

Corporate Value Enhancement Plan

Company Status Analysis :

1. Market Analysis

(1) Market Share:

The company's luxury fit-out and millwork engineering services encompass a wide range of sectors, including international luxury brand boutiques, high-end residences, department stores, and luxury hotels. Given that peers in this sector specialize in substantially different niches, evaluating market share based on a single statistical category fails to reflect true market dynamics. Consequently, calculating our market share on a uniform, standardized basis is not practical. Nevertheless, the Company and its subsidiaries possess extensive track records and industry experience. In terms of engineering scale and technical maturity, we currently serve over 30 leading global luxury brands across more than 40 countries. Our end-to-end service capabilities range from foundational interior construction and bespoke furniture manufacturing to exterior curtain walls, fully satisfying diverse client demands.

(2) Future Market Supply, Demand, and Growth Potential:

1. Future Supply:

Few competitors currently operate in the global high-end luxury boutique fit-out segment. Success in this market relies heavily on accumulated technical expertise and long-term experience. High entry barriers exist due to stringent requirements regarding specialized personnel, corporate reputation, and proven track records. As a result, qualified service providers are limited, and our Company stands as one of the key industry leaders.

2. Future Demand:

From an overall market demand perspective, the sustained growth of the luxury sector—particularly across emerging markets in Asia—is driving major brands to continuously expand their retail footprints. Business opportunities for customized engineering services arise directly from clients' new store rollouts and renovation plans. Beyond leading global luxury brands, our core client base includes high-end hotels, residential properties, commercial spaces, and private aircraft/yacht interior fit-outs. These segments generate fresh demand across the fashion and lifestyle industries, creating robust long-term prospects for the luxury fit-out sector.

3. Growth Potential:

In recent years, the expansion of the middle-class consumer base into luxury purchasing has driven steady annual growth across the industry. Beyond its

established foundation in Europe and North America, the market is aggressively expanding throughout Asia. According to market research estimates, the global luxury industry is projected to maintain a growth trajectory through 2030, with a particularly optimistic outlook for the personal luxury goods market. Supported by solid market fundamentals and emerging technologies, the global luxury market value is expected to grow from €353 billion in 2022 to between €540 billion and €580 billion, representing a potential expansion of 60% or more.

2. Financial Analysis

(1) ROIC and ROE Assessment:

The Company's operational efficiency—specifically its capacity to generate profit from deployed capital—is evaluated using Return on Invested Capital (ROIC) and Return on Equity (ROE). Based on FY2025 financial data, the Company achieved an ROIC of **10.79%**, outperforming the Taiwan-listed peer average of **9.88%**, demonstrating superior capital deployment efficiency. Furthermore, our average ROE over the past three fiscal years (2023–2025) reached **21.36%**, significantly exceeding the peer average of **13.78%**. This indicates that the Company utilizes shareholders' equity more effectively than industry peers to generate superior returns. Our ROIC and ROE performance underscores management's commitment to effective capital allocation and long-term competitive positioning.

(2) Turnover Ratio Assessment:

Regarding key operational efficiency metrics, the Company's Accounts Receivable (AR) Turnover Ratios for the past three fiscal years (2023–2025) were 7.85 , 7.95 , and 7.97 , respectively, averaging **7.92** . Accounts Payable (AP) Turnover Ratios were 12.12 , 12.79 , and 12.11 , averaging **12.34** . In comparison, listed peers recorded three-year average AR and AP turnover ratios of 6.19 and 2.25 , respectively. The comparative data highlights opportunities for our Company to optimize cash conversion cycles and working capital efficiency relative to market benchmarks.

The Company will conduct a comprehensive review of customer and supplier relationships to identify areas for commercial improvement. Key strategic initiatives include: strengthening receivables collection and credit management, consolidating procurement to enhance bargaining power with suppliers, negotiating extended payment terms to increase cash flow flexibility, reducing inventory holding costs, and accelerating billing processes to shorten the overall operating cycle and maximize working capital productivity.

(3) Financial Structure and Debt Serviceability:

Over the past three fiscal years (2023–2025), the Company maintained a debt ratio between 49% to 53%, with an average of **49.57%**, aligning closely with the peer average of 48% to 55% (average **51.46%**). This reflects a healthy and comparable leverage structure. Additionally, our Current Ratio ranged between **171% and**

222%, outperforming the peer range of 162% to 183%, demonstrating superior liquidity and short-term debt serviceability.

3. Valuation Analysis

(1) Valuation Level Analysis:

In FY2025, the Company's Price-to-Book Ratio (PBR) ranged between 1.12 to 1.70, averaging **1.43**, compared to the local peer average of **1.70** (range: 1.34 – 2.03). The slightly lower PBR relative to Taiwanese peers was primarily attributable to temporary gross margin compression in 1H2025, driven by rising raw material costs and strategic price concessions negotiated with clients to share U.S. tariff burdens. Furthermore, geopolitical tensions led to weakness in the U.S. dollar, resulting in net foreign exchange translation losses on foreign currency holdings that impacted net income.

Management views these adverse factors as temporary. The Company remains firmly focused on consolidating its market leadership while benefiting from structural growth trends in the global luxury market. We are committed to ensuring that our market valuation accurately reflects the Company's intrinsic corporate value.

(2) Potential Growth Assessment:

Growth momentum will be sustained by the continuous expansion of flagship and experiential stores by global luxury brands across Asia—particularly in emerging Southeast Asian markets—alongside recurring orders generated by periodic store renovation cycles. Additionally, luxury brands are increasingly prioritizing immersive customer experiences and digital integration (e.g., AR/VR showcases, interactive installations), raising both project ASPs (Average Selling Prices) and technical barriers to entry. This trend favors qualified contractors with cross-border execution capabilities and integrated design-build expertise.

Over the medium-to-long term, industry growth will benefit from the expansion of High-Net-Worth Individuals (HNWIs) and global consumption upgrading, encouraging brands to allocate higher capital expenditures (CapEx) toward physical store experiences. However, growth strategies must remain mindful of macroeconomic cycles, potential CapEx deferrals due to luxury spending volatility, and margin pressures from rising labor and raw material costs. Consequently, service providers featuring diversified client portfolios across brands and regions, superior project management efficiency, and strong entry into high-value-added design and digital integration will be best positioned for sustained growth and margin stability. The Company maintains a prudently optimistic outlook on market demand, leveraging these macroeconomic tailwinds to capture long-term growth opportunities.

4. Corporate Governance Analysis

(1) Board Composition and Independence:

1. Board Structure:

The Company actively implements a Board Diversity Policy. Board members are selected through a rigorous nomination process that considers diverse backgrounds, professional qualifications, and industry experience to enhance corporate governance and board effectiveness. Appointments are merit-based, ensuring complementary expertise across business judgment, operational management, strategic decision-making, and crisis leadership. The current 5-member Board possesses specialized expertise in executive management, industry analysis, manufacturing operations, international markets, accounting/finance, and legal affairs—fully supporting the strategic needs of the Company.

2. Independence:

The Board comprises 5 directors, including 3 Independent Directors (**60%** representation) and 2 female directors (**40%** representation). Through this commitment to independence and structural diversity, the Board ensures that strategic decisions incorporate broad professional perspectives, operate independently of management, and provide objective oversight and advisory guidance.

3. Board Operations:

In accordance with the “Regulations Governing Board Performance Evaluation” and “Regulations Governing Director Compensation”, the Company conducts annual performance evaluations of the Board of Directors and functional committees to ensure operational effectiveness. Evaluations assess parameters such as level of operational participation, decision-making quality, board composition and selection, continuing education, and internal control systems.

4. Information Transparency:

In addition to regularly scheduled Board meetings, the Company convenes ad-hoc meetings as required for major operational decisions, promptly disclosing key resolutions following each meeting. Furthermore, our corporate disclosure policy ensures transparent communication of major resolutions and executive rationale, enabling shareholders and stakeholders to fully understand company operations and strategic direction.

5. Risk and Competitive Assessment

(1) Macroeconomic Analysis:

The primary operating jurisdictions of the Company benefit from stable macroeconomic environments and reliable monetary policies. Inflation and interest rates remain within manageable ranges, supporting predictable operational planning and cost control. As global markets gradually return to a path of moderate recovery, the Company is well-positioned to expand its international presence and overseas operating locations.

Looking ahead, global economic conditions face potential headwinds, including geopolitical risks, evolving environmental regulations, trade conflicts, tariffs, and extreme weather events. These factors could disrupt global supply chains and impact international trade. The Company will continuously monitor and proactively manage these macroeconomic variables.

(2) Industry Competition Analysis:

The Company possesses advanced technical capabilities and maintains long-term, stable supply chain partnerships with clients and vendor networks. Leveraging state-of-the-art manufacturing processes dedicated to luxury fit-outs, we maintain a sharp competitive edge. Continuous R&D investment and construction method innovations enable us to deliver high-quality, high-performance solutions tailored to client specifications. Additionally, an efficient supply chain infrastructure ensures smooth production execution and timely delivery, optimizing cost structures and operational competitiveness.

Short-Term and Medium-to-Long-Term Business Plans

I. Short-Term Enhancement Initiatives

In the short term, the Company upholds customer satisfaction and an unwavering commitment to quality as its core values, actively deepening strategic partnerships with existing clients. Simultaneously, the Company seeks to optimize operational efficiency and capacity utilization rates to ensure sustainable profitability and achieve short-term business development targets.

On the manufacturing front, beyond optimizing workforce and machinery allocation, strictly controlling production workflows, and elevating line-worker proficiency and product quality, the Company actively promotes and utilizes **FSC-certified (Forest Stewardship Council)** raw materials. Furthermore, the Company continues to strengthen long-term supplier alliances to safeguard supply chain sustainability.

II. Medium-to-Long-Term Development Plans

1. Commercial Strategy & Market Expansion

(1) Localized Service Superiority:

Leverage the geographical advantages of global subsidiaries to deliver localized, high-efficiency, and premium services, continuously improving customer satisfaction and market responsiveness.

(2) Product Line Expansion & Margin Enhancement:

Complement core bespoke product lines with high-precision, functional hardware accessories to fulfill "one-stop shop" client demand and drive gross margin expansion.

(3) Market & Segment Diversification:

Extend core capabilities beyond luxury retail fit-outs into adjacent high-end verticals—such as ultra-luxury residential properties, premium commercial spaces, private aircraft, and luxury yacht interiors—to expand the Group's long-term growth ceiling.

2. Manufacturing & ESG Roadmap

(1) Green Production R&D:

Increase investment in eco-friendly manufacturing technologies and integrate environmental sustainability standards across production processes, aligning with global ESG and carbon reduction mandates.

(2) Smart Manufacturing & Automation:

Optimize supply chain operations by expanding automated production lines and systematically introducing digital smart manufacturing technologies to maximize efficiency and reduce unit operating costs.

(3) Scalable Production & Modularization:

Continuously expand production capacity toward modularized, highly refined, and automated processes to elevate overall throughput value and product consistency.

Corporate Commitment

By actively fulfilling corporate social responsibilities, strengthening corporate governance frameworks, advancing core technological capabilities, and growing hand-in-hand with clients and suppliers, the Company remains dedicated to generating sustained, long-term value for shareholders.