon materials and creating products that reduce carbon emissions.

(3) Product development trend

- A. Actively research and develop products that meet the requirements for low-carbon and green building materials in order to meet consumers' need and serve as a global corporate citizen.
- B. Enhance product differentiation and launch multi-functional products like waterproofing and sound insulating products in response to market demand.
- C. Research and develop specialty coatings for the national defense, green power, and energy industries.

2. Long-term development plan

(1) Marketing strategy

- A. Develop new products; tap into new markets and seek new demands.
- B. Reach different consumer groups through different channels, thereby deepening and enhancing the stickiness.
- C. Set up TAF-accredited labs to enhance the credibility of product certification.
- D. Complete a carbon inventory and obtain product carbon footprint certification to improve company reputation and competitive edge.

(2) Development strategy

- A. Implement group-level procurement strategy to lower overall procurement cost and improve performance.
- B. Effectively allocate resources and markets through group-level operation to maximize the synergy as a group.
- C. Formulate a climate change response strategy in line with the United Nations Framework Convention on Climate Change and Taiwan's Climate Change Adaptation Act.

(3) Product development trend

- A. Research and develop functional, high performance, and environmentally friendly

coatings to increase profit.

- B. Consolidate the research and development resources for each product to give full play to the research and development strength.
- C. Leverage the concepts of circular economy to develop low-carbon, green, environmentally friendly, and even recyclable and reusable products.

II. Markets, production and sales overview

(I) Market analysis

1. Geographic areas where the main products (services) of the company are provided (supplied):
Below are the geographic areas where the Company as a group sells:

Regions	Weight
Domestic sale	98.61%
Export	1.39%
Total	100.00%

Note: Domestic sale means the sale made by the Company and each subsidiary to their local customers.

2. Market share:

The Company produces a wide range of coatings for a wide range of use, and tops the list of Taiwanese peers in terms of production scale. However, there is a dearth of objective statistical information regarding market share.

3. Demand and supply conditions for the market in the future, and the market's growth potential:

The volume of coatings consumption grows in tandem with economic growth. The growth in the demand for coatings in developed economies like those in the Europe and the America is quite limited because their economic growth has become flat. Contrarily, in emerging industrial countries such as China, India, and Southeast Asian countries, there is ample room for the demand for coatings to grow as their economy grows. Therefore, the demand for coatings as a whole is picking up.

The improvement in living standards, global warming, and rising environmental awareness have not only increased the demand for coatings but will also boost the demand for functional coatings that are safe, health-friendly, or environmental, satisfy daily functions, or make life cozier.

In recent years, the global community has turned its attention to the issue of "greenhouse gases" due to the impact of climate change and other contributing factors. Both the European Union and the United States have been engaged in talks about implementing a carbon tax. Consequently, industries are likely to make it mandatory for their suppliers to lower their carbon footprint and provide green products in the coming years. Failure to adjust to this trend will lead to a decrease in competitiveness for companies.

4. Competitive niche

- (1) Examine the production process and introduce automated equipment to effectively reduce production costs:

The Company systematically examines the production process, and reviews and consolidates it to transition towards automated production. This can not only improve the production efficiency and lower labor costs, but can also improve timely delivery efficiency.

- (2) The company has a research and development department dedicated to product research and development:

The Company has set up a research and development department, which keeps developing new products, and has established sound technical collaboration with domestic and foreign manufacturers and research institutions. Personnel from both sides are sent for a workshop, whereby the objectives of technological interaction are achieved. With an established technological foundation, the research and development department is able to keep developing new products to cope with future market demand.

- (3) Actively take part in the joint undertaking system to improve coating capability.
 Aside from having good quality coating products and a track record of sales, the Company is also rich in coating technologies. In addition to showing support for the government's promotion of the joint undertaking system, whereby each significant public construction work is completed through division of labor and technological interchange among participating companies, so as to improve the Company's competitiveness.
 - (4) Refine production to achieve economies of scale:
 More than half of the Company's domestic sales have reached economies of scale in terms of purchase or production. Therefore, the Company is at a great advantage over domestic peers in terms of cost or pricing.
 - (5) A wide range of distribution channels:
 To improve service quality, the Company has set up distribution channels that cover vast geographic areas, including eastern Taiwan, remote villages, and offshore islands, capable of fully providing and satisfying customers' needs.
 - (6) Install color-matching machines in multiple premises in order to improve customer participation, stickiness, and satisfaction:
 To increase customers' custom needs and DIY fun, colorant dispensers are installed throughout the distribution channels to give customers the DIY fun of their favorite color, to increase customer engagement, stickiness, and satisfaction.
 - (7) An automated color-matching factory is set up to process the orders for low-quantity products and custom, special colors, thereby improving delivery speed, quality, and customer satisfaction.
 - (8) Introduce the next-generation Enterprise Resources Planning system to promote digital transformation and improve operating performance.
 - (9) Partner with corporate customers to systematically determine product carbon footprints and boost supply chain competitiveness.
 - (10) With multiple production bases distributed overseas, we can leverage advantages in proximity supply, respond to trade tariffs, and achieve synergies through joint procurement.
5. Positive and negative factors for future development, and the company's response to such factors:
- (1) Positive factors:
 - A. A strong research and development lineup
 Established in 1983, the Company's Research and Development Division carried out the research plan to develop new products and improve the functionality of existing products with the Company's policy; it also provided technological service and support to improve product standard. To cope with the change of times and volatile market demand, the various products were gradually protected with patents at home and abroad. Due to excellent performance in developing new products, the Company was rated an excellent manufacturer by the Chinese National Federation of Industries (CNFI) in 1994. To make products more diverse and to cope with market demand, the Company's research and development will focus on improving its core competitiveness, actively accelerating research and development scale, cultivating talent, and accumulating intellectual capital, so as to become a Taiwan-based global corporate citizen and thus achieve sustainable development.
 - B. Automated equipment
 The Company has multiple production and quality control equipment and precision instruments that were purchased abroad and have advanced performance, significantly facilitating process improvement and product quality control. In recent years, we have been reviewing production lines and introducing automated production (such as the use of robotic arms, etc.), thus capable of expanding production capacity and saving labor cost. Since production and sales are ever scaling up, the benefits that come with economies of scale have gradually emerged, enabling the Company to win recognition from market customers for its production process, accurate delivery time, and selling

capability.

C. A leading brand awareness

Incorporated for 70 years, the Company is reputational in the coating industry for its privately-owned brand, namely, “Rainbow Paint”. Upholding the philosophy of “Customer First, Quality First”, the Company has a diverse range of product lines that can meet customers’ diverse demand; it also passed the ISO9001 Quality management system certification and ISO14001 Environmental management system certification. Multiple products were also awarded an UL certificate, BS certificate, Green Mark, Green Building Material Mark, recognition from the Ministry of Interior, the permission to bear the CNS Mark, fire retardant coatings and spray-applied fire resistive materials certification and a certificate from the ship classification society of China, US, Britain, Japan, and Germany, offering a vindication that the Company’s product quality meets international standards. This creates an impression of good product quality and a good corporate image in the paint and coating industry, which will be significantly help tap into foreign markets in the future.

D. Deep and broad range of product lines that can meet customers’ diverse demand

The Company produces products, mainly including architecture coatings, heavy duty coatings, marine coatings, fire-retardant coatings and spray-applied fire resistive materials, specialty coatings, teal color coatings and coil coatings. The number of types of paints and coatings exceeds 200. In addition, the Company’s complete product range and diverse product lines can meet customers’ diverse demand, capable of preventing operations from being impacted by reduced demand in a single industry or price competition; this can also effectively diversify the operating risk arising from being excessively dependent on a single product and greatly help marketing and development and cope with economic climate changes.

E. Set up multiple foreign operations

Currently the Company has production bases in Kunshan and Jiaying of China, Vietnam, Malaysia, and California, Texas and Chicago of the US. Doing so can not only develop local markets at close proximity and extend services to domestic manufacturers, but also diversify market niche under the China-US trade war. These operations, when being further integrated, can achieve a group-level synergy.

F. Production capacity reaches the economies of scale

As a leading coating brand in Taiwan, the Company has reaped economies of scale with its production capacity. This gives the Company an advantage over peers in terms of raw material acquisition cost, timeliness and equipment utilization efficiency.

G. Complete distribution channels throughout Taiwan

The Company has a complete distribution system in that it has nearly 100 distribution premises across each county and city in Taiwan, providing customers with the convenience of purchasing a diverse range of products nearby.

(2) Negative factors:

A. Laborers are less willing to take this kind of job.

Rising educational standards and national income as well as domestic industry transformation and upgrade have resulted in labor shortage and soaring wages in conventional industries, which is not conducive to industry competition. Paint and coating production process produces fugitive volatile organic compounds (VOCs), lowering laborers’ willingness to engage in this trade.

Response measures:

1. Since the government has put in place the policy to allow employment of foreign workers, the Company will ease the labor shortage pressure by employing an appropriate number of foreign workers through legal channels.
2. The Company will also gradually improve the work environment to encourage local young laborers to join the Company.
3. By looking into the production lines, the Company will phase in automated

production, which can not only improve production efficiency but also solve the issue of labor shortage.

B. Competitors abound and market competition is fierce.

Taiwan's coatings industry features mainly operations by SMEs, which also vary in size. In addition, unregistered factories abound; to survive, they reduce production costs in a way that impacts product quality. They even wage a price war, which heats market competition.

Response measures:

1. The Company will dedicate itself to the research and development and improvement of product quality to boost customers' confidence in the Company's brand and increase market competitiveness.
2. The Company will also segment the market by transitioning towards industrial, carbon reduction, functional and green coatings.

C. Competition from international giants

By establishing multiple foreign operations in recent years, the Company has become an international coatings company, which means intense competition from large, international coatings giants.

Response measures:

1. The Company will strengthen the operating soundness of overseas subsidiaries and make them gradually become a well-known brand in the region.
2. The Company, a Taiwan-based parent, will work closely with each subsidiary to jointly compete with international giants.

D. Challenges from climate changes

To solve global warming, the world will adopt stringent climate change controls and demands in the futures. In this way, the industry will face greenhouse gas emission inventory, carbon footprint inventory, and the certification thereof. Not complying with the said regulations will impact product sales and competition in the future.

Response measures:

1. Conduct factory-wide greenhouse gas inventory and verification.
2. Gradually establish product carbon footprint emission coefficients.
3. Transition towards carbon reduction and carbon neutral in the future.

(II) Main uses and production processes of major products:

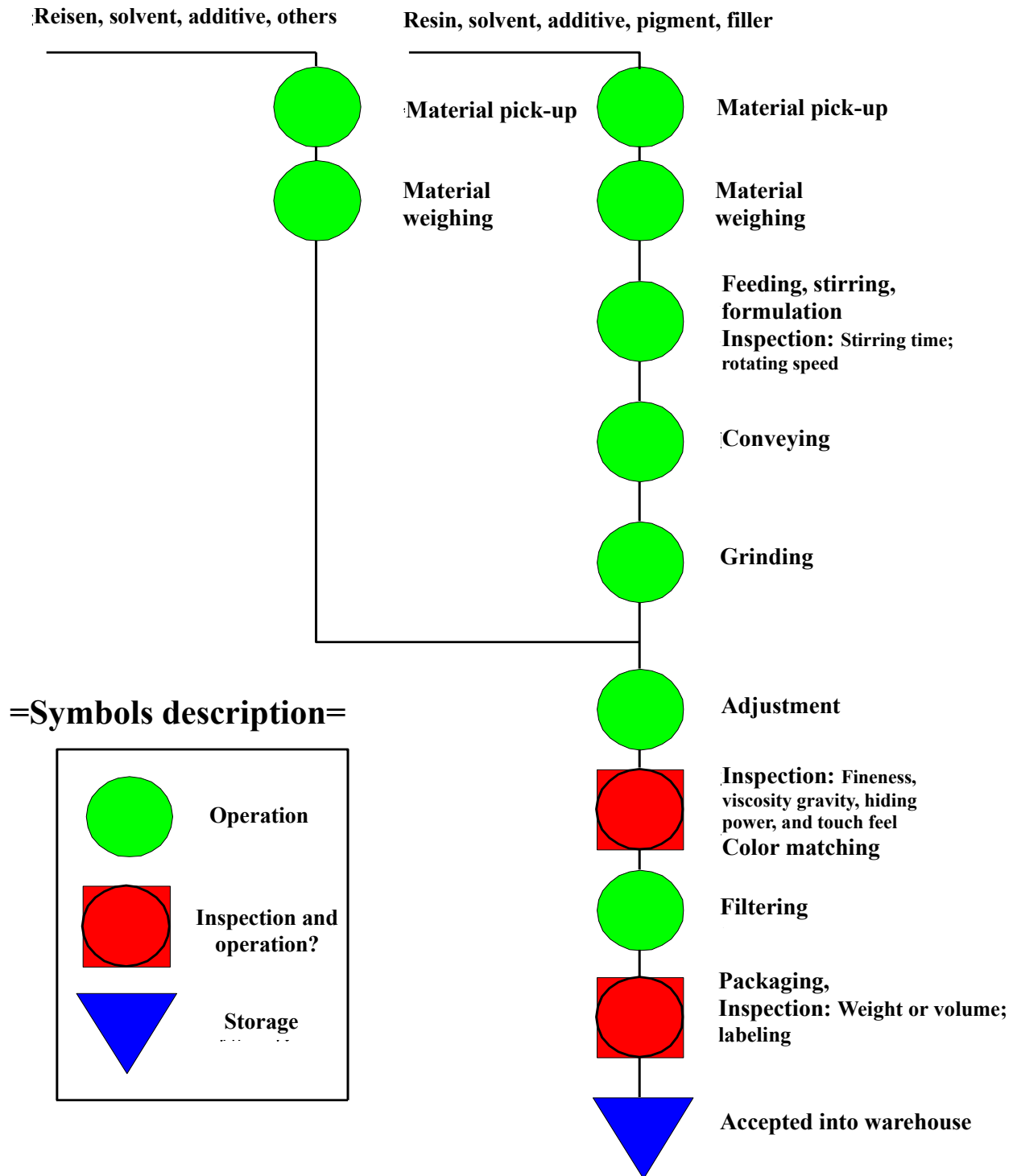
1. Main uses:

Major product	Intended use
Coatings	Anti-corrosion and beatification of steel structures, ships, machinery, wood, buildings, cars, and electrochemical products; protection of flammable and inflammable substrates; fire retardant and resistant functions.
Coating Engineering	Paint projects for the construction industry and machinery and equipment.

2. Production process:

****Production Process Schematic****

General coatings



(III) Supply status of main raw materials:

Main raw materials	Supplier	Supply condition
Reisen	Eternal, Nan Ya, Covestro	The Company purchases major raw materials from domestic suppliers working with the Company for a long time, and from foreign suppliers in Southeast Asia, Europe, the America, and Japan. The supply source is stable; diversified purchase also enables absolute autonomy.
Pigments	San Chemical, Chemours Titanium (Taiwan)	
Paint solvent	Shang Chen Hang, Chimei, Eastman	
Additives	Evonik, Byk	

(IV) A list of any suppliers and clients accounting for 10 percent or more of the company's total procurement (sales) amount in either of the 2 most recent fiscal years:

1. List of major suppliers

Unit: NT\$1,000

Rank	2023				2024			
	Company name	Amount	Ratio to annual net purchase (%)	Relationship with the issuer	Company name	Amount	Ratio to annual net purchase (%)	Relationship with the issuer
1	CHEMOURS	779,250	12.73	None	CHEMOURS	799,732	10.16	None
2	Eternal	531,122	8.68	None	Eternal	513,029	6.52	None
	Others	4,810,195	78.59		Others	6,555,441	83.32	
	Total net purchase	6,120,567	100.00		Total net purchase	7,868,202	100.00	

Description of change: Suppliers of major raw materials were not significantly changed in either of the most recent two years.

2. List of major customers:

Rank	2023				2024			
	Company name	Amount	Ratio to annual net sales (%)	Relationship with the issuer	Company name	Amount	Ratio to annual net sales (%)	Relationship with the issuer
1	Yieh Phui	898,227	9.60	None	Yieh Phui	971,920	10.20	None
	Others	8,456,153	90.40		Others	8,554,007	89.80	
	Total net sales	9,354,380	100.00		Total net sales	9,525,927	100.00	

Description of change: Customers were not significantly changed in either of the most recent two years.

III. Information on in-service Employees

Year		2023	2024	Year-to-date through March 31, 2025
Number of employees	Direct labor	318	331	329
	Indirect labor	777	794	789
	Total	1,095	1,125	1,118
Average service tenure		9.52	9.95	9.99
Average age		42.04	42.33	42.39
Education degree dispersion rate (Note)	PhD	0.38%	0.38%	0.38%
	Master degree	11.62%	11.58%	11.28%
	College	46.69%	46.80%	47.02%
	Senior high	31.99%	31.73%	31.94%
	Below senior	9.32%	9.51%	9.38%
	Total	100.00%	100.00%	100.00%

Note: Excluding foreign workers.

IV. Information on environmental expenditure: any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses

that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

- (I) In 2024 and in the current year up to the publication date of this annual report, the total amount of losses and penalties suffered due to violation of the Air Pollution Control Act and Waste Disposal Act is NT\$2,836,000; a description thereof is given as follows:

Violation	Air Pollution Control Act	Air Pollution Control Act	Air Pollution Control Act	Air Pollution Control Act	Air Pollution Control Act
Disposal date	March 15, 2024	August 8, 2024	August 13, 2024	August 13, 2024	August 15, 2024
Disposition reference numbers	Kaohsiung EPA Air Pollution Discipline No. 20-113-030017	Kaohsiung EPA Air Pollution Discipline No. 20-113-080008	Kaohsiung EPA Air Pollution Discipline No. 20-113-080016	Kaohsiung EPA Air Pollution Discipline No. 20-113-080017	Kaohsiung EPA Air Pollution Discipline No. 20-113-080025
Violated clause	Article 24, Paragraph 2 of the Air Pollution Control Act	Article 24, Paragraph 2 of the Air Pollution Control Act	Article 24, Paragraph 2 of the Air Pollution Control Act	Article 24, Paragraph 2 of the Air Pollution Control Act	Article 23, Paragraph 1 of the Air Pollution Control Act
Violation content	During the inspection, a connecting pipeline with an open valve was discovered between the high-speed disperser, bag filter, activated carbon adsorption tower, and emission duct before the activated carbon adsorption tower. This configuration does not comply with permit requirements, violating Article 24, Paragraphs 2 and 4 of the Air Pollution Control Act and Article 23, Paragraph 1 of the Stationary Pollution Source Installation, Operation, and Fuel Use Permit	Raw materials containing organic solvents (components: xylene, ethylbenzene, alkyd resin) and rheological additives (components: xylene, polyamide, ethylbenzene, ethanol) were found in use. The presence of "ethylbenzene" was not registered in the permit documentation. Operation not in accordance with the approved stationary pollution source operation permit constitutes a violation of Article 24, Paragraph 2 of the Air Pollution Control Act.	Additionally, the use of raw materials including 1-butanol, propylene glycol methyl ether, rheological additives (containing ethylbenzene), and ethylene glycol butyl ether was not documented in the permit. This operational status does not conform to the approved permit specifications. Operations were not conducted in accordance with the approved contents of the issued stationary pollution source operation permit, constituting a violation of Article 24,	Raw materials used in styrene products all contained styrene, which was not registered in the stationary pollution source operation permit along with isopropanol. This discrepancy between actual operations and permit documentation indicates that the company failed to operate in accordance with the approved contents of the issued stationary pollution source operation permit, violating Article 24, Paragraph 2 of the Air Pollution	The pH monitoring instrument for the scrubber was found to be malfunctioning, failing to maintain normal operation of air pollution monitoring equipment, which violates Article 23, Paragraph 1 of the Air Pollution Control Act.

	Management Regulations.		Paragraph 2 of the Air Pollution Control Act.	Control Act.	
Disposition content	Penalties of NT\$100,000	Penalties of NT\$100,000	Penalties of NT\$100,000	Penalties of NT\$100,000	Penalties of NT\$450,000

Violation	Waste Disposal Act	Waste Disposal Act	Waste Disposal Act	Waste Disposal Act	Air Pollution Control Act
Disposal date	August 27, 2024	August 27, 2024	August 27, 2024	August 27, 2024	September 2, 2024
Disposition reference numbers	Kaohsiung EPA Waste Pollution Discipline No. 40-113-080024	Kaohsiung EPA Air Pollution Discipline No. 40-113-080025	Kaohsiung EPA Air Pollution Discipline No. 40-113-080032	Kaohsiung EPA Air Pollution Discipline No. 40-113-080033	Kaohsiung EPA Air Pollution Discipline No. 20-113-0-0003-4
Violated clause	Subparagraph 1, Paragraph 1 of Article 31 of the Waste Disposal Act	Article 5 of the Standards for Storage, Clearance and Disposal Methods and Facilities of Industrial Waste in conjunction with Article 36, Paragraph 1 of the Waste Disposal Act	Article 7, Paragraph 1, Subparagraph 2 of the Standards for Storage, Clearance and Disposal Methods and Facilities of Industrial Waste in conjunction with Article 36, Paragraph 1 of the Waste Disposal Act	Article 11 of the Standards for Storage, Clearance and Disposal Methods and Facilities of Industrial Waste in conjunction with Article 36, Paragraph 1 of the Waste Disposal Act	Article 23, Paragraph 1 of the Air Pollution Control Act
Violation content	Waste production exceeded the maximum monthly generation amount specified in the waste disposal plan by more than 10%. The company failed to amend its waste disposal plan, violating Article 31, Paragraph 1, Subparagraph 1 of the Waste Disposal Act.	Waste materials were not properly labeled with constituent components, storage dates were not recorded, and the documented storage quantities did not match actual quantities. Waste materials were not stored separately from raw materials (activated carbon) and were not segregated from general industrial waste. These	Waste materials were incorrectly labeled regarding their components. The storage dates and quantities recorded on waste materials did not correspond with actual quantities. Waste materials were not stored separately from their raw material counterparts (activated carbon) and were not segregated from general	The on-site storage area lacked a dedicated storage facility and was not lined or constructed with corrosion-resistant and impermeable materials around its perimeter, violating Article 36, Paragraph 2 of the Waste Disposal Act and Article 11 of the Standards for Storage, Clearance and Disposal Methods and	The mixer lacked a ventilation hood for waste gas collection, and the existing ventilation hood did not effectively collect waste gases, violating Article 23, Paragraph 1 of the Air Pollution Control Act. After disconnecting the differential pressure monitoring lines from the bag filter and activated carbon adsorption tower, the readings did not

		conditions violate Article 36, Paragraph 2 of the Waste Disposal Act and Article 5 of the Standards for Storage, Clearance and Disposal Methods and Facilities of Industrial Waste.	industrial waste. These practices violate Article 36, Paragraph 2 of the Waste Disposal Act and Article 7, Paragraph 1, Subparagraph 2 of the Standards for Storage, Clearance and Disposal Methods and Facilities of Industrial Waste.	Facilities of Industrial Waste.	immediately return to zero, indicating failure to maintain normal operation of air pollution monitoring equipment. This violates Article 23, Paragraph 1 of the Air Pollution Control Act.
Disposition content	Penalties of NT\$6,000	Penalties of NT\$60,000	Penalties of NT\$60,000	Penalties of NT\$60,000	Penalties of NT\$1,800,000

- (II) The measures adopted by the Company for dealing with industrial waste, air pollutant emission reduction, and waste water discharge in the future are as follows:
1. Seek more appropriate method for disposal of the Company's general industrial waste and hazardous industrial waste; such method must comply with environmental protection laws and regulations, so as to reduce waste, thus costs.
 2. Optimize the wastewater treatment system; the quality of the treated wastewater can be much lower than the wastewater control standard in the industrial park.
 3. Continuously update and improve the efficiency of air pollution control equipment to ensure the availability of control equipment in each production facility.
 4. Continue to obtain air pollution permits, toxic chemical substance permit/registration/approval documents, prepare waste cleanup plans, and obtain water pollution discharge permit/registration/approval documents and water pollutant discharge permit extensions and changes for each process.
 5. Turn to low-emission fuels to reduce air pollutant emission from the source.
 6. Improve the fire safety measures in premises where public hazardous substances are present, to lower the safety and health risk and fire risk.
 7. Analyze and devise a plan for air pollution control equipment systems, while continuing to decrease VOC levels.
 8. Continue to implement the ISO 14001 management system to achieve the goal of pollution reduction and continuous improvement, enhance the Company's image, and strengthen its international competitiveness.

(III) Expected environmental expenditures in the following three years

Unit: NT\$1,000

Year	2025	2026	2027
Expected expenditure	70,000	30,000	30,000
Environmental protection and control measures and expenditures	1. Pay mandated air pollution fees. 2. Share the cost of pollution prevention and control facilities in statutory special	1. Pay mandated air pollution fees. 2. Share the cost of pollution prevention and control facilities in statutory special	1. Pay mandated air pollution fees. 2. Share the cost of pollution prevention and control facilities in statutory special

	industrial zones. 3. Fees for renewing the air pollution permit and related pollution control. 4. Strengthen air pollution control measures with the installation of additional equipment. 5. Expenditures for volunteering to enhance the measures for inspection and monitoring of air pollution, wastewater, and waste. 6. Waste disposal charges. 7. Continue to promote ISO 14001 management system and pass the certification of ISO 45001 occupational safety and health management system to ensure the health of employees and strengthen the international competitiveness of our products. 8. Continue advocating for the certification of existing public hazardous material storage facilities	industrial zones. 3. Fees for renewing the air pollution permit and related pollution control. 4. Strengthen air pollution control measures with the installation of additional equipment. 5. Expenditures for volunteering to enhance the measures for inspection and monitoring of air pollution, wastewater, and waste. 6. Waste disposal charges. 7. Continue to promote ISO 14001 management system to ensure the health of employees and strengthen the international competitiveness of our products. 8. Continue advocating for the certification of existing public hazardous material storage facilities	industrial zones. 3. Fees for renewing the air pollution permit and related pollution control. 4. Strengthen air pollution control measures with the installation of additional equipment. 5. Expenditures for volunteering to enhance the measures for inspection and monitoring of air pollution, wastewater, and waste. 6. Waste disposal charges. 7. Continue to promote ISO 14001 management system to ensure the health of employees and strengthen the international competitiveness of our products. 8. Continue advocating for the certification of existing public hazardous material storage facilities
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(IV) Effect of improvement:

1. Continued improvement and optimization of waste water treatment procedures, to reduce the concentration of waste water emissions and achieve the quality of treated waste water to a level better than before the industrial zone standards.
2. Maintenance, on a timely basis, of air pollution permits for the whole factory, waste disposal plans, certificates related to toxic chemicals, and licenses regarding waste water to be consistent with the current statues and compliant with relevant laws and regulations.
3. Fully improve the capability to locally gather and treat VOCs in production premises in support of the government's policy to reduce air pollutant emissions, thereby improving the operation environment for employees and reducing air pollutant emissions. in doing so, the Company will continue to reduce the emissions of air pollutants and VOCs.
4. Lower the safety and health obstacles in factory, apply for certification of storage facilities with fire safety concerns, and improve equipment performance.
5. Continue to implement ISO14001 management system and obtain a Green Mark for products, thereby increasing products' international competitiveness and polishing corporate image.

V. Labor Relations

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

Employees who have served the Company for a certain period of time are entitled to the Company's benefit items.

1. Employee benefit measures:

(1) Employee bonus

To motivate employees to jointly create profits, if the Company has earnings in the final account in any given year, such earnings will be used to compensate for losses in prior years and provide legal reserves in the first place as required, and then an amount of compensation equal to 1%~5% of the remaining earnings before tax will be distributed as bonus to all employees.

(2). Education and training:

By referring to the annual business policy, the Company sets education and training goals and plans; it also provides in-service employees with job-related education and training at irregular intervals, so as to cultivate their awareness of duties in order to improve work efficiency. Onsite personnel are also trained on the operation of each machine and equipment, so as to protect their personal safety at work. Employee education and training in 2024 costed NT\$1,509 thousand and was participated by 563 people.

(3) Employee labor insurance/health insurance/group insurance

Employees are provided with labor insurance and health insurance as required by government regulations, covered by group insurance on their first day of work, and entitled to insurance claims according to applicable laws and regulations.

(4) Staff uniforms; monetary gift for wedding; condolence money for funeral; year-end party; ghost festival dinner party; and employee health check. .

(5) Employee Benefit Committee

A. As required by law, the Company has set up the Employee Benefit Committee, which is responsible for coordinating employee benefit events and appropriating benefit funds to fund the events.

B. Subsidies for wedding, funeral, and company trip

C. Other benefits: Proper gifts are given to employees on the Spring Festival, Dragon Boat Festival, Mid-Autumn Festival, and their birthday; scholarship for children is also provided.

2. Retirement system:

The Company has implemented labor retirement regulations, in compliance with the law, to ensure the well-being of retiring employees. Additionally, a labor retirement reserve fund supervision committee has been established. We also regularly allocate retirement reserves at a rate of 2% to 15% of the total salary expenses every year and deposit them in a Bank of Taiwan account under the custody of the Central Trust of China, to protect labor rights. As of July 1, 2005, the Company simultaneously implemented the "Labor Pension Act" introduced by the government, which states that 6% of employees' total wages will be contributed to their pension account. Those who decide to make voluntary contributions towards their pensions will have their monthly salary withheld based on the voluntary contribution rate and transferred to the personal pension account with the Bureau of Labor Insurance.

The requirements of the Labor Pension Act applicable to the Company are as follows:

- (1) Voluntary retirement: A worker may apply for voluntary retirement under any of the following conditions (the same article applies to workers opting for the Labor Pension Act):

A. Where the worker attains the age of fifty-five and has worked for fifteen years.

B. Where the worker has worked for more than twenty-five years.

C. Where the worker attains the age of sixty and has worked for ten years.

(2) Mandatory retirement : An employer shall not force a worker to retire unless any of the following situations has occurred:

A. Where the worker attains the age of sixty-five.

B. Where the worker is unable to perform his/ her duties due to disability.

A business entity may request the central competent authority to adjust the age prescribed in Subparagraph 1 of the preceding paragraph

if the specific job entails risk, requires substantial physical strength or otherwise of a special nature; however, that the age shall not be reduced below fifty-five.

(3) Pension payment standards

A. The pension payment standards specified in Article 84-2 and Article 55 of the Labor Standards Act shall apply to (1) the service years before and after the application of the Labor Standards Act, (2) those who still opted for the pension requirements set out in the Labor Standards Act even after the application of the Labor Pension Act, and (3) the service years prior to application of the Labor Pension Act.

B. For employees who have the working seniority specified in the preceding paragraph and are compulsorily retired in accordance with Article 35, Paragraph 1, Subparagraph 2, Should an employee's duties result in mental or physical incapacity, they are eligible to receive an extra 20% of their pension as stated in Article 55, Paragraph 1 of the Labor Standards Act.

C. For employees subject to the pension provisions of the Labor Pension Act, the Company will contribute an amount of 6% of their wages to their individual pension account on a monthly basis.

(4) Pension payment: The Company is responsible for disbursing pensions to employees within thirty days after they retire.

3. Employee-employer agreement:

Since the Company acts in full compliance with laws and regulations and maintains employee-employer relations, the employee-employer relations have been harmonious.

(II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes:

Since the Company always attaches great importance to employee benefits and emphasizes two-way communication with employees, the employee-employer relations have been harmonious. Therefore, there was no loss arising from labor disputes in the most recent year. Labor disputes are averted because the Company upholds the objective of reciprocal benefits between employees and employers.

VI. Cybersecurity Management:

(I) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

1. Cyber security risk management structure

To fortify information security management and protect data, systems, and networks, our Company has appointed an information security officer and a dedicated staff member. The information security officer holds the responsibility of approving, overseeing, and monitoring information security policies. The IT Office is responsible for creating internal control procedures to ensure the planning and execution of information security, in order to safeguard data access and protect files and equipment. In addition, the IT Office will support the information security staff member in managing and promoting information security management policies.

2. Cyber security policy

The Company abides by the Cyber Security Operation Regulations it formulated, and further formulates personal data protection regulation by reference to laws and regulations. The Company also pays due attention to information security regulatory framework so as to comply with the security policy.

3. Specific management project

Procedures	Key points
Program and data access control	<ul style="list-style-type: none"> Set up the hierarchy of authority for approving program access; maintain complete access record. User data access control. Control of programmers access to resources.
Control of data import and export	<ul style="list-style-type: none"> Data export record and back-up management Regularly check the integrity of the stored file and data. Control of export of confidential or sensitive information.
Control of data processing	<ul style="list-style-type: none"> Control of employees' login user name and password. The password of a system for which a terminated employee is responsible should be updated or deleted.
Computer document compilation control	<ul style="list-style-type: none"> Record of trainings for new employees and user units; cyber security awareness session. Software and hardware maintenance, purchase, and retirement record and approval control.
Security control of files and equipment	<ul style="list-style-type: none"> Assign individual password to each sensitive and important file. The power supply system must be equipped with uninterruptible power supply equipment and a voltage stabilizer. Set up safeguard measures for internet-based file servers.

4. Investments in resources for cyber security management

- (1) Human resources: the IT Office will support the information security staff member in managing and promoting information security management policies. The Administrative Department is responsible for organizing cybersecurity education and trainings for employees and safeguarding data safety.
 - (2) Information security equipment: access control, password management, backup system, anti-virus software, and mail filtering management.
 - (3) Control the access to server rooms and enhance the uninterrupted power supply system.
- (II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber-security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: No such situation.

VII. Important contracts

Item No.	Type of contract	Party	Contract start date and end date	Main content	Restrictive clauses
1	Construction contract	Tung Kang Steel Structure Corp.	2023.07~2025.07	Formosa Plastics Changbin Battery Cell Phase I Plant	None
2	Construction contract	Evergreen Steel Corp.	2024.07~2025.12	TSMC F22P2-CUP New Construction Project	None
3	Construction contract	China Steel Corporation	2024.01~2026.01	Taipei City West Gateway Project - Taipei Station Special District	None
4	Construction contract	China Steel Corporation	2024.11~2027.01	BH11028-MAWDER CONSTRUCTION CO., LTD. New Taipei Second Administrative Building Construction Project	None

5	Constructi on contract	China Steel Corporation	2024.04~2027.03	BH12027-Lien Jade Construction Co., Ltd. Zhong Wei Building Construction Project	None
6	Constructi on contract	China Steel Corporation	2024.06~2029.06	BH12021-Datong Smart Manor Phase III Residential Complex Construction	None

FIVE. Review and analysis of financial position and financial performance and risks

I. Financial position

Comparison of Financial Position

Unit: NT\$1,000

Item \ Year	2024	2023	Changes	
			Amount	%
Current assets	7,858,534	7,616,920	241,614	3.17
Property, plant and equipment	3,268,879	3,257,462	11,417	0.35
Intangible assets	3,286	2,992	294	9.83
Other assets	715,945	680,930	35,015	5.14
Total Assets	11,846,644	11,558,304	288,340	2.49
Current liabilities	1,468,820	1,622,652	(153,832)	(9.48)
Non-current liabilities	113,630	147,636	(34,006)	(23.03)
Total Liabilities	1,582,450	1,770,288	(187,838)	(10.61)
Share capital	1,620,000	1,620,000	—	—
Capital surplus	109,873	109,430	443	0.40
Retained earnings	8,615,199	8,301,528	313,671	3.78
Other equity	(80,878)	(242,942)	162,064	66.71
Treasury stock	—	—	—	—
Non-controlling interests	—	—	—	—
Total shareholders' equity	10,264,194	9,788,016	476,178	4.86
Major causes of materials changes (i.e., changes reaching 20% or more):				
1. Decrease in non-current liabilities: due to decrease in lease liability of NT\$19,405 thousand and net defined benefit liability of NT\$14,229 thousand.				
2. Increase in other equity: primarily due to increased adjustment in the translation of overseas operations as a result of exchange rate fluctuations.				

II. Financial performance

(I) Main reasons for any material change in operating revenues, operating profit, or pre-tax profit during the past 2 fiscal years

Unit: NT\$1,000

Item \ Year	2024	2023	Changes	
			Amount	%
Net revenue	9,525,927	9,354,380	171,547	1.83
Operating gross profit	2,474,062	2,339,639	134,423	5.75
Operating expenses	1,482,106	1,394,865	87,241	6.25
Operating profit	991,956	944,774	47,182	4.99
Non-operating income and expenses	115,236	97,926	17,310	17.68
Net profits before tax	1,107,192	1,042,700	64,492	6.19
Income tax expense	251,139	211,462	39,677	18.76
Net profits for the period	856,053	831,238	24,815	2.99
Major causes of materials changes (i.e., changes reaching 20% or more):				
There are no major changes in the past two years.				

(II) Sales volume forecast and the basis thereof

After accounting for the operational status in 2024 and assessment of the development trend of the coatings market in the future, the Company forecast coatings sales in 2025 to be 104,889 tons increase from 97,218 tons, the actually sold volume in 2024. Construction revenue is influenced by construction progress and the volume of undertaken projects, and is forecast to be no significantly different in 2025 from 2024.

(III) Effect upon the company's financial operations as well as measures to be taken in response

The Company and subsidiaries have a sound financial structure and will spare no effort in developing markets. Therefore, no significant operational change is expected.

III. Cash flow

(I) Liquidity analysis in the most recent two years:

Item \ Year	2024	2023	Increase (decrease) ratio (%)	Description
Cash flow ratio (%)	40.38	97.26	(58.48)	(1)
Cash flow adequacy ratio	82.37	88.13	(6.54)	-
Cash reinvestment ratio	0.22	9.09	(97.58)	(2)

1. Decrease in the cash flow ratio: due to the 62.41% reduction of net cash flows from operating activities .

2. Decrease in the cash reinvestment ratio: due to the 62.41% reduction of net cash flows from operating activities .

(II) Liquidity analysis for the coming year:

Unit: NT\$1,000

Opening Balance	Cash flow from operating activities	Cash outflow for the year	Amount of cash surplus (shortfall)	Remedy for estimated cash shortfalls	
				Investment plan	Financing plan
1,126,750	877,405	511,495	1,492,660	—	—

1. Analysis of the changes in cash flows in 2024:

(1) Operating activities: Mainly derived from operating activities and estimated to generate a net cash inflow of NT\$877,405 thousand.

(2) Investing and financing activities: Mainly due to expected addition of factories and equipment maintenance and distribution of cash dividend; expected to generate a net cash outflow of NT\$511,495 thousand.

2. The Company and subsidiaries do not expect an occurrence of a cash shortfall in the coming year.

IV. Effect upon financial operations of any major capital expenditures during the most recent fiscal year:
None

V. Investment policy for the most recent year, the main reasons for profit or loss, improvement plan, and investment plan for the coming year

(I) Investment policy for the most recent year:

The Company's investment in China, Vietnam, Malaysia, and the US is made mainly via overseas holdings companies, hoping to reap greater profits by expanding the sales market.

(II) Reasons for profit or loss:

1. The Company's investment in YUNG CHI PAINT & VARNISH MFG. (Kunshan) CO., LTD. generated operating profits, leading to recognition of investment gains in the amount of NT\$141,926 thousand.

2. The Company's investment in YUNG CHI PAINT & VARNISH MFG. (Vietnam) CO., LTD. generated operating profits, leading to recognition of investment gains in the amount of NT\$61,558 thousand.

3. The Company's investment in PPG YUNG CHI COATINGS CO., LTD. generated an investment gain of NT\$814 thousand.
4. The Company invested in YUNG CHI PAINT & VARNISH MFG. (Malaysia) SDN BHD. Although operating revenue grew, fixed expenditures stayed high, leading to recognition of an investment gain of NT\$12 thousand.
5. The Company's investment in CONTINENTAL COATINGS, Inc. in the US generated profits, leading to recognition of an investment gain of NT\$9,023 thousand.
6. The Company recognized an investment loss of NT\$1,438 thousand for its indirect investment in TLT ENGINEERING SDN.BHD..
7. YUNG CHI PAINT & VARNISH MFG. (Jiaxing) CO., LTD. invested by the Company was put into production. Since the business performance has yet to emerge, the Company recognized an investment loss of NT\$118,525 thousand.
8. Improvement plan:
 - (1) YUNG CHI PAINT & VARNISH MFG. (Malaysia) SDN BHD has seen a growing operating revenue, although fixed operating expenses cannot be reduced yet. In the future, the Company will strive to increase operating revenue to increase profitability.
 - (2) YUNG CHI PAINT & VARNISH MFG. (Jiaxing) CO., LTD. will improve capacity utilization and actively expand markets in the hope to increase operating revenue.
9. Investment plan for the following year: Aside from improving the operating efficiency of investees, the Company will focus mainly on developing its core business in the short term.

VI. Analysis of risks

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

1. Interest rate changes

- (1) Impact on the Company's operating revenue and profits.

The Group's interest rate risk mainly comes from bank deposits and repo bonds, by which the interest income generated would be impacted if interest rate changes. The Group does not expect to be significantly impacted by interest rate change.

- (2) Concrete response measures

The Company's financial assets exposed to interest rate risk are mainly time deposit and repo bonds, which mainly bear a fixed interest rate or a floating interest rate and have short period of maturity time. Therefore, interest rate changes are not expected to generate material impact on the Company.

2. Interest rate changes

The Group is exposed to the risk of exchange rate changes because it participates in purchase or sale transactions denominated in a currency other than its functional currency. The sensitivity analysis based on the assumption that USD appreciates or depreciates against TWD by 1% is used to report on the risk of exchange rate changes to major management.

Exchange gains in 2024 accounted for 0.31% of the Company's revenue and 2.67% of profit before tax, respectively. Exchange rate changes do not have a significant influence on the Company's revenues and profits. In addition, the Company mitigates exchange losses with multiple transactions of small values. In addition, in terms of foreign exchange control, the Company adopts a stable and conservative principle; responsible supervisors are required to pay attention at all times and financial personnel are responsible for collecting foreign exchange rate information on a daily basis, so as to fully grasp any exchange rate changes.

3. Inflation

- (1) Analysis of impact on the company:

Currently the world economy features a mild inflationary trend. However, the

- inflation did not result in any significant impact on the Company and subsidiaries.
- (2) Concrete response measures
- The Company and subsidiaries always attend to any price changes in the raw materials market, and keeps good interaction with suppliers so as to grasp raw materials price trend, thereby mitigating the risk of a price hike.
- (II) The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:
1. The Company and subsidiaries did not engage in any high-risk or highly-leveraged investment or transactions.
 2. Loaning of funds and making or endorsements and guarantees made by the Company or subsidiaries are carried out in strict adherence to its "Regulations Governing Loaning of Funds" and "Regulations for Endorsement and Guarantee, Liability Commitment, and Contingency".
- (III) Research and development work to be carried out in the future, and further expenditures expected for research and development work:
1. Future research and development plan:
 - (1)Development of high-performance water-based topcoat for waterproofing systems.
 - (2)Development of highly corrosion-resistant chromium-free pretreatment.
 - (3)High-performance (anti-fouling/weather-resistant/heat-insulating) water-based exterior coatings.
 - (4)Three-component foul-release antifouling tie coat.
 - (5)Reduction of UL1709 three-hour certification thickness for Epoxy Type fire-resistant coatings.
 - (6)Development of ultra-low VOC coil coatings.
 2. Expected R&D expenses: NT\$231,201 thousand.
- (IV) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:
- By consulting professional units like the legal affairs unit and accounting unit, the Company provided assessment and recommendations and plan response measures to comply with the regulatory framework and reduce the impact on the Company's financial and business affairs.
- (V) Effect on the company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response:
- Major products of the Company and subsidiaries are coatings. Although coatings are a mature industry with low entry barriers, the Company's strong R&D lineup is capable of developing production process that can improve product quality and technology every year. Therefore, technological and industrial changes do not effect any material impact on the Company's financial and business affairs. The Company also adjusts business policy in a timely manner by continuously attending to any changes in the coatings industry.
- (VI) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response:
- The Company always upholds an ethical and practical business philosophy, delivering a corporate image that it conveys benefits on society and fulfills its corporate social responsibilities.
- (VII)Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: No such situation.
- (VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken: No such situation.
- (IX) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken: No such situation.
- (X) Effect upon and risk to the company in the event a major quantity of shares belonging to a

director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken: No such situation.

(XI) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: No such situation.

(XII) Litigious and non-litigious matters: None.

(XIII) Other important risks, and mitigation measures being or to be taken:

Cyber security risk assessment and response measures:

The Company's Information Office is responsible for planning and executing information security measures. The Internal Control and Cyber Security Operation Regulations were also formulated and an audit is carried out periodically. All important data are backed up to ensure data integrity. An information security test was also carried out and no item posing material operating risks was found.

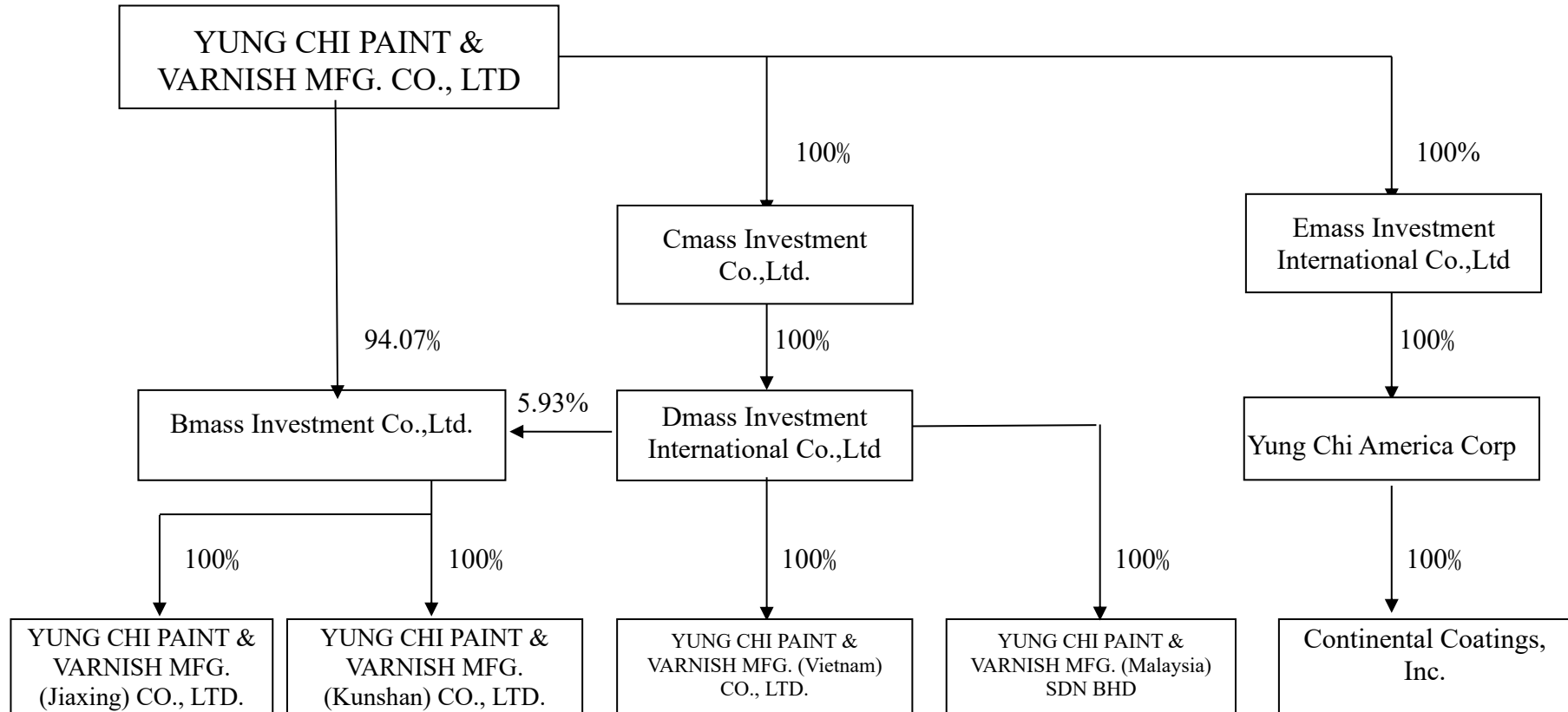
VII. Other important matters: None.

SIX. Special Items

I. Information on affiliates

(I) Consolidated business report of affiliates:

1. Organizational chart of affiliates



2. Basic information on affiliates:

Unit: NT\$1,000

Company name	Establishment Date	Address	Paid-in capital	Paid-in capital
Bmass Investment Co.,Ltd.	1999.10.29	P.O.Box 957,Offshore Incorporation Centre, Road Town,Tortola,British Virgin Islands	NT\$ 790,602 (US\$17,768 thousand)	Professional investment
Cmass Investment Co.,Ltd.	2005.02.17	P.O.Box 217,Offshore Chambers Apia, Samoa..	NT\$ 755,921 (US\$23,800 thousand)	Professional investment
Dmass Investment International Co.,Ltd.	2005.02.17	P.O.Box 217,Offshore Chambers Apia, Samoa	NT\$ 755,921 (US\$23,800 thousand)	Professional investment
Emass Investment International Co.,Ltd.	2012.07.13	P.O.Box 217,Offshore Chambers Apia, Samoa	NT\$ 858,390 (US\$28,000 thousand)	Professional investment
YUNG CHI PAINT & VARNISH MFG. (Kunshan) CO., LTD.	1996.12.10	No. 1 Yongji Road, Zhangpu Town, Kunshan City, Jiangsu Province	NT\$493,722 (US\$15,000 thousand)	Manufacture and sale of paints and undertaking of coating and painting engineering projects.
YUNG CHI PAINT & VARNISH MFG. (Jiaxing) CO., LTD.	2017.11.16	Room 201-11, No. 1817, Haigang Avenue, Xitangqiao Street, Haiyan County, Jiaxing City, Zhejiang Province	NT\$ 1,517,013 (US\$50,000 thousand)	Manufacture and sale of paints and undertaking of coating and painting engineering projects.
YUNG CHI PAINT & VARNISH MFG. (Vietnam) CO., LTD.	2005.04.11	Bien Hoa City, Dong Nai Province, Vietnam Amata Industrial Park	NT\$ 488,081 (US\$15,000 thousand)	Manufacture and sale of paints and undertaking of coating and painting engineering projects.
YUNG CHI PAINT & VARNISH MFG. (Malaysia) SDN BHD	2008.04.28	Malacca, Malaysia Tangga Batu Industrial Park	NT\$ 383,127 (US\$12,700 thousand)	Manufacture and sale of paints
YUNG CHI AMERICA CORP.	2012.06.30	10938 BEECH AVE FONTANA, CA 92337	NT\$ 858,390 (US\$28,000 thousand)	Professional investment
CONTINENTAL COATINGS, INC.	2012.11.23	10938 BEECH AVE FONTANA, CA 92337	NT\$ 507,554 (US\$16,304 thousand)	Sale and processing of paints

3. Information on the same shareholder of affiliates presumed to have a relationship of control or subordination: No such situation.

4. Summary description of the business activities of affiliates as a whole

Company name	Business sectors covered by their business activities	Division of labor where business activities intersect
YUNG CHI PAINT & VARNISH MFG. CO., LTD	Manufacture and sale of paints and coatings and undertaking of painting projects	None
Bmass Investment Co.,Ltd.	Professional investment	None
Cmass Investment Co.,Ltd.	Professional investment	None
Dmass Investment International Co.,Ltd.	Professional investment	None
Emass Investment International Co.,Ltd.	Professional investment	None
YUNG CHI PAINT & VARNISH MFG. (Kunshan) CO., LTD.	Manufacture and sale of paints and undertaking of coating and painting engineering projects.	None
YUNG CHI PAINT & VARNISH MFG. (Jiaxing) CO., LTD.	Manufacture and sale of paints and undertaking of coating and painting engineering projects.	None
YUNG CHI PAINT & VARNISH MFG. (Vietnam) CO., LTD.	Manufacture and sale of paints and undertaking of coating and painting engineering projects.	None
YUNG CHI PAINT & VARNISH MFG. (Malaysia) SDN BHD	Manufacture and sale of paints	None
YUNG CHI AMERICA CORP.	Professional investment	None
CONTINENTAL COATINGS, INC.	Sale and processing of paints	None

5. Information on directors, supervisors, and presidents of affiliate companies:

Company name	Title	Name or Representative	Shareholding	
			Number of shares/capital contribution	Shareholding/capital contribution percentage
Bmass Investment Co.,Ltd.	Director	Chang Te-Jen	NT\$790,602 thousand	100%
Cmass Investment Co.,Ltd.	Director	Chang Te-Sheng	NT\$755,921 thousand	100%
Dmass Investment International Co.,Ltd.	Director	Chang Te-Sheng	NT\$755,921 thousand	100%
Emass Investment International Co.,Ltd.	Director	Chang Te-Hsiung	NT\$858,390 thousand	100%
YUNG CHI PAINT & VARNISH MFG. (Kunshan) CO., LTD.	Chairperson	Chang Feng-Li	NT\$493,722 thousand	100%
YUNG CHI PAINT & VARNISH MFG. (Jiaxing) CO., LTD.	Chairperson	Chang Feng-Yu	NT\$1,517,013 thousand	100%
YUNG CHI PAINT & VARNISH MFG. (Vietnam) CO., LTD.	Chairperson	Chang Te-Hsiung	NT\$488,081 thousand	100%
YUNG CHI PAINT & VARNISH MFG. (Malaysia) SDN BHD	Chairperson	Chang Che-Wei	NT\$383,127 thousand	100%
YUNG CHI AMERICA CORP.	Director	Tseng Shih-Yu	NT\$858,390 thousand	100%

CONTINENTAL COATINGS, INC.	Chairperson	Tseng Shih-Yu	NT\$507,554 thousand	100%
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6. Overview of the business operations of each affiliate:

Year: 2024; Unit: NT\$1,000

Company name	Amount of Capital	Total Assets	Total liabilities	Net Value	Operating revenue	Operating profit	Net profit or loss for the current period (after tax)	Earnings (losses) per share (NT\$) (after taxes)
Bmass Investment Co.,Ltd.	790,602	2,944,706	0	2,944,706	0	0	23,547	1.39
Cmass Investment Co.,Ltd.	755,921	893,542	0	893,542	0	0	63,755	2.68
Dmass Investment International Co.,Ltd.	755,921	893,074	0	893,074	0	0	63,749	2.68
Emass Investment International Co.,Ltd.	858,390	661,022	0	661,022	0	0	4,132	0.19
YUNG CHI PAINT & VARNISH MFG. (Kunshan) CO., LTD.	493,722	1,857,329	162,702	1,694,627	1,320,737	138,739	141,926	0.00
YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Jiaxing)	1,517,013	1,535,203	285,441	1,249,762	230,413	(113,541)	(118,525)	0.00
YUNG CHI PAINT & VARNISH MFG. (Vietnam) CO., LTD.	488,081	552,678	40,312	512,366	403,553	67,144	61,558	0.00
YUNG CHI PAINT & VARNISH MFG. (Malaysia) SDN BHD	383,127	232,621	44,788	187,833	164,246	(61)	12	0.00
YUNG CHI AMERICA CORP.	858,390	665,497	4,475	661,022	762	3,397	4,131	1.88
CONTINENTAL COATINGS, INC.	507,554	491,048	145,255	345,793	663,823	7,281	9,023	0.84

(II) Representation letter of Consolidated Financial Statements of Affiliates:

Declaration of Consolidated Financial Statements of Affiliated Companies

Considering that the companies to be included in the consolidated financial statements of affiliates under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” were the same as those to be included into the consolidated financial statements of the parent and subsidiaries under IFRS 10 in 2024 (from January 1, 2024 through December 31, 2024) and the related information to be disclosed in the consolidated financial statements of affiliates were already disclosed in said consolidated financial statements of the parent and subsidiaries, no consolidated financial statements of affiliates were prepared separately.

In witness thereof, the Declaration is hereby presented.

Company Name: YUNG CHI PAINT & VARNISH MFG. CO., LTD

Responsible person: Chang Te-Jen

March 11, 2025

(III) Affiliate report: Affiliate report is prepared by subordinate companies. According to regulations, the Company may elect not to compile the affiliate report.

II. Status of private placement of securities during the most recent fiscal year or up to the date of publication of the annual report: None.

III. Other matters that require additional explanation: None.

SEVEN. Any events in the most recent year and the current year up to the publication date of this annual report that materially affect shareholders' equity or the price of securities as defined in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act.

None

YUNG CHI PAINT & VARNISH MFG. CO., LTD.

Chairman Chang Te-Jen

ISO9001 品質管理系統
ISO14001 環境管理系統
ISO14064 溫室氣體查驗意見



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