

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-K**

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2024

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File No. 001-41207

**FGI Industries Ltd.**

(Exact Name of Registrant as Specified in Its Charter)

<p style="text-align: center;"><b>Cayman Islands</b> (State or Other Jurisdiction of Incorporation or Organization)</p>	<p style="text-align: center;"><b>98-1603252</b> (I.R.S. Employer Identification No.)</p>
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<p style="text-align: center;"><b>906 Murray Road, East Hanover, New Jersey</b> (Address of Principal Executive Offices)</p>	<p style="text-align: center;"><b>07936</b> (Zip Code)</p>
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Registrant's telephone number, including area code: **(973) 428-0400**  
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Ordinary Shares, \$0.0001 par value	FGI	Nasdaq Capital Market
Warrants to purchase Ordinary Shares, \$0.0001 par value	FGIWW	Nasdaq Capital Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller Reporting Company   
Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by a check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

As of June 30, 2024, the aggregate value of the registrant's common stock held by non-affiliates was approximately \$2,871,584, based on the number of shares held by non-affiliates as of June 30, 2024 and the closing price of the registrant's ordinary shares on the Nasdaq Capital Market on that date. Ordinary shares held by each director or executive officer have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of March 26, 2025, the registrant had 9,589,503 outstanding ordinary shares.

Documents incorporated by reference:

The information called for by Part III will be incorporated by reference from the Registrant's definitive Proxy Statement for its Annual Meeting of Shareholders to be filed pursuant to Regulation 14A or will be included in an amendment to this Form 10-K.

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## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Annual Report on Form 10-K are “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and are subject to the safe harbor created thereby. All statements contained in this Annual Report on Form 10-K other than statements of historical facts, including statements regarding our future results of operations and financial position, our business strategy and plans and our objectives for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “aim,” “anticipate,” “assume,” “believe,” “contemplate,” “continue,” “could,” “design,” “due,” “estimate,” “expect,” “goal,” “intend,” “may,” “objective,” “plan,” “predict,” “positioned,” “potential,” “seek,” “should,” “target,” “will,” “would” and other similar expressions that are predictions of or indicate future events and future trends, or the negative of these terms or other comparable terminology. In addition, statements that “we believe” or similar statements reflect our beliefs and opinions on the relevant subject. We have based these forward-looking statements on our current expectations about future events. While we believe these expectations are reasonable, such forward-looking statements are inherently subject to risks and uncertainties, many of which are beyond our control. Risks and uncertainties that could cause our actual results to differ from those expressed in, or implied by, our forward-looking statements include, but are not limited to:

- the levels of residential R&R activity, and to a lesser extent, new home construction;
- our ability to maintain our strong brands and reputation and to develop innovative products;
- our ability to maintain our competitive position in our industries;
- our reliance on key suppliers and customers;
- macroeconomic uncertainty, including from wars and hostilities, pandemics or other health emergencies, changes in interest rates and inflation, the impact on domestic and international economic activity, consumer confidence, our production capabilities, our employees and our supply chain;
- the cost and availability of materials and the imposition of tariffs;
- risks associated with our international operations and global strategies;
- our ability to achieve the anticipated benefits of our strategic initiatives;
- our ability to successfully execute our acquisition strategy and integrate businesses that we may acquire;
- risks associated with our reliance on information systems and technology, and our ability to achieve the anticipated benefits from our investments in new technology;
- our ability to attract, develop and retain talented and diverse personnel;
- our ability to obtain additional capital to finance our planned operations;
- regulatory developments in the United States and internationally;
- our ability to establish and maintain intellectual property protection for our products, as well as our ability to operate our business without infringing the intellectual property rights of others; and
- other risks and uncertainties, including those listed under the caption “Risk Factors” in Part I, Item 1A of this Annual Report on Form 10-K, as well as subsequent reports we file from time to time with the U.S. Securities and Exchange Commission (available at [www.sec.gov](http://www.sec.gov)).

These forward-looking statements are based on management’s current expectations, estimates, forecasts and projections about our business and the industry in which we operate, and management’s beliefs and assumptions are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors that are in some cases beyond our control. In light of the significant uncertainties in these forward-looking statements, you should not rely upon forward-looking statements as predictions of future events. Although we believe the expectations reflected in the forward-looking statements are reasonable, the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements may not be achieved or occur at all. You should read this Annual Report on Form 10-K and the documents that we reference and have filed as exhibits to this Annual Report on Form 10-K completely and with the understanding that our actual future results may be materially different from what we expect. These forward-looking statements speak only as of the date of this Annual Report on Form 10-K. Except as required by law, we undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

## GENERAL

Unless the context otherwise requires, all references in this Annual Report on Form 10-K to the “Company,” “FGI,” “we,” “us” or “our” refer to FGI Industries Ltd.

### SUMMARY OF RISKS ASSOCIATED WITH OUR BUSINESS

Our business is subject to numerous risks, as more fully described in the section titled “Risk Factors” in this Annual Report on Form 10-K. You should read these risks before you invest in our securities. In particular, risks associated with our business include, but are not limited to, the following:

#### Strategic Risks

- Our BPC organic growth strategy (defined under Item 1 below) is focused on capturing higher incremental gross margins by increasing our share of branded products, expanding into new product categories and creating new sales channels, all of which are impacted by a number of economic factors and other factors.
- Prolonged economic downturns may adversely impact our sales, earnings and liquidity.
- Our ability to grow and compete in the future will be adversely affected if adequate capital is not available to us or not available on terms favorable to us.
- We may not achieve all of the anticipated benefits of our strategic initiatives.
- We may not be able to successfully execute our acquisition strategy or integrate businesses that we acquire.
- We could continue to pursue growth opportunities through either acquisitions, mergers or internally developed projects, which may be unsuccessful or may adversely affect our future financial condition and operating results.

#### Business and Operational Risks

- Variability in the cost and availability of our raw materials, component parts and finished goods, including the imposition of tariffs, could affect our results of operations and financial position.
- Our top ten customers represent a large portion of our sales. A significant adverse change in such relationships could adversely impact our results of operations and financial condition.
- We are dependent on third-party suppliers and manufacturers, the loss of which could materially impact our business.
- There are risks associated with our international operations and global strategies.
- Increases in tariffs, trade restrictions or taxes on our products could have an adverse impact on our operations.

#### Competitive Risks

- We could lose market share if we do not maintain our strong brands, develop innovative products or respond to changing purchasing practices and consumer preferences or if our reputation is damaged.
- Our failure to develop new products or respond to changing consumer preferences and purchasing practices could have a material adverse effect on our business, financial condition or results of operations.
- Changes in Cayman Islands or U.S. tax law could adversely affect our financial condition and results of operations.

#### Technology and Intellectual Property Risks

- We rely on information systems and technologies, and a breakdown of these systems could adversely affect our results of operations and financial position.
- We may not be able to adequately protect or prevent the unauthorized use of our intellectual property.
- We have been and may continue to be subject to cybersecurity attacks, which could adversely affect our results of operations and financial position.

### **Litigation and Regulatory Risks**

- We are currently involved in legal proceedings and may in the future be a party to additional claims and litigation, which could be costly and divert significant resources.
- Compliance with laws, government regulation and industry standards are costly, and our failure to comply could adversely affect our results of operations and financial position.
- We are subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws, and non-compliance with such laws can subject us to administrative, civil and criminal fines and penalties, collateral consequences, remedial measures and legal expenses, all of which could adversely affect our business, results of operations, financial condition and reputation.
- Our business could be affected by unexpected changes in U.S. and international regulatory standards and laws.

### **Risks Related to Doing Business in China**

- We have operations in, and the majority of our suppliers are located in, China. Our or our suppliers' ability to operate in China may be impaired by changes in Chinese laws and regulations, including those relating to taxation, environmental regulation, restrictions on foreign investment, and other matters.
- We could be subject to regulation by various political and regulatory entities, including local and municipal agencies and other governmental subdivisions.
- We could become subject to a variety of laws and other obligations regarding cybersecurity and data protection, and any failure to comply with applicable laws and obligations could have an adverse effect on our business operations in China.
- Changes in China's economic, political or social conditions or legal system or government policies could have a material adverse effect on our business and operations.

### **Risks Related to Our Securities**

- Foremost Groups Ltd. holds a significant majority of the voting power of our ordinary shares, approximately 71%, and will be able to exert significant control over us.

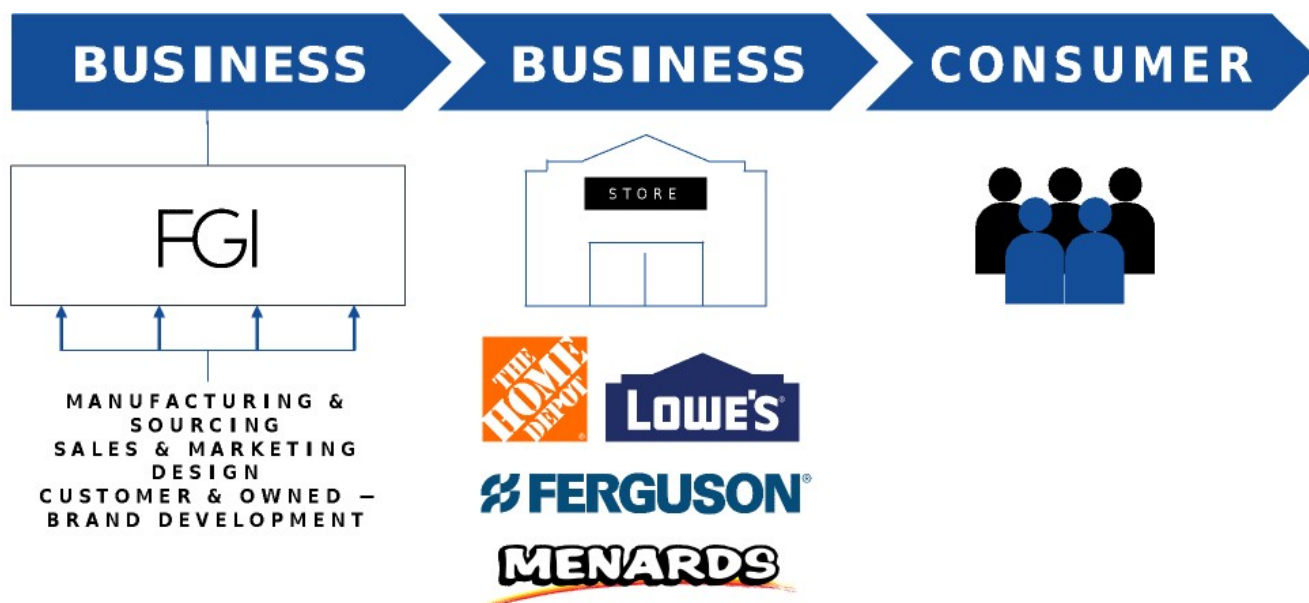
**PART I**

**ITEM 1. BUSINESS**

**Our Company**

FGI is a global, diversified and reputable supplier of quality bath and kitchen products. With over thirty years of experience, FGI has become a leading business to business supplier of bath and kitchen products to large retail, wholesale, commercial and specialty channel customers around the globe specializing in the home improvement and R&R (Repair & Remodel) markets. Some of our largest customers include The Home Depot, Menards, Ferguson and Lowe’s. Throughout our history, we have achieved consistent and above-industry sales growth each year by executing on our strategic objectives which include offering well-designed, high-quality products, providing service that surpasses our competition and exceeds our customers’ expectations, and managing an efficient and resilient global supply chain.

Our products are typically designed in-house or are created in conjunction with our customer and supplier partners. The majority of our products are sold under our customers’ private label brands, although we expect to continue increasing the share of our own brands over time. Below is an outline of our general business model:



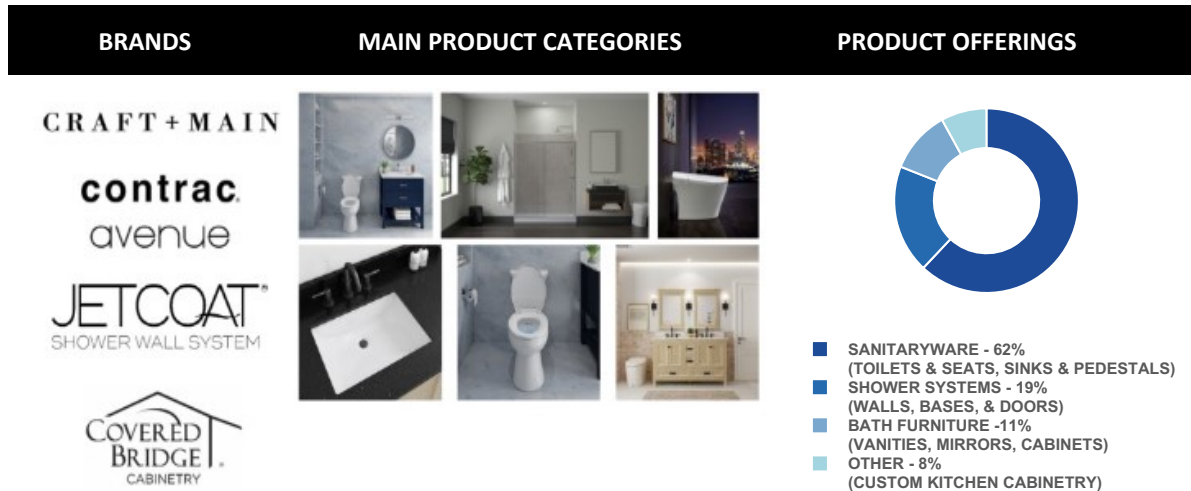
Both private label and FGI’s brands require significant marketing expenditures which we typically incur or share with our customers. We offer industry-leading brands including Foremost®, avenue, contrac®, Jetcoat™, rosenberg and Covered Bridge Cabinetry®. These brands have continued to grow and represent an increasing share of our total sales in recent years, while the majority of our products are sold under key customers’ private label brands, such as The Home Depot’s “Glacier Bay” brand and Ferguson’s “ProFlo” brand.

**Our Products**

We offer a wide variety of products that fall into four categories: Sanitaryware, Bath Furniture, Shower Systems and Other.

As a result of the increased significance of shower systems in our product portfolio, the Company has created a standalone “Shower Systems” product category in 2023, as detailed below. The “Other” category continues to comprise our kitchen cabinetry and other smaller offerings. The updates were applied retroactively to impacted product categories. Such changes had no impact on the Company's historical consolidated financial position, results of operations or cash flows.

Our brand and category makeup of our net sales is as follows:



*Sanitaryware.* Our Sanitaryware category includes a range of bath products, such as toilets, sinks, pedestals and toilet seats. The majority of these products are sourced from third-party suppliers in China and are sold throughout the United States, Canada and Europe. Our main owned brands in this category include Foremost®, which is retail-focused, and contrac®, which is wholesale-focused.

*Bath Furniture.* Our Bath Furniture category primarily includes wood and wood-substitute furniture for bathrooms, including vanities, mirrors, laundry and medicine cabinets and other storage systems. The majority of these products are sourced from Southeast Asia and China and are sold principally in the United States and Canada. We typically sell our bath furniture products under the Foremost brand.

*Shower Systems.* Our Shower Systems category includes a range of shower-related products such as shower walls, shower doors and shower basins. The majority of these products are sourced from third-party suppliers in China and are sold throughout the United States and Canada. These products are typically sold as private label or under our Craft + Main and Jetcoat brands.

*Other.* Our Other category includes several smaller categories, most prominently custom kitchen cabinetry brand under our “Covered Bridge Cabinetry” and “Craft + Main Cabinetry” (formerly “Kitchens by Foremost”) lines of products. Our custom kitchen lines represent some of the highest margin, highest quality products that we sell, and are sold primarily through local kitchen and bath dealerships while involving a heavy marketing element with contractors and designers. While custom kitchen cabinetry currently represents less than 8% of our total sales, it is an area where we see significant long term organic growth, gross margin expansion and consolidation possibilities. The majority of our custom kitchen cabinetry and shower products are sourced from Southeast Asia.

In each category, we sell branded and private label products at various price points to attract a wide base of customers and ultimate consumers. We position our products in a “good, better, best” market position, with a variety of price points to address the varying needs of our customer base. However, we typically eschew selling low, or “opening” price point items, and focus primarily on the mid-to-upper price point product categories. We continue to see opportunities to introduce new product categories. Some of our recent product introductions that we expect to drive material sales growth include our Jetcoat-branded shower systems and intelligent (electronic) toilets.

### Our Industry

The core bath and kitchen product markets in which we operate principally cater to the R&R markets, consisting of fragmented suppliers and a diffuse network of retailers, wholesalers and independent dealer networks on both national and regional levels. While our sales are principally impacted by the growth of the R&R markets, we are selectively focusing on newbuild markets as well.

According to the National Kitchen and Bath Association, the projected consumer spend for the U.S. bath and kitchen markets is estimated to be approximately \$173 billion in 2024, of which approximately half is in product categories that we currently operate within. Outside of extreme recession years in the United States, such as 2007-2009, the R&R markets have experienced consistent 3% to 5% annual growth rates for more than 25 years, providing a predictable and recurring revenue model for the majority of our product lines. The primary drivers of such consistent and above-GDP growth rates

are the pace of household formation, home price appreciation, strong housing turnover and the continued aging of the U.S. housing stock in our primary geographic markets.

## **Our Growth Strategy**

Combining our well-developed global business platform with our relatively small revenue base, our aim is to achieve mid-to-high single-digit organic revenue growth rates over the long term. In order to achieve these growth objectives, we pursue a “BPC” growth strategy, focused on Brands, Products and Channels:

- *Brands*: Branded products typically come with higher gross margins and significantly reinforce our long-term competitive positioning within our product markets. We plan to continue to focus on building our branded-product footprint over the long term while increasing the share of brands as a percentage of our total sales.
- *Products*: We have significant “whitespace” opportunities in several product categories within our core kitchen and bath markets. As an example, we believe we are currently significantly under- penetrated in categories such as bath and kitchen fixtures, “behind the wall” plumbing, and acrylic products such as bathtubs. With significant investment opportunities in new materials, sourcing, leading product design and superior customer service, we have vast product expansion opportunities in relation to our relatively small share of the overall market.
- *Channels*: We feel that we have strong growth potential in key sales channels, including our existing customers, new e-commerce retailers (such as Wayfair) and commercial sales channels (local kitchen and bath product distributors). We believe we have untapped potential in markets outside of the United States, and while we have made significant headway in Canada and Germany in recent years, we believe we have many more growth and expansion opportunities in those two countries as well as other international markets.

In addition, we continue to evaluate opportunities to pursue selective “bolt-on” acquisitions of smaller companies that complement our core competencies in an effort to increase our scale and profitability, as well as to broaden our product offerings, capabilities and resources. We are also seeking strategic partnerships within the United States and internationally with the goal of strengthening the sources of our product supply. Our key criteria for potential acquisitions include looking for well-run organizations (not turnarounds), opportunities that offer tangible synergies within our core kitchen and bath markets, and investments that meet our stringent return on capital criteria.

## **Our Customers**

We serve a large and global customer base that covers five main categories of businesses: mass retailers, wholesalers, commercial, e-commerce channels and independent distributors. As we grow our own brands, we will increasingly focus our investments on creating end-consumer mindshare and awareness, helping to grow sales through our main customer categories.

### *Mass Retailers*

Our products are primarily used by do-it-yourself homeowners, contractors, builders and remodelers for R&R projects. In North America, products for such projects are predominantly purchased through mass retail home centers such as The Home Depot, Lowe’s and Menard’s. Due to the market presence, store network and customer reach of these large home centers, we have developed decades-long relationships with our key retailer partners to distribute our products. Approximately 32% of our net sales in 2024 were to large retailers.

### *Wholesalers*

Our products are sold through some of the largest bath and kitchen product wholesalers in North America including Ferguson, HD Supply (owned by The Home Depot) and Orgill. The large wholesalers are similar in scale to many of our large retail partners, catering to national and local networks of professional contractors, plumbers, property developers and other significant “influencers” within the residential and non- residential construction markets.

In 2024, approximately 36% of our net sales were to our wholesale partners.

### *Commercial*

Our products are sold through numerous smaller-scale local distribution companies which in turn cater to professional plumbers, contractors and property developers. In Canada, we are a leading supplier to market leaders such as Yorkwest Plumbing, and have developed a strong presence in other commercial sales channels as well. Our numerous relationships tend to be quite stable and strong, built on years of mutual trust and understanding among tightly-knit groups of local professionals. We see an enormous market potential in the Commercial channel and are continuously evaluating additional opportunities for market penetration.

In 2024, approximately 13% of our net sales were to our commercial partners.

### *E-Commerce*

We sell a growing number of our products through the e-commerce channels of our retail partners as well as “e-commerce only” retailers such as Build.com and Wayfair.com, both of which are rapidly increasing market penetration in the home R&R space. Our sales through e-commerce channels and retailers represented about 11% of our net sales in 2024 up from less than 2% in 2010.

### *Independent Dealers & Distributors*

We have historically sold our products through independent (or “mom and pop”) bath and kitchen product specialists. Independent dealers and distributors represented 9% of our net sales in 2024.

## **Raw Materials, Suppliers and Manufacturing**

Many of our sanitaryware products contain ceramics, the major components of which are clay and enamel. Other primary raw materials used in our bath furniture, kitchen cabinetry and shower products include hard maple, oak, cherry and beech lumber and plywood as well as paint, particleboard, medium density fiberboard, high density fiberboard, glass, aluminum, manufactured components and hardware. We have more than one source for these and other raw materials and generally believe them to be readily available. For many of our products, our third-party suppliers have standardized raw material inputs and a number of production processes, which reduces the logistical manufacturing specifications and allows for greater economies of scale in sourcing these inputs.

The majority of our products are outsourced from Foremost-owned manufacturing facilities and several third-party manufacturers, all primarily based in China and parts of Southeast Asia. We own one facility in Southeast Asia to support our custom kitchen cabinetry programs. We have entered into long-term sourcing agreements with Foremost to secure continued use of their facilities. We generally utilize six to seven factories located in China and parts of Southeast Asia. We have long-term agreements in place with the suppliers of our sanitaryware products for terms ranging from one year, renewable, to perpetuity. The geographic distances involved in these arrangements, together with the differences in business practices, shipping and delivery requirements, and laws and regulations add complexity to our supply chain logistics and increase the potential for interruptions in our production scheduling. In addition, prices and availability of these components may be affected by world market conditions and government policies and tariffs.

Tangshan Huida Ceramic Group Co., Ltd (“Huida”) supplies the majority of our sanitaryware products. Huida accounted for approximately 69.6% of the total balance of our accounts payable as of December 31, 2024. No other supplier accounts for more than 10% of our accounts payable as of December 31, 2024.

We regularly evaluate our organizational productivity and supply chains and seek opportunities to reduce costs and enhance quality. We strive to improve quality, speed and flexibility to meet changing and uncertain market conditions, as well as manage cost inflation, including wages and employee medical costs.

FGI and its subsidiaries are party to two shared services agreements with Foremost Groups Ltd., our largest shareholder, or its subsidiaries, pursuant to which the parties provide certain general and administrative services to one another in certain geographies.

## Competition

We operate in a highly fragmented industry that is composed of numerous local, regional and national manufacturers. Most of our competitors compete on a local or regional basis, but others, like us, compete on a national basis as well. Our competitors include large national and international brands such as American Standard, Kohler, Masco (Delta), Mansfield, Gerber, Niagara, Ove Decors and Woodcrafters, as well as numerous OEM suppliers and other smaller brands. Due to the highly-differentiated nature of our product categories and the scarcity of industry data, there is little reliable information on precise market shares for our product categories.

We believe that brand reputation is an important factor in consumer selection, and that competition in this industry is also based largely on product features and innovation, product quality, customer service, breadth of product offerings and price. Our principal means for competition are our breadth and variety of product offerings, expanded service capabilities, geographic reach, competitive price points for our products and affordable quality.

In general, our Sanitaryware product categories tend to be more consolidated and we compete primarily with a small group of large suppliers with a global footprint in any specific product line, including American Standard, Kohler, Toto, Masco (Delta), Mansfield, Gerger and Niagara, and on occasion with numerous regional suppliers. For our Bath Furniture and Other product categories, we compete with dozens of regional suppliers in any given product line, although we believe that relatively few can compete with us on a truly national scale, particularly with regards to our mass retail channels.

### Our Competitive Strengths

#### *Trusted by Customers Around the World*

The core markets in which we operate tend to be conservative, with an emphasis on stable and durable relationships. FGI is a top-tier supplier of many key North American bath- and kitchen-related product categories. With support from Foremost, we are one of a select number of large market participants with national and international manufacturing and distribution capabilities. Our supply chain network, operating footprint and long-standing customer relationships provide us an ability to service our retail, wholesale and commercial channel customers worldwide and offer a broad set of products to serve our customers across a variety of price points. We believe the scale and breadth of our operations differentiate us and result in a competitive advantage that allows us to provide well-designed, high-quality products with price points and service that exceed our competitors' offerings and our customers' expectations.

#### *Deep Relationships with Leading Suppliers*

In the markets in which we operate, production and supply chain quality and stability are crucial to success. Our industry is fundamentally stable and conservative, with high barriers for potential new entrants. We have built strong and stable relationships with a base of long-standing suppliers across the globe, all of whom maintain stringent manufacturing standards. We believe our customers value our decades-long experience in the industry and international footprint, which allows us to meet demanding logistics and performance criteria. At the same time, our third-party manufacturing suppliers are reliant on our stable and growing platform in order to effectively utilize their own fixed-asset investments. These strengths were highlighted during the pandemic, as we believe that we remained among the most consistent and reliable suppliers in our industry despite the unprecedented challenges which were presented.

#### *Stable Technological and Industry Dynamics*

Our core bath and kitchen product markets are generally less prone to fast-paced technological innovation or "fast fashion" consumer trends. We believe this is largely due to the core functionalities of the products we offer, which have tended to evolve gradually over decades, rather than in a few years (or even months, as with certain industries). As a result, we have confidence in our ability to execute our long-term growth plans, while allocating our capital in a patient and thoughtful manner, with relatively high and predictable rates of return.

#### *Commercial and Regulatory Barriers to Entry*

The kitchen and bath markets operate under a myriad of international, national, federal, provincial and local codes. This is particularly the case as much of the product markets on which we focus are ultimately related to water and the prevention of water leakage and damage. On a fundamental level, our kitchen and bath products need to pass heavy quality control and regulatory standards, making it difficult for potential new entrants.

### *Experienced Management Team*

We have assembled an executive team with a deep base of management experience within industrial manufacturing companies. David Bruce, our Chief Executive Officer, Jennifer Earl, our President, North America and Norman Kroenke, our Executive Vice President, Europe each have over twenty years of industry experience. Our Executive Chairman John Chen has more than twelve years of investment management and financial experience. Our team has identified and begun to execute on opportunities for operational improvement, growth and business expansion as a standalone company.

### *Significant ownership and support from Foremost*

Foremost is a family-controlled and privately held holding company. As an approximate 71% owner of FGI's ordinary shares, Foremost remains committed to supporting FGI's strategic development and growth plans. For over 30 years, Foremost has built an industry-leading reputation as a reliable manufacturer and supply source for numerous wood and ceramic-based products which form the foundation of many FGI product categories. As a standalone company, FGI continues to benefit from Foremost's long-standing experience in global manufacturing and sourcing, providing a solid foundation from which to pursue alternate sources of supply for our key product categories as we see fit.

## **Intellectual Property**

We sell many of our products under a number of registered and unregistered trademarks, which we believe are widely recognized in our industry. FGI maintains a significant portfolio of trademarks and copyrights, most notably under our *avenue*, *contrac*<sup>®</sup>, *rosenberg* and *Covered Bridge Cabinetry*<sup>®</sup> brands. We have also acquired rights to the *Foremost*<sup>®</sup> brand from Foremost with regards to any Foremost branded products that we continue to sell. We rely on trade secrets and confidentiality agreements to develop and maintain our competitive position.

## **Environmental Matters and Regulatory Matters**

Our operations are subject to national, state and local environmental laws and regulations relating to, among other things, the generation, storage, handling, emission, transportation and discharge of regulated materials into the environment. Permits are required for certain of our operations, and these permits are subject to revocation, modification and renewal by issuing authorities. Governmental authorities have the power to enforce compliance with their regulations, and violations may result in the payment of fines or the entry of injunctions, or both. We may also incur liability for investigation and clean-up of soil or groundwater contamination on or emanating from current or formerly owned and operated properties, or at offsite locations at which regulated materials are located where we are identified as a responsible party. Discovery of currently unknown conditions could require responses that could result in significant costs. We monitor applicable laws and regulations and incur ongoing expense relating to compliance, however we do not expect that compliance with federal, state, local and foreign regulations, will result in material capital expenditures or have a material adverse effect on our results of operations and financial position.

We believe that responsibility does not stop at national borders, which is why FGI is working to protect and sustain our global environment. By designing products that meet Environmental Protection Agency ("EPA") standards, like our Water Sense qualifying toilets that provide high efficiency waste removal while using 20% less water with every flush, FGI is using innovative engineering to make the most of our resources.

Our bath furniture use California Air Resource Board ("CARB") Phase II compliant wood products which limit urea-formaldehyde emissions into the environment. We only use wood products from managed forest resources to discourage clear-cut logging and the depletion of global rainforests. We encourage customers to order products using material that is Forest Stewardship Council ("FSC") certified, ensuring the responsible use of our forest resources and equitable treatment of indigenous people of producing regions.

Environmental responsibility is everyone's task at FGI, to ensure that we as a company protect our employees, our customers and our planet for this generation and the ones that follow.

## **Seasonality**

Our business has been subject to seasonal influences, with higher sales typically realized during the second and third calendar quarters, corresponding with the peak season for R&R activity. The costs of our products are subject to

inflationary pressures and commodity price fluctuations. We have generally been able over time to recover the effects of inflation, commodity price and currency fluctuations through sales price increases.

## **Human Capital**

As of December 31, 2024, we employed approximately 420 employees, all of which are full-time, with no employees covered by collective bargaining agreements. We believe that our employee relations are good.

We believe that the performance of our company is impacted by our human capital management, and as a result we consistently work to attract, select, develop, engage and retain strong, diverse talent. We are focused on three key strategic talent priorities: leadership, diversity, equity and inclusion, and our future workforce. Our Human Resources Department is responsible for developing and executing our human capital strategy and provides regular updates to our Board of Directors' Organization and Compensation Committee on our progress toward the achievement of our strategic initiatives. We believe that all of our human capital initiatives work together to assure we have an environment where our employees are engaged, feel a sense of belonging, and can reach their full potential.

The safety of our employees is integral to our company. In support of our safety efforts, we identify, assess and investigate incidents and injury data, and each year set goals to improve key safety performance indicators. We train, promote, consult and communicate with our workforce in this process.

## **Corporate History and Information**

We were incorporated in the Cayman Islands on May 26, 2021 in connection with a reorganization (the "Reorganization") of our parent company, Foremost, and its affiliates, pursuant to which, among other actions, Foremost contributed all of its equity interests in FGI Industries Inc. ("FGI USA"), FGI Europe Investment Limited, a British Virgin Islands entity ("FGI Europe"), and FGI International Limited, a Hong Kong entity ("FGI International"), each a wholly-owned subsidiary of Foremost, to the newly formed FGI Industries Ltd. Foremost was established in 1987 and has become a global leader in kitchen and bath design, indoor and outdoor furniture, food service equipment, and manufacturing. As Foremost has grown, our business has come to operate separately from the rest of Foremost's business units.

Prior to the Reorganization, FGI Industries Inc., FGI Europe and FGI International operated as business units within Foremost for over thirty years. Foremost continues to be a significant holder of our ordinary shares and supports FGI via global sourcing and manufacturing arrangements. By leveraging Foremost's long-standing experience in manufacturing and sourcing for certain of our product categories, we believe that FGI maintains a competitive advantage in supplying products that are of good design and high quality. As a standalone business, FGI is a top-tier company in many key product categories within the North American kitchen and bath products markets, with many additional expansion opportunities via existing and adjacent product, sales and geographic channels.

Our principal executive offices are located at 906 Murray Road, East Hanover, NJ 07936, and our telephone number is (973) 428-0400. Our website address is [www.fgi-industries.com](http://www.fgi-industries.com). The information contained on, or accessible through, our website is not incorporated by reference into this Annual Report on Form 10-K, and you should not consider any information contained in, or that can be accessed through, our website as part of this Annual Report on Form 10-K.

We are a Cayman Islands exempted company. Exempted companies are Cayman Islands companies conducting business mainly outside the Cayman Islands and, as such, are exempted from complying with certain provisions of the Companies Act (2022 Revision) of the Cayman Islands (the "Companies Act") as the same may be amended from time to time. As an exempted company, we may apply for a tax exemption undertaking from the Cayman Islands government that, in accordance with Section 6 of the Tax Concessions Act (2018 Revision) of the Cayman Islands, for a period of 30 years from the date of the undertaking, no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations will apply to us or our operations and, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax will be payable (i) on or in respect of our shares, debentures or other obligations or (ii) by way of the withholding in whole or in part of a payment of dividend or other distribution of income or capital by us to our shareholders or a payment of principal or interest or other sums due under a debenture or other obligation of us.

Because Foremost holds approximately 71% of the voting power of our ordinary shares, we are considered a "controlled company" under the corporate governance rules of Nasdaq. However, we do not currently rely upon the "controlled company" exemptions.

### **Available Information**

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and other filings with the United States Securities and Exchange Commission, or the SEC, and all amendments to these filings, are available, free of charge, on our website at [www.fgi-industries.com](http://www.fgi-industries.com) as soon as reasonably practicable following our filing of any of these reports with the SEC. You can also obtain copies free of charge by contacting our Investor Relations department at our office address listed above. The SEC also maintains a website that contains all the materials we file with, or furnish to, the SEC. Its website is [www.sec.gov](http://www.sec.gov).

The contents of our website are not incorporated by reference into this Annual Report on Form 10-K or any other document we file with the SEC, and any reference to our website is intended to be an inactive textual reference only.

## ITEM 1A. RISK FACTORS

*Our business is subject to numerous risks. You should carefully consider the following risks and all other information contained in this Annual Report, as well as general economic and business risks, together with any other documents we file with the SEC. If any of the following events actually occur or risks actually materialize, it could have a material adverse effect on our business, operating results and financial condition and cause the trading price of our ordinary shares to decline.*

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### Strategic Risks

***Our BPC organic growth strategy is focused on capturing higher incremental gross margins by increasing our share of branded products, expanding into new product categories and creating new sales channels, all of which are impacted by a number of economic factors and other factors.***

Our business relies on residential repair and remodel (“R&R”) activity and, to a lesser extent, on new home and commercial construction activity. A number of factors impact consumers’ spending on home improvement projects as well as new home construction activity, including:

- consumer confidence levels;
- fluctuations in home prices;
- existing home sales;
- inflationary pressures and interest rates;
- unemployment and underemployment levels;
- consumer income and debt levels;
- household formation;
- the availability of skilled tradespeople for R&R work;
- the availability of home equity loans and mortgages and the interest rates for and tax deductibility of such loans;
- trends in lifestyle and housing design; and
- natural disasters, terrorist acts, pandemics, wars or conflicts or other catastrophic events.

The fundamentals driving our business are impacted by economic cycles, and we have been negatively impacted by recent supply chain disruptions, rising interest rates and inflationary pressures. Adverse changes or uncertainty involving the factors listed above or an economic contraction in the United States and worldwide could result in a decline in spending on residential R&R activity and a decline in demand for new home construction and could adversely impact our businesses by: causing consumers to delay or decrease homeownership; making consumers more price conscious resulting in a shift in demand to smaller, less expensive homes; making consumers more reluctant to make investments in their existing homes, including large kitchen and bath R&R projects; or making it more difficult or expensive to secure loans for major renovations, which could have a material adverse effect on our results of operations and financial position.

***Prolonged economic downturns may adversely impact our sales, earnings and liquidity.***

Our industry can fluctuate with economic cycles. During economic downturns, our industry could experience longer periods of recession and greater declines than the general economy. We believe that our industry, particularly North American home improvement, R&R and new home construction activity, is significantly influenced particularly by housing activity, consumer confidence, the level of personal discretionary spending, demographics, credit availability, inflation and interest rates and other business conditions. Recently, higher interest rates, inflation and general tightening of credit availability have affected these markets. These factors may affect not only the ultimate consumer of our products, but also may impact home centers, builders and our other primary customers. As a result, a worsening of economic conditions, could have a material adverse effect on our sales and earnings as well as our cash flow and liquidity.

***Our ability to grow and compete in the future will be adversely affected if adequate capital is not available to us or not available on terms favorable to us.***

The ability of our business to grow and compete depends on the availability of adequate capital, which in turn depends in large part on our cash flow from operations and the availability of equity and debt financing. Furthermore, our existing indebtedness, which was approximately \$14.5 million as of December 31, 2024, may adversely affect our financial flexibility and our competitive position in the future. We cannot assure you that our cash flow from operations will be sufficient or that we will be able to obtain equity or debt financing on acceptable terms to implement our “BPC” growth strategy. We may need additional cash resources in the future if we experience changed business conditions or other developments and may also need additional cash resources in the future if we wish to pursue opportunities for investment, acquisition, strategic cooperation or other similar actions. As a result, we cannot assure you that adequate capital will be available to finance our current growth plans, take advantage of business opportunities or respond to competitive pressures, any of which could have a material adverse effect on our results of operations and financial position.

***We may not achieve all of the anticipated benefits of our strategic initiatives.***

We continue to pursue our strategic initiatives of investing in our branded products, developing new product categories, and utilizing sales channels positioned for long term growth through the “BPC” strategy, our methodology to drive growth and productivity. These initiatives are designed to grow shareholder value over the long term. Our results of operations and financial position could be materially and adversely affected if we are unable to successfully execute these initiatives or if we are unable to execute these initiatives in a timely and efficient manner. We could also be adversely affected if we have not appropriately prioritized and balanced our initiatives or if we are unable to effectively manage change throughout our organization.

***We may not be able to successfully execute our acquisition strategy or integrate businesses that we acquire.***

Pursuing the acquisition of businesses complementary to our portfolio is a component of our strategy for future growth. If we are not able to identify suitable acquisition candidates or consummate potential acquisitions within a desired time frame or with acceptable terms and prices, our long-term competitive positioning may be affected. Even if we are successful in acquiring and/or merging with businesses, the businesses we acquire or merge with may not be able to achieve the revenue, profitability or growth we anticipate, or we may experience challenges and risks in integrating these businesses into our existing business. Such risks include:

- difficulties realizing expected synergies and economies of scale;
- diversion of management attention and our resources;
- unforeseen liabilities;
- issues or conflicts with our new or existing customers or suppliers; and
- difficulties in retaining critical employees of the acquired businesses.

Future foreign acquisitions may also increase our exposure to foreign currency risks and risks associated with interpretation and enforcement of foreign regulations. Our failure to address these risks could cause us to incur additional costs and fail to realize the anticipated benefits of our acquisitions and could have a material adverse effect on our results of operations and financial position.

***We could continue to pursue growth opportunities through either acquisitions, mergers or internally developed projects, which may be unsuccessful or may adversely affect our future financial condition and operating results.***

Although we are not currently considering any specific business combinations, we could pursue opportunities for growth through either acquisitions, mergers or internally developed projects as part of our “BPC” growth strategy. We cannot assure you that we will be successful in integrating an acquired business or that an internally developed project will perform at the levels we anticipate. We may pay for future acquisitions using cash, stock, the assumption of debt, or a combination of these. Future acquisitions could result in dilution to existing shareholders and to earnings per share. In addition, we may fail to identify significant liabilities or risks associated with a given acquisition that could adversely affect our future financial condition and operating results or result in us paying more for the acquired business or assets than they are worth.

## **Business and Operational Risks**

***Variability in the cost and availability of our raw materials, component parts and finished goods, including the imposition of tariffs, could affect our results of operations and financial position.***

We purchase substantial amounts of raw materials, component parts and finished goods from outside sources, including international sources, and our products are manufactured outside of the United States. Increases in the cost of the materials we purchase have in the past and may in the future increase the prices for our products, including as a result of new tariffs. There is a risk that additional tariffs on imports from China or new tariffs could be imposed, which could further increase the cost of the materials we purchase or import or the products we manufacture internationally. Further, our production could be affected if we or our suppliers are unable to procure our requirements for various commodities, including, among others, brass, porcelain, wood and engineered wood, or if a shortage of these commodities results in significantly increased costs. Rising energy costs could also increase our production and transportation costs. These factors could have a material adverse effect on our results of operations and financial position.

It can be difficult for us to pass on to customers our cost increases. Our existing arrangements with customers, competitive considerations and customer resistance to price increases may delay or make us unable to adjust selling prices. If we are not able to sufficiently increase the prices of our products or achieve cost savings to offset increased material and production costs, including the impact of increasing tariffs, our results of operations and financial position could be adversely affected. When our material costs decline, we may in the future receive pressure from our customers to reduce our prices. Such reductions could have a material adverse effect on our results of operations and financial position.

We have entered into long-term agreements with certain significant suppliers to help ensure continued availability of our manufactured product supply and to establish firm pricing, but at times these contractual commitments may result in our paying above market prices for manufactured products during the term of the contract.

***Our top ten customers represent a large portion of our sales. A significant adverse change in such relationships could adversely impact our results of operations and financial condition.***

Our sales are concentrated with ten significant customers who collectively represented 69% and 72% of our consolidated net sales for 2024 and 2023, respectively, and this concentration may continue to increase. In particular, The Home Depot represented approximately 17% and 18% of our consolidated net sales in 2024 and 2023, respectively. The Home Depot and other home center retailers can significantly affect the prices we receive for our products and the terms and conditions on which we do business with them. Additionally, these home center retailers may reduce the number of vendors from which they purchase and could make significant changes in their volume of purchases from us.

The loss of one or more key customers, a material reduction in products purchased by them, or our inability to maintain our competitive position in our industries could cause us to experience a decline in net sales, which could adversely affect our results of operations and financial position. In addition, there can be no assurance that such customers will not experience financial difficulties or other adverse conditions which could delay such customers in paying for products on a timely basis or at all. Although other retailers, dealers, distributors and homebuilders represent other channels of distribution for our products and services, we might not be able to quickly replace, if at all, the loss of all or a substantial portion of our sales, and any such loss would have a material adverse effect on our business, results of operations and financial position.

***We are dependent on a few key third-party suppliers.***

We are dependent on third-party suppliers for many of our products and components, and are largely dependent on one large supplier, Tangshan Huida Ceramic Group Co., Ltd, an entity formed and located in China (“Huida”), who accounted for approximately 70% and 71% of the total balance of our accounts payable as of December 31, 2024 and 2023, respectively, for the majority of our sanitaryware products, and our ability to offer a wide variety of products depends on our ability to obtain an adequate and timely supply of these products and components.

Failure of our suppliers and, particularly, of Huida, to timely provide us quality products on commercially reasonable terms, or to comply with applicable legal and regulatory requirements, or our policies regarding our supplier business practices, could have a material adverse effect on our results of operations and financial position or could damage our reputation. Sourcing these products and components from alternate suppliers, including suppliers from new geographic regions, is time-consuming and costly and could result in inefficiencies or delays in our business operations. Accordingly, the loss of Huida or other critical suppliers, or a substantial decrease in the availability of products or components from our suppliers, could disrupt our business and have a material adverse effect on our results of operations and financial position.

We previously had an agreement with Huida pursuant to which we had an exclusive right to distribute and resell in the United States and Canadian markets any products designed and created by Huida and Huida was not permitted to manufacture or sell any products we designed or created, for which we retained all intellectual property rights, without our prior consent. This agreement was ended in 2022, but Huida remains a key supplier and we believe we maintain a good business relationship. However, it is possible that, in the future, Huida may seek to sell directly into markets in which we operate, which may affect our supplier relationship or negatively impact our sales in such markets.

Additionally, many of the suppliers we rely upon are located in foreign countries, primarily China. The differences in business practices, shipping and delivery requirements, changes in economic conditions and trade policies and laws and regulations, together with the limited number of suppliers, have increased the complexity of our supply chain logistics and the potential for interruptions in our production scheduling. If we are unable to effectively manage our supply chain or if we experience constraints to or disruption in transporting the products or components or we have to pay higher transportation costs for timely delivery of our products or components, our results of operations and financial position could be materially and adversely affected. See “— Risks Related to Doing Business In China” below.

***We are dependent on third-party manufacturers.***

We are reliant upon Foremost, our former parent company, and other third-party manufacturers to supply the majority of our products. Failure of our manufacturers to timely deliver quality products on commercially reasonable terms, or to comply with applicable legal and regulatory requirements, or our policies regarding our manufacturer business practices, could have a material adverse effect on our results of operations and financial position or could damage our reputation. In addition, we may experience delays, disruptions or quality control problems in our manufacturing operations, over which we have little to no control.

***Natural disasters or other disruptions could have a material adverse effect on our business, financial condition or results of operations.***

Our manufacturers and suppliers are located in regions that are vulnerable to natural disasters and other risks, such as earthquakes, fires, floods, tropical storms, hurricanes and snow and ice, which at times have disrupted the local economy and posed risks to our supply chain. In addition, the continued threat of terrorism and heightened security and military action in response to this threat, or any future acts of terrorism, may cause further disruptions to the economies of the United States and other countries. Our redundant, multiple site capacity may not be sufficient in the event of a natural disaster, terrorist act or other catastrophic event. Such disruptions could, among other things, disrupt our manufacturing or distribution facilities or those of our suppliers and result in delays or cancellations of customer orders for our products, which in turn could have a material adverse effect on our business, financial condition and results of operations. Further, if a natural disaster occurs in a region from which we derive a significant portion of our revenue, end-user customers in that region may delay or forego purchases of our products, which may materially and adversely impact our operating results for a particular period.

***There are risks associated with our international operations and global strategies.***

In each of 2024 and 2023, approximately 38% and 36%, respectively of our sales were made outside of the United States (principally in Canada and Europe) and transacted in currencies other than the U.S. dollar. In addition to our Canadian and European operations, we manufacture products and source products and components from China and parts of Southeast Asia. Risks associated with our international operations include:

- differences in culture, economic and labor conditions and practices;
- the policies of the U.S. and foreign governments;
- disruptions in trade relations and economic instability;
- differences in enforcement of contract and intellectual property rights;
- social and political unrest; and
- natural disasters, terrorist attacks, pandemics or other catastrophic events.

We are also affected by domestic and international laws and regulations applicable to companies doing business abroad or importing and exporting goods and materials. These include tax laws, laws regulating competition, anti-bribery/anti-corruption and other business practices, and trade regulations, including duties and tariffs. Compliance with these laws is costly, and future changes to these laws may require significant management attention and disrupt our operations. Additionally, while it is difficult to assess what changes may occur and the relative effect on our international tax structure, significant changes in how U.S. and foreign jurisdictions tax cross-border transactions could materially and adversely affect our results of operations and financial position. For specific risks associated with operations in China, see “— Risks Related to Doing Business in China” below.

***The international scope of our business exposes us to risks associated with foreign exchange rates.***

We report our financial results in U.S. dollars. However, a significant portion of our revenue, expenses, assets, indebtedness and other liabilities are denominated in foreign currencies, particularly the Euro, the Chinese Renminbi and the Canadian dollar. Fluctuations in currency exchange rates, including as a result of inflation, central bank monetary policies, currency controls or other currency exchange restrictions have had, and could continue to have, an adverse impact on our financial performance. We may seek to mitigate the risk of such impacts through hedging, but such hedging activities may be costly and may not be effective. In addition, emerging market economies in which we operate may be particularly vulnerable to the impact of rising interest rates, inflationary pressures, weaker oil and other commodity prices, and large external deficits. Risks in one country can limit our opportunities for portfolio growth and negatively affect our operations in another country or countries. Such conditions or developments could have an adverse impact on our operations. In addition, we may be exposed to credit risks in some of those markets.

***Global or regional unrest, conflict, geopolitical disputes or catastrophic events could affect our operations and results of operations.***

Our business can be affected by war, large-scale terrorist or other hostile acts, especially those directed against the United States or other major industrialized countries in which we do business or supply products, major natural disasters, long-term periods of drought, or widespread outbreaks of infectious diseases. Such events could impair our ability to manage our business, could disrupt our supply of raw materials, and could affect production, transportation and delivery of products. For example, the U.S.-China trade relations remain uncertain, and if tensions continue to worsen, our supply chain, production and delivery of products could be negatively impacted. Further, regional conflicts, such as the Ukraine-Russia and Israel-Hamas conflicts, could escalate and expand, which in turn could have negative impacts on our operations, the global economy and financial markets. Such disruptions of regional or global economic activity can affect consumers’ purchasing power in the affected areas and, therefore, reduce demand for our products.

***The long-term performance of our businesses relies on our ability to attract, develop and retain talented and diverse personnel.***

To be successful, we must invest significant resources to attract, develop and retain highly qualified, talented and diverse employees at all levels, who have the experience, knowledge and expertise to implement our strategic initiatives. We compete for employees with a broad range of employers in many different industries, including large multinational firms, and we may fail in recruiting, developing, motivating and retaining them, particularly when there are low

unemployment levels. From time to time, we have been affected by a shortage of qualified personnel in certain geographic areas. Our growth, competitive position and results of operations and financial position could be materially and adversely affected by our failure to attract, develop and retain key employees and diverse talent, to build strong leadership teams, or to develop effective succession planning to assure smooth transitions of those employees and the knowledge and expertise they possess, or by a shortage of qualified employees.

***Failure to effectively monitor and respond to environmental, social and governance (“ESG”) matters, including our ability to set and meet reasonable goals related to climate change and sustainability efforts, may negatively affect our business and operations.***

Regulatory developments and stakeholder expectations relating to ESG matters are rapidly changing. Concern over climate change and other environmental and social topics has increased focus on the sustainability of practices and products in the markets we serve, and changes to laws and regulations regarding climate change mitigation may result in increased costs and disruption to operations. Moreover, the standards by which ESG matters are measured are developing and evolving, and certain areas are subject to assumptions that could change over time. Stakeholder expectations are not uniform, and both opponents and proponents of various ESG-related matters have increased their activism and action to advocate for their positions. Navigating varying expectations of policymakers and other stakeholders has inherent costs, and any failure to successfully navigate such expectations may expose us to negative publicity, shareholder activism, and litigation or other engagement from stakeholders with opposing views, as well as the potential for civil investigations and enforcement by governmental authorities. If we are unable to recognize and respond to such developments, or if our existing practices and procedures are not adequate to meet new or changing regulatory requirements, market standards or investor expectations, some of which may be conflicting, we may miss corporate opportunities, become subject to regulatory scrutiny, litigation or third-party claims, or incur costs to revise operations to meet new standards.

***The outbreak of contagious diseases, such as the COVID-19 pandemic, could disrupt our business and impact our results of operations and financial condition.***

Our business could be adversely affected by the effects of a widespread outbreak of contagious diseases, similar to COVID-19, which impacted global, national and local economies, created a number of macroeconomic challenges that impacted our business, including volatility and uncertainty in business planning, disruptions in global supply chains, material, freight and labor inflation, shortages of and delays in obtaining certain materials and labor shortages.

The extent of the impact of a pandemic similar to the COVID-19 pandemic on our business and financial results will depend on numerous evolving factors that we are not able to accurately predict and that all will vary by market, including the duration and scope of the pandemic, the emergence of new variants of the virus and the efficacy of vaccines against such variants, global economic conditions during and after the pandemic, including disruptions in the global supply chain, inflation and labor shortages, government actions that may be taken in the future, in response to the pandemic, and changes in customer behavior in response to the pandemic, some of which may be more than just temporary.

***Increases in tariffs, trade restrictions or taxes on our products could have an adverse impact on our operations.***

The commerce we conduct in the international marketplace and our reliance on overseas manufacturing makes us subject to tariffs, trade restrictions and other taxes when the raw materials or components we purchase, and the products we ship, cross international borders. Trade tensions between the United States and China, Canada, Mexico and other countries have been escalating in recent years. Recently, the U.S. presidential administration has announced new tariffs on imports from China, Canada and Mexico and may impose restrictions against other regions. In prior years, U.S. tariff impositions against Chinese exports have been followed by retaliatory Chinese tariffs on U.S. exports to China and this may recur in China as well as Canada and Mexico. Our products are manufactured primarily in Asia, and such countries may in the future be subject to these tariffs. To the extent these tariffs increase our costs of goods sold, it could materially adversely impact our profitability, results of operations and financial condition. To the extent we alter our pricing as a result of such tariffs, it could reduce demand for our products or make our products less competitive than those of our competitors whose inputs are not subject to these tariffs, thereby decreasing our revenues and adversely impacting our results of operations. Products we sell into certain foreign markets could also become subject to similar retaliatory tariffs, making the products we sell uncompetitive compared to similar products not subjected to such import tariffs. We are still evaluating the potential impact of the recently-announced tariffs on our business and financial condition. There can be no assurances that we will not be adversely impacted by such tariffs or that we will be able to pass on any incremental costs to our customers.

Further changes in U.S. trade policies, tariffs, taxes, export restrictions or other trade barriers, or restrictions on raw materials or components may limit our ability to produce products, increase our manufacturing costs, decrease our profit margins, reduce the competitiveness of our products, or inhibit our ability to sell products or purchase raw materials or components, which would have a material adverse effect on our business, results of operations and financial condition.

### **Risks Related to Doing Business in China**

***We have limited operations in China, but many of our products are sourced from China. Our ability or the ability of our suppliers to operate in China may be impaired by changes in Chinese laws and regulations, including those relating to taxation, environmental regulation, restrictions on foreign investment, and other matters.***

While we are a Cayman Islands exempted company headquartered in the United States and derive no revenue from China, we do have limited sourcing and product development operations in China. As of the date of this report, approximately 39 of our 420 employees are based in China. Moreover, suppliers of a majority of our product materials are based in China.

The Chinese government has exercised and continues to exercise substantial control over virtually every sector of the Chinese economy through regulation and state ownership. The central Chinese government or local governments having jurisdiction within China may impose new, stricter regulations, or interpretations of existing regulations, that would require additional expenditures and efforts on our part to ensure our compliance with such regulations or interpretations. As such, our subsidiaries or our third-party suppliers in the People's Republic of China (PRC) maybe subject to governmental and regulatory interference in the provinces in which they operate. Our subsidiaries or our third-party suppliers could also be subject to regulation by various political and regulatory entities, including local and municipal agencies and other governmental subdivisions. Our ability, and the ability of our suppliers, to operate in China may be impaired by any such laws or regulations, or any changes in laws and regulations in the PRC. We or our third-party suppliers may incur increased costs necessary to comply with existing and future laws and regulations or penalties for any failure to comply. If our suppliers incur increased costs, they may attempt to pass such costs on to us. Any such increased costs or disruptions to our operations or the operations of our suppliers could adversely impact our results of operations.

***We could become subject to a variety of laws and other obligations regarding cybersecurity and data protection, and any failure to comply with applicable laws and obligations could have an adverse effect on our business operations in China.***

We are subject to various risks and costs associated with the collection, use, sharing, retention, security, and transfer of confidential and private information, such as personal information and other data. This data is wide ranging and relates to our investors, employees, contractors and other counterparties and third parties. Our compliance obligations include those relating to the Data Protection Act (As Revised) of the Cayman Islands and the relevant PRC laws in this regard. These PRC laws apply not only to third-party transactions, but also to transfers of information between us and our subsidiaries, and other parties with which we have commercial relations. We do not believe the PRC laws have a material impact on our current operations, but these laws continue to develop, and the PRC government may adopt other rules and restrictions in the future. Non-compliance could result in penalties or other significant legal liabilities.

Pursuant to the PRC Cybersecurity Law, personal information and important data collected and generated by a critical information infrastructure operator in the course of its operations in China must be stored in China, and if a critical information infrastructure operator purchases internet products and services that affects or may affect national security, it should be subject to cybersecurity review by the CAC. The Revised Cybersecurity Review Measures, which took effect on February 15, 2022, require critical information infrastructure operators procuring network products and services and online platform operators carrying out data processing activities, which affect or may affect national security, to conduct a cybersecurity review pursuant to the provisions therein. We do not believe that our company constitutes a "critical information infrastructure operator" under the Cybersecurity Review Measures, however, the exact scope of "critical information infrastructure operators" under the current regulatory regime remains unclear, and the PRC government authorities may have wide discretion in the interpretation and enforcement of the applicable laws. Additionally, the PRC Data Security Law took effect on September 1, 2021 and requires data collection to be conducted in a legitimate and proper manner, and stipulates that, for the purpose of data protection, data processing activities must be conducted based on data classification and hierarchical protection system for data security.

We believe we are compliant with these regulations, to the extent they are applicable to us, and we do not believe our business will be materially affected by these measures. However, if we were selected for review, or one of our suppliers

was selected for review, we or such supplier may be required to suspend operations in China during such review. Cybersecurity review could also result in negative publicity with respect to our company or our suppliers and could divert managerial attention and financial resources. Furthermore, if we or one of our suppliers were found to be in violation of applicable laws and regulations in China during such review, we or such supplier could be subject to administrative penalties, such as warnings, fines, or service suspension.

Pursuant to the PRC Cybersecurity Law, which was promulgated by the Standing Committee of the National People's Congress on November 7, 2016 and took effect on June 1, 2017, personal information and important data collected and generated by a critical information infrastructure operator in the course of its operations in China must be stored in China, and if a critical information infrastructure operator purchases internet products and services that affects or may affect national security, it should be subject to cybersecurity review by the CAC. Due to the lack of further interpretations, the exact scope of "critical information infrastructure operator" remains unclear. On July 10, 2021, the CAC publicly issued the Measures for Cybersecurity Censorship (Revised Draft for Comments) aiming to, upon its enactment, replace the existing Measures for Cybersecurity Censorship. The draft measures extend the scope of cybersecurity reviews to data processing operators engaging in data processing activities that affect or may affect national security, including listing in a foreign country. PRC Data Security Law, which was promulgated by the Standing Committee of the National People's Congress on June 10, 2021 and took effect on September 1, 2021, requires data collection to be conducted in a legitimate and proper manner, and stipulates that, for the purpose of data protection, data processing activities must be conducted based on data classification and hierarchical protection system for data security.

We believe we are compliant with these regulations, to the extent they are applicable to us, and we do not believe our business would be materially affected by these recent measures. However, if we were selected for review, or one of our suppliers was selected for review, we or such supplier may be required to suspend operations in China during such review. Cybersecurity review could also result in negative publicity with respect to our company or our suppliers and could divert managerial attention and financial resources. Furthermore, if we or one of our suppliers were found to be in violation of applicable laws and regulations in China during such review, we or such supplier could be subject to administrative penalties, such as warnings, fines, or service suspension.

***We could be subject to regulation by various political and regulatory entities, including local and municipal agencies and other governmental subdivisions.***

We may incur increased costs necessary to comply with existing and future laws and regulations or penalties for any failure to comply. Outside of general business licenses in the ordinary course, FGI China and FGI International are not required to obtain permission from any Chinese authorities to operate and, as a Cayman Islands entity based in the United States, we are not required to obtain any permission from the China Securities Regulatory Commission, CAC or similar entity in China to issue our ordinary shares. No such permission or business license required for our subsidiaries' operations has been denied. Recently, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council jointly issued the "Opinions on Severely Cracking Down on Illegal Securities Activities According to Law" (the "Opinions"), which were made available to the public on July 6, 2021. The Opinions emphasized the need to strengthen administration over illegal securities activities and the need to strengthen supervision with respect to overseas listings of Chinese companies.

We believe the Opinions are inapplicable to us, as we are a Cayman Islands entity and our operations in China are limited. However, some of our major suppliers could be affected, and our operations could be adversely affected, directly or indirectly, by existing or future laws and regulations relating to its business or industry. Additionally, future laws or regulations that adversely affect our suppliers or their ability to source and provide materials to us could have an adverse impact on our operations. Accordingly, the Chinese government's actions in the future, including any decision to intervene in or influence our operations or the operations of our suppliers at any time may cause our company or our suppliers to make changes to our or their operations.

***Regulatory bodies of the United States may be limited in their ability to conduct investigations or inspections of our operations in China.***

From time to time, we may receive requests from certain U.S. agencies to investigate or inspect our operations or to otherwise provide information. While we will comply with requests from these regulators, there is no guarantee that such requests will be honored by those entities that provide services to us or with which we associate, especially for any such entities that are located in China. Furthermore, an on-site inspection of our facilities by any of these regulators may be

limited or entirely prohibited. Such inspections, though permitted by our company and our affiliates, are subject to the unpredictability of the Chinese enforcement and other government agencies and may therefore be impossible to facilitate.

Our auditor, Marcum LLP, is a Registered Public Accounting Firm with the PCAOB and is based in New York, New York. Under the Holding Foreign Companies Accountable Act (the “HFCAA”), the PCAOB is permitted to inspect our independent public accounting firm. If the PCAOB later determined that it cannot inspect or fully investigate our auditor for three consecutive years, trading in our securities may be prohibited under the HFCAA, and, as a result, Nasdaq may determine to delist our securities. Moreover, in December 2022, the Accelerating Holding Foreign Companies Accountable Act was enacted and amended the HFCAA to require the U.S. Securities and Exchange Commission to prohibit an issuer’s securities from trading on U.S. exchanges if its auditor is not subject to PCAOB inspection for two consecutive years instead of three, thus reducing the time period before such securities would be delisted.

***Changes in China’s economic, political or social conditions or legal system or government policies could have a material adverse effect on our business and operations.***

While we have limited sourcing and product development operations located in China through FGI China and FGI International, many of our products are sourced or manufactured in China. Accordingly, our business, financial condition, results of operations and prospects may be influenced to a significant degree by political, economic and social conditions in China generally and by the significant discretion of Chinese governmental authorities. The Chinese government continues to play a significant role in regulating industry development by imposing industrial policies. The Chinese government also exercises significant control over China’s economic growth through allocating resources, controlling payment of foreign currency- denominated obligations, setting monetary policy, and providing preferential treatment to particular industries or companies. The increased global focus on environmental and social issues and China’s potential adoption of more stringent standards in these areas may adversely impact us or our suppliers.

Furthermore, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all and may have a retroactive effect. As a result, we or our suppliers may not be aware of our violation of any of these policies and rules until sometime after the alleged violation. In addition, any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. Further, such evolving laws and regulations and the inconsistent enforcement thereof could also lead to failure to obtain or maintain licenses and permits to do business in China, which would adversely affect us or our suppliers in China. Any such disruption, or if one or more of our Chinese suppliers was prevented from operating, could have an adverse impact on our results of operations and financial condition.

***We may be subject to risks that the Chinese government may intervene or influence our operations at any time.***

Because we have employees located in China, and source products from Chinese manufacturers, we are subject to the risk that the Chinese government may intervene or influence our operations at any time.

However, because we conduct only limited operations in China with only 39 employees focused on these matters, we do not expect that such intervention or influence would result in a material change in our operations and/or the value of our securities, although in such circumstance, we might experience a disruption in our ability to develop and source product manufacturing within China, which could have a material adverse effect on our results of operations. We also understand that the Chinese government has recently made statements indicating an intent to exert more oversight and control over offerings that are conducted by foreign investment China based issuers. While we are not a China based issuer, in such instance, we may still be unable to offer securities in China, which could limit the number of buyers of our securities and cause our securities to trade at a lower price than they would in the absence of the exercise of such oversight and control. If we inadvertently conclude that such approvals are not required, or applicable laws, regulations or interpretations change and we do not receive or maintain such approvals in the future, we may be subject to an investigation by regulators, fines or penalties or an order preventing us from offering securities in China in the future.

**Competitive Risks**

***We could lose market share if we do not maintain our strong brands, develop innovative products or respond to changing purchasing practices and consumer preferences or if our reputation is damaged.***

Our competitive advantage is due, in part, to our ability to maintain our strong brands and to develop and introduce innovative new and improved products. Our initiatives to invest in brand building, brand awareness and product innovation

may not be successful. The uncertainties associated with developing and introducing innovative and improved products, such as gauging changing consumer demands and preferences and successfully developing, manufacturing, marketing and selling these products, may impact the success of our product introductions. If the products we introduce do not gain widespread acceptance or if our competitors improve their products more rapidly or effectively than we do, we could lose market share or be required to reduce our prices, which could have a material adverse effect on our results of operations and financial position.

In recent years, consumer purchasing practices and preferences have shifted and our customers' business models and strategies have changed. As our customers execute their strategies to reach end consumers through multiple channels, they rely on us to support their efforts with our infrastructure, including maintaining robust and user-friendly websites with sufficient content for consumer research and providing comprehensive supply chain solutions and differentiated product development. If we are unable to successfully provide this support to our customers or if our customers are unable to successfully execute their strategies, our brands may lose market share.

If we do not timely and effectively identify and respond to changing consumer preferences, including a continued shift in consumer purchasing practices toward e-commerce, our relationships with our customers and with consumers could be harmed, the demand for our brands and products could be reduced and our results of operations and financial position could be materially and adversely affected.

***We face significant competition and operate in an evolving competitive landscape.***

Our products face significant competition. We believe that brand reputation is an important factor affecting product selection and that we compete on the basis of product features, innovation, quality, customer service, warranty and price. We sell many of our products through home center retailers, online retailers, distributors and independent dealers and rely on these customers to market and promote our products to consumers. Our success with our customers is dependent on our ability to provide quality products and timely delivery. In addition, home center retailers, which have historically concentrated their sales efforts on retail consumers and remodelers, are selling directly to professional contractors and installers, which may adversely affect our margins on our products that contractors and installers would otherwise buy through our dealers and wholesalers.

Certain of our customers are selling products sourced from low-cost foreign manufacturers under their own private label brands, which directly compete with our brands. As this trend continues, we may experience lower demand for our products or a shift in the mix of some products we sell toward more value-priced or opening price point products, which may affect our profitability.

In addition, we face competitive pricing pressure in the marketplace, including sales promotion programs, that could affect our market share or result in price reductions, which could materially and adversely impact our results of operations and financial position.

Further, the growing e-commerce channel brings an increased number of competitors and greater pricing transparency for consumers, as well as conflicts between our existing distribution channels and a need for different distribution methods. These factors could affect our results of operations and financial position. In addition, our relationships with our customers, including our home center customers, may be affected if we increase the amount of business we transact in the e-commerce channel.

***Our failure to develop new products or respond to changing consumer preferences and purchasing practices could have a material adverse effect on our business, financial condition or results of operations.***

We operate in an industry that is subject to changing consumer trends, demands and preferences. The uncertainties associated with developing and introducing new products, such as gauging changing consumer preferences and successfully developing, manufacturing, marketing and selling new products, could lead to, among other things, rejection of a new product line, reduced demand and price reductions for our products. If our products do not keep up with consumer trends, demands and preference, we could lose market share, which could have a material adverse effect on our business, financial condition or results of operations. Moreover, the role of technology is changing rapidly in our industry. We are in the process of introducing certain customer-facing tools powered by artificial intelligence ("AI") to help promote our product offerings. If these AI products do not work as intended, or if our competitors are better able to effectively integrate these new technologies into their offerings, our competitive position may suffer.

***Changes in Cayman Islands or U.S. tax law could adversely affect our financial condition and results of operations.***

The rules dealing with Cayman Islands and U.S. federal, state, and local income taxation are constantly under review by persons involved in the legislative process and by the Internal Revenue Service and the U.S. Treasury Department, as well as the regulators in the Cayman Islands. Changes to tax laws (which changes may have retroactive application) could adversely affect us or holders of our securities. In recent years, many such changes have been made and changes are likely to continue to occur in the future. Future changes in Cayman Islands or U.S. tax laws could have a material adverse effect on our business, cash flow, financial condition or results of operations. We urge investors to consult with their legal and tax advisors regarding the implications of potential changes in Cayman Islands or U.S. tax laws on an investment in our securities.

***The loss of certain members of our management may have an adverse effect on our operating results.***

Our success will depend, in part, on the efforts of our senior management and other key employees. These individuals possess sales, marketing, engineering, manufacturing, financial and administrative skills and know-how that are critical to the operation of our business. If we lose or suffer an extended interruption in the services of one or more of our senior officers or other key employees, our financial condition and results of operations may be negatively affected. Moreover, the pool of qualified individuals may be highly competitive, and we may not be able to attract and retain qualified personnel to replace or succeed members of our senior management or other key employees, should the need arise. The loss of the services of any key personnel, or our inability to hire new personnel with the requisite skills, could impair our ability to develop new products or enhance existing products, sell products to our customers or manage our business effectively.

**Technology and Intellectual Property Risks**

***We have been and may continue to be subject to cybersecurity attacks, which could adversely affect our results of operations and financial position.***

Global cybersecurity vulnerabilities, threats and more frequent, sophisticated and targeted attacks pose a risk to our information technology systems and to critical third-party information technology platforms we utilize. We have implemented security policies, processes and layers of defense designed to help identify and protect against misappropriation or corruption of our systems and information and disruption of our operations. Despite these efforts, systems we utilize have been and may in the future be damaged, disrupted, ransomed or shut down due to cybersecurity attacks by unauthorized access, malware, ransomware, undetected intrusion, hardware failures, or other events, and in these circumstances our disaster recovery plans may be ineffective or inadequate. These attacks have led and could in the future lead to business interruption, production or operational downtime, product shipment delays, exposure or loss of proprietary confidential or financial information or the personal information of our employees, suppliers, customers or consumers, data corruption, an inability to report our financial results in a timely manner, damage to the reputation of our brands, damage to our relationships with our employees, suppliers, customers and consumers, exposure to litigation, and increased costs associated with the remediation and mitigation of such attacks. In addition, we could be adversely affected if any of our significant customers, suppliers or service providers experiences any similar events that disrupt their business operations or damage their reputation. Such events could adversely affect our results of operations and financial position.

***We rely on information systems and technologies, and a breakdown of these systems could adversely affect our results of operations and financial position.***

We rely on many information systems and technologies to process, transmit, store and manage information to support our business activities, including new AI capabilities. We may be adversely affected if our information systems breakdown, fail, or are no longer supported or if our AI capabilities do not function as intended. In addition to the consequences that may occur from interruptions in our systems, global cybersecurity vulnerabilities, threats and more sophisticated and targeted attacks pose a risk to our information technology systems.

We have implemented security policies, processes and layers of defense designed to help identify and protect against intentional and unintentional misappropriation or corruption of our systems and information and disruption of our operations. Despite these efforts, our systems may in the future be damaged, disrupted, or shut down due to cybersecurity attacks by unauthorized access, malware, ransomware, undetected intrusion, hardware failures, or other events, and in these circumstances our disaster recovery plans may be ineffective or inadequate. In addition, the rapid evolution and increased adoption of new technologies, such as artificial intelligence, may intensify our cybersecurity risks. These breaches or intrusions could in the future lead to business interruption, production or operational downtime, product shipment delays,

exposure or loss of proprietary, confidential, personal or financial information, data corruption, an inability to report our financial results in a timely manner, damage to the reputation of our brands, damage to our relationships with our customers and suppliers, exposure to litigation, and increased costs associated with the remediation and mitigation of such attacks. Such events could adversely affect our results of operations and financial position. In addition, we could be adversely affected if any of our significant customers or suppliers experiences any similar events that disrupt their business operations or damage their reputation.

***We may not be able to adequately protect or prevent the unauthorized use of our intellectual property.***

Protecting our intellectual property is important to our growth and innovation efforts. We own a number of patents, trade names, brand names and other forms of intellectual property in our products and manufacturing processes throughout the world. There can be no assurance that our efforts to protect our intellectual property rights will prevent violations. Our intellectual property may be challenged or infringed upon by third parties, particularly in countries where property rights are not highly developed or protected. In addition, the global nature of our business increases the risk that we may be unable to obtain or maintain our intellectual property rights on reasonable terms. Furthermore, others may assert intellectual property infringement claims against us. Current and former employees, contractors, customers or suppliers have or may have had access to proprietary or confidential information regarding our business operations that could harm us if used by them, or disclosed to others, including our competitors. Protecting and defending our intellectual property could be costly, time consuming and require significant resources. If we are not able to protect our existing intellectual property rights, or prevent unauthorized use of our intellectual property, sales of our products may be affected and we may experience reputational damage to our brand names, increased litigation costs and adverse impact to our competitive position, which could have a material adverse effect on our results of operations and financial position.

### **Litigation and Regulatory Risks**

***We may be a party to claims and litigation, which could be costly and divert significant resources.***

We may, from time to time, be involved in various other claims and litigation, including class actions, mass torts and regulatory proceedings, that arise in the ordinary course of our business and that could have a material adverse effect on us. The types of matters may include, among others: competition, product liability, employment, warranty, advertising, contract, personal injury, environmental, intellectual property, product compliance and insurance coverage. The outcome and effect of these matters are inherently unpredictable, and defending and resolving them can be costly and can divert management's attention. We have and may continue to incur significant costs as a result of claims and litigation.

We are also subject to product safety regulations, product recalls and direct claims for product liability that can result in significant costs and, regardless of the ultimate outcome, create adverse publicity and damage the reputation of our brands and business. Also, we rely on other manufacturers to provide products or components for products that we sell. Due to the difficulty of controlling the quality of products and components we source from other manufacturers, we are exposed to risks relating to the quality of such products and to limitations on our recourse against such suppliers.

We maintain insurance against some, but not all, of the risks of loss resulting from claims and litigation. The levels of insurance we maintain may not be adequate to fully cover our losses or liabilities. If any significant accident, judgment, claim or other event is not fully insured or indemnified against, it could have a material adverse effect on our results of operations and financial position.

For more information about our current legal proceedings, refer to the section of this Annual Report on Form 10-K entitled "Legal Proceedings."

***Compliance with laws, government regulation and industry standards is costly, and our failure to comply could adversely affect our results of operations and financial position.***

We are subject to a wide variety of federal, state, local and foreign laws and regulations pertaining to:

- securities matters;
- taxation;
- anti-bribery/anti-corruption;
- employment matters;

- minimum wage requirements;
- environment, health and safety matters;
- the protection of employees and consumers;
- product compliance;
- competition practices;
- trade, including duties and tariffs;
- data privacy and the collection and storage of information, including regulation on data protection and oversight by the CAC in China; and
- climate change and protection of the environment.

The regulatory environment surrounding data privacy and protection is constantly evolving and can be subject to significant change. New data protection laws, including recent California legislation and regulation which affords California consumers an array of new rights, including the right to be informed about what kinds of personal data companies have collected and why it was collected, or increased oversight by the CAC in China, pose increasingly complex compliance challenges and potentially elevate our costs. Complying with varying jurisdictional requirements could increase the costs and complexity of compliance, and violations of applicable data protection laws could result in significant penalties. Any failure, or perceived failure, by us to comply with applicable data protection laws could result in proceedings or actions brought against us by governmental entities or others, subject us to significant fines, penalties, judgments and negative publicity, require us to change our business practices, increase the costs and complexity of compliance, and adversely affect our business.

In addition to complying with current requirements and known future requirements, even more stringent requirements could be imposed on us in the future.

As we sell new types of products or existing products in new geographic areas or channels or for new applications, we are subject to the legal requirements applicable to those products or geographic areas. Additionally, some of our products must be certified by industry organizations. Compliance with new or changed laws, regulations and industry standards may require us to alter our product designs, our manufacturing processes, our packaging or our sourcing. These compliance activities are costly and require significant management attention and resources. If we do not effectively and timely comply with such regulations and industry standards, our results of operations and financial position could be materially and adversely affected.

***Our failure to maintain acceptable quality standards could result in significant unexpected costs.***

Any failure to maintain acceptable quality standards could require us to recall or redesign such products, or pay substantial damages in litigation, any of which would result in significant unexpected costs. We may also have difficulty controlling the quality of products or components sourced from manufacturers, so we are exposed to risks relating to the quality of such products and to limitations on our recourse against such suppliers. Further, any claim or product recall could result in adverse publicity against us, which could decrease our credibility, harm our reputation, adversely affect our sales, or increase our costs. Defects in our products could also result in decreased orders or sales to our customers, which could have a material adverse effect on our business, financial condition or results of operations.

***Unauthorized disclosure of confidential information provided to us by customers, employees or third parties could harm our business.***

We rely on the Internet and other electronic methods to transmit confidential information and store confidential information on our networks. Any disclosure of confidential information provided by, or concerning, our employees, customers or other third parties, including through inadvertent disclosure, unapproved dissemination, or unauthorized access, our reputation could be harmed and we could be subject to civil or criminal liability and regulatory actions could require us to comply with various breach notification laws and may expose us to litigation, remediation and investigation costs, increased costs for security measures, loss of revenue, damage to our reputation, and potential liability.

***We are subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws, and non-compliance with such laws can subject us to administrative, civil and criminal fines and penalties,***

***collateral consequences, remedial measures and legal expenses, all of which could adversely affect our business, results of operations, financial condition and reputation.***

We are subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws and regulations in various jurisdictions in which we conduct or in the future may conduct activities, including the U.S. Foreign Corrupt Practices Act (“FCPA”) and other anti-corruption laws and regulations. The FCPA prohibits us and our officers, directors, employees and business partners acting on our behalf, including agents, from corruptly offering, promising, authorizing or providing anything of value to a “foreign official” for the purposes of influencing official decisions or obtaining or retaining business or otherwise obtaining favorable treatment. The FCPA also requires companies to make and keep books, records and accounts that accurately reflect transactions and dispositions of assets and to maintain a system of adequate internal accounting controls. A violation of these laws or regulations could adversely affect our business, results of operations, financial condition and reputation. Our policies and procedures designed to ensure compliance with these regulations may not be sufficient and our directors, officers, employees, representatives, consultants, agents, and business partners could engage in improper conduct for which we may be held responsible.

Non-compliance with anti-corruption, anti-bribery, anti-money laundering or financial and economic sanctions laws could subject us to whistleblower complaints, adverse media coverage, investigations, and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, results of operations, financial condition and reputation. In addition, changes in economic sanctions laws in the future could adversely impact our business and investments in our shares.

***Our business could be affected by unexpected changes in U.S. and international regulatory standards and laws.***

We market and sell our products in the United States, Canada and Europe. We also source and manufacture a majority of our products in Asia. As such, we and our manufacturing partners are subject to the normal risks of doing business abroad. Unexpected changes in government and industry regulatory standards, including labor, environmental and taxation laws, and export and import restrictions could materially and adversely affect our business, results of operations and financial position. Moreover, the failure of our manufacturing partners to comply with such regulations could affect our supply arrangements and materially and adversely affect our business, results of operations and financial position.

## **Risks Related to Our Securities**

***Foremost Groups Ltd. holds a significant majority of the voting power of our ordinary shares, approximately 71%, and will be able to exert significant control over us.***

Foremost holds ordinary shares that represent approximately 71% of all outstanding voting power, and, as such, may significantly influence the results of matters voted on by our shareholders and could effectively control many other major decisions regarding our operations, capital allocation priorities and corporate governance. In addition, we are reliant upon Foremost for manufacturing and other support. Mr. Liang Chou Chen holds approximately 49.91% of the voting control of Foremost. The interests of Foremost, particularly with respect to change-in-control transactions and election of directors, may conflict with those of our company and/or our shareholders, and Foremost may not always act in the best interest of our company. This significant concentration of share ownership and reliance for support may adversely affect the trading price for our securities because investors may perceive disadvantages in owning shares in companies with controlling shareholders.

***The price of our ordinary shares may be volatile.***

The market price of our ordinary shares is likely to be highly volatile and may fluctuate substantially due to many factors, including:

- our ability to maintain our strong brands and reputation and to develop innovative products;
- our ability to maintain our competitive position in our industries;
- risks associated with our reliance on information systems and technology;
- product liability claims or other litigation;
- quarterly variations in our results of operations or those of others in our industry;
- changes in governmental regulations;

- changes in earnings estimates or recommendations by securities analysts; and
- general market conditions and other factors, including factors unrelated to our operating performance or the operating performance of our competitors.

In recent years, the stock markets generally have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies, including as a result of disruptions and dislocations arising out of the COVID-19 pandemic. Broad market and industry factors may significantly affect the market price of our ordinary shares, regardless of our actual operating performance. Due to these risks and the other risks described in this report, investors could lose their entire investment in our company.

In addition, in the past, class action litigation has often been instituted against companies whose securities have experienced periods of volatility in market price. Securities litigation brought against us following volatility in our share price, regardless of the merit or ultimate results of such litigation, could result in substantial costs, which would have a material adverse effect on our financial condition and operating results and divert management's attention and resources from our business.

***Provisions of the currently outstanding warrants could discourage an acquisition of us by a third party.***

In addition to the provisions of our amended and restated memorandum and articles of association discussed below, certain provisions of the currently outstanding warrants could make it more difficult or expensive for a third party to acquire us. The warrants prohibit us from engaging in certain transactions constituting "fundamental transactions" unless, among other things, the surviving entity assumes our obligations under the warrants.

***We do not intend to pay dividends on our ordinary shares.***

We currently anticipate that we will retain future earnings for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends for the foreseeable future. Any future determination to declare dividends will be made at the discretion of our board of directors and will depend on, among other factors, our financial condition, operating results, capital requirements, general business conditions and other factors that our board of directors may deem relevant. Any return to shareholders will therefore be limited to the appreciation in the value of their shares, if any.

***If we sell ordinary or preference shares in future financings, shareholders may experience immediate dilution and, as a result, our share price may decline.***

We may from time-to-time issue additional preference shares or ordinary shares at a discount from the current trading price of our ordinary shares. As a result, our shareholders would experience immediate dilution upon the purchase of any shares sold at such discount. In addition, as opportunities present themselves, we may enter into financing or similar arrangements in the future, including the issuance of debt securities, preference shares or ordinary shares. If we issue ordinary shares or securities convertible into ordinary shares, our ordinary shareholders would experience additional dilution and, as a result, our share price may decline.

***We are an emerging growth company and a smaller reporting company within the meaning of the Securities Act, and if we take advantage of certain exemptions from disclosure requirements available to "emerging growth companies" or "smaller reporting companies," this could make our securities less attractive to investors and may make it more difficult to compare our performance with other public companies.***

We are an "emerging growth company" within the meaning of the Securities Act, as modified by the JOBS Act, and we are eligible to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies" including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. As a result, our shareholders may not have access to certain information they may deem important. We could be an emerging growth company for up to five years, although circumstances could cause us to lose that status earlier, including if the market value of our ordinary shares held by non-affiliates equals or exceeds \$700 million as of the last business day of any second fiscal quarter before that time, in which case we would no longer be an emerging growth company as of the end of such fiscal year. We cannot predict whether investors would find our securities less

attractive in the event that we rely on these exemptions. If some investors find our securities less attractive as a result of our reliance on these exemptions, the trading prices of our securities may be lower than they otherwise would be, there may be a less active trading market for our securities and the trading prices of our securities may be more volatile.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such an election to opt out is irrevocable. We have elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of our financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

Additionally, we are a “smaller reporting company” as defined in Item 10(f)(1) of Regulation S-K. Smaller reporting companies may take advantage of certain reduced disclosure obligations, including, among other things, providing only two years of audited financial statements. We will remain a smaller reporting company until the last day of the fiscal year in which (1) the market value of our ordinary shares held by non-affiliates exceeds \$250 million as of the last business day of that year’s second fiscal quarter, or (2) our annual revenue exceeded \$100 million during such completed fiscal year and the market value of our ordinary shares held by non-affiliates equals or exceeds \$700 million as of the last business day of that year’s second fiscal quarter. To the extent we take advantage of such reduced disclosure obligations, it may also make comparison of our financial statements with other public companies difficult or impossible.

***Because we are incorporated under the laws of the Cayman Islands, you may face difficulties in protecting your interests, and your ability to protect your rights through the U.S. federal courts may be limited.***

We are an exempted company incorporated under the laws of the Cayman Islands. As a result, it may be difficult for investors to effect service of process within the United States upon our directors or officers, or enforce judgments obtained in the United States courts against our directors or officers.

Our corporate affairs are governed by our amended and restated memorandum and articles of association, the Companies Act (as the same may be supplemented or amended from time to time) and the common law of the Cayman Islands. We are also subject to the federal securities laws of the United States. The rights of shareholders to take action against the directors, actions by minority shareholders and the fiduciary responsibilities of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, the decisions of whose courts are of persuasive authority, but are not binding on a court in the Cayman Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are different from what they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a different body of securities laws as compared to the United States, and certain states, such as Delaware, may have more fully developed and judicially interpreted bodies of corporate law. In addition, Cayman Islands companies may not have standing to initiate a shareholders derivative action in a Federal court of the United States.

We have been advised by Travers Thorp Alberga, our Cayman Islands legal counsel, that the courts of the Cayman Islands are unlikely (i) to recognize or enforce against us judgments of courts of the United States predicated upon the civil liability provisions of the federal securities laws of the United States or any state; and (ii) in original actions brought in the Cayman Islands, to impose liabilities against us predicated upon the civil liability provisions of the federal securities laws of the United States or any state, so far as the liabilities imposed by those provisions are penal in nature. Although there is no statutory enforcement in the Cayman Islands of judgments obtained in the United States, the courts of the Cayman Islands will recognize and enforce a foreign money judgment of a foreign court of competent jurisdiction without retrial on the merits based on the principle that a judgment of a competent foreign court imposes upon the judgment debtor an obligation to pay the sum for which judgment has been given provided certain conditions are met. For a foreign judgment to be enforced in the Cayman Islands, such judgment must be final and conclusive and for a liquidated sum, and must not be in respect of taxes or a fine or penalty, inconsistent with a Cayman Islands judgment in respect of the same matter, impeachable on the grounds of fraud or obtained in a manner, or be of a kind the enforcement of which is, contrary to natural justice or the public policy of the Cayman Islands (awards of punitive or multiple damages may well be held to be

contrary to public policy). A Cayman Islands Court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

As a result of all of the above, public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders than they would as public shareholders of a United States company.

***Provisions in our amended and restated memorandum and articles of association may inhibit a takeover of us, which could limit the price investors might be willing to pay in the future for our ordinary shares and could entrench management.***

Our amended and restated memorandum and articles of association contain provisions that may discourage unsolicited takeover proposals that shareholders may consider to be in their best interests. These provisions will include a staggered board of directors, the ability of the board of directors to designate the terms of, and issue, new series of preference shares, which may make more difficult the removal of management and may discourage transactions that otherwise could involve payment of a premium over prevailing market prices for our securities.

## **General Risk Factors**

***Management's determination that material weaknesses exist in our internal controls over financial reporting could have a material adverse impact on our ability to produce timely and accurate financial statements and could negatively impact our business and the market for our ordinary shares.***

The process of designing and implementing an effective accounting and financial reporting system is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to expend significant resources to maintain an accounting and financial reporting system that is adequate to satisfy our reporting obligations. Based upon an evaluation conducted in connection with the preparation of FGI's audited consolidated financial statements as of December 31, 2024, management concluded that our internal controls over financial reporting were not effective due to the material weaknesses in our internal controls over financial reporting. Material weaknesses in our internal control over financial reporting included (a) inadequate segregation of duties related to the initiation and recording of journal entries to the general ledger, (b) inadequate evidence of management review controls regarding the review and approval of certain account reconciliations, and (c) inadequate evidence and precision of management review controls regarding loan covenants and covenant calculations. We believe that these material weaknesses set forth above did not have an effect on our financial results.

We have been evaluating and have begun implementing certain practices and procedures to address the foregoing material weaknesses. To remediate the material weaknesses related to the review of journal entry and account reconciliation, we have implemented system controls designed to prevent significant unauthorized transactions from being posted without review and established sufficient compensating controls for effective account reconciliations. Additionally, we have enhanced our management review controls, including more robust documentation requirements for the review and approval of journal entries. To address the material weakness related to debt covenant compliance, we have implemented an additional layer of review in the calculation and reporting process. We plan to continue the implementation of these and other remediation efforts to address the identified material weaknesses in the future. While we are actively identifying and implementing actions to improve the effectiveness of our internal controls over financial reporting and disclosure controls and procedures, there can be no assurance that our remediation efforts will be fully successful. We expect to continue to incur or expend substantial accounting and other expenses and significant management time and resources in these efforts. It is possible that our future assessment, or the future assessment by our independent registered public accounting firm, may reveal additional material weaknesses in our internal controls. The failure to fully remediate the existing material weaknesses or the discovery of any future potential material weaknesses could result in future misstatements in our financial statements or in documents we file with the SEC and could have a negative impact on our business and the market for our ordinary shares. For more information on our material weaknesses and the status of our remediation efforts, see Item 9A - Controls and Procedures, which includes Management's Report on Internal Controls Over Financial Reporting.

***Our disclosure controls and procedures may not prevent or detect all errors or acts of fraud.***

We are subject to the periodic reporting requirements of the Exchange Act. We designed our disclosure controls and procedures to provide reasonable assurance that information we must disclose in reports we file or submit under the Exchange Act is accumulated and communicated to management, and recorded, processed, summarized and reported

within the time periods specified in the rules and forms of the SEC. We believe that any disclosure controls and procedures, no matter how well those controls and procedures are conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by an unauthorized override of the controls. Accordingly, because of the inherent limitations in our control system, misstatements due to error or fraud may occur and not be detected.

***We are at risk of securities class action litigation.***

In the past, securities class action litigation has often been brought against a company following a decline in the market price of its securities. If we face such litigation, it could result in substantial costs and a diversion of management's attention and resources, which may have a material adverse effect on our business, financial condition and results of operations.

***If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our share price and trading volume could decline.***

If a trading market for our ordinary shares or warrants develops, the trading market will be influenced to some extent by the research and reports that industry or financial analysts publish about us and our business. We do not control these analysts. As a newly public company, we may be slow to attract research coverage and the analysts who publish information about our ordinary shares or warrants will have had relatively little experience with us or our business and products, which could affect their ability to accurately forecast our results and could make it more likely that we fail to meet their estimates. In the event we obtain securities or industry analyst coverage, if any of the analysts who cover us provide inaccurate or unfavorable research or issue an adverse opinion regarding our ordinary share price, our ordinary share price could decline. If one or more of these analysts cease coverage of us or fail to publish reports covering us regularly, we could lose visibility in the market, which in turn could cause our share price or trading volume to decline and result in the loss of all or a part of your investment in us.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

We are a smaller reporting company as defined in Regulation S-K and are not required to provide the information under this item.

**ITEM 1C. CYBERSECURITY**

Cybersecurity is an important part of our risk management program for our Board and management. The Company maintains a robust cybersecurity infrastructure to safeguard our operations, networks and data through directory-based identity-related services for operation account security, firewall policies and periodical vulnerability threat scanning for network security and email-layer and endpoint-layer protections for data integrity on systems and user devices.

The Company's Director of IT is responsible for assessing, identifying, and managing the risks from cybersecurity threats. Our Director of IT has over 15 years of experience in information security positions and holds Master's degree in computer information systems. We also have constituted a cross-functional Cybersecurity Committee, comprised of the Director of IT, along with the Chairman, CFO, Management of Business Operations and Human Resources, which meets regularly to review enterprise-wide cybersecurity matters.

Our Board of Directors oversees management's approach to managing cybersecurity risks. The Board of Directors is charged with overseeing the Company's risk management program, which includes cybersecurity matters. The Board of Directors routinely engages with relevant management on a range of cybersecurity-related topics, including the threat of environment and vulnerability assessments and policies and practices and receives updates on technology trends and regulatory developments from the Director of IT periodically.

We use a risk-based approach to identify, assess, protect, detect, respond to and recover from cybersecurity threats, derived from the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") framework. Our information security program includes, among other aspects, vulnerability management, antivirus and malware protection, access control, and employee training. Risks identified by the Director of IT and other cybersecurity personnel are analyzed to determine the potential impact on us and the likelihood of occurrence. Such risks are continuously monitored to ensure

that the circumstances and severity of such risks have not changed. The Director of IT also routinely discusses trends in cyber risks and our strategy with our Cybersecurity Committee and management on a regular basis, in addition to an annual review and discussion with the full board.

In addition, we endeavor to apprise employees of emerging risks and require them to undergo bi-annual security awareness trainings and supplemental trainings as needed. Additionally, we conduct periodic internal exercises to gauge the effectiveness of the trainings and assess the need for additional training.

Material cybersecurity incidents are required to be reported to the Board of Directors. As of the date of this report, we are not aware of any risks from cybersecurity threats that have materially affected or are reasonably likely to materially affect our business strategy, results of operations, or financial condition.

## **ITEM 2. PROPERTIES**

Our headquarters and a warehouse facility are located in East Hanover, New Jersey. We also operate production and warehouse facilities in Hobart, Indiana, Sacramento, California and Toronto, Canada. We also conduct our European operations from a facility in Dusseldorf, Germany and our Asian operations from a purchase center in Tangshan, China and a global support center in Taipei, Taiwan. Moreover, we own a manufacturing facility just outside of Sihanoukville, Cambodia. All properties, except for the Sihanoukville facility, are leased. We believe that our properties are in good operating condition and adequately serve our current business operations. We also anticipate that suitable additional or alternative space, including those under lease options, will be available at commercially reasonable terms for future expansion, which we intend to evaluate on an ongoing basis in tandem with our “BPC” growth strategy.

## **ITEM 3. LEGAL PROCEEDINGS**

We may be subject to legal proceedings and claims in the ordinary course of business. We cannot predict the results of any such disputes, and despite the potential outcomes, the existence thereof may have an adverse material impact on us due to diversion of management time and attention as well as the financial costs related to resolving such disputes.

### ***Ayers Bath Litigation***

As previously disclosed, FGI Industries (formerly known as Foremost Groups, Inc.), our wholly-owned subsidiary, was involved in litigation arising from its efforts to protect an exclusivity agreement with sanitaryware manufacturer Tangshan Huida Ceramic Group Co., Ltd. (“Huida”) through the second quarter of 2024. In June 2024, the parties entered into a settlement agreement with a mutual release of all claims related to the litigation. The settlement amount of \$180,000 is reflected in other income (expenses), net on our consolidated statements of operations and comprehensive (loss) income.

## **ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

## PART II

### **ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

#### ***Public market for our ordinary shares***

Our ordinary shares have been traded on the Nasdaq Capital Market under the symbol “FGI” since January 27, 2022. Our warrant agent is Continental Stock and Transfer and Trust Company.

#### **Holders; Shares Outstanding**

We had a total of 9,589,503 shares of our ordinary shares outstanding on March 26, 2025, held by approximately 23 shareholders of record. The actual number of shareholders is greater than this number of record holders, and includes shareholders who are beneficial owners, but whose shares are held in “street name” by brokers and other nominees.

#### **Dividend Policy**

We have never paid any cash dividends on our ordinary shares and do not anticipate paying any cash dividends on our ordinary shares in the foreseeable future. We intend to retain future earnings to fund ongoing operations and future capital requirements. Any future determination to pay cash dividends will be at the discretion of our Board and will be dependent upon financial condition, results of operations, capital requirements and such other factors as our Board deems relevant. Further, in the event that we issue any shares of a class or series of our preference shares, the designation of such class or series could limit our ability to pay dividends on our ordinary shares.

#### **Securities Authorized for Issuance Under Equity Compensation Plan**

Reference is made to the information in Item 12 of this report under the caption “Equity Compensation Plans,” which is incorporated herein by this reference.

#### **Share Repurchases**

During the twelve months ended December 31, 2024, we did not repurchase any ordinary shares.

### **ITEM 6. [RESERVED]**

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K. In addition to historical financial information, this discussion and analysis and other parts of this Annual Report on Form 10-K contain forward-looking statements based upon current beliefs, plans and expectations that involve risks, uncertainties and assumptions. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of several factors, including those set forth under "Risk Factors" and elsewhere in this Annual Report on Form 10-K. You should carefully read the "Risk Factors" section of this Annual Report on Form 10-K to gain an understanding of the important factors that could cause actual results to differ materially from our forward-looking statements.*

### Overview

FGI is a global supplier of kitchen and bath products. Over the course of 30 years, we have built an industry-wide reputation for product innovation, quality, and excellent customer service. We are currently focused on the following product categories: sanitaryware (primarily toilets, sinks, pedestals and toilet seats), bath furniture (vanities, mirrors and cabinets), shower systems, customer kitchen cabinetry and other accessory items. These products are sold primarily for R&R activity and, to a lesser extent, new home or commercial construction. We sell our products through numerous partners, including mass retail centers, wholesale and commercial distributors, online retailers and specialty stores.

Consistent with our long-term strategic plan, we intend to drive value creation for our shareholders through a balanced focus on product innovation, organic growth, and efficient capital deployment. The following initiatives represent key strategic priorities for us:

- **Commitment to product innovation.** We have a history of being an innovator in the kitchen and bath markets and developing "on-trend" products and bringing them to market ahead of the competition. We have developed deep marketing skills, leading design capabilities, and product development expertise. A recent example of our innovative product development includes the Jetcoat shower wall systems, which offer a stylized design option without the fuss of messy grout. We expect to continue to invest in research and development to drive product innovation in 2024.
- **"BPC" (Brands, Products, Channels) strategy to drive above-market organic growth.** We have continued to invest in our BPC strategy despite the market challenges, which is expected to drive improved organic growth in the longer term. We recently announced that we entered into a 5-year licensing agreement that will provide us access to an industry leading overflow toilet technology. We will continue to market this technology as FlushGuard Overflow Technology. We were recently awarded product placements at several large customers, including two of the largest commercial distributors in North America. In addition, we continue to focus on our initiatives to expand geographically, with recently signed agreements providing entry into India, Eastern Europe and the UK.
- **Enhanced margin performance.** Our focus on higher-margin products has continued to deliver results, with gross margins reaching 26.9% in 2024 and 27.4% in 2023, a significant rise from 19.5% in 2022. This positive trajectory reflects our commitment to optimizing our product mix and operational efficiency. Looking ahead, we anticipate gross margins to remain in line with the levels achieved in 2024 and 2023.
- **Efficient capital deployment.** We will continue to prioritize capital deployment in support of organic growth opportunities, while continuing to evaluate strategic M&A opportunities. With total liquidity of \$15.6 million as of December 31, 2024, the Company believes it has sufficient financial flexibility to fund its organic growth strategy.
- **Deep manufacturing partners and customer relationships.** We have developed strong manufacturing and sourcing partners over the last 30+ years, which we believe will continue to give us a competitive advantage in the markets we serve. We also have deep relationships with an established global customer base, offering end-to-end solutions to support category growth. While recent supply chain and inflation pressures have been a headwind, our durable partnerships with manufacturing and sourcing partners have helped to mitigate these challenges.

We were incorporated in the Cayman Islands on May 26, 2021 in connection with a reorganization (the "Reorganization") of our parent company, Foremost Groups Ltd. ("Foremost"), and its affiliates, pursuant to which, among other actions, Foremost contributed all of its equity interests in FGI Industries Inc. ("FGI Industries"), FGI Europe

Investment Limited, an entity formed in the British Virgin Islands, and FGI International, Limited, an entity formed under the laws of Hong Kong, each a wholly-owned subsidiary of Foremost, to the newly formed FGI Industries Ltd. Foremost was established in 1987 and has become a global leader in kitchen and bath design, indoor and outdoor furniture, food service equipment, and manufacturing. This discussion, and any financial information and results of operations discussed herein, refers to the assets, liabilities, revenue, expenses and cash flows that are directly attributable to the kitchen and bath business of Foremost before the completion of the Reorganization and are presented as if we had been in existence and the Reorganization had been in effect for the entirety of each of the periods presented.

## Results of Operations

### For the Years Ended December 31, 2024 and 2023

The following table summarizes the results of our operations for the years ended December 31, 2024 and 2023, respectively, and provides information regarding the dollar and percentage increase (decrease) during such periods.

	For the Years Ended December 31,		Change	
	2024	2023	Amount	Percentage
	USD	USD	USD	%
Revenue	\$ 131,818,073	\$ 117,241,604	\$ 14,576,469	12.4
Cost of revenue	96,390,733	85,164,322	11,226,411	13.2
Gross profit	35,427,340	32,077,282	3,350,058	10.4
Selling and distribution expenses	25,627,634	19,971,912	5,655,722	28.3
General and administrative expenses	10,199,914	8,424,083	1,775,831	21.1
Research and development expenses	1,699,383	1,376,844	322,539	23.4
(Loss) income from operations	(2,099,591)	2,304,443	(4,404,034)	(191.1)
Operating margins (%)	(1.6)	2.0	(360) bps	
Total other expenses, net	(182,507)	(916,655)	734,148	(80.1)
(Benefit of) provision for income taxes	(547,821)	808,224	(1,356,045)	(167.8)
Net (loss) income	(1,734,277)	579,564	(2,313,841)	(399.2)
Net (loss) income attributable to FGI Industries Ltd. shareholders	(1,201,089)	733,604	(1,934,693)	(263.7)
Adjusted (loss) income from operations <sup>(1)</sup>	(1,613,635)	2,840,401	(4,454,036)	(156.8)
Adjusted operating margins (%) <sup>(1)</sup>	(1.2)	2.4	(360) bps	
Adjusted net (loss) income attributable to FGI Industries Ltd. shareholders <sup>(1)</sup>	\$ (939,648)	\$ 1,731,512	\$ (2,671,160)	(154.3)

(1) See “Non-GAAP Measures” below for more information on our use of these adjusted figures and a reconciliation of these financial measures to their closest U.S. generally accepted accounting principles (“GAAP”) comparators.

### Revenue

Our revenue increased by \$14.6 million, or 12.4%, to \$131.8 million for the year ended December 31, 2024, from \$117.2 million for the year ended December 31, 2023. The increase in our revenue was primarily driven by increases in sales of sanitaryware, shower system and custom kitchen cabinetry categories.

Revenue categories by product are summarized as follow:

	For the Years Ended December 31,				Change
	2024	Percentage	2023	Percentage	Percentage
	USD	%	USD	%	%
Sanitaryware	\$ 81,109,955	61.5	\$ 75,551,117	64.4	7.4
Bath Furniture	14,739,205	11.2	14,770,376	12.6	(0.2)
Shower System	25,521,977	19.4	19,997,197	17.1	27.6
Others	10,446,936	7.9	6,922,914	5.9	50.9
<b>Total</b>	<b>\$ 131,818,073</b>	<b>100.0</b>	<b>\$ 117,241,604</b>	<b>100.0</b>	<b>12.4</b>

We derive the majority of our revenue from sales of sanitaryware, which accounted for 61.5% and 64.4% of our total revenue for the years ended December 31, 2024 and 2023, respectively. Revenue generated from the sales of sanitaryware increased by 7.4% to \$81.1 million for the year ended December 31, 2024, from \$75.6 million for the year ended December 31, 2023. This growth was primarily driven by higher sales volumes. Despite the overall increase in revenue, the decline in sanitaryware's share of total revenue suggests a diversification of our product mix, reflecting our strategic efforts to expand other product categories.

Our revenue from bath furniture sales accounted for 11.2% and 12.6% of our total revenue for the years ended December 31, 2024 and 2023, respectively. Revenue generated from bath furniture sales decreased by 0.2% to \$14.7 million for the year ended December 31, 2024 from \$14.8 million for the year ended December 31, 2023.

Revenue from shower systems made up approximately 19.4% and 17.1% of our total revenue for the years ended December 31, 2024 and 2023, respectively. Revenue from sales of shower systems increased by 27.6% to \$25.5 million for the year ended December 31, 2024 from \$20.0 million for the year ended December 31, 2023. Our strategic initiatives in the shower systems category continue driving significant revenue growth.

Our revenue from sales of other products (custom kitchen cabinetry and other small offerings) increased by 50.9% to \$10.4 million for the three months ended December 31, 2024, compared to \$6.9 million for the year ended December 31, 2023. This growth was primarily driven by a significant increase in sales volume for custom kitchen cabinetry, supported by the expansion of our network of kitchen cabinetry dealers in the United States. Additionally, revenue benefited from continued dealer acquisitions and the successful introduction of new product offerings, which further strengthened our market presence and customer reach.

We derive our revenue primarily from the United States, Canada and Europe. Revenue categories by geographic location are summarized as follows:

	For the Years Ended December 31,				Change
	2024	Percentage	2023	Percentage	Percentage
	USD	%	USD	%	%
United States	\$ 82,378,167	62.5	\$ 74,572,336	63.6	10.5
Canada	35,151,631	26.7	31,092,989	26.5	13.1
Europe	13,301,990	10.1	11,477,070	9.8	15.9
Rest of World	986,285	0.7	99,209	0.1	894.1
<b>Total</b>	<b>\$ 131,818,073</b>	<b>100.0</b>	<b>\$ 117,241,604</b>	<b>100.0</b>	<b>12.4</b>

We generated the majority of our revenue in the United States market, which amounted to \$82.4 million for the year ended December 31, 2024, and \$74.6 million for the year ended December 31, 2023, representing a 10.5% increase. This revenue accounted for 62.5% and 63.6% of our total revenue for the years ended December 31, 2024 and 2023, respectively. This growth was primarily driven by the expansion of our distribution network and the successful execution of marketing initiatives.

Our second largest market is Canada. Our revenue generated in the Canadian market was \$35.2 million and \$31.1 million for the years ended December 31, 2024 and 2023, respectively, representing a 13.1% increase. The strong performance in Canada underscores the effectiveness of our regional growth strategy and highlights the market's increasing contribution to our overall revenue.

We also derive our revenue from Europe, which consists primarily of sales in Germany. This amounted to \$13.3 million and \$11.5 million for the years ended December 31, 2024 and 2023, respectively, representing a 15.9% increase.

#### *Gross Profit*

Gross profit was \$35.4 million for the year ended December 31, 2024, reflecting a 10.4% increase compared to the prior year. Gross profit margin percentage stood at 26.9% for the year ended December 31, 2024, a 50-basis-point decrease from 27.4% in 2023. This gross profit performance was driven by increased sales volume and a sustained focus on a higher-margin product mix.

#### *Operating Expenses*

Selling and distribution expenses primarily consisted of personnel costs, marketing and promotion costs, commission, and freight and leasing charges. Our selling and distribution expenses increased by \$5.7 million, or 28.3%, to \$25.6 million for the year ended December 31, 2024, from \$20.0 million for the year ended December 31, 2023. The increase was driven by higher personnel costs, expanded marketing and promotional activities, and rising warehouse expenses, reflecting the impact of inflation and our continued investment in driving sales growth.

General and administrative expenses primarily consisted of personnel costs, professional service fees, depreciation, travel, and office supply expenses. Our general and administrative expenses increased by \$1.8 million, or 21.1%, to \$10.2 million for the year ended December 31, 2024, as compared to the year ended December 31, 2023. The increase was driven by inflationary pressures and expenses related to newly formed subsidiaries and growth initiatives, supporting our continued expansion and operational growth.

Research and development expenses primarily comprised personnel costs and product development expenditures. Our R&D activities remained stable and had a minimal impact on our overall consolidated results of operations.

#### *Other Income (Expenses)*

We incurred insignificant other income and expenses during the years ended December 31, 2024 and 2023. Other income and expenses primarily include interest income and expenses, as well as miscellaneous non-operating income and expenses.

Total other expenses, net decreased by approximately \$0.7 million or 80.1%, to \$0.2 million for the year ended December 31, 2024, from \$0.9 million for the year ended December 31, 2023. This decrease was primarily driven by proceeds from a settlement agreement and gains from foreign currency transactions, partially offset by higher interest expenses derived from our credit facilities.

#### *Provision for Income Taxes*

We recorded income tax benefit of \$0.5 million for the year ended December 31, 2024, and provision for income tax of \$0.8 million for the year ended December 31, 2023. Loss before income taxes resulted in a tax benefit for the year.

#### *Net (Loss) Income*

For the year ended December 31, 2024, we reported a net loss of \$1.7 million, compared to a net income of \$0.6 million in 2023, reflecting a \$2.3 million decrease. This change was driven by a combination of factors discussed above. While these factors impacted short-term profitability, they position us for long-term growth and operational strength.

### **Liquidity and Capital Resources**

Our principal sources of liquidity are cash generated from operating activities and cash borrowed under credit facilities, which we believe provides sufficient liquidity to support our financing needs. As of December 31, 2024, we had cash and working capital of \$4.6 million and \$10.4 million, respectively. As of December 31, 2024, we had approximately \$14.5 million outstanding in the aggregate under our credit facilities discussed below for working capital replenishment.

We believe our revenue and operations will continue to grow and the current working capital is sufficient to support our operations and debt obligations well into the foreseeable future. However, we may need additional cash resources in the

future if we experience changes in business conditions or other developments, such as rising interest rates, inflation and increased costs, and may also need additional cash resources in the future if we wish to pursue opportunities for investment, acquisition, strategic cooperation or other similar actions. For example, from time to time we may provide loans or other operational support to Foremost to assist Foremost in capital expenditures or other efforts related to the manufacturing services that Foremost provides to us, which could limit the assets available for other corporate purposes or require additional resources. If it is determined that the cash requirements exceed our amount of cash on hand, we may seek to issue debt or equity securities, and there can be no assurances that additional financing will be available on acceptable term, if at all.

### ***East West Bank Credit Facility***

The Company's wholly-owned subsidiary, FGI Industries, has a line of credit agreement (the "Credit Agreement") with East West Bank, which is collateralized by all assets of FGI Industries and personally guaranteed by Liang Chou Chen, who holds approximately 49.91% of the voting control of Foremost. The current amount of maximum borrowings is \$18,000,000 and a maturity date of December 21, 2024. East West Bank has agreed to extend the maturity date to June 21, 2025 while efforts regarding a renewal of the facility are ongoing.

Pursuant to the Credit Agreement, FGI Industries is required to maintain (a) a debt coverage ratio (defined as earnings before interest, taxes, depreciation and amortization divided by current portion of long-term debt plus interest expense) of not less than 1.25 to 1, tested at the end of each fiscal quarter; (b) an effective tangible net worth (defined as total book net worth plus minority interest, less amounts due from officers, shareholders and affiliates, minus intangible assets and accumulated amortization, plus debt subordinated to East West Bank) of not less than \$10,000,000, tested at the end of each fiscal quarter, on a consolidated basis; and (c) a total debt to tangible net worth ratio (defined as total liabilities divided by tangible net worth, which is defined as total book net worth plus minority interest, less loans to officers, shareholders, and affiliates minus intangible assets and accumulated amortization) not to exceed 4.0 to 1, tested at the end of each fiscal quarter, on a consolidated basis. As of December 31, 2024, FGI Industries was in compliance with these financial covenants.

The loan bears interest rate equal to, at the Company's option, either (i) 0.25 percentage points less than the Prime Rate quoted by the Wall Street Journal or (ii) the SOFR Rate (as administered by CME Group Benchmark Administration Limited and displayed by Bloomberg LP) plus 2.20% per annum (in either case, subject to a minimum rate of 4.500% per annum). The interest rate as of December 31, 2024 and 2023 was 7.25% and 8.25%, respectively.

Each sum of borrowings under the Credit Agreement is deemed due on demand and is classified as a short-term loan. The outstanding balance of such loan was \$9.6 million and \$7.0 million as of December 31, 2024 and 2023, respectively.

### ***RBC Bank Loan***

FGI Canada Ltd. has a line of credit agreement with Royal Bank of Canada ("RBC"), successor by amalgamation of HSBC Canada (the "Canadian Revolver"). The revolving line of credit with RBC allows for borrowing up to CAD7.5 million (USD5.2 million as of December 31, 2024). This is an assets-based line of credit, the borrowing limit is calculated based on certain percentage of accounts receivable and inventory balances. Pursuant to the Canadian Revolver, FGI Canada Ltd. is required to maintain (a) a debt to tangible net worth ratio of no more than 3.00 to 1.00; and (b) a ratio of current assets to current liabilities of at least 1.25 to 1.00. The loan bears interest at a rate of Prime rate plus 0.50%. As of December 31, 2024, FGI Canada Ltd. was not in compliance with certain financial covenants in the Canadian Revolver related to its debt to tangible net worth ratio. In December 2024, FGI Canada Ltd. obtained a waiver from the lender acknowledging the non-compliance and FGI Canada Ltd.'s plan to remedy the default on or before March 31, 2025. The Company has classified the outstanding balance of the loan as a current liability on the consolidated balance sheet as of December 31, 2024. The Company has sufficient liquidity to repay the loan in full if immediate settlement were required.

Borrowings under this line of credit amounted to \$2.6 million and \$0 as of December 31, 2024 and 2023, respectively. The facility matures at the discretion of HSBC Canada upon 60 days' notice.

FGI Canada Ltd. also has a revolving foreign exchange facility with RBC of up to a permitted maximum of USD3.0 million. The advances are available to purchase foreign exchange forward contracts from time to time up to six months, subject to an overall maximum aggregate USD Equivalent outstanding face value not exceeding USD3.0 million.

**CTBC Credit Facility**

On January 25, 2024, FGI International entered into an omnibus credit line (the “CTBC Credit Line”) with CTBC Bank Co., Ltd. (“CTBC”). Under the CTBC Credit Line, FGI International may borrow, from time to time, up to \$2.3 million, with borrowings limited to 90% of FGI International’s export “open account” trade receivables. The CTBC Credit Line will bear interest at a rate of “Base Rate”, which is based on monthly or quarterly Taipei Interbank Offered in effect from time to time, plus 120 base points and handling fees, unless otherwise agreed to by the parties. The CTBC Credit Line is unsecured and is fully guaranteed by the Company and partially guaranteed by Liang Chou Chen. Borrowings under this line of credit amounted to \$2.3 million and \$0 as of December 31, 2024 and 2023, respectively.

On January 14, 2025, FGI International and CTBC agreed to increase the CTBC Credit Line to \$3.0 million.

**Cash Flows**

The following table summarizes the key components of our cash flows for the years ended December 31, 2024, and 2023.

	<b>For the Years Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
Net cash (used in) provided by operating activities	\$ (7,425,317)	\$ 2,212,823
Net cash used in investing activities	(2,875,816)	(1,765,738)
Net cash provided by (used in) financing activities	7,543,192	(2,835,876)
Effect of exchange rate fluctuation on cash	(461,140)	98,604
Net changes in cash	(3,219,081)	(2,290,187)
Cash, beginning of year	7,777,241	10,067,428
Cash, end of year	<u>\$ 4,558,160</u>	<u>\$ 7,777,241</u>

**Operating Activities**

Net cash used in operating activities was approximately \$7.4 million for the year ended December 31, 2024. This change primarily reflects strategic investments and working capital fluctuations. While 2024 saw a net loss, we continue to focus on long-term growth initiatives. Increases in accounts receivable and prepayments, as well as payments of operating lease liabilities, reflect our expanding operations and commitments. At the same time, higher accounts payable and a reduction in prepayments and other current assets provided a partial offset, demonstrating improved efficiency in managing liabilities.

Net cash provided by operating activities was approximately \$2.2 million for the year ended December 31, 2023. This positive cash flow was primarily driven by a reduction in inventory and other current assets, reflecting improved inventory management and efficient working capital utilization. These benefits were partially offset by an increase in prepayments and other receivables, which resulted from higher advance payments to suppliers and other operational commitments. Additionally, a decrease in operating lease liabilities contributed to lower net cash inflows. Furthermore, an increase in accounts receivable impacted cash flow, reflecting higher sales on credit terms.

**Investing Activities**

Net cash used in investing activities was approximately \$2.9 million and \$1.8 million for the years ended December 31, 2024 and 2023, respectively, which was attributable to the purchases of property and equipment and intangible assets.

**Financing Activities**

Net cash provided by financing activities was approximately \$7.5 million for the year ended December 31, 2024 compared to net cash used in financing activities of \$2.8 million for the year ended December 31, 2023. During 2023, we made net repayments on the revolving credit facility, resulting in an overall cash outflow in financing activities. The shift to net cash inflows in 2024 highlights our focus on enhancing liquidity and financial flexibility in response to evolving business needs and growth opportunities.

## **Commitments and Contingencies**

### ***Capital Expenditures***

Our capital expenditures were incurred primarily in connection with the acquisition of property and equipment and intangible assets. Our capital expenditures amounted to approximately \$2.9 million and \$1.8 million for the years ended December 31, 2024 and 2023, respectively. We do not expect to incur significant capital expenditures in the immediate future.

### **Off-Balance Sheet Arrangements**

We have no off-balance sheet arrangements including arrangements that would affect our liquidity, capital resources, market risk support and credit risk support or other benefits.

### **Critical Accounting Policies**

The consolidated financial statements and accompanying notes have been prepared in accordance with generally accepted accounting principles in the U.S. (“U.S. GAAP”). The preparation of these consolidated financial statements and accompanying notes requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We have identified certain accounting policies that are significant to the preparation of the consolidated financial statements. These accounting policies are important for an understanding of our financial condition and results of operations. Critical accounting policies are those that are most important to the portrayal of our financial conditions and results of operations and require management’s difficult, subjective, or complex judgment, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods. Certain accounting estimates are particularly sensitive because of their significance to consolidated financial statements and because of the possibility that future events affecting the estimate may differ significantly from management’s current judgments. While our significant accounting policies are more fully described in Note 2 to our consolidated financial statements included elsewhere in this registration statement, we believe the following critical accounting policies involve the most significant estimates and judgments used in the preparation of our consolidated financial statements.

#### Use of estimates and assumptions

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenue and expenses during the periods presented. Significant accounting estimates reflected in the Company’s consolidated financial statements include the useful lives of property and equipment, allowance for credit losses, inventory reserve, accrued defective return, provision for contingent liabilities, revenue recognition, deferred taxes and uncertain tax position. Actual results could differ from these estimates.

#### Accounts receivable

Accounts receivables include trade accounts due from customers. In establishing the required allowance for expected credit losses, management considers historical collection experience, aging of the receivables, the economic environment, industry trend analysis, and the credit history and financial conditions of the customers. Management reviews its receivables on a regular basis to determine if the expected credit losses are adequate and adjusts the allowance when necessary. Delinquent account balances are written off against allowance for credit losses after management has determined that the likelihood of collection is not probable.

#### Leases

The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use assets, net (“ROU assets”), operating lease liabilities — current and operating lease liabilities — noncurrent on the consolidated balance sheets.

ROU assets represent our right to use an underlying asset for the duration of the lease term while lease liabilities represent the Company's obligation to make lease payments in exchange for the right to use an underlying asset. ROU assets and lease liabilities are measured based on the present value of fixed lease payments over the lease term at the commencement date. The ROU asset also includes any lease payments made prior to the commencement date and initial direct costs incurred, and is reduced by any lease incentives received. The Company reviews its ROU assets as material events occur or circumstances change that would indicate the carrying amount of the ROU assets are not recoverable and exceed their fair values. If the carrying amount of an ROU asset is not recoverable from its undiscounted cash flows, then the Company would recognize an impairment loss for the difference between the carrying amount and the current fair value.

As most of the Company's leases do not provide an implicit rate, the Company generally uses its incremental borrowing rate on the commencement date of the lease as the discount rate in determining the present value of future lease payments. The Company determines the incremental borrowing rate for each lease by using the incremental borrowing rate based on the estimated rate of interest for collateralized borrowing over a similar term of the lease payments at commencement date. The Company's lease terms may include options to extend or terminate the lease when there are relevant economic incentives present that make it reasonably certain that the Company will exercise that option. The Company accounts for any non-lease components separately from lease components.

Lease expense for lease payments is recognized on a straight-line basis over the lease term.

### Fair Value Measurement

The accounting standard regarding fair value of financial instruments and related fair value measurements defines financial instruments and requires disclosure of the fair value of financial instruments held by the Company.

The accounting standards define fair value, establish a three-level valuation hierarchy for disclosures of fair value measurement and enhance disclosure requirements for fair value measures. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the assets or liability, either directly or indirectly, for substantially the full term of the financial instruments.
- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value.

Financial instruments included in current assets and current liabilities are reported in the consolidated balance sheets at face value or cost, which approximate fair value because of the short period of time between the origination of such instruments and their expected realization and their current market rates of interest.

### Revenue recognition

The Company recognized revenue in accordance with Accounting Standards Codification ("ASC") 606 – Revenue from Contracts with Customer. Revenue is recognized when control of the promised goods or performance obligations for services is transferred to the Company's customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for the goods or services.

The Company generates revenue from sales of kitchen and bath products, and recognizes revenue as control of its products is transferred to its customers, which is generally at the time of shipment or upon delivery based on the contractual terms with the Company's customers. The Company's customers' payment terms generally range from 15 to 60 days of fulfilling its performance obligations and recognizing revenue.

The Company provides customer programs and incentive offerings, including co-operative marketing arrangements and volume-based incentives. These customer programs and incentives are considered variable consideration. The Company includes in revenue variable consideration only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the variable consideration is resolved. This determination is

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made based upon known customer program and incentive offerings at the time of sale, and expected sales volume forecasts as it relates to the Company's volume-based incentives. This determination is updated on a monthly basis.

Certain product sales include a right of return. The Company estimates future product returns at the time of sale based on historical experience and records a corresponding reduction in accounts receivable.

### Share-based compensation

The Company accounts for share-based compensation in accordance with ASC 718, Compensation — Stock Compensation ("ASC 718"). In accordance with ASC 718, the Company determines whether an award should be classified and accounted for as a liability award or an equity award. All the Company's share-based awards were classified as equity awards and are recognized in the consolidated financial statements based on their grant date fair values.

The Company has elected to recognize share-based compensation using the straight-line method for all share-based awards granted over the requisite service period, which is the vesting period. The Company accounts for forfeitures as they occur in accordance with ASC 718. The Company, with the assistance of an independent third-party valuation firm, determines the fair value of the stock options granted to employees. The Black Scholes Model is applied in determining the estimated fair value of the options granted to employees and non-employees.

### Income Taxes

Deferred taxes are recognized based on the future tax consequences of the differences between the carrying value of assets and liabilities and their respective tax bases. The future realization of deferred tax assets depends on the existence of sufficient taxable income in future periods. Possible sources of taxable income include taxable income in carryback periods, the future reversal of existing taxable temporary differences recorded as a deferred tax liability, tax-planning strategies that generate future income or gains in excess of anticipated losses in the carryforward period and projected future taxable income.

If, based upon all available evidence, both positive and negative, it is more likely than not (i.e., more than 50 percent likely) that such deferred tax assets will not be realized, a valuation allowance is recorded. Significant weight is given to positive and negative evidence that is objectively verifiable. A company's three-year cumulative loss position is significant negative evidence in considering whether deferred tax assets are realizable, and the accounting guidance restricts the amount of reliance we can place on projected taxable income to support the recovery of the deferred tax assets.

The current accounting guidance allows the recognition of only those income tax positions that have a greater than 50 percent likelihood of being sustained upon examination by the taxing authorities. The Company believes that there is an increased potential for volatility in its effective tax rate because this threshold allows for changes in the income tax environment and, to a greater extent, the inherent complexities of income tax law in a substantial number of jurisdictions, which may affect the computation of its liability for uncertain tax positions.

The Company records interest and penalties on our uncertain tax positions in income tax expense.

We record the tax effects of Foreign Derived Intangible Income (FDII) and Global Intangible Low-Taxed Income (GILTI) related to our foreign operations as a component of income tax expense in the period the tax arises.

### Recently adopted accounting standards

In November 2023, the Financial Accounting Standards Board ("FASB") issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures," which requires additional disclosures regarding an entity's reportable segments, particularly regarding significant segment expenses, as well as information relating to the chief operating decision maker. The amendments in this update are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company adopted this standard on a retrospective basis for annual periods beginning January 1, 2024, and will adopt for interim periods within those annual periods beginning January 1, 2025. The adoption of this guidance modified our disclosures, but did not have an impact on our financial position or results of operations.

### Recently issued accounting standards

In December 2023, the FASB issued ASU 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures,” which requires additional income tax disclosures, particularly regarding the effective tax rate reconciliation and income taxes paid. ASU 2023-09 is effective on a prospective or retrospective basis for annual period beginning after December 15, 2024, with early adoption permitted. The Company plans to adopt this ASU for its annual period beginning January 1, 2025. The adoption of this guidance will modify its disclosures, but will not have an impact on its financial position or results of operations.

In November 2024, the FASB issued ASU 2024-03, “Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses,” which requires additional disclosure of the nature of expenses included in the income statement. ASU 2024-03 is effective on a prospective or retrospective basis for annual periods beginning after December 15, 2026, and interim periods within those annual periods beginning after December 15, 2027. Early adoption is permitted. The Company plans to adopt this ASU for its annual period beginning January 1, 2027. The adoption of this guidance will modify its disclosures, but will not have an impact on its financial position or results of operations.

The Company considers the applicability and impact of all ASUs. ASUs not listed above were assessed and determined not to be applicable.

### **Non-GAAP Measures**

In addition to the measures presented in our consolidated financial statements, we use the following non-GAAP measures to evaluate our business, measure our performance, identify trends affecting our business and assist us in making strategic decisions. Our non-GAAP measures are: Adjusted Operating Income, Adjusted Operating Margins and Adjusted Net Income. These non-GAAP financial measures are not prepared in accordance with GAAP. They are supplemental financial measures of our performance only, and should not be considered substitutes for net income, income from operations or any other measure derived in accordance with GAAP and may not be comparable to similarly titled measures reported by other entities.

We define Adjusted Operating Income as GAAP income from operations excluding the impact of certain non-recurring income and expenses, including non-recurring compensation expenses related to our IPO, unusual litigation and business expansion expense. We define Adjusted Net Income as GAAP income before income taxes excluding the impact of certain non-recurring income and expenses, such as non-recurring compensation expenses related to our IPO, unusual litigation and business expansion expense, as well as income taxes at historical average effective rate and net income attributable to non-controlling shareholders. We define Adjusted Operating Margins as Adjusted Operating Income divided by revenue.

We use these non-GAAP measures, along with GAAP measures, to evaluate our business, measure our financial performance and profitability and our ability to manage expenses, after adjusting for certain one-time expenses, identify trends affecting our business and assist us in making strategic decisions. We believe these non-GAAP measures, when reviewed in conjunction with GAAP financial measures, and not in isolation or as substitutes for analysis of our results of operations under GAAP, are useful to investors as they are widely used measures of performance and the adjustments we make to these non-GAAP measures provide investors further insight into our profitability and additional perspectives in comparing our performance over time on a consistent basis.

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The following table reconciles GAAP income from operations to Adjusted Operating Income and Adjusted Operating Margins, as well as GAAP net income to Adjusted Net Income for the periods presented.

	For the Years Ended December 31,	
	2024	2023
	USD	USD
(Loss) income from operations	\$ (2,099,591)	\$ 2,304,443
Adjustments:		
Non-recurring IPO-related share-based compensation	238,876	238,876
IPO and arbitration legal fee	—	50,000
Business expansion expense	247,080	247,082
<b>Adjusted Operating (Loss) Income</b>	<b>\$ (1,613,635)</b>	<b>\$ 2,840,401</b>
Revenue	\$ 131,818,073	\$ 117,241,604
<b>Adjusted Operating Margins (%)</b>	<b>(1.2)</b>	<b>2.4</b>

	For the Years Ended December 31,	
	2024	2023
	USD	USD
(Loss) income before income taxes	\$ (2,282,098)	\$ 1,387,788
Adjustments:		
Non-recurring IPO-related share-based compensation	238,876	238,876
IPO and arbitration legal fee	—	50,000
Business expansion expense	247,080	247,082
Adjusted (loss) income before income taxes	(1,796,142)	1,923,746
Less: income taxes at 18% rate	(323,306)	346,274
Less: net loss attributable to non-controlling shareholders	(533,188)	(154,040)
<b>Adjusted Net (Loss) Income</b>	<b>\$ (939,648)</b>	<b>\$ 1,731,512</b>

**ITEM 7A. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK**

We are a smaller reporting company as defined in Regulation S-K and are not required to provide the information under this item.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

**FGI INDUSTRIES LTD.  
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

<a href="#">Report of Independent Registered Public Accounting Firm (PCAOB ID: 688)</a>	45
<a href="#">Consolidated Balance Sheets as of December 31, 2024 and 2023</a>	46
<a href="#">Consolidated Statements of Operations and Comprehensive (Loss) Income for the years ended December 31, 2024 and 2023</a>	48
<a href="#">Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2024 and 2023</a>	50
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<a href="#">Notes to Consolidated Financial Statements</a>	53

## Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of  
FGI Industries Ltd.

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of FGI Industries Ltd. (the "Company") as of December 31, 2024 and 2023, the related consolidated statements of operations and comprehensive (loss) income, changes in shareholders' equity and cash flows for each of the two years in the period ended December 31, 2024, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Marcum LLP

Marcum LLP

We have served as the Company's auditor since 2020.

Melville, NY  
March 31, 2025

**FGI INDUSTRIES LTD.  
CONSOLIDATED BALANCE SHEETS**

	As of December 31, 2024	As of December 31, 2023
	USD	USD
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 4,558,160	\$ 7,777,241
Accounts receivable, net	20,293,555	16,195,543
Inventories, net	13,957,867	9,923,852
Prepayments and other current assets	2,091,407	4,617,751
Prepayments and other receivables – related parties	11,996,973	7,600,283
Total current assets	<u>52,897,962</u>	<u>46,114,670</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>3,634,340</u>	<u>1,910,491</u>
<b>OTHER ASSETS</b>		
Intangible assets	1,849,951	102,227
Operating lease right-of-use assets, net	12,823,747	15,203,576
Deferred tax assets, net	2,665,585	1,168,833
Other noncurrent assets	1,589,830	1,245,133
Total other assets	<u>18,929,113</u>	<u>17,719,769</u>
Total assets	<u>\$ 75,461,415</u>	<u>\$ 65,744,930</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Short-term loans	\$ 14,502,367	\$ 6,959,175
Accounts payable	19,349,529	14,524,607
Accounts payable – related parties	894,661	735,308
Income tax payable	23,189	189,119
Operating lease liabilities – current	1,867,956	1,595,998
Accrued expenses and other current liabilities	5,905,124	4,039,499
Total current liabilities	<u>42,542,826</u>	<u>28,043,706</u>
<b>OTHER LIABILITIES</b>		
Operating lease liabilities – noncurrent	<u>11,352,939</u>	<u>13,674,452</u>
Total liabilities	<u>53,895,765</u>	<u>41,718,158</u>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Preference Shares (\$0.0001 par value, 10,000,000 shares authorized, no shares issued and outstanding as of December 31, 2024 and December 31, 2023)	—	—

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Ordinary shares (\$0.0001 par value, 200,000,000 shares authorized, 9,563,914 and 9,547,607 shares issued and outstanding as of December 31, 2024 and December 31, 2023, respectively)	956	955
Additional paid-in capital	21,279,047	20,877,832
Retained earnings	3,212,435	4,413,524
Accumulated other comprehensive loss	(2,239,560)	(1,111,499)
FGI Industries Ltd. shareholders' equity	22,252,878	24,180,812
Non-controlling interests	(687,228)	(154,040)
Total shareholders' equity	21,565,650	24,026,772
Total liabilities and shareholders' equity	<u>\$ 75,461,415</u>	<u>\$ 65,744,930</u>

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The accompanying notes are an integral part of these consolidated financial statements.

**FGI INDUSTRIES LTD.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME**

	For the Years Ended December 31,	
	2024	2023
	USD	USD
Revenue	\$ 131,818,073	\$ 117,241,604
Cost of revenue	96,390,733	85,164,322
Gross profit	35,427,340	32,077,282
Operating expenses		
Selling and distribution	25,627,634	19,971,912
General and administrative	10,199,914	8,424,083
Research and development	1,699,383	1,376,844
Total operating expenses	37,526,931	29,772,839
(Loss) income from operations	(2,099,591)	2,304,443
Other income (expenses)		
Interest income	9,792	10,543
Interest expense	(1,246,742)	(749,729)
Other income (expenses), net	1,054,443	(177,469)
Total other income (expenses), net	(182,507)	(916,655)
(Loss) income before income taxes	(2,282,098)	1,387,788
Provision for (benefit of) income taxes		
Current	963,542	711,518
Deferred	(1,511,363)	96,706
Total (benefit of) provision for income taxes	(547,821)	808,224
Net (loss) income	(1,734,277)	579,564
Less: net loss attributable to non-controlling shareholders	(533,188)	(154,040)
Net (loss) income attributable to FGI Industries Ltd. shareholders	(1,201,089)	733,604
Other comprehensive (loss) income		
Foreign currency translation adjustment	(1,128,061)	284,820
Comprehensive (loss) income	(2,862,338)	864,384
Less: comprehensive loss attributable to non-controlling shareholders	(533,188)	(154,040)
Comprehensive (loss) income attributable to FGI Industries Ltd. shareholders	\$ (2,329,150)	\$ 1,018,424
Weighted average number of ordinary shares		
Basic	9,565,167	9,525,434

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Diluted	9,565,167	9,821,112
(Loss) earnings per share		
Basic	\$ (0.13)	\$ 0.08
Diluted	\$ (0.13)	\$ 0.07

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The accompanying notes are an integral part of these consolidated financial statements.

**FGI INDUSTRIES LTD.  
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS'  
EQUITY**

	Preference Shares		Ordinary Shares		Additional Paid-in Capital	Retained Earnings	Accumulate d Other Comprehen sive Loss	Total FGI Industries Ltd. Shareholde rs' Equity	Non- Controlling Interests	Total Shareholde rs' Equity
	Shares	Amount	Shares	Amount						
<b>Balance at January 1, 2023</b>	—	\$ —	9,500,000	\$ 950	\$20,459,859	\$ 3,679,920	\$ (1,396,319)	\$22,744,410	\$ —	\$22,744,410
Share-based compensation	—	—	47,607	5	417,973	—	—	417,978	—	417,978
Net income (loss)	—	—	—	—	—	733,604	—	733,604	(154,040)	579,564
Foreign currency translation adjustments	—	—	—	—	—	—	284,820	284,820	—	284,820
<b>Balance at December 31, 2023</b>	—	\$ —	9,547,607	\$ 955	\$20,877,832	\$ 4,413,524	\$ (1,111,499)	\$24,180,812	\$ (154,040)	\$24,026,772
Share-based compensation	—	—	16,307	1	401,215	—	—	401,216	—	401,216
Net loss	—	—	—	—	—	(1,201,089)	—	(1,201,089)	(533,188)	(1,734,277)
Foreign currency translation adjustments	—	—	—	—	—	—	(1,128,061)	(1,128,061)	—	(1,128,061)
<b>Balance at December 31, 2024</b>	—	\$ —	9,563,914	\$ 956	\$21,279,047	\$ 3,212,435	\$ (2,239,560)	\$22,252,878	\$ (687,228)	\$21,565,650

The accompanying notes are an integral part of these consolidated financial statements.

**FGI INDUSTRIES LTD.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	For the Years Ended December 31,	
	2024	2023
	USD	USD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss) income	\$ (1,734,277)	\$ 579,564
Adjustments to reconcile net (loss) income to net cash used in operating activities		
Depreciation	474,828	200,764
Amortization	2,701,615	1,816,738
Share-based compensation	401,216	417,978
Provision for credit losses	137,592	78,640
Provision for defective return	257,643	(851,554)
Foreign exchange transaction (gain) loss	(659,544)	185,317
Deferred income tax (benefit) expense	(1,496,752)	96,707
Changes in operating assets and liabilities		
Accounts receivable	(4,928,997)	(1,126,770)
Inventories	(4,034,016)	3,368,740
Prepayments and other current assets	1,284,680	(1,206,546)
Prepayments and other receivables – related parties	(3,960,942)	(1,956,634)
Other noncurrent assets	(344,697)	883,108
Income taxes	(165,930)	155,769
Accounts payable	4,824,922	(194,362)
Accounts payable - related parties	159,353	630,866
Operating lease liabilities	(2,207,636)	(1,324,641)
Accrued expenses and other current liabilities	1,865,625	459,139
Net cash (used in) provided by operating activities	(7,425,317)	2,212,823
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(2,206,052)	(840,387)
Purchase of intangible assets	(669,764)	(925,351)
Net cash used in investing activities	(2,875,816)	(1,765,738)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net proceeds from (repayments of) revolving credit facility	7,543,192	(2,835,876)
Net cash provided by (used in) financing activities	7,543,192	(2,835,876)
<b>EFFECT OF EXCHANGE RATE FLUCTUATION ON CASH</b>	(461,140)	98,604
<b>NET CHANGES IN CASH</b>	(3,219,081)	(2,290,187)
<b>CASH, BEGINNING OF YEAR</b>	7,777,241	10,067,428
<b>CASH, END OF YEAR</b>	\$ 4,558,160	\$ 7,777,241
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash paid during the period for interest	\$ (1,233,763)	\$ (749,646)
Cash paid during the period for income taxes	\$ (1,112,640)	\$ (552,163)

NON-CASH INVESTING AND FINANCING ACTIVITIES

New addition on right-of-use assets	\$ (158,082)	\$ (7,204,742)
Acquisition of intangible asset partially through prior period advanced payment	\$ (1,241,664)	\$ —

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The accompanying notes are an integral part of these consolidated financial statements.

**FGI INDUSTRIES LTD.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1 — Nature of business and organization**

FGI Industries Ltd. (“FGI” or the “Company”) is a holding company organized on May 26, 2021, under the laws of the Cayman Islands. The Company has no substantive operations other than holding all of the outstanding equity of its operating subsidiaries as described below. The Company is a supplier of global kitchen and bath products and currently focuses on the following categories: sanitaryware (primarily toilets, sinks, pedestals and toilet seats), bath furniture (vanities, mirrors and cabinets), shower systems, customer kitchen cabinetry and other accessory items. These products are sold primarily for repair and remodeling (“R&R”) activity and, to a lesser extent, new home or commercial construction. The Company sells its products through numerous partners, including mass retail centers, wholesale and commercial distributors, online retailers and independent dealers and distributors.

The accompanying consolidated financial statements reflect the activities of FGI and each of the following entities, in each case, as contemplated after the Reorganization, as described below:

Name	Background	Ownership
FGI Industries Inc. (formerly named Foremost Groups, Inc.)	<ul style="list-style-type: none"> <li>• A New Jersey corporation</li> <li>• Incorporated on January 5, 1988</li> <li>• Sales and distribution in the United States</li> </ul>	100% owned by FGI
FGI Europe Investment Limited	<ul style="list-style-type: none"> <li>• A British Virgin Islands holding company</li> <li>• Incorporated on January 1, 2007</li> </ul>	100% owned by FGI
FGI International, Limited	<ul style="list-style-type: none"> <li>• A Hong Kong company</li> <li>• Incorporated on June 2, 2021</li> <li>• Sales, sourcing and product development</li> </ul>	100% owned by FGI
FGI Canada Ltd.	<ul style="list-style-type: none"> <li>• A Canadian company</li> <li>• Incorporated on October 17, 1997</li> <li>• Sales and distribution in Canada</li> </ul>	100% owned by FGI Industries Inc.
FGI Germany GmbH & Co. KG	<ul style="list-style-type: none"> <li>• A German company</li> <li>• Incorporated on January 24, 2013</li> <li>• Sales and distribution in Germany</li> </ul>	100% owned by FGI Europe Investment Limited
FGI China, Ltd.	<ul style="list-style-type: none"> <li>• A PRC limited liability company</li> <li>• Incorporated on August 19, 2021</li> <li>• Sourcing and product development</li> </ul>	100% owned by FGI International, Limited
FGI United Kingdom Ltd	<ul style="list-style-type: none"> <li>• An UK company</li> <li>• Incorporated on December 10, 2021</li> <li>• Sales and distribution in UK</li> </ul>	100% owned by FGI Europe Investment Limited
FGI Australasia Pty Ltd	<ul style="list-style-type: none"> <li>• An Australian company</li> <li>• Incorporated on September 8, 2022</li> <li>• Sales and distribution in Australia</li> </ul>	100% owned by FGI
Covered Bridge Cabinetry Manufacturing Co., Ltd	<ul style="list-style-type: none"> <li>• A Cambodian company</li> <li>• Incorporated on April 21, 2022</li> <li>• Manufacturing in Cambodia</li> </ul>	100% owned by FGI
Isla Porter LLC	<ul style="list-style-type: none"> <li>• A New Jersey company</li> <li>• Formed on June 2, 2023</li> <li>• Sales and distribution in the United States</li> </ul>	60% owned by FGI Industries Inc.
FGI Industries India Private Limited	<ul style="list-style-type: none"> <li>• An Indian company</li> <li>• Incorporated on June 11, 2024</li> <li>• Sales and distribution in India</li> </ul>	100% owned by FGI

## Reorganization

On January 27, 2022, the following reorganization steps were collectively completed: (i) the incorporation of FGI International, Limited (“FGI International”) and FGI China, Ltd., (ii) FGI Industries Inc. (formerly Foremost Groups, Inc.) (“FGI Industries”), which operates the kitchen and bath (“K&B”) sales and distribution business in the United States and, through its wholly-owned Canadian subsidiary, Foremost International Limited, in Canada, distributed 100% of the outstanding shares of stock of Foremost Kingbetter Food Equipment Inc. (“FKB”), which operates a separate furniture line of business, to Foremost Groups Ltd. (“Foremost”), FGI Industries’ sole shareholder; (iii) Foremost contributed the FKB shares to Foremost Home Inc. (“FHI”), a newly-formed wholly-owned subsidiary of Foremost; and (iv) Foremost contributed 100% of the outstanding shares of stock of each of FGI Industries, FGI Europe Investment Limited (“FGI Europe”), which, directly and, through its wholly-owned German subsidiary, FGI Germany GmbH & Co., operates the K&B sales and distribution business in Europe, and FGI International, which, directly and through its wholly-owned Chinese subsidiary, FGI China, Ltd., operates the K&B sales and distribution business in the remainder of the world, K&B product development and sourcing of K&B products in China, to the Company (collectively, the “Reorganization”), such that, immediately following the Reorganization, (x) Foremost owns 100% of the equity interests in each of the Company and FHI, (y) the Company owns 100% of the equity interests in each of FGI Industries, FGI Europe and FGI International, which collectively, and through subsidiaries, operate the K&B business worldwide (the “K&B Business”), and (z) FHI owns 100% of the equity interests in FKB.

On January 14, 2022, FGI Industries, a wholly-owned subsidiary of the Company, entered into a shared services agreement (the “FHI Shared Services Agreement”) with Foremost Home Inc., a newly-formed wholly-owned subsidiary of Foremost (“FHI”). Pursuant to the FHI Shared Services Agreement, FGI Industries provides FHI with general and administrative services, information technology systems services and human resources services, as well as warehouse space services and supply chain services in the United States. Under the FHI Shared Services Agreement, FHI will reimburse any reasonable and documented out-of-pocket fees incurred by FGI Industries as well as pay a service fee for each service. For warehouse services, FHI will pay FGI Industries a \$500,000 annual fee as well as a fee equal to 4% of gross product sales of all products stored in such warehouses. For all other services provided, FHI will pay a service fee equal to the total costs incurred by FGI Industries for such service generally divided by the number of FHI employees relative to FGI Industries employees. The FHI Shared Services Agreement had an initial term of one year and renews automatically unless cancelled by either party upon the giving of at least 60 days notice in advance of the expiration of the then-current term.

On January 14, 2022, the Company entered into a shared services agreement (the “Worldwide Shared Services Agreement”) with Foremost Worldwide Co., Ltd. (“Foremost Worldwide”) pursuant to which Foremost Worldwide provides FGI Industries with general and administrative services, information technology system services and human resources services, in Taiwan. The terms of the Worldwide Services Agreement as between the service provider and recipient are substantially identical to those of the FHI Shared Services Agreement, including calculation of service fees and termination provisions, with Foremost Worldwide providing services and FGI Industries paying Foremost Worldwide for such services. On January 1, 2023, the Worldwide Services Agreement was amended and restated to include additional digital online and related services.

The assets and liabilities have been stated at historical carrying amounts. Only those assets and liabilities that are specifically identifiable to the K&B Business are included in the Company’s consolidated balance sheets. The Company’s consolidated statements of operations and comprehensive (loss) income consists all the revenue, costs and expenses of the K&B Business, including allocations to selling and distribution expenses, general and administrative expenses, and research and development expenses, and which were incurred by FGI but related to the K&B Business prior to the Reorganization.

All revenue and cost of revenue attributable to selling of K&B products were allocated to the Company. Operating expenses were allocated to the Company based on employees and activities that are involved in the K&B Business. Any expenses that were not directly attributable to any specific business were allocated to the Company based on the proportion of the number of employees of the K&B Business to the total number of employees of both the K&B Business and FHI.

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Since December 2023, the books and records of FHI have been completely separated from FGI Industries. The following table sets forth the revenue, cost of revenue and operating expenses that were irrelevant to the K&B Business allocated from FGI Industries to Foremost Home, Inc. for years ended December 31, 2024 and 2023, respectively.

	For the Years Ended	
	December 31,	
	2024	2023
	USD	USD
Revenue	\$ —	\$ 991,919
Cost of revenue	—	(768,065)
Gross profit	—	223,854
Selling and distribution expenses	—	45,979
General and administrative expenses	—	—
Research and development expenses	—	—
Income from operations	\$ —	\$ 269,833

Since October 2022, the books and records of FGI International have been completely separated from Foremost Worldwide Co., Ltd., a wholly-owned subsidiary of Foremost.

Income tax liability is calculated based on a separate return basis as if the K&B Business had filed separate tax returns before the completion of the Reorganization. Immediately following the Reorganization, the K&B Business began to file separate tax returns and report taxation based on the actual tax return of each legal entity.

Management believes the basis and amounts of these allocations are reasonable. While the expenses allocated to the Company for these items are not necessarily indicative of the expenses that would have been incurred if the Company had been a separate, stand-alone entity, the Company does not believe that there is any significant difference between the nature and amounts of these allocated expenses and the expenses that would have been incurred if the Company had been a separate, stand-alone entity.

## **Note 2 — Summary of significant accounting policies**

### Liquidity

Historically, the Company finances its operations through internally generated cash, short-term loans and payables. As of December 31, 2024, the Company had approximately \$4.6 million in cash and cash equivalents, which primarily consists of cash on hand and bank deposits, which are unrestricted as to withdrawal and use.

If the Company is unable to realize its assets within the normal operating cycle of a twelve (12) month period, the Company may have to consider supplementing its available sources of funds through the following sources:

- other available sources of financing from other banks and financial institutions;
- sales of additional securities to the public or other investors; and
- financial support from the Company's shareholders.

Based on the above considerations, the Company's management is of the opinion that it has sufficient funds to meet the Company's working capital requirements and debt obligations as they become due over the next twelve (12) months.

### Basis of presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and applicable rules and regulations of the Securities and Exchange Commissions (the "SEC"), regarding financial reporting, and include all normal and recurring adjustments that management of the Company considers necessary for a fair presentation of its financial position and operation results.

Principles of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. All significant intercompany transactions and balances between the Company and its subsidiaries are eliminated upon consolidation.

Subsidiaries are those entities which the Company, directly or indirectly, controls more than one half of the voting power; or has the power to govern the financial and operating policies, to appoint or remove the majority of the members of the board of directors, or to cast a majority of votes at a meeting of directors.

Use of estimates and assumptions

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenue and expenses during the periods presented. Significant accounting estimates reflected in the Company's consolidated financial statements include the useful lives of property and equipment, allowance for credit losses, inventory reserve, accrued defective return, provision for contingent liabilities, revenue recognition, deferred taxes and uncertain tax position. Actual results could differ from these estimates.

Foreign currency translation and transaction

The functional currencies of the Company and its subsidiaries are the local currency of the country in which the subsidiaries operate, except for FGI International, which is incorporated in Hong Kong and adopted the United States Dollar ("U.S. Dollar" or "USD") as its functional currency. The reporting currency of the Company is the U.S. Dollar. Assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable rates of exchange in effect at that date. The equity denominated in the functional currencies is translated at the historical rates of exchange at the time of capital contributions. The results of operations and the cash flows denominated in foreign currencies are translated at the average rates of exchange during the reporting period. Because cash flows are translated based on the average translation rates, amounts related to assets and liabilities reported on the consolidated statements of cash flows will not necessarily agree with changes in the corresponding balances on the consolidated balance sheets. Translation adjustments arising from the use of different exchange rates from period to period are included as a separate component of accumulated other comprehensive income included in the consolidated statements of changes in shareholders' equity. Transaction gains and losses arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency in the consolidated statements of operations and comprehensive (loss) income.

For the purpose of presenting the financial statements of subsidiaries using the Renminbi ("RMB") as their functional currency, the Company's assets and liabilities are expressed in U.S. Dollars at the exchange rate on the balance sheet date, which was 7.3094 and 7.1006 as of December 31, 2024 and 2023, respectively; shareholders' equity accounts are translated at historical rates, and income and expense items are translated at the average exchange rate during the period.

For the purpose of presenting the financial statements of the subsidiary using the Canadian Dollar ("CAD") as its functional currency, the Company's assets and liabilities are expressed in U.S. Dollars at the exchange rate on the balance sheet date, which was 1.4384 and 1.3246 as of December 31, 2024 and 2023, respectively; shareholders' equity accounts are translated at historical rates, and income and expense items are translated at the average exchange rate during the period.

For the purpose of presenting the financial statements of the subsidiary using the Euro ("EUR") as its functional currency, the Company's assets and liabilities are expressed in U.S. Dollars at the exchange rate on the balance sheet date, which was 0.9600 and 0.9059 as of December 31, 2024 and 2023, respectively; shareholders' equity accounts are translated at historical rates, and income and expense items are translated at the average exchange rate during the period.

For the purpose of presenting the financial statements of the subsidiary using the Indian Rupee ("INR") as its functional currency, the Company's assets and liabilities are expressed in U.S. Dollars at the exchange rate on the balance sheet date, which was 85.4912 as of December 31, 2024; shareholders' equity accounts are translated at historical rates, and income and expense items are translated at the average exchange rate during the period.

Reclassification

Certain prior year amounts have been reclassified to conform with the current year presentation, specifically the depreciation and amortization in the consolidated statements of cash flows. These reclassifications have no effect on the consolidated balance sheets and the consolidated statements of operations and comprehensive (loss) income previously reported.

Cash

Cash consists of cash on hand and demand deposits placed with banks or other financial institutions that have original maturities of three months or less. The Company did not have any cash equivalents as of December 31, 2024 and 2023.

Accounts receivable, net

Accounts receivables include trade accounts due from customers. In establishing the required allowance for expected credit losses, management considers historical collection experience, aging of the receivables, the economic environment, industry trend analysis, and the credit history and financial conditions of the customers. Management reviews its receivables on a regular basis to determine if the expected credit losses are adequate and adjusts the allowance when necessary. Delinquent account balances are written off against allowance for credit losses after management has determined that the likelihood of collection is not probable.

Inventories, net

Inventories are stated at the lower of cost and net realizable value. Cost consists of purchase price and related shipping and handling expenses, and is determined using the weighted average cost method, based on individual products. The methods of determining inventory costs are used consistently from year to year. A provision for slow-moving items is calculated based on historical experience. Management reviews this provision annually to assess whether, based on economic conditions, it is adequate.

Prepayments

Prepayments are cash deposited or advanced to suppliers for the purchase of goods or services that have not been received or provided. This amount is refundable and bears no interest. Prepayments and deposits are classified as either current or non-current based on the terms of the respective agreements. These advances are unsecured and are reviewed periodically to determine whether their carrying value has become impaired.

Property and equipment, net

Property and equipment are stated at cost net of accumulated depreciation and impairment. Depreciation is provided over the estimated useful lives of the assets using the straight-line method from the time the assets are placed in service. Estimated useful lives are as follows:

	<u>Useful Life</u>
Building	20 years
Leasehold Improvements	Lesser of lease term and expected useful life
Machinery and equipment	3 – 5 years
Furniture and fixtures	3 – 5 years
Vehicles	5 years
Molds	3 – 5 years

Intangible assets, net

The Company's intangible assets with definite useful lives primarily consist of software acquired for internal use. The Company amortizes its intangible assets with definite useful lives over their estimated useful lives and reviews these assets for impairment. The Company typically amortizes its intangible assets with definite useful lives on a straight-line basis over the estimated useful lives of ten years.

### Impairment for long-lived assets

Long-lived assets, including property and equipment and intangible assets with definite useful lives, are reviewed for impairment whenever material events or changes in circumstances (such as a significant adverse change to market conditions that will impact the future use of the assets) indicate that the carrying value of an asset group may not be recoverable. The Company assesses the recoverability of an asset group based on the undiscounted future cash flows the asset group is expected to generate and recognize an impairment loss when estimated undiscounted future cash flows expected to result from the use of the asset group plus net proceeds expected from disposition of the asset group, if any, are less than the carrying value of the asset group. If an impairment is identified, the Company would reduce the carrying amount of the asset group to its estimated fair value based on a discounted cash flows approach or, when available and appropriate, to comparable market values. As of December 31, 2024 and 2023, no impairment of long-lived assets was recognized.

### Leases

The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use assets, net (“ROU assets”), operating lease liabilities — current and operating lease liabilities — noncurrent on the consolidated balance sheets.

ROU assets represent our right to use an underlying asset for the duration of the lease term while lease liabilities represent the Company’s obligation to make lease payments in exchange for the right to use an underlying asset. ROU assets and lease liabilities are measured based on the present value of fixed lease payments over the lease term at the commencement date. The ROU asset also includes any lease payments made prior to the commencement date and initial direct costs incurred, and is reduced by any lease incentives received. The Company reviews its ROU assets as material events occur or circumstances change that would indicate the carrying amount of the ROU assets are not recoverable and exceed their fair values. If the carrying amount of an ROU asset is not recoverable from its undiscounted cash flows, then the Company would recognize an impairment loss for the difference between the carrying amount and the current fair value.

As most of the Company’s leases do not provide an implicit rate, the Company generally uses its incremental borrowing rate on the commencement date of the lease as the discount rate in determining the present value of future lease payments. The Company determines the incremental borrowing rate for each lease by using the incremental borrowing rate based on the estimated rate of interest for collateralized borrowing over a similar term of the lease payments at commencement date. The Company’s lease terms may include options to extend or terminate the lease when there are relevant economic incentives present that make it reasonably certain that the Company will exercise that option. The Company accounts for any non-lease components separately from lease components.

Lease expense for lease payments is recognized on a straight-line basis over the lease term.

### Fair Value Measurement

The accounting standard regarding fair value of financial instruments and related fair value measurements defines financial instruments and requires disclosure of the fair value of financial instruments held by the Company.

The accounting standards define fair value, establish a three-level valuation hierarchy for disclosures of fair value measurement and enhance disclosure requirements for fair value measures. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the assets or liability, either directly or indirectly, for substantially the full term of the financial instruments.
- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value.

Financial instruments included in current assets and current liabilities are reported in the consolidated balance sheets at face value or cost, which approximate fair value because of the short period of time between the origination of such instruments and their expected realization and their current market rates of interest.

Revenue recognition

The Company recognized revenue in accordance with Accounting Standards Codification (“ASC”) 606 – Revenue from Contracts with Customer. Revenue is recognized when control of the promised goods or performance obligations for services is transferred to the Company’s customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for the goods or services.

The Company generates revenue from sales of kitchen and bath products, and recognizes revenue as control of its products is transferred to its customers, which is generally at the time of shipment or upon delivery based on the contractual terms with the Company’s customers. The Company’s customers’ payment terms generally range from 15 to 60 days of fulfilling its performance obligations and recognizing revenue.

The Company provides customer programs and incentive offerings, including co-operative marketing arrangements and volume-based incentives. These customer programs and incentives are considered variable consideration. The Company includes in revenue variable consideration only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the variable consideration is resolved. This determination is made based upon known customer program and incentive offerings at the time of sale, and expected sales volume forecasts as it relates to the Company’s volume- based incentives. This determination is updated on a monthly basis.

Certain product sales include a right of return. The Company estimates future product returns at the time of sale based on historical experience and records a corresponding reduction in accounts receivable.

The Company records receivables related to revenue when it has an unconditional right to invoice and receive payment.

The Company’s disaggregated revenue is summarized as follows:

	For the Years Ended December 31,	
	2024	2023
	USD	USD
<b>Revenue by product line</b>		
Sanitaryware	\$ 81,109,955	\$ 75,551,117
Bath Furniture	14,739,205	14,770,376
Shower System	25,521,977	19,997,197
Others	10,446,936	6,922,914
Total	<u>\$ 131,818,073</u>	<u>\$ 117,241,604</u>

	Total Revenue		Total Assets	
	For the Years Ended December 31,		As of December 31,	
	2024	2023	2024	2023
	USD	USD	USD	USD
<b>Revenue/ total assets by geographic location</b>				
United States	\$ 82,378,167	\$ 74,572,336	\$ 47,935,433	\$ 38,401,665
Canada	35,151,631	31,092,989	15,027,362	17,850,709
Europe	13,301,990	11,477,070	1,625,994	528,068
Rest of World	986,285	99,209	10,872,626	8,964,488
Total	<u>\$ 131,818,073</u>	<u>\$ 117,241,604</u>	<u>\$ 75,461,415</u>	<u>\$ 65,744,930</u>

### Shipping and Handling Costs

Shipping and handling costs are expensed as incurred and are included in selling and distribution expenses on the accompanying statement of operations. For the years ended December 31, 2024 and 2023, shipping and handling expense was \$1,261,294 and \$711,640, respectively.

### Share-based compensation

The Company accounts for share-based compensation in accordance with ASC 718, Compensation — Stock Compensation (“ASC 718”). In accordance with ASC 718, the Company determines whether an award should be classified and accounted for as a liability award or an equity award. All the Company’s share-based awards were classified as equity awards and are recognized in the consolidated financial statements based on their grant date fair values.

The Company has elected to recognize share-based compensation using the straight-line method for all share-based awards granted over the requisite service period, which is the vesting period. The Company accounts for forfeitures as they occur in accordance with ASC 718. The Company, with the assistance of an independent third-party valuation firm, determines the fair value of the stock options granted to employees. The Black Scholes Model is applied in determining the estimated fair value of the options granted to employees and non-employees. The Company recognized share-based compensation of \$401,216 and \$417,978 for the years ended December 31, 2024 and 2023, respectively.

### Income Taxes

Deferred taxes are recognized based on the future tax consequences of the differences between the carrying value of assets and liabilities and their respective tax bases. The future realization of deferred tax assets depends on the existence of sufficient taxable income in future periods. Possible sources of taxable income include taxable income in carryback periods, the future reversal of existing taxable temporary differences recorded as a deferred tax liability, tax-planning strategies that generate future income or gains in excess of anticipated losses in the carryforward period and projected future taxable income.

If, based upon all available evidence, both positive and negative, it is more likely than not (i.e., more than 50 percent likely) that such deferred tax assets will not be realized, a valuation allowance is recorded. Significant weight is given to positive and negative evidence that is objectively verifiable. A company’s three-year cumulative loss position is significant negative evidence in considering whether deferred tax assets are realizable, and the accounting guidance restricts the amount of reliance we can place on projected taxable income to support the recovery of the deferred tax assets.

The current accounting guidance allows the recognition of only those income tax positions that have a greater than 50 percent likelihood of being sustained upon examination by the taxing authorities. The Company believes that there is an increased potential for volatility in its effective tax rate because this threshold allows for changes in the income tax environment and, to a greater extent, the inherent complexities of income tax law in a substantial number of jurisdictions, which may affect the computation of its liability for uncertain tax positions.

The Company records and penalties on its uncertain tax positions, which were insignificant for the years ended December 31, 2024 and 2023, in income tax expense.

As of December 31, 2024, the tax years ended December 31, 2021 through December 31, 2023 for FGI Industries remain open for statutory examination by tax authority.

The Company record the tax effects of Foreign Derived Intangible Income (FDII) and Global Intangible Low-Taxed Income (GILTI) related to our foreign operations as a component of income tax expense in the period in which the tax arises.

### Non-controlling interests

The Company’s non-controlling interests represent the minority shareholders’ ownership interests related to the Company’s subsidiary, including 40% in Isla Porter LLC. The non-controlling interests are presented in the consolidated balance sheets, separate from equity attributable to the shareholders of the Company. Non-controlling interests in the results of operations of the Company are presented on the consolidated statements of operations and comprehensive (loss)

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income as allocations of the net income or loss for the period between non-controlling shareholders and the shareholders of the Company.

### Comprehensive income (loss)

Comprehensive income (loss) consists of two components: net income and other comprehensive income. Other comprehensive income (loss) refers to revenue, expenses, gains and losses that under U.S. GAAP are recorded as an element of equity but are excluded from net income. Other comprehensive income consists of a foreign currency translation adjustment resulting from the Company not using the U.S. Dollar as its functional currencies.

### Earnings (loss) per share

The Company computes earnings (loss) per share (“EPS”) in accordance with ASC 260 – Earnings per Share (“ASC 260”). ASC 260 requires companies to present basic and diluted EPS. Basic EPS is measured as net income divided by the weighted average ordinary shares outstanding for the period. Diluted EPS presents the dilutive effect on a per share basis of the potential ordinary shares (e.g., convertible securities, options and warrants) as if they had been converted at the beginning of the periods presented, or issuance date, if later. Potential ordinary shares that have an anti-dilutive effect (i.e., those that increase income per share or decrease loss per share) are excluded from the calculation of diluted EPS.

The following table sets forth the computation of basic and diluted earnings per share for the year ended December 31, 2024 and 2023:

	For the Years Ended December 31,	
	2024	2023
	USD	USD
<i>Numerator:</i>		
Net (loss) income attributable to FGI Industries Ltd. shareholders	\$ (1,201,089)	\$ 733,604
<i>Denominator:</i>		
Weighted-average number of ordinary shares outstanding — basic	9,565,167	9,525,434
Potentially dilutive shares from outstanding options/warrants	—	295,678
Weighted-average number of ordinary shares outstanding — diluted	9,565,167	9,821,112
<b>Earnings (loss) per share — basic</b>	<b>\$ (0.13)</b>	<b>\$ 0.08</b>
<b>Earnings (loss) per share — diluted</b>	<b>\$ (0.13)</b>	<b>\$ 0.07</b>

### Segment reporting

ASC 280, “Segment Reporting”, establishes standards for reporting information about operating segments on a basis consistent with the Company’s internal organizational structure as well as information about geographical areas, business segments and major customers in financial statements for detailing the Company’s business segments.

### Recently adopted accounting standards

In November 2023, the Financial Accounting Standards Board (“FASB”) issued ASU 2023-07, “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures,” which requires additional disclosures regarding an entity’s reportable segments, particularly regarding significant segment expenses, as well as information relating to the chief operating decision maker. The amendments in this update are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company adopted this standard on a retrospective basis for annual periods beginning January 1, 2024, and will adopt for interim periods within those annual periods beginning January 1, 2025. The adoption of this guidance modified our disclosures, but did not have an impact on our financial position or results of operations.

Recently issued accounting standards

In December 2023, the FASB issued ASU 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures,” which requires additional income tax disclosures, particularly regarding the effective tax rate reconciliation and income taxes paid. ASU 2023-09 is effective on a prospective or retrospective basis for annual period beginning after December 15, 2024, with early adoption permitted. The Company plans to adopt this ASU for its annual period beginning January 1, 2025. The adoption of this guidance will modify its disclosures, but will not have an impact on its financial position or results of operations.

In November 2024, the FASB issued ASU 2024-03, “Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses,” which requires additional disclosure of the nature of expenses included in the income statement. ASU 2024-03 is effective on a prospective or retrospective basis for annual periods beginning after December 15, 2026, and interim periods within those annual periods beginning after December 15, 2027. Early adoption is permitted. The Company plans to adopt this ASU for its annual period beginning January 1, 2027. The adoption of this guidance will modify its disclosures, but will not have an impact on its financial position or results of operations.

The Company considers the applicability and impact of all ASUs. ASUs not listed above were assessed and determined not to be applicable.

**Note 3 — Accounts receivable, net**

Accounts receivable, net consisted of the following:

	As of December 31, 2024	As of December 31, 2023
	USD	USD
Accounts receivable	\$ 21,487,303	\$ 17,184,706
Allowance for credit losses	(191,821)	(244,879)
Accrued defective return and discount	(1,001,927)	(744,284)
Accounts receivable, net	<u>\$ 20,293,555</u>	<u>\$ 16,195,543</u>

Movements of allowance for credit losses are as follows:

	For the Years Ended December 31, 2024	For the Year Ended December 31, 2023
	USD	USD
Beginning balance	\$ 244,879	\$ 438,843
Provision	137,592	78,640
Write-off	(190,650)	(272,604)
Ending balance	<u>\$ 191,821</u>	<u>\$ 244,879</u>

Movements of accrued defective return and discount accounts are as follows:

	For the Years Ended December 31, 2024	For the Year Ended December 31, 2023
	USD	USD
Beginning balance	\$ 744,284	\$ 1,595,838
Provision (recovery)	257,643	(851,554)
Ending balance	<u>\$ 1,001,927</u>	<u>\$ 744,284</u>

**Note 4 — Inventories, net**

Inventories, net consisted of the following:

	As of December 31, 2024	As of December 31, 2023
	USD	USD
Finished product	\$ 14,789,552	\$ 10,565,858
Reserves for slow-moving inventories	(831,685)	(642,006)
Inventories, net	<u>\$ 13,957,867</u>	<u>\$ 9,923,852</u>

Movements of inventory reserves are as follows:

	For the Years Ended December 31, 2024	For the Year Ended December 31, 2023
	USD	USD
Beginning balance	\$ 642,006	\$ 663,530
Provision (recovery)	189,679	(21,524)
Ending balance	<u>\$ 831,685</u>	<u>\$ 642,006</u>

**Note 5 — Prepayments and other assets**

Prepayments and other assets consisted of the following:

	As of December 31, 2024	As of December 31, 2023
	USD	USD
Prepayments	\$ 1,806,555	\$ 3,953,340
Others	284,852	664,411
Total prepayments and other assets	<u>\$ 2,091,407</u>	<u>\$ 4,617,751</u>

**Note 6 — Property and equipment, net**

Property and equipment, net consist of the following:

	As of December 31, 2024	As of December 31, 2023
	USD	USD
Building	\$ 946,066	\$ 946,066
Leasehold Improvements	1,919,687	1,695,361
Machinery and equipment	3,549,167	1,613,439
Furniture and fixtures	274,994	259,449
Vehicles	147,912	147,912
Molds	26,377	26,377
Subtotal	6,864,203	4,688,604
Less: accumulated depreciation	(3,311,647)	(2,778,113)
Prepayment for purchase of equipment and construction-in-progress	81,784	—
Total	<u>\$ 3,634,340</u>	<u>\$ 1,910,491</u>

Depreciation expenses for the years ended December 31, 2024 and 2023 amounted to \$474,828 and \$200,764, respectively, which were included in general and administrative expenses on the consolidated statements of operations and comprehensive (loss) income.

**Note 7 — Leases**

The Company has operating leases primarily for corporate offices, warehouses and showrooms. As of December 31, 2024, the Company's leases have remaining lease terms up to 10.2 years.

The Company also purchased an operating lease for land from a common control affiliate for manufacturing purposes, which has a remaining lease term up to 47.5 years and can be extended for another 50.0 years for \$1.

For the years ended December 31, 2024, and 2023, the total lease expenses were \$2,763,970 and \$2,581,542 respectively.

The table below presents the operating lease related assets and liabilities recorded on the Company's consolidated balance sheets:

	As of December 31, 2024	As of December 31, 2023
	USD	USD
Operating lease right-of-use assets	\$ 12,823,747	\$ 15,203,576
Operating lease liabilities – current	\$ 1,867,956	\$ 1,595,998
Operating lease liabilities – noncurrent	11,352,939	13,674,452
Total operating lease liabilities	<u>\$ 13,220,895</u>	<u>\$ 15,270,450</u>

Information relating to the lease term and discount rate are as follows:

	As of December 31, 2024	As of December 31, 2023
Weighted-average remaining lease term		
Operating leases	8.7 years	9.4 years
Weighted-average discount rate		
Operating leases	5.7%	5.7%

As of December 31, 2024, the maturities of operating lease liabilities were as follows:

For the 12 months ending December 31,	
2025	\$ 2,575,464
2026	2,622,311
2027	2,613,448
2028	2,221,045
2029	1,339,891
Thereafter	5,258,220
Total lease payments	16,630,379
Less: imputed interest	(3,409,484)
Present value of lease liabilities	<u>\$ 13,220,895</u>

#### **Note 8 — Short-term loans**

##### East West Bank loan

The Company's wholly-owned subsidiary, FGI Industries, has a line of credit agreement (the "Credit Agreement") with East West Bank, which is collateralized by all assets of FGI Industries and personally guaranteed by Liang Chou Chen, who holds approximately 49.91% of the voting control of Foremost. The current amount of maximum borrowings is \$18,000,000 and the Credit Agreement had a maturity date of December 21, 2024. East West Bank has agreed to extend the maturity date to June 21, 2025 while efforts regarding a renewal of the facility are ongoing. This is an assets-based line of credit, the borrowing limit is calculated based on certain percentage of accounts receivable and inventory balances.

Pursuant to the Credit Agreement, FGI Industries is required to maintain (a) a debt coverage ratio (defined as earnings before interest, taxes, depreciation and amortization divided by current portion of long-term debt plus interest expense) of not less than 1.25 to 1, tested at the end of each fiscal quarter; (b) an effective tangible net worth (defined as total book net worth plus minority interest, less amounts due from officers, shareholders and affiliates, minus intangible assets and accumulated amortization, plus debt subordinated to East West Bank) of not less than \$10,000,000, tested at the end of each fiscal quarter, on a consolidated basis; and (c) a total debt to tangible net worth ratio (defined as total liabilities divided by tangible net worth, which is defined as total book net worth plus minority interest, less loans to officers, shareholders, and affiliates minus intangible assets and accumulated amortization) not to exceed 4.0 to 1, tested at the end of each fiscal quarter, on a consolidated basis. As of December 31, 2024, FGI Industries was in compliance with these financial covenants.

The loan bears interest at rate equal to, at the Company's option, either (i) 0.25 percentage points less than the Prime Rate quoted by the Wall Street Journal or (ii) the SOFR Rate (as administered by CME Group Benchmark Administration Limited and displayed by Bloomberg LP) plus 2.20% per annum (in either case, subject to a minimum rate of 4.500% per annum). The interest rate as of December 31, 2024 and 2023 was 7.25% and 8.25%, respectively.

Each sum of borrowings under the Credit Agreement is deemed due on demand and is classified as a short-term loan. The outstanding balance of such loan was \$9.6 million and \$7.0 million as of December 31, 2024 and 2023, respectively.

##### RBC Bank Loan / Foreign Exchange Facility

FGI Canada Ltd. has a line of credit agreement with Royal Bank of Canada ("RBC"), successor by amalgamation of HSBC Canada (the "Canadian Revolver"). The revolving line of credit with RBC allows for borrowing up to CAD7.5

million (USD5.2 million as of December 31, 2024). This is an assets-based line of credit, the borrowing limit is calculated based on certain percentage of accounts receivable and inventory balances. Pursuant to the Canadian Revolver, FGI Canada Ltd. is required to maintain (a) a debt to tangible net worth ratio of no more than 3.00 to 1.00; and (b) a ratio of current assets to current liabilities of at least 1.25 to 1.00. The loan bears interest at a rate of Prime rate plus 0.50%. As of December 31, 2024, FGI Canada Ltd. was not in compliance with certain financial covenants in the Canadian Revolver related to its debt to tangible net worth ratio. In December 2024, FGI Canada Ltd. obtained a waiver from the lender acknowledging the non-compliance and FGI Canada Ltd.'s plan to remedy the default on or before March 31, 2025. The Company has classified the outstanding balance of the loan as a current liability on the consolidated balance sheet as of December 31, 2024. The Company has sufficient liquidity to repay the loan in full if immediate settlement were required.

Borrowings under this line of credit amounted to \$2.6 million and \$0 as of December 31, 2024 and 2023, respectively. The facility matures at the discretion of RBC upon 60 days' notice.

FGI Canada Ltd. also has a revolving foreign exchange facility with RBC of up to a permitted maximum of USD3.0 million. The advances are available to purchase foreign exchange forward contracts from time to time up to six months, subject to an overall maximum aggregate USD Equivalent outstanding face value not exceeding USD3.0 million.

### CTBC Credit Facility

On January 25, 2024, FGI International entered into an omnibus credit line (the "CTBC Credit Line") with CTBC Bank Co., Ltd. ("CTBC"). Under the CTBC Credit Line, FGI International may borrow, from time to time, up to \$2.3 million, with borrowings limited to 90% of FGI International's export "open account" trade receivables. The CTBC Credit Line will bear interest at a rate of "Base Rate", which is based on monthly or quarterly Taipei Interbank Offered in effect from time to time, plus 120 base points and handling fees, unless otherwise agreed to by the parties. The CTBC Credit Line is unsecured and is fully guaranteed by the Company and partially guaranteed by Liang Chou Chen. Borrowings under this line of credit amounted to \$2.3 million and \$0 as of December 31, 2024 and 2023, respectively.

On January 14, 2025, FGI International and CTBC agreed to increase the CTBC Credit Line to \$3.0 million.

### **Note 9 — Shareholders' Equity**

FGI was incorporated in the Cayman Islands on May 26, 2021 in connection with the planned Reorganization, as described in Note 1. The Company is authorized to issue 50,000,000 ordinary shares with a par value of \$0.001 per share.

On January 27, 2022, the Company completed the Reorganization upon the consummation of the initial public offering ("IPO"). After the Reorganization and the IPO, the Company's authorized share capital is \$21,000 divided into (i) 200,000,000 Ordinary Shares of par value of \$0.0001 each, and (ii) 10,000,000 Preference Shares of par value of \$0.0001 each; 9,500,000 ordinary shares were issued and outstanding accordingly. The Company believes it is appropriate to reflect these share issuances as nominal share issuances on a retroactive basis similar to a stock split pursuant to ASC 260. The Company has retroactively adjusted all shares and per share data for all the periods presented.

### Initial Public Offering

On January 27, 2022, the Company consummated its IPO of 2,500,000 units ("Units"), each consisting of (i) one ordinary share, \$0.0001 par value per share, of the Company (the "Shares"), and (ii) one warrant of the Company (the "Warrants") entitling the holder to purchase one Share at an exercise price of \$6.00 per Share. The Shares and Warrants were issued separately in the offering, and may be transferred separately immediately upon issuance. The Units were sold at a price of \$6.00 per Unit. The Warrants included in the units were immediately exercisable following the consummation of the offering, have an exercise price equal to the initial public offering price, and expire five years from the date of issuance.

For the purposes of covering any over-allotments in connection with the distribution and sale of the Units, the Company granted a 45-day option to the underwriters to purchase (the "Over-allotment Option"), in the aggregate, up to 375,000 ordinary shares (the "Option Shares") and Warrants to purchase up to 375,000 ordinary shares (the "Option Warrants"), which was exercisable in any combination of Option Shares and/or Option Warrants at the per Share purchase price and/or the per Warrant purchase price, respectively. On January 25, 2022, the underwriters exercised in full their option to purchase up to an additional 375,000 Warrants at the price of \$0.01 per Option Warrant. Management determined that these Warrants meet the definition of a derivative under ASC 815-40; however, they fall under the scope exception, which states that contracts issued that both a) indexed to its own stock; and b) classified in shareholders' equity are not considered derivatives. The Warrants were recorded at their fair value on the date of grant as a component of equity.

The aggregated fair value of these Warrants on January 27, 2022 was \$4.16 million. The fair value has been estimated using the Black-Scholes pricing model with the following weighted-average assumptions: market value of underlying stock of \$1.448; risk free rate of 1.66%; expected term of five years; exercise price of the warrants of \$6.00; volatility of 44.00%; and expected future dividends of \$0. As of the date of this report, 2,875,000 warrants were issued and outstanding; and none of the warrants has been exercised.

The gross proceeds from the IPO were approximately \$15.0 million with net proceeds of approximately \$12.4 million, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by the Company. Immediately following the consummation of the IPO, there were an aggregate of 9,500,000 ordinary shares issued and outstanding. As a result of the IPO, the ordinary shares and Warrants now trade on the Nasdaq Capital Market under the symbol “FGI” and “FGIWW”, respectively.

### Public Offering Warrants

In connection with and upon the closing of the IPO on January 27, 2022, the Company issued warrants equal to 2% of the Shares issued in the IPO, or 50,000 ordinary shares, to the representative of the underwriters for the IPO. The warrants carry a term of five years, shall not be exercisable for a period of 180 days from the closing of the IPO and shall be exercisable at a price equal to the IPO price per share. Management determined that these warrants meet the definition of a derivative under ASC 815-40; however, they fall under the scope exception, which states that contracts issued that are both a) indexed to its own stock; and b) classified in shareholders' equity are not considered derivatives. The warrants were recorded at their fair value on the date of grant as a component of equity.

The aggregated fair value of these IPO warrants on January 27, 2022 was \$0.1 million. The fair value has been estimated using the Black-Scholes pricing model with the following weighted-average assumptions: market value of underlying stock of \$1.448; risk free rate of 1.66%; expected term of five years; exercise price of the warrants of \$6.00; volatility of 44.00%; and expected future dividends of \$0. As of the date of this report, warrants exercisable for 50,000 shares were issued and outstanding; and none of the warrants have been exercised.

## **Note 10 — Share-based compensation**

### 2021 Equity Plan and Employee Stock Purchase Plan

On October 7, 2021, the board of directors adopted the 2021 Equity Incentive Plan (the “2021 Equity Plan”). The 2021 Equity Plan permits the grant of equity and equity-based incentive awards, including non-qualified stock options, incentive stock options, stock appreciation rights, restricted stock awards, stock unit awards and other stock-based awards. The purpose of the 2021 Equity Plan is to attract and retain the best available personnel for positions of responsibility within the Company, to provide additional incentives to them to align their interests with those of the Company’s shareholders and to thereby promote the Company’s long-term business success.

On October 7, 2021, the board approved the adoption of the FGI Industries Ltd. Employee Stock Purchase Plan (the “ESPP”). The ESPP was approved by the Company’s shareholders on October 7, 2021, and became effective on the effective date of the Company’s consummation of the IPO of its ordinary shares. The ESPP offers eligible employees the opportunity to acquire a stock ownership interest in the Company through periodic payroll deductions that will be applied towards the purchase of ordinary shares at a discount from the then-current market price.

The board set the maximum aggregate number of ordinary shares reserved and available pursuant to the 2021 Equity Plan at 1,500,000 shares. The number of ordinary shares reserved for issuance under our 2021 Equity Plan will automatically increase on the first day of each year, commencing on January 1, 2022 and ending on (and including) January 1, 2031, in an amount equal to the lesser of (a) 4.5% of the total number of ordinary shares outstanding on December 31 of the immediately preceding calendar year, (b) 600,000 ordinary shares, or (c) such lesser number of shares as determined by the Board. The Equity Plan became effective on September 28, 2021.

The Company believes the options or awards granted contain an explicit service condition and/or performance condition. Under ASC 718-10-55-76, if the vesting (or exercisability) of an award is based on the satisfaction of both a service and performance condition, the entity must initially determine which outcomes are probable and recognize the compensation cost over the longer of the explicit or implicit service period. Because an initial public offering generally is not considered to be probable until the initial public offering is effective, no compensation cost was recognized until the IPO occurred.

***Restricted shares units (“RSU”)***

In January 2022, the Company issued 183,750 restricted share units (“RSUs”) to certain officers and employees under the 2021 Equity Plan as compensation awards. The fair value for these RSUs was \$716,625 based on the closing share price of \$3.90 as of January 27, 2022. These awards will vest in three equal installments on each anniversary of the grant date over three years. As of December 31, 2024, 122,500 of these granted RSUs were vested.

In April 2022, the Company issued 8,750 RSUs to an employee under the 2021 Equity Plan as compensation awards. The fair value for these RSUs was \$22,050 based on the closing share price of \$2.52 as of April 13, 2022. These awards will vest as to one-third of the shares on the one-year anniversary of the grant date. The remaining shares will vest in a series of 24 successive equal monthly installments upon completion of each additional month of service, commencing on the grant date. As of December 31, 2024, 7,778 of these granted RSUs were vested.

In May 2022, the Company issued 87,611 RSUs under the 2021 Equity Plan to Company officers to incentivize their performance and continue to align their interests with the Company’s shareholders. All these awards were subjected to performance conditions through December 31, 2024. The grant date fair value for these RSUs was \$198,000 based on the closing share price of \$2.26 as of May 11, 2022. If the maximum performance was met, the Company would have issued an additional 43,805 RSUs under these awards with a grant date fair value of \$99,000. As of December 31, 2024, all RSUs were canceled and none of them were vested.

In May 2022, the Company issued 16,363 RSUs to its independent directors under the 2021 Equity Plan as compensation award. All these awards are subjected to performance conditions through December 31, 2024. The fair value for these RSUs was \$36,000 based on the closing share price of \$2.20 as of May 17, 2022. As of December 31, 2024, all RSUs were canceled and none of them were vested.

In March 2023, the Company issued 96,635 RSUs under the 2021 Equity Plan to Company officers to incentivize their performance and continue to align their interests with the Company’s shareholders. All these awards are subjected to performance conditions through December 31, 2025. The grant date fair value for these RSUs was \$201,000 based on the closing share price of \$2.08 as of March 29, 2023. If the maximum performance is met, the Company will issue an additional 48,317 RSUs under these awards with a grant date fair value of \$100,500. As of December 31, 2024, none of these RSUs were vested.

In March 2023, the Company issued 17,349 RSUs to its independent directors under the 2021 Equity Plan as compensation award. All these awards are subjected to performance conditions through December 31, 2025. The grant date fair value for these RSUs was \$36,000 based on the closing share price of \$2.08 as of March 29, 2023. As of December 31, 2024, 10,120 of these RSUs were vested.

In March 2024, the Company issued 413,354 RSUs under the 2021 Equity Plan to the Company’s directors, officers and employees. All these awards are subjected to performance conditions through December 31, 2026. The grant date fair value for these RSUs was \$620,031 based on the closing share price of \$1.50 as of March 22, 2024. If the maximum performance is met, the Company will issue an additional 206,677 RSUs under these awards with a grant date fair value of \$310,016. As of December 31, 2024, none of these RSUs were vested.

In April 2024, the Company issued 13,333 RSUs under the 2021 Equity Plan to one of the Company’s employees. This award was subject to performance obligations through December 31, 2024. The grant date fair value for these RSUs was \$20,000 based on the closing share price of \$1.50 as of April 1, 2024. If the maximum performance was met, the Company would have issued an additional 6,667 RSUs under these awards with a grant date fair value of \$10,000. As of December 31, 2024, all RSUs were canceled and none of them were vested.

The following is a summary of the restricted share granted:

Restricted shares grants	Shares
Non-vested as of January 1, 2023	296,474
Granted	113,984
Vested	(66,111)
Canceled	(87,611)
Non-vested as of December 31, 2023	256,736
Granted	426,687
Vested	(74,287)
Canceled	(29,696)
Non-vested as of December 31, 2024	579,440

The following is a summary of the status of restricted share at December 31, 2024:

Outstanding Restricted Shares			
Fair Value per share	Number	Average Remaining Amortization Period (Years)	
\$ 3.90	61,250	0.08	
\$ 2.52	972	0.25	
\$ 2.08	96,635	1.25	
\$ 2.08	7,229	1.25	
\$ 1.50	413,354	2.25	
	579,440		

### *Share options ("Options")*

In March 2022, the Company issued 98,747 share options under the 2021 Equity Plan with an exercise price per share of \$3.07 and a contractual life of 10 years to the Company's executive officers and directors to incentivize their performance and continue to align their interests with the Company's shareholders. The grant date fair value for these options was \$141,401 determined using the Black-Scholes simplified method at the per option fair value of \$1.43. All these options will vest as to one-third of the options on the one-year anniversary of the grant date. The remaining options will vest in a series of 24 successive equal monthly installments upon completion of each additional month of service. As of December 31, 2024, 90,518 of these granted options were vested.

In April 2022, the Company issued 97,371 share options under the 2021 Equity Plan with an exercise price per share of \$2.52 and a contractual life of 10 years to the Company's employees to incentivize their performance and continue to align their interests with the Company's shareholders. The grant date fair value for these options was \$114,972 determined using the Black-Scholes simplified method at the per option fair value of \$1.18. All these options will vest as to one-third of the shares on the one-year anniversary of the grant date. The remaining options will vest in a series of 24 successive equal monthly installments upon completion of each additional month of service. As of December 31, 2024, 86,552 of these granted options were vested.

In May 2022, the Company issued 159,881 share options under the 2021 Equity Plan with an exercise price per share of \$2.26 and a contractual life of 10 years to Company officers to incentivize their performance and continue to align their interests with the Company's shareholders. The fair value for these options was \$171,462 determined using the Black-Scholes simplified method at the per option fair value of \$1.07. The number of options granted were subject to performance conditions through December 31, 2022, which could result in additional options awarded if maximum performance metrics were met. In addition to the performance criteria, the options vest as to one-third of the shares on the one-year anniversary of the grant date. The remaining options will vest in a series of 24 successive equal monthly installments upon completion of each additional month of service, commencing on the grant date. The options paid out at threshold under the performance metrics, and no additional options were awarded. As of December 31, 2024, 137,675 of these granted options were vested.

In March 2023, the Company issued 158,976 share options under the 2021 Equity Plan with an exercise price per share of \$2.08 and a contractual life of 10 years to Company officers to incentivize their performance and continue to align their interests with the Company’s shareholders. The grant date fair value for these options was \$201,000 determined using the Black-Scholes simplified method at the per option fair value of \$1.26. All these options are subjected to performance conditions through December 31, 2023, which could result in additional options awarded if maximum performance metrics are met. In addition to the performance criteria, the options will vest as to one-third of the shares on the one-year anniversary of the grant date. The remaining options will vest in a series of 24 successive equal monthly installments upon completion of each additional month of service, commencing on the grant date. As of December 31, 2024, all options were canceled and none of them were vested.

In April 2023, the Company issued 106,341 share options under the 2021 Equity Plan with an exercise price per share of \$1.74 and a contractual life of 10 years to the Company’s employees to incentivize their performance and continue to align their interests with the Company’s shareholders. The grant date fair value for these options was \$112,423 determined using the Black-Scholes simplified method at the per option fair value of \$1.06. All these options will vest as to one-third of the shares on the one-year anniversary of the grant date. The remaining options will vest in a series of 24 successive equal monthly installments upon completion of each additional month of service. As of December 31, 2024, 59,078 of these granted options were vested.

In March 2024, the Company issued 529,635 share options under the 2021 Equity Plan with an exercise price per share of \$1.50 and a contractual life of 10 years to Company officers to incentivize their performance and continue to align their interests with the Company’s shareholders. The grant date fair value for these options was \$447,000 determined using the Black-Scholes simplified method at the per option fair value of \$0.84. All these options are subjected to performance conditions through December 31, 2024, which could result in additional options awarded if maximum performance metrics are met. In addition to the performance criteria, the options will vest as to one-third of the shares on the one-year anniversary of the grant date. The remaining options will vest in a series of 24 successive equal monthly installments upon completion of each additional month of service, commencing on the grant date. As of December 31, 2024, none of these granted options were vested.

In April 2024, the Company issued 167,994 share options under the 2021 Equity Plan with an exercise price per share of \$1.32 and a contractual life of 10 years to the Company’s employees to incentivize their performance and continue to align their interests with the Company’s shareholders. The grant date fair value for these options was \$126,163 determined using the Black-Scholes simplified method at the per option fair value of \$0.75. All these options will vest as to one-third of the shares on the one-year anniversary of the grant date. The remaining options will vest in a series of 24 successive equal monthly installments upon completion of each additional month of service. As of December 31, 2024, none of these granted options were vested.

The options granted to employees are measured based on the grant date fair value of the equity instrument. They are accounted for as equity awards and contain service or performance vesting conditions. The following table summarizes the Company’s employee share option activities:

	Number of Options	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term	Average Intrinsic Value
		USD	USD	Years	USD
Share options outstanding at December 31, 2023	462,340	\$ 2.37	\$ 1.20	9.35	\$ —
Granted	697,629	1.46	0.82	10.00	—
Forfeited	—				
Exercised	—				
Expired	—				
Share options outstanding at December 31, 2024	<u>1,159,969</u>	1.82	0.96	8.56	—
Vested and exercisable at December 31, 2024	373,824	\$ 2.43	\$ 1.18	7.44	\$ —

For the years ended December 31, 2024 and 2023, the total fair value of options awarded was \$573,163 and \$313,423, respectively.

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The aggregate intrinsic value in the table above represents the difference between the exercise price of the awards and the fair value of the underlying Ordinary Shares at each reporting date, for those awards that had exercise price below the estimated fair value of the relevant Ordinary Shares.

***Fair value of options***

The Company used the Black-Scholes simplified method for the year ended December 31, 2024. The assumptions used to value the options granted to employees were as follows:

	<u>April 2024</u>	<u>March 2024</u>	<u>April 2023</u>	<u>March 2023</u>
Risk-free interest rate (%)	4.54	4.21	3.50	3.65
Expected volatility range (%)	55.32	55.11	63.39	63.36
Fair market value per ordinary share as at grant dates	\$ 1.32	\$ 1.50	\$ 1.74	\$ 2.08

The risk-free interest rate for periods within the contractual life of the options is based on the U.S. Treasury yield curve in effect at the time of grant for a term consistent with the contractual term of the awards. Expected volatility is estimated based on the volatility of ordinary shares or common stock of several comparable companies in the same industry. The expected exercise multiple is based on management's estimation, which the Company believes is representative of the future.

The Company has elected to recognize share-based compensation expense using a straight-line method for all the employee equity awards granted with graded vesting based on service conditions, provided that the amount of compensation cost recognized at any date is at least equal to the portion of the grant date fair value of the equity awards that are vested at that date.

The following table sets forth the amount of share-based compensation expense included in each of the relevant financial statement line items:

	<b>For the Years Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
Selling and distribution expenses	\$ 190,864	\$ 124,994
General and administrative expenses	210,352	292,984
Total share-based compensation expenses	<u>\$ 401,216</u>	<u>\$ 417,978</u>

As of December 31, 2024, there was \$202,328 in total unrecognized employee share-based compensation expense related to unvested options and RSUs, which may be adjusted for actual forfeitures occurring in the future. Total unrecognized compensation cost may be recognized over a weighted-average period of 1.41 years.

**Note 11 — Income taxes**

The source of pre-tax income and the components of income tax expense are as follows:

	For the Years Ended December 31,	
	2024	2023
	USD	USD
Income components		
United States	\$ (5,300,760)	\$ (681,951)
Outside United States	3,018,662	2,069,739
Total pre-tax (loss) income	<u>\$ (2,282,098)</u>	<u>\$ 1,387,788</u>
Provision for (benefit of) income taxes		
Current		
Federal	\$ 2,809	\$ 27,451
State	46,915	13,555
Foreign	913,818	670,512
	<u>963,542</u>	<u>711,518</u>
Deferred		
Federal	(941,331)	24,622
State	(435,241)	92,271
Foreign	(134,791)	(20,187)
	<u>(1,511,363)</u>	<u>96,706</u>
Total (benefit of) provision for income taxes	<u>\$ (547,821)</u>	<u>\$ 808,224</u>

Reconciliations between taxes at the U.S. federal income tax rate and taxes at the Company's effective income tax rate on earnings before income taxes are as follows:

	For the Years Ended December 31,	
	2024	2023
	%	%
Federal statutory rate	21.0	21.0
Increase (decrease) in tax rate resulting from:		
State and local income taxes, net of federal benefit	13.4	(0.5)
Foreign operations	(6.4)	15.1
Permanent items	(8.1)	3.1
Deferred adjustments	—	16.8
Others	4.1	2.7
Effective tax rate	<u>24.0</u>	<u>58.2</u>

The following is a summary of the components of the net deferred tax assets and liabilities recognized in the consolidated balance sheets:

	As of December 31, 2024	As of December 31, 2023
	USD	USD
<b>Deferred tax assets</b>		
Allowance for credit losses	\$ 45,859	\$ 58,476
Other reserve	127,515	61,371
Accrued expenses	152,600	143,823
Lease liability	1,464,256	1,769,328
Charitable contributions	331	8,181
Business interest limitation	634,794	242,862
Net operating loss – federal	976,500	310,099
Net operating loss – state	328,861	27,337
Other	186,554	66,063
<b>Total deferred tax assets</b>	<b>3,917,270</b>	<b>2,687,540</b>
Less: valuation allowance	—	—
<b>Net deferred tax assets</b>	<b>3,917,270</b>	<b>2,687,540</b>
<b>Deferred tax liabilities</b>		
Fixed assets	1,416,178	1,728,364
Intangibles	(164,493)	(209,657)
<b>Total deferred tax liabilities</b>	<b>1,251,685</b>	<b>1,518,707</b>
<b>Deferred tax assets, net of deferred tax liabilities</b>	<b>\$ 2,665,585</b>	<b>\$ 1,168,833</b>

The deferred tax assets related to the Company’s net operating losses of \$10,056,026 (Federal \$4,649,994 and States \$5,406,032) and \$1,836,077 (Federal \$1,476,655 and States \$359,422) as of December 31, 2024 and December 31, 2023, respectively. The Federal Net Operating losses have no expiration date. The States Net Operating losses have either 20 years or no expiration date. The Company had no material unrecognized tax benefits at December 31, 2024 or December 31, 2023. The Company has not taken any tax positions for which it is reasonably possible that unrecognized tax benefits will significantly increase within the next 12 months.

**Inflation Reduction Act of 2022**

On August 16, 2022, the Inflation Reduction Act of 2022 (the “IR Act”) was signed into federal law. The IR Act provides for, among other things, a new U.S. federal 1% excise tax on certain repurchases of stock by publicly traded U.S. domestic corporations and certain U.S. domestic subsidiaries of publicly traded foreign corporations occurring on or after January 1, 2023. The excise tax is imposed on the repurchasing corporation itself, not its shareholders from which shares are repurchased. The amount of the excise tax is generally 1% of the fair market value of the shares repurchased at the time of the repurchase. However, for purposes of calculating the excise tax, repurchasing corporations are permitted to net the fair market value of certain new stock issuances against the fair market value of stock repurchases during the same taxable year. In addition, certain exceptions apply to the excise tax. The U.S. Department of the Treasury (the “Treasury”) has been given authority to provide regulations and other guidance to carry out and prevent the abuse or avoidance of the excise tax. There was no material impact of the IR Act on the Company’s consolidated financial statements.

**Note 12 — Related party transactions and balances**

Sales to a related party

Name of Related Party	Relationship	Nature of Transactions	For the Years Ended December 31,	
			2024	2023
			USD	USD
Foremost Worldwide Co., Ltd.	An entity under common control	Sales	\$ 799,967	\$ —
			<u>\$ 799,967</u>	<u>\$ —</u>

Purchases from related parties

Name of Related Party	Relationship	Nature of Transactions	For the Years Ended December 31,	
			2024	2023
			USD	USD
Focal Capital Holding Limited	An entity under common control	Purchases	\$ 6,157,455	\$ 7,003,714
Foremost Worldwide Co., Ltd.	An entity under common control	Purchases	8,385,673	2,308,468
Rizhao Foremost Woodwork Manufacturing Co., Ltd.	An entity under common control	Purchases	330,722	16,026
F.P.Z. Furniture (Cambodia) Co., Ltd.	An entity under common control	Purchases	125,208	575,061
Foremost Australasia Pty Ltd	An entity under common control	Purchases	—	409,777
			<u>\$ 14,999,058</u>	<u>\$ 10,313,046</u>

The ending balances of such transactions as of December 31, 2024 and 2023 are listed of the following:

Prepayments — related parties

Name of Related Party	As of December 31, 2024	As of December 31, 2023
	USD	USD
Focal Capital Holding Limited	\$ 9,975,298	\$ 6,658,498
Rizhao Foremost Woodwork Manufacturing Co., Ltd.	—	9,181
	<u>\$ 9,975,298</u>	<u>\$ 6,667,679</u>

Accounts Payables — related parties

Name of Related Party	As of December 31, 2024	As of December 31, 2023
	USD	USD
Foremost Worldwide Co., Ltd.	\$ 718,605	\$ 735,308
Rizhao Foremost Woodwork Manufacturing Co., Ltd.	\$ 56,389	\$ —
F.P.Z. Furniture (Cambodia) Co., Ltd.	\$ 119,667	\$ —
	<u>\$ 894,661</u>	<u>\$ 735,308</u>

Shared Service and Miscellaneous expenses – related party

FGI Industries is party to the FHI Shared Services Agreement with FHI. Total amounts provided to FHI under the FHI Share Services Agreement for the years ended December 31, 2024 and 2023 were \$761,672 and \$821,864, respectively, which were booked under selling and distribution expenses and administration expenses.

FGI is party to the Worldwide Shared Services Agreement with Foremost Worldwide. Total amounts provided from Foremost Worldwide under the Worldwide Shared Services Agreement for the years ended December 31, 2024 and 2023 were \$287,993 and \$304,103, respectively.

Other Receivables (Payables) — related parties

Name of Related Party	Relationship	Nature of Transactions	As of	As of
			December 31, 2024	December 31, 2023
			USD	USD
Foremost Home Inc. (“FHI”)	An entity under common control	Shared services and Miscellaneous expenses	2,654,286	1,183,612
Foremost Worldwide Co., Ltd.	An entity under common control	Shared services and Miscellaneous expenses	(340,901)	(251,008)
F.P.Z. Furniture (Cambodia) Co., Ltd.	An entity under common control	Shared services and Miscellaneous expenses	(291,710)	—
			<u>\$ 2,021,675</u>	<u>\$ 932,604</u>

Loan guarantee by a related party

Liang Chou Chen holds approximately 49.91% of the voting control of Foremost, the Company’s majority shareholder and is a guarantor of the loans under the Credit Agreement and under the CTBC Credit Line. See Note 8 for details.

**Note 13 — Concentrations of risks**

Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash. The Canadian Deposit Insurance Corporation pays compensation up to a limit of CAD100,000 (approximately USD69,522) if the bank with which an individual/a company holds its eligible deposit fails. As of December 31, 2024, a cash balance of CAD1,937,962 (USD1,347,304) was maintained at financial institutions in Canada, of which CAD1,837,962 (USD1,276,880) was subject to credit risk. The Taiwan Central Deposit Insurance Corporation pays compensation up to a limit of New Taiwan Dollar 3,000,000 (approximately USD91,500) if the bank with which an individual/a company holds its eligible deposit fails. As of December 31, 2024, an aggregated cash balance of USD2,548,188 was maintained at financial institutions in Taiwan, of which USD2,260,205 was subject to credit risk. The European Banking Authority pays compensation up to a limit of EUR100,000 (approximately USD104,167) if the bank with which an individual/a company holds its eligible deposit fails. As of December 31, 2024, cash balance of EUR132,650 (USD138,178) was maintained at financial institutions in Europe, of which EUR11,182 (USD11,647) was subject to credit risk. As of December 31, 2024, cash balance of USD143,567 was maintained at financial institutions in Kingdom of Cambodia, all of which was subject to credit risk. The Reserve Bank of India pays compensation up to a limit of INR500,000 (approximately USD5,849) if the bank with which an individual/a company holds its eligible deposit fails. As of December 31, 2024, cash balance of INR1,714,244 (USD20,052) was maintained at financial institutions in India, of which INR1,214,244 (USD14,203) was subject to credit risk. While management believes that these financial institutions are of high credit quality, it also continually monitors their credit worthiness.

The Company is also exposed to risk from its accounts receivable and other receivables. These assets are subjected to credit evaluations. An allowance has been made for estimated unrecoverable amounts which have been determined by reference to past default experience and the current economic environment.

### Customer concentration risk

For the year ended December 31, 2024, two customers accounted for 17.9% and 16.7% of the Company's total revenue, respectively. For the year ended December 31, 2023, three customers accounted for 17.6%, 16.4% and 10.4% of the Company's total revenue, respectively. No other customer accounted for more than 10% of the Company's revenue for the years ended December 31, 2024 and 2023.

As of December 31, 2024, two customers accounted for 29.4% and 11.4% of the total balance of accounts receivable, respectively. As of December 31, 2023, four customers accounted for 27.2%, 19.0%, 12.0% and 11.1% of the total balance of accounts receivable, respectively. No other customer accounted for more than 10% of the Company's accounts receivable as of December 31, 2024 and 2023.

### Vendor concentration risk

For the year ended December 31, 2024, Tangshan Huida Ceramic Group Co., Ltd ("Huida") accounted for 55.5% of the Company's total purchases. For the year ended December 31, 2023, Huida accounted for 54.7% of the Company's total purchases, respectively. No other supplier accounted for more than 10% of the Company's total purchases for the years ended December 31, 2024 and 2023.

As of December 31, 2024, Huida accounted for 69.6% of the total balance of accounts payable. As of December 31, 2023, Huida accounted for 71.4% of the total balance of accounts payable. No other supplier accounted for more than 10% of the Company's accounts payable as of December 31, 2024 and 2023.

## **Note 14 — Commitments and contingencies**

### Litigation

From time to time, the Company is involved in legal and regulatory proceedings that are incidental to the operation of its businesses. These proceedings may seek remedies relating to matters including environmental, tax, intellectual property, acquisitions or divestitures, product liability, property damage, personal injury, privacy, employment, labor and pension, government contract issues and commercial or contractual disputes. Although the ultimate outcome of any legal matter cannot be predicted with certainty, based on present information, including management's assessment of the merits of the particular claims, the Company does not believe it is reasonably possible that any asserted or unasserted legal claims or proceedings, individually or in aggregate, will have a material adverse effect on its results of operations or financial condition.

## **Note 15 — Segment information**

The Company follows ASC 280, "Segment Reporting" and adopted ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures". The Company has one reporting segment. The Company's chief operating decision maker has been identified as the chief executive officer, who reviews consolidated results when making decisions about allocating resources and assessing performance of the Company, and hence the Company has only one reportable segment which derives its revenue from the supply of bath and kitchen products.

The accounting policies of the kitchen and bath segment are the same as those described in the summary of significant accounting policies. The measure of segment net income (loss) is reported on the consolidated statements of operations and comprehensive (loss) income as net income (loss). The measure of segment total assets is reported on the consolidated balance sheets as total assets.

The Company's segment revenue, segment expenses, segment net income (loss), and a reconciliation of the total reportable segment's net income (loss) to the consolidated net income (loss) are as follows:

	<b>Kitchen and Bath Segment</b>	
	<b>For the Years Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
Revenue	\$ 131,818,073	\$ 117,241,604
Less:		
Cost of revenue	96,390,733	85,164,322
Selling and distribution expenses	25,627,634	19,971,912
General and administrative expenses	10,199,914	8,424,083
Research and development expenses	1,699,383	1,376,844
Other segment items <sup>(1)</sup>	182,507	916,655
(Benefit of) provision for income taxes	(547,821)	808,224
Segment net (loss) income	<u>(1,734,277)</u>	<u>579,564</u>
<b>Reconciliation of profit or loss</b>		
Adjustments and reconciling items	—	—
Consolidated net (loss) income	<u>\$ (1,734,277)</u>	<u>\$ 579,564</u>

(1) Other segment items included interest income, interest expense and non-recurring other income and expenses.

## **ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

There were no disagreements with Marcum LLP.

### **ITEM 9A. CONTROLS AND PROCEDURES**

#### **Evaluation of Disclosure Controls and Procedures**

The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), means our controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by our company in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officer, to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e)) under the Exchange Act, as of the end of the period covered by this Annual Report on Form 10-K. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as of December 31, 2024, our disclosure controls and procedures were not effective.

## **Management’s Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined under Rule 13a-15(f) under the Exchange Act.

Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and the board of directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or because of declines in the degree of compliance with policies or procedures.

As of December 31, 2024, management assessed the effectiveness of our internal control over financial reporting based on the criteria for effective internal control over financial reporting established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) in 2013 and SEC guidance on conducting such assessments. Based on such evaluation, the Company’s management concluded that, during the period covered by this Report, internal controls and procedures over financial reporting were not effective.

### Material Weaknesses in Internal Control Over Financial Reporting

During our assessment of internal control over financial reporting as of December 31, 2024, we identified the following material weaknesses:

- Inadequate segregation of duties related to the initiation and recording of journal entries to the general ledger.
- Inadequate evidence of management review controls regarding the review and approval of certain account reconciliations.
- Inadequate evidence and precision of management review controls regarding loan covenants and covenant calculations.

### Remediation Efforts

We are evaluating and have begun implementing certain practices and procedures to address the foregoing material weaknesses. To remediate the material weaknesses related to the review of journal entry and account reconciliation, we have implemented system controls designed to prevent significant unauthorized transactions from being posted without review and established sufficient compensating controls for effective account reconciliations. To address the material weakness related to the debt covenant compliance, we have implemented an additional layer of review in the calculation and reporting process. We plan to continue the implementation of these and other remediation efforts to address the identified material weaknesses in the future.

### **Changes in Internal Control Over Financial Reporting**

Other than as described above, there have been no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

### **ITEM 9B. OTHER INFORMATION**

During the three months ended December 31, 2024, no director or executive officer adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement", as each term is defined in Item 408(a) of Regulation S-K.

### **ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

Not applicable.

### **PART III**

#### **ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE**

We have adopted an insider trading policy governing the purchase, sale, and other disposition of our securities by our directors, officers, and employees. We believe this policy is reasonably designed to promote compliance with insider trading laws, rules, and regulations and listing standards applicable to the Company. A copy of our insider trading policy is filed as Exhibit 19 to this Form 10-K.

The other information required by this item is incorporated by reference to the 2024 Proxy Statement, which will be filed no later than 120 days after December 31, 2024.

#### **ITEM 11. EXECUTIVE COMPENSATION**

The information required by this item is incorporated by reference to the 2024 Proxy Statement, which will be filed no later than 120 days after December 31, 2024.

#### **ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS**

The information required by this item is incorporated by reference to the 2024 Proxy Statement, which will be filed no later than 120 days after December 31, 2024.

#### **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

The information required by this item is incorporated by reference to the 2024 Proxy Statement, which will be filed no later than 120 days after December 31, 2024.

#### **ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The information required by this item is incorporated by reference to the 2024 Proxy Statement, which will be filed no later than 120 days after December 31, 2024.

**PART IV****ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES****(a) DOCUMENTS FILED AS PART OF THIS REPORT**

The following is a list of our financial statements filed in this Annual Report on Form 10-K under Item 8 of Part II hereof:

1. All financial statements. See Index to Consolidated Financial Statements.
2. Financial Schedules.

Schedules are omitted because the required information is included in the footnotes, immaterial or not applicable.

3. Exhibits. See Index to Exhibits below.

**(b) EXHIBITS**

<b>Exhibit Number</b>	<b>Description</b>
3.1	<a href="#">Second Amended and Restated Memorandum and Articles of Association of FGI Industries Ltd., effective January 27, 2022 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on January 27, 2022).</a>
4.1	<a href="#">Specimen of Ordinary Share Certificate (incorporated by reference to Exhibit 4.1 to the Company's Amendment No. 1 to Registration Statement on Form S-1, filed on October 4, 2021).</a>
4.2	<a href="#">Form of Representative's Warrant, between FGI Industries Ltd. and the purchaser parties thereto (incorporated by reference to Exhibit 4.2 to the Company's Amendment No. 1 to Registration Statement on Form S-1, filed on October 4, 2021).</a>
4.3	<a href="#">Registration Rights Agreement, dated as of January 27, 2022, between FGI Industries Ltd. and Foremost Groups Ltd. (incorporated by reference from Exhibit 4.3 to the Company's Annual Report on Form 10-K filed on April 17, 2023).</a>
4.4	<a href="#">Warrant Agent Agreement, dated as of January 27, 2022, between FGI Industries Ltd. and Continental Stock Trading and Trust Company. (incorporated by reference from Exhibit 4.4 to the Company's Annual Report on Form 10-K filed on March 31, 2022).</a>
4.5	<a href="#">Form of Warrant (included in Exhibit 4.4, as Exhibit A to the Warrant Agent Agreement).</a>
4.6	<a href="#">Description of Company Securities (incorporated by reference from Exhibit 4.6 to the Company's Annual Report on Form 10-K filed on March 31, 2022).</a>
10.2	<a href="#">Shared Services Agreement, dated January 14, 2022, by and between FGI Industries Inc. and Foremost Home Inc. (incorporated by reference to Exhibit 10.2 to the Company's Annual Report on Form 10-K filed on March 31, 2022).</a>
10.3	<a href="#">Amended and Restated Shared Services Agreement, dated January 1, 2023, by and between FGI Industries Ltd. and Foremost Worldwide Co., Ltd. (incorporated by reference to Exhibit 10.3 to the Company's Annual Report on Form 10-K filed on April 17, 2023).</a>
10.4	<a href="#">Amended and Restated Global Sourcing and Purchase Agreement, dated January 1, 2023, by and between FGI Industries Ltd. and Foremost Worldwide Co., Ltd. (incorporated by reference to Exhibit 10.4 to the Company's Annual Report on Form 10-K filed on April 17, 2023).</a>
10.5	<a href="#">Sales and Purchase Agreement, dated January 14, 2022, by and between FGI International, Ltd. and FGI Industries, Inc. (incorporated by reference from Exhibit 10.5 to the Company's Annual Report on Form 10-K filed on March 31, 2022).</a>
10.6	<a href="#">Sales and Purchase Agreement, dated January 28, 2022, by and between FGI Industries Ltd. and Foremost Worldwide Co., Ltd. (incorporated by reference from Exhibit 10.6 to the Company's Annual Report on Form 10-K filed on March 31, 2022).</a>

Exhibit Number	Description
10.7†	<a href="#">FGI Industries Ltd. Annual Management Incentive Plan (incorporated by reference to Exhibit 10.13 to the Company’s Quarterly Report on Form 10-Q filed on May 13, 2022).</a>
10.8†	<a href="#">FGI Industries Ltd. Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.6 to the Company’s Amendment No. 1 to Registration Statement on Form S-1 filed on October 4, 2021).</a>
10.9†	<a href="#">FGI Industries Ltd. 2022 Equity Incentive Plan (incorporated by reference to Exhibit 10.7 to the Company’s Amendment No. 1 to Registration Statement on Form S-1 filed on October 4, 2021).</a>
10.10†	<a href="#">Form of Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.8 to the Company’s Amendment No. 1 to Registration Statement on Form S-1 filed on October 4, 2021).</a>
10.11†	<a href="#">Form of Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.9 to the Company’s Amendment No. 1 to Registration Statement on Form S-1 filed on October 4, 2021).</a>
10.12†	<a href="#">Form of Performance Based Stock Unit Award (incorporated by reference to Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q filed on August 15, 2022).</a>
10.13†	<a href="#">Form of Performance Based Stock Option Award (incorporated by reference to Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q filed on November 14, 2022).</a>
10.14†	<a href="#">Form of Director Retainer Agreement (incorporated by reference to Exhibit 10.10 to the Company’s Amendment No. 1 to Registration Statement on Form S-1 filed on October 4, 2021).</a>
10.15†	<a href="#">Employment Agreement, dated January 24, 2022, by and between FGI Industries Ltd. and David Bruce. (incorporated by reference from Exhibit 10.12 to the Company’s Annual Report on Form 10-K filed on March 31, 2022).</a>
10.16†	<a href="#">Employment Agreement, dated January 24, 2022, by and between FGI Industries Ltd. and Perry Lin. (incorporated by reference from Exhibit 10.13 to the Company’s Annual Report on Form 10-K filed on March 31, 2022).</a>
10.17†	<a href="#">Form of Indemnification Agreement by and between FGI Industries Ltd. and its individual directors (incorporated by reference to Exhibit 10.13 to the Company’s Amendment No. 1 to Registration Statement on Form S-1 filed October 4, 2021).</a>
10.18	<a href="#">Business Loan Agreement, by and between East West Bank and FGI Industries, Inc. (f/k/a Foremost Groups, Inc.), effective November 25, 2022 (incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on December 1, 2022).</a>
10.19	<a href="#">Facility Letter by and between HSBC Bank Canada and FGI Canada Ltd., dated December 2, 2021 (incorporated by reference to Exhibit 10.19 to the Company’s Annual Report on Form 10-K filed April 17, 2023).</a>
10.20*	<a href="#">Letter Amendment by and between Royal Bank of Canada and FGI Canada Ltd., dated January 30, 2025.</a>
10.21*	<a href="#">General Agreement for Omnibus Credit Lines, by and between CTBC Bank Co., Ltd. and FGI International, Limited.</a>
19.1*	<a href="#">Insider Trading Policy.</a>
21.1*	<a href="#">Subsidiaries of Registrant.</a>
23.1*	<a href="#">Consent of Marcum LLP, Independent Registered Public Accounting Firm.</a>
24.1*	<a href="#">Power of Attorney (Included in Signature Page of Form 10-K).</a>
31.1*	<a href="#">Rule 13(a)-14(a)/15(d)-14(a) Certification of Principal Executive Officer.</a>
31.2*	<a href="#">Rule 13(a)-14(a)/15(d)-14(a) Certifications of Principal Financial Officer.</a>
32.1*	<a href="#">Rule 1350 Certifications.</a>
97	<a href="#">FGI Industries Compensation Recovery Policy, effective November 30, 2023 (incorporated by reference to Exhibit 97 to the Company's Annual Report on Form 10-K filed on March 26, 2024).</a>
101.INS	XBRL Instance – The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Taxonomy Schema Document
101.CAL	XBRL Taxonomy Calculation Linkbase Document
101.DEF	XBRL Taxonomy Definition Linkbase Document
101.LAB	XBRL Taxonomy Labels Linkbase Document

<b>Exhibit Number</b>	<b>Description</b>
101.PRE	XBRL Taxonomy Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101).

† Indicates management contract or compensatory plan or arrangement.

# Portions of this exhibit (indicated by asterisks) have been redacted in compliance with Regulation S-K Item 601(b)(10)(iv).

\* Filed herewith.

#### **ITEM 16. FORM 10-K SUMMARY**

Omitted at the Company's option.

#### **SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: March 31, 2025

**FGI Industries Ltd.**

By: /s/ David Bruce

David Bruce

Chief Executive Officer and President

(Principal Executive Officer)

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints David Bruce and John Chen, and each of them severally, acting alone and without the other, as his true and lawful attorney-in-fact, each with the power of substitution, for him in any and all capacities, to sign any amendments to this Report on Form 10-K and to file same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

[Table of Contents](#)

<b>Signature</b>	<b>Title</b>	<b>Date</b>
<hr/> <i>/s/ David Bruce</i> David Bruce	Chief Executive Officer and Director (Principal Executive Officer)	March 31, 2025
<hr/> <i>/s/ Perry Lin</i> Perry Lin	Chief Financial Officer (Principal Financial and Accounting Officer)	March 31, 2025
<hr/> <i>/s/ John Chen</i> John Chen	Executive Chairman and Director	March 31, 2025
<hr/> <i>/s/ Todd Heysse</i> Todd Heysse	Director	March 31, 2025
<hr/> <i>/s/ Kellie Zesch Weir</i> Kellie Zesch Weir	Director	March 31, 2025
<hr/> <i>/s/ Anagha Apte</i> Jae Chung	Director	March 31, 2025



**Royal Bank of Canada**  
Commercial Financial Services  
200 Bay St-19th Flr/S Twr  
Po Box 1 Stn Royal Bank  
Toronto, ON M5J 2J5

**Private and Confidential**

January 30, 2025

**FGI CANADA LTD.**

Unit B-5970 Chedworth Way  
Mississauga, ON  
L5R4 G5

We refer to the agreement dated December 2, 2021 and any amendments thereto, between FGI Canada Ltd. (the “**Borrower**”), and Royal Bank of Canada, successor by amalgamation of HSBC Bank Canada (the “**Bank**”) (the “**Agreement**”).

The Bank reserves all of its rights and remedies at any time and from time to time in connection with any or all breaches, defaults or events of default now existing or hereafter arising under any Bank document, and whether known or unknown, and this amending agreement shall not be construed as a waiver of any such breach, default or events of default.

All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Agreement. The

Agreement is amended as follows:

1. Section 7. of the Agreement is amended and restated as follows:

**7. Reporting Requirements**

The continued availability of the Credit Facilities is subject to the Borrower delivering to the Bank the following reports in a form and on a frequency acceptable to the Bank as advised by the Bank from time to time:

- (a) quarterly, within 30 days of each quarter end:
  - (i) an aged list of accounts receivable of the Borrower;
  - (ii) an aged list of accounts payable of the Borrower;
  - (iii) a declaration of inventory of the Borrower;
  - (iv) a listing of Potential Prior-Ranking Claims of the Borrower;
  - (v) a certificate of margin compliance in the form requested by the Bank;
  - (vi) company prepared financial statements for the Borrower;
  - (vii) a certificate of covenant compliance in the form requested by the Bank;
- (b) annually, within 120 days of the Borrower's fiscal year end:
  - (i) audited financial statements for the Borrower;

(ii) pro forma financial statements, cash flow forecast and budget for the following fiscal year (by month) of the Borrower;

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**SRF #375409364**

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(c) such additional financial statements and information as and when requested by the Bank.

**ACCEPTANCE**

The Borrower and the Bank waive any requirement for the amendments set out above to be signed by the Borrower. The Borrower is deemed to agree to the amendments set out above and to the new or amended standard terms, if provided, so taking effect by accessing credit, borrowing or continuing to borrow under the Credit Facilities. The above amendments and the new or amended standard terms, if applicable, take effect as of the date of this amending agreement. All other terms and conditions outlined in the Agreement remain unchanged and in full force and effect.



中國信託銀行  
CTBC BANK

中國信託法人金融  
CTBC CORPORATE BANKING

# 銀行授信綜合額度契約

## 暨總約定書

General Agreement for Omnibus  
Credit Lines

與正本相符

單位 Unit	桃園區域中心 部/區域中心 TAOYUAN Department / Regional Center
客戶名稱 Customer	FGI INTERNATIONAL LIMITED
訂約日期 Date	中華民國14年1月14日

(一般授信專用 109.11 版)  
(For General Credit use)



## 銀行授信綜合額度契約暨總約定書 (General Agreement for Omnibus Credit Lines)

立約定書人(以下簡稱立約人),向中國信託商業銀行股份有限公司(包括總行及所屬各分支機構,以下簡稱貴行)申請辦理授信業務,並締結授信綜合額度總約定書(以下稱本契約),授信綜合額度(不含聯貸案)共計:

新臺幣 \_\_\_\_\_ 或等值之外幣

美金 參佰萬元整。

(以下稱本授信,含各單項綜合額度),以供立約人向 貴行辦理授信時之使用,除與 貴行另訂有約定書及依各種授信用途對貴行出立各項書類憑證文件外,特訂定本契約,立約人對 貴行之一切往來以資綜括適用,其各項條款如下:

The undersigned (the "Customer"), hereby applies for an omnibus credit line with CTBC Bank Co., Ltd. (including its head office and branches, hereinafter referred to as the "Bank") and agrees to the terms and conditions of this General Agreement for Omnibus Credit Lines (this "Agreement") with the following total omnibus credit line (exclusive of the credit lines extended under and pursuant to any and all syndicated loans):

NTS \_\_\_\_\_ or its equivalent amount in foreign currency

USD Three Million Dollars only.

(hereinafter referred to as the "Omnibus Credit Line" or the "Facility", which is applicable to the total aggregate of all individual credit lines), to be provided for the use by the Customer in its application for any loan from the Bank under this Omnibus Credit Line. Unless otherwise agreed between the Customer and the Bank in a separate agreement or otherwise set forth in any documents, certificates, instruments, or materials submitted by the Customer to the Bank for the purpose of obtaining a credit line, this Agreement is applicable to all transactions undertaken between the Customer and the Bank, with the following terms and conditions:

### 甲：通用條款 (A: Common Provisions)

第一條 本授信綜合額度,為 貴行對立約人於約定授信用途內各項授信之最高額度。在綜合額度內, 貴行得依各別授信用途另訂單項額度,載明於本契約各相關部份,為各該授信項目之最高額度。各單項授信額度之總計,得超過綜合額度,但立約人實際動用時,倘擬動用之金額與已動用之授信本金餘額合計,已超過綜合額度者,雖未超過該擬動用之單項額度,仍應受綜合額度之限制,不得越限動用,惟在綜合額度及各單項額度內,立約人得循環使用。額度動用涉及外幣者,其單項及綜合額度之計算,概依動用時 貴行所訂匯率折算之。如因匯率變動致使 貴行在本契約下動撥或墊款金額超過本授信綜合額度之最高額度或各單項額度時,其超過部份仍由立約人連帶負責償還。

Article 1. This Omnibus Credit Line sets forth the maximum amount of the credit line extended by the Bank to the Customer for the agreed-upon purposes under each separate extension of credit lines. Within the amount allocated under this Omnibus Credit Line, the Bank may establish individual credit lines for individual credit purposes subject to the individual maximum credit limits, as set forth in the relevant portions of this Agreement. The aggregate sum of these individual credit lines is permitted to exceed the Omnibus Credit Line; however, at each actual drawdown, if the amount that has already been drawn by the Customer previously, together with the amount being drawn at the time, exceeds the Omnibus Credit Line, then notwithstanding that the amount being drawn at the time does not exceed its individual credit line, the total amount that can be drawn by the Customer will be subject to the limitations set forth by the Omnibus Credit Line; except that within the limitations set forth by the Omnibus Credit Line and the applicable individual credit line, the Customer may use those credit lines as a line of revolving credit.

If the amounts drawn involve foreign currency, the calculation of the Omnibus Credit Line and individual credit line will be based on the prevailing exchange rates set forth by the Bank at the time of that drawdown. If a fluctuation in the exchange rate causes the amount disbursed or advanced by the Bank to exceed the Omnibus Credit Line or individual credit line set forth in this Agreement, the Customer shall be jointly and severally liable to repay the excess portion.

第二條 貴行如認為立約人對本授信之運用不當,或信用不佳,或要求立約人提供擔保而未能提供,或因 貴行其他業務上需要時,即得隨時停止立約人對本授信之動用,或減少本授信各項額度。如因涉及第三人致發生任何糾葛責任或支出時,均由立約人完全負責處理,貴行因此受有任何損害,亦由立約人立即完全負責賠償。

Article 2. In its sole discretion, if the Bank determines that the Customer's use of proceeds is improper, the Customer suffers a decline in its credit standing, the Customer fails to provide collateral as requested, or as otherwise required by any operational need of the Bank, the Bank may, from time to time, terminate the drawdown by the Customer, or decrease any of the credit lines extended hereunder. If any controversy or dispute with a third party arises as a result thereof, the Customer shall be fully liable for any and all costs, expenses, losses and damages and fully compensate and indemnify the Bank for any and all such losses and damages thereof.

第三條 立約人依各種授信用途對 貴行出立借據、發發票據、信用狀、訂單或背書交付票據等各項書類憑證文件所產生之債務,其償還責任,除法律另有規定外,均至本授信項下各該債務全部清償後方告免除。

立約人對前項債務金額，如有疑義，願即以 貴行帳卡、帳簿、傳票、電腦製作之資料、其他憑證、往來文件或其影本、縮影本等所載者為準。

Article 3. Unless otherwise required by the law, none of the repayment obligations of any indebtedness arising from any, IOUs, drafts, notes, promissory notes, bills of exchange, cheques, negotiable instruments, letters of credit, purchase orders, endorsed negotiable instruments, or other documents or instruments provided by the Customer to the Bank for the purpose of drawing on a credit line will be satisfied and discharged until all indebtedness drawn under this Agreement is satisfied and discharged. If the Customer has any questions regarding the amount of the indebtedness, the Customer agrees that such amount shall be confirmed in accordance with the Bank's account cards, account books, account ledgers, vouchers, computer-produced information, other documents, certificates, correspondences or photocopies of the same.

第四條 本授信之擔保，其內容、設定、解除、擔保債權範圍及行使物權之方法等，除本契約已約定者外，概另依有關法令及約定辦理。

Article 4. Except as otherwise set forth herein, the contents, creation, discharge, scope and any other rights over the collateral provided hereunder will be handled in accordance with the applicable laws and agreements.

第五條 本契約自簽訂之日起生效，但 貴行已先予撥款，或出具保證書，或為其他授信行為時，得溯及自該條件完成時生效。立約人申請續約經 貴行核准者，在新約未簽妥前，本契約仍繼續有效。

Article 5. This Agreement becomes effective on the date of its execution; except that, if, prior to that date, the Bank has disbursed or advanced any funds, issued any letters of guarantee, or extended any facilities, the terms and conditions contained herein will be retroactively effective as of the date of those actions.

Notwithstanding that the Bank has approved any request for renewal of this Agreement by the Customer, prior to the execution of that new or renewed agreement, the terms and conditions of this Agreement remains in full force and effect.

第六條 立約人對 貴行另立之約定書及各項書類憑證文件為本契約之一部份，除本契約有特別約定者，優先適用本契約外，與本契約有同一之效力。

立約人對於現在及將來之政府法令，以及 貴行、銀行公會及金融業務主管機關所訂現在及將來之一切規章均願切實遵守。

Article 6. Except those that are otherwise set forth herein to take precedent, all agreements, instruments, documents, or materials by or between the Customer and the Bank are incorporated herein as an integral part hereof and has the same effect as this Agreement.

The Customer agrees to abide by all current and future laws and regulations, as well as any other current or future policies, guidelines or regulations set forth by the Bank, the relevant bankers' association, and the relevant authority of financial operations.

第七條 立約人因本契約所發生債之關係，其法律行為之成立要件、方式及效力等，除另有約定適用\_\_\_\_\_法律外，均適用中華民國法律。

本契約以 貴行所在地為履行地，若因本契約涉訟時，除法律有專屬管轄之特別規定，應從其規定外，立約人合意以 貴行總行或\_\_\_\_\_分行所在地之地方法院或臺灣臺北地方法院或立約人財產所在地為第一審管轄法院。

Article 7. The indebtedness created hereunder, unless the parties otherwise agree to use \_\_\_\_\_ law as the governing law with respect to, and applied to the essential of establishment, method and validity hereof, is governed by the laws of the Republic of China. The place of performance of this Agreement is the location of the Bank. For any and all litigations concerning dispute or controversy arising from or in connection with this agreement, except for matters subject to exclusive jurisdiction being given to specific court in applicable laws, the Parties agree that the district court of law in the jurisdiction where the Bank's Head Office or its \_\_\_\_\_ Branch is located, or the Customer's property is in existence, or Taipei District Court, Taiwan shall be the court of first instance.

第八條 本總約定書、授信所使用之申請書、文件及與擔保有關之文件，得以中文及英文做成，但中文與英文之內容不一致時，以中文為準。

Article 8. This Agreement, its application form, all documents, instruments, and materials used to obtain credit lines, and all collateral related documents and instruments are executed in both Chinese and English. If there is any conflict or discrepancy between the Chinese and English versions hereof and thereof, the Chinese version will prevail.

第九條 (金融控股公司及其子公司資料運用條款)

1. 立約人瞭解並同意 貴行、貴行所屬之金融控股公司及其依金融控股公司法規定所控制之子公司，於其營業目的或其他法令許可範圍內，對立約人之個人資料為蒐集、處理或國際傳遞及利用 (包括行政研究、宣傳推廣、寄送消費資訊...等)。

2. 立約人並同意 貴行、貴行所屬金融控股公司及其依金融控股公司法規定所控制之子公司，得將立約人與其往來交易及作業，委由第三人處理，並同意得將第一項所列立約人之各項資料，揭露予 貴行、貴行所屬金融控股公司及其依金融控股公司法規定所控制之子公司所委任處理事務之第三人。

3. 金融控股公司及其子公司之資料運用，其各項資料之內容及範圍如下：

(1) 基本資料：包括姓名及地址。

(2) 其他基本資料：包括出生年月日、身分證統一編號、電話等資料。

(3) 帳務資料：包括帳戶號碼或類似功能號碼、信用卡帳號、存款帳號、交易帳戶號碼、存摺款及其他往來交易資料及財務情況等資料。

(4) 信用資料：包括退票記錄、註銷記錄、拒絕往來記錄及業務經營狀況等資料。

(5) 投資資料：包括投資或出售投資之標的、金額及時間等資料。

(6) 保險資料：包括投保保險種類、年期、保額、繳費方式、理賠狀況及拒保記錄等相關資料。

Article 9. (Provisions for Information Sharing between a Financial Holding Company and its Subsidiaries)

1.The Customer understands and agrees that the Bank, the financial holding company that the Bank is a part of, and the subsidiaries controlled by that financial holding company, as determined by the provisions of the Financial Holding Company Act, may, in accordance with their business objectives and as permitted by the law, collect, process, transmit internationally, and use (including for the purposes of administrative research, promotion, or distribution of consumer reports, etc.) the Customer's personal information.

2.The Customer also agrees that the Bank, the financial holding company that the Bank is a part of, or the subsidiaries controlled by that financial holding company, as determined by the provisions of the Financial Holding Company Act, may designate a third party to process that information. The Customer further consents and agrees to any and all disclosure of the information set forth in the item 1 of this Article to that third party designated by the Bank, the financial holding company that the Bank is a part of, or the subsidiaries controlled by that financial holding company, as determined by the provisions of the Financial Holding Company Act.

3.The contents and scope of the information sharing between a financial holding company and its subsidiaries are as follows:

(1) Basic Information: including name and address.

(2) Other Basic Information: including, without limitation, date of birth, identification number, contact telephone number.

(3) Account Information: including, without limitation, account numbers or other numbers of comparable function, credit card numbers, savings account numbers, trading account numbers, savings and loan amounts, and other trading information, and financial statements.

(4) Credit Information: including, without limitation, records of dishonored checks, cancellation records, rejection records, and other operational information.

(5) Investment Information: including, without limitation, objectives, amounts, timing, of investments and sales of investments information.

(6) Insurance Information: including, without limitation, insurance types, periods, insured amounts, premium payment methods, claims processing, records of refusals to insure, and other information.

第十條 (防制洗錢及打擊資恐)

貴行為防制洗錢及打擊資恐之目的，立約人同意 貴行得依「洗錢防制法」、「資恐防制法」、「金融機構防制洗錢辦法」、「銀行業及其他經金融監督管理委員會指定之金融機構防制洗錢及打擊資恐內部控制與稽核制度實施辦法」及「銀行防制洗錢及打擊資恐注意事項範本」之規定進行以下措施，貴行依本條辦理若致立約人發生損害或承受不利益者，均由立約人自行承擔，貴行不負損害賠償責任。

1. 貴行於發現立約人及/或關聯人 (包括但不限於法定代理人、負責人、代表人、被授權人、法人之實質受益人、對法人行使控制權之人、連帶借款人、連帶保證人、一般保證人、共同發票人、票據債務人、連帶債務人、擔保物提供者、交易有關對象，以下稱關聯人) 為受經濟制裁、資恐防制法指定之個人、法人或團體，以及外國政府或國際組織認定或追查之恐怖分子或團體時，得進行暫時停止本約定書所載之各項交易與業務關係而無須另通知立約人； 貴行並得終止本約定書下之各項服務約定條款，惟 貴行須於發生終止效力 60 天 (含) 前書面通知立約人。

2. 貴行於定期或不定期審查立約人及關聯人身份作業或認為必要時 (包括但不限於：懷疑客戶涉及非法活動、疑似洗錢、資恐活動、或媒體報導涉及違法之特殊案件等)，得要求立約人於接獲 貴行通知後 60 天 (含) 內提供審查所需之必要個人 (含立約人及關聯人) 或公司資料、法人戶之實質受益人或對其行使控制權之人的資訊、或對交易性質與目的或資金來源進行說明，立約人逾期仍不履行者， 貴行得以書面暫時停止本約定書所載之各項交易與業務關係、或終止本約定書下之各項服務約定條款，並於終止之書面通知到達時發生效力。

Article 10. (Anti-Money Laundering and Countering Terrorism Financing)

For purposes of anti-money laundering and countering terrorism financing by the Bank, each of the Customer agrees that the Bank may take the following measures in accordance with the requirements under "Money Laundering Control Act", "Terrorism Financing Prevention Act", "Regulations Governing Anti-Money Laundering of Financial Institutions", "Regulations Governing Internal Audit and Internal Control System of Anti-Money Laundering and Countering Terrorism Financing of Banking Business and Other Financial Institutions Designated by the Financial Supervisory Commission" and "Template of Directions Governing Anti-Money Laundering and Countering the Financing of Terrorism of Banks". Any damage or adverse impact suffered by the Customer resulting from the Bank's compliance with this Article shall be borne by the Customer and the Bank shall not be held liable therefor.

1. Upon discovery that the Customer and/or any of its Related Parties (including but not limited to any legal representative, responsible person, representative, authorized person, beneficial owner of a corporate, a person having control over a corporate, joint and several borrower, joint and several guarantor, general guarantor, co-issuer of a negotiable instrument, obligor under a negotiable instrument, joint and several obligor, collateral provider, trading counterparties, hereinafter referred to as the "Related Parties") is an individual, entity, or group subject to economic sanction or designated under Terrorism Financing Prevention Act, or is a terrorist or terrorist group that is identified or tracked by foreign governments or international organization, the Bank may suspend all

transactions and business relations under this Agreement without separate notice to the Customer. The Bank may also terminate the terms of service under this Agreement; provide, that the Bank is required to give sixty (60) days' prior written notice to the Customer prior to termination thereof.

2. In connection with the regular or ad hoc review of the identity of the Customer and Related Parties or as and when necessary (including but not limited to: suspected involvement in illegal activities by the customer, suspected money laundering, financing of terrorist activities or special cases involving illegality and under press coverage, etc.), the Bank may request that, within sixty (60) days after receipt of notice from the Bank, the Customer provide personal (including that of the Customer and its Related Parties) or corporate information, information regarding the beneficial owner of a corporate or the person having control over a corporate, or explanation regarding the nature and purpose of the transaction or source of funds, in each case as necessary for such review. If the Customer fails to provide the above information before the above deadline, the Bank may suspend the transactions and business relationship under this Agreement or terminate the terms of service under this Agreement by written notice whereupon termination shall become effective upon delivery of such written notice.

## 乙：一般條款 (B: General Provisions)

### 第一條 (債務範圍)

本契約所稱債務或一切債務，係指立約人對 貴行所負之借款、墊款、承兌、票據、保證、委任保證、透支、貼現、買入光票、開發信用狀、進出口押匯、進出口外匯業務、應收帳款融資契約、衍生性金融商品交易契約、信用卡契約、特約商店契約及其他一切基於與貴行為業務往來之基礎法律關係所發生之債務，並包括其利息、遲延利息、違約金、手續費、損害賠償及其他有關費用。

#### Article 1. (Scope of Indebtedness)

All indebtedness, whether set forth herein or elsewhere, means all indebtedness arising from loans, advances, acceptance, note payments, guarantee, bank guarantee, overdraft, discount, purchase of clean bills, issuance of letters of credit, import and export negotiation, import and export foreign exchange business, account receivables financing agreement, financial derivatives trading agreement, credit card agreement, merchant agreement, and all other indebtedness arising from business dealings with the Bank, including interest, default interest, penalties, processing fees, indemnity for damages and other relevant expenses.

### 第二條 (連帶債務)

立約人與其他債務人共同出具鈔據或發票向 貴行連帶借款時，縱 貴行僅對共同出具鈔據或發票之其他債務人撥款給付，即視同已對立約人撥款給付，立約人仍承認為本身債務，並願負連帶清償責任。

對立約人中之其他一人或數人，撥款給付，亦視同已對全體連帶借款人撥款給付，立約人仍承認為本身債務，並願負連帶清償責任。

#### Article 2. (Joint and Several Liability)

If the Customer, together with any other debtor or debtors, jointly present the Bank with one or more agreements or invoices for the purpose of drawing a loan, notwithstanding that the Bank has advanced or disbursed funds only to those other debtors, it will be deemed as if the Bank disbursed the funds to the Customer. The Customer shall acknowledge that indebtedness as its own and agrees to be jointly and severally liable for that indebtedness.

Disbursement of funds to any one or more Customers will be deemed as disbursed to all Customers jointly and severally. Each Customer acknowledges the indebtedness as its own and agrees to be jointly and severally liable for that indebtedness.

### 第三條 (變更事項通知及文書送達)

立約人因名稱、組織、章程內容、印鑑、代表人、代表人權限範圍或其他情事變更者，應即以書面將變更事由通知 貴行，並向 貴行為變更或註銷留存印鑑之申請，在未經 貴行同意並辦妥變更或註銷印鑑手續前，立約人所留存於 貴行之印鑑仍繼續有效，與 貴行而為之交易，立約人願負一切責任。

本授信項下所發收之任何償付請求或通知，如以郵件寄交或以專人送達於此等請求單或通知單之收件人或其代表人最後所通知之地址時，即視同業已充分通知，但收件人或其代理人已遷移該最後通知之地址，或有其他可歸責於收件人或其代表人之事由致不能對其最後通知之地址送達，且收件人或其代理人均未事先通知貴行時，則上開請求或通知，於 貴行向收件人或其代理人最後所通知之地址投郵後，經通常之郵遞期間，即視同已送達收件人。

立約人同意 貴行為金融資產證券化之目的，於 貴行對立約人所擁有之債權 (或資產) 信託與受託機構或讓與特殊目的公司時，免除貴行通知之義務。

#### Article 3. (Notification of Modified Items and Document Delivery)

If there is any agreement, amendment, modification or addition to the name, organization, constituent documents, chop specimen, authorized representative, representative's scope of representation, or any other matters, the Customer shall inform and obtain approval from the Bank for those changes or cancellations of any chop specimen that is no longer effective but was furnished to the Bank earlier. Prior to obtaining the approval from the Bank for those changes and cancellation of the chop specimen, the chop specimen originally provided to the Bank remains in full force and effective. The Customer shall take full responsibility and be liable for any transactions undertaken by the Bank based on any such chop specimen.

If delivered by mail, courier, or personally delivered to the last known address of the recipient or its representative, any

notices or request for repayment or communication made under or pursuant to a provision contained herein will be deemed to be duly delivered and received. However, if the recipient or its representative changes its address, or those notices, requests or communications cannot be delivered for any reason attributable to the recipient or its representative, and neither the recipient nor its representative has so notified the Bank, the aforementioned notices, requests, or communications will then be deemed to be duly delivered and received once sent by the Bank, via post, to the last known address of the recipient or its representative and the normal time required for mail delivery has elapsed. The Customer agrees to exempt the Bank from any and all notice obligations, if the Bank entrusts its creditor's rights against the Customer (or assets) to a trust or a special purpose company or vehicle for the purposes of securitizing its financial assets.

#### 第四條 (利息)

利率依照個別授信約據訂定當時或授信額度動用確認書或其他相關文件之約定；如未約定者，依債務成立時，貴行基準利率加年息4%計算。

前項利率，貴行得隨其基準利率或約定利率之調整而調整之，並依 貴行公告或通知為準。除另有約定外，利息按月支付。利息遲延一年且經 貴行催告而不償還者，貴行得將遲延之利息滾入原本。

如基於本契約往來之交易，涉及以倫敦銀行同業拆款利率 (London Interbank Offered Rate, LIBOR) 為利率計算之依據者 (以下簡稱「LIBOR 基準利率」)，當發生「LIBOR 基準利率替代事件」(定義如下)時，貴行有權公告或通知立約人前述事件，除立約人與貴行屆時另有約定者外，本契約個別交易所適用之「LIBOR 基準利率」將於 貴行公告或通知書所指定之日 (該指定日距公告或通知日應不少於五日)起以「替代基準利率」(定義如下)加上「轉換差點」(定義如下)調整後取代之。

1. LIBOR 基準利率替代事件，係指發生下列情事之一：

- (1) LIBOR 主管機構公告 LIBOR 停止報價，且無繼任主管機構接續提供報價；
- (2) 相關主管機關公告 LIBOR 主管機構停止 LIBOR 報價，且無繼任主管機構接續提供報價；
- (3) 路透社 LIBOR 頁面未再顯示；或
- (4) 相關主管機關公告 LIBOR 不再具有市場代表性時。

2. 立約人同意 貴行有權以下列順序擇定本契約個別交易所適用之替代基準利率，立約人同意及理解個別交易所適用之替代基準利率有可能因其產品特性、期限、區域或市場因素而不同：

- (1) 市場上廣泛認可得取代 LIBOR 之參考利率。
- (2) 如無市場上廣泛認可之參考利率時，則依 LIBOR 各幣別貨幣主管機關選定之替代利率指標為本契約之替代基準利率。

3. 轉換差點，係指追蹤個別替代基準利率與相應之 LIBOR 基準利率過去一定期間的利率差，該數值可能為正數、負數或零。立約人理解並同意：(1) 不同替代基準利率之轉換差點數值不一定相同；(2) 相同替代基準利率於不同區域或市場，其轉換差點之數值亦可能不同。

立約人同意貴行有權參考下列方式決定個別替代基準利率之轉換差點數值：

- (1) 於依本條第三項公告或通知時，最近一次相關主管機關或屆時廣被接受的機構公告個別替代基準利率之轉換差點數值；或
- (2) 依 貴行計算之轉換差點數值。

#### Article 4. (Interest)

The interest rate will be established according to the individual credit agreement, or Drawdown Application or other related documents and instruments. If there is no such agreement, the interest rate will be determined and established by adding 4% per annum to the Bank's annual Base Rate at the time of the creation of that indebtedness.

With respect to the aforementioned interest rate, the Bank may make any adjustments in conformity with any adjustment in its Base Rate or any agreed-upon interest rate, and that adjustment will be effective upon the Bank's publication or notification. Unless otherwise agreed, any and all interest must be paid on a monthly basis. If any interest payment is delinquent for one year and is still unpaid despite the Bank's warning, the Bank may roll such delinquent interest over into the principal of the indebtedness.

In relation to any transaction under this Agreement selecting London Interbank Offered Rate ("LIBOR") as the Benchmark Rate for interest calculating ("LIBOR Benchmark Rate"), upon the occurrence of any Benchmark Transition Event (as defined below), the Bank shall have the right to announce or notify the Customer of (i) such event, and (ii) unless otherwise agreed by the Customer and the Bank in advance, the replacement of LIBOR Benchmark Rate for each transaction by Benchmark Replacement Rate (as defined below) plus related Spread Adjustment (as defined below) from the date stipulated in the announcement/notification, which shall be at least 5 days after such announcement or notification.

1. "Benchmark Transition Event" means the occurrence of one of the following events:

- (1) the administrator of LIBOR publicly announces that it has ceased or will cease to provide LIBOR, provided that at such time there is no successor administrator that will continue to provide LIBOR;
- (2) the relevant authorities publicly announce that the administrator of LIBOR has ceased or will cease to provide LIBOR, provided that at such time there is no successor administrator that will continue to provide LIBOR;
- (3) LIBOR is not displayed on the Reuters Screen LIBOR Page; or
- (4) the relevant authorities publicly announce that LIBOR is no longer representative.

2. The Customer agrees that the Bank is entitled to determine each "Benchmark Replacement Rate" applicable to individual transactions under this Agreement in the following order:

- (1) a prevailing reference rate widely accepted in the financial market as the replacement for LIBOR;
- (2) if there is no prevailing reference rate widely accepted in the financial market as the replacement for LIBOR, other alternative reference rates as identified by relevant authorities in the LIBOR currency areas.

The Customer acknowledges and agrees that Benchmark Replacement Rate applicable to individual transactions may vary due to different product characteristics, tenors, regions and other market factors.

3. "Spread Adjustment" means, the interest rate difference (which may be a positive or negative value or zero) between an individual Benchmark Replacement Rate and the corresponding LIBOR Benchmark Rate for a certain period in the past. The Customer acknowledges and agrees that: (1) the value of Spread Adjustment for different Benchmark Replacement Rate may not be the same, and (2) the value of Spread Adjustment for the same Benchmark Replacement Rate may be different due to different regional or financial market factors.

The Customer agrees that the Bank is entitled to determine applicable Spread Adjustment for corresponding Benchmark Replacement Rate taking the following methodologies into consideration:

- (1) The latest Spread Adjustment selected or recommended publicly by the relevant authorities or the then evolving or then-prevailing market convention for determining a spread adjustment for the related Benchmark Replacement Rate as the Bank announces or notifies the Customer under Section 3 of this Article.

- (2) The Spread Adjustment calculated by the Bank.

#### 第五條 (加速條款一)

立約人對貴行所負一切債務，如有下列情形之一者，除下述第6款至第9款應由貴行先行以合理期間為通知或催告外，貴行得隨時對立約人停止或減少授信金額之給付，或縮短授信期限，或本息視為全部到期：

- 1.任何一宗債務不依約清償或攤還本金時。
- 2.依破產法聲請和解、聲請宣告破產、聲請公司重整、經票據交換所公告拒絕往來、停止營業，清理債務時。
- 3.依約定原自有提供擔保之義務而不提供時。
- 4.因死亡而其繼承人聲明為限定繼承或拋棄繼承時。
- 5.因刑事而受沒收主要財產之宣告時。
- 6.任何一宗債務不依約付息時。
- 7.擔保物被查封或擔保物滅失、價值減少或不敷擔保債權時。
- 8.立約人對貴行所負債務，其實際資金用途與貴行核定用途不符時。
- 9.受強制執行或假扣押、假處分或其他保全處分，致貴行有不能受償之虞者。
- 10.除前述各款外，貴行因有保全債權之必要，經契約具體約定之情事並明示發生加速期限到期（經通知或無須通知）之效果者。

#### Article 5. (Acceleration I)

If any of the following occurs with respect to the indebtedness owed by the Customer to the Bank, except items (6) ~ (9) in which case the Bank shall give a prior notice or demand with a reasonable cure period, the Bank in its discretion may then immediately suspend the credit extension to the Customer, or reduce the credit line, or shorten the credit extension term, or declare all principal and interest amounts immediately due and payable:

1. Any failure to repay any principal or indebtedness when due under the specific Agreement;
2. Any filing for composition, bankruptcy, or reorganization by the applicable law, or rejection and notification by the Bills Clearing House, ceasing of business operation, settlement of all indebtedness;
3. Any failure to provide collateral as previously agreed;
4. In the event of the death of an individual Customer, the heir or successor of the Customer declares a limited inheritance or waives rights to inherit;
5. The Customer's assets are confiscated as a result of a criminal case or investigation.
6. Any failure to make any interest payment for any indebtedness;
7. The collateral is attached, lost or destroyed, loses its value, or becomes insufficient to secure the creditor's rights;
8. The Customer's actual use of proceeds deviates from the use approved by the Bank;
9. Any compulsory execution, provisional seizure, provisional injunction or precautionary measure resulting in the Bank unable to be secured or repaid; or
10. In addition to the circumstances specified in the above items, the occurrence of any event specified in any agreement, whereby the Bank, for the purpose of maintaining its secured creditor's rights, demands the acceleration of repayment (whether or not any notification is required.)

#### 第五條之一 (加速條款二)

立約人同意如發生違反下列任一約款之情事者，貴行無須通知立約人，即得隨時對立約人停止授信、減少授信額度、縮短授信期間，及/或主張本息全部到期：

1. 為立約人前述授信額度之全部或一部提供保證之人，如具有立約人之董事、監察人或其他有代表權人之身分者，於其主動辭任或被動解任立約人之董事、監察人或其他有代表權人之職務，或發生重整、破產、清算、死亡、受監護宣告或受輔助宣告等影響其權利能力或行為能力之情事者，立約人至遲應於該等情事發生之翌日，立即以電話、傳真或電子郵件方式通知貴行，並於三日內送達相同內容之書面文件予貴行。立約人亦應依貴行之要求提供第三

- 人同意擔任保證人之保證書等文件，或提供貴行認可之擔保物並完成必要之轉讓、登記程序。
2. 為立約人前述授信額度之全部或一部提供保證之人，其係提供定期保證者，於保證期間屆滿前三十日，或其係提供不定期保證者，於保證人主動終止保證責任時，自貴行通知日起五日內，立約人應依貴行之要求提供原保證人或第三人同意續（擔）任保證人之保證書等文件，或提供貴行認可之擔保物並完成必要之轉讓、登記程序。

Article 5-1. (Acceleration II)

The Customer agrees that if the Customer is in breach of any of the following provision (s), the Bank shall have right to immediately suspend the credit extension to the Customer, or reduce the credit line, or shorten the credit extension term, and/or declare all principal and interest amounts immediately due and payable:

1. The Guarantor who is a member of Board of Directors or Board of Supervisors of the Customer or any Corporate Legal Representative of the Customer and guarantees all or any part of said credit line quits or is removed from office voluntarily or involuntarily; or occurs any of following events: restructure, bankruptcy, liquidation, death, being declared and put under custody or assistance, or being declared totally or partially incompetent at law. On the occurrence of any of afore-mentioned events, the Customer shall at latest before the end of the immediately next business day inform the Bank via telephone, fax, or mail of said event forthwith, and notify the Bank in writing of full particulars of said event in three (3) days. Upon request of the Bank, the Customer shall provide to the Bank the required documents which show that qualified party/parties have agreed to take the position and assume the obligations of P/Note Guarantor, and/or the collateral(s) acceptable to the Bank have been transferred, registered, or otherwise encumbered in favor of the Bank.
2. If the person who guarantees all or any part of the Customer's said credit line has determined to terminate his/her/its guarantee, in case such person's guarantee is of definite period, the Customer shall provide to the Bank the required documents within 30 days prior to the end of the guarantee period, in case such person's guarantee is of indefinite period, the Customer shall provide to the Bank the required documents in 5 days of receipt of the Bank's notification, which show that the original Guarantor has agreed to continue or other qualified party/parties have agreed to take the position and assume the obligations of P/Note Guarantor, and/or the collateral(s) acceptable to the Bank have been transferred, registered, or otherwise encumbered in favor of the Bank.

第六條 (保證人之更換)

貴行基於具體事實(或 貴行依據本契約一般條款第五條有關喪失期限利益之加速條款規定)，認為保證人信用欠佳，而有更換保證人之必要時，立約人一經 貴行通知，當即照辦。經更換之原保證人，不論係一人或數人，其保證責任，於新保證人簽妥保證契約，並徵得其他未經更換之原保證人之同意時，應即由 貴行通知免除。但新保證人對換保前已發生之主債務如約定不負保證責任，則該經更換之原保證人之保證責任，應俟換保前已發生之主債務完全清償，且換保手續業已辦妥時，方得免除。

Article 6. (Substitution of Guarantor)

Based on a tangible fact (or due to the occurrence of an event set forth in any of the acceleration clauses contained in Article 5 of the General Provisions hereof), if the Bank determines that any guarantor's credit standing is deficient and there is a need to substitute or replace one or more guarantors, immediately upon receiving that notice from the Bank, the Customer shall substitute or replace that guarantor or guarantors. The original guarantor or guarantors shall have their guarantee obligations discharged by notice of the Bank, only after the new guarantor or guarantors enter into that new guarantee agreement and the permission from any and all remaining original guarantors, who have not been substituted or replaced. However, if it is agreed that the new guarantor or guarantors shall not be obligated to the indebtedness incurred by the Customer prior to their substitution or replacement, the guarantee obligation of the original guarantor or guarantors will not be discharged until that indebtedness has been fully repaid, satisfied and discharged and the relevant substitution or replacement is completed.

第七條 (未到期債權之抵銷權行使)

立約人於違約情事發生時，不問債權債務之期間如何， 貴行有權將立約人寄存貴行之各種存款及對 貴行之一切債權(但支票存款尚未終止者除外)期前清償，並將期前清償之款項進行抵銷立約人對 貴行所負之一切債務。立約人了解並同意立約人與 貴行簽訂之支票存款往來約定書，係以立約人與 貴行簽訂之任何契據，如產生任何違約情事，並經 貴行依約主張視為全部到期之權利，為解除條件，一旦解除條件成就，則前述之支票存款往來約定書當然失其效力， 貴行應立即返還該支票存款戶所餘存之款項，並將所應返還之款項抵銷立約人對 貴行所負之一切債務。

前二項預定抵銷之意思表示，自登帳扣抵時即生抵銷之效力。同時 貴行發給立約人之存款憑單、摺簿、支票或其他憑證，於抵銷之範圍內失其效力。

有下列三種情形之一者， 貴行不得行使抵銷權：

1. 法令有禁止抵銷之規定者。
2. 雙方另有約定不得抵銷者。
3. 基於無因管理或第三人因交易關係委任 貴行向立約人付款者。

Article 7. (Set-Off)

Irrespective of the term of repayment for any indebtedness by the Customer to the Bank, if the Customer breaches any of the provisions contained herein or elsewhere, the Bank may debit any and all deposits of the Customer with the Bank or accelerate the repayment term of any and all indebtedness of the Bank to the Customer prior to its maturity

date (except for any checking deposits which are not terminated). The Bank may further set off those amounts against any and all indebtedness incurred by the Customer to the Bank.

The Customer understands and agrees that, the checking deposit agreement entered into by and between the Customer will be terminated upon the event that: if there is a breach of any provision contained in any agreement or documents by and between the Customer and the Bank, and the Bank accelerates the maturity date, in accordance with the provisions contained therein. In the event that the checking deposit is so terminated, the Bank shall immediately return any and all balance in such checking deposit account and set it off against any and all indebtedness incurred by the Customer to the Bank.

The set off set forth in the preceding paragraphs will become effective upon the act of debiting from the applicable accounts. Concurrently, any and all savings vouchers, passbooks, checks, or other vouchers issued by the Bank to the Customer will also be annulled to the extent of that set-off.

If any of the following events occurs, the Bank shall not exercise its right to set off:

- 1.If there is any law or regulation prohibiting the Bank from exercising its set off right.
- 2.If it is otherwise agreed that the Bank shall not exercise its set off right.
- 3.If there exists a management of other's affair without mandate, or there is any agreement with a third party under and pursuant to which the Bank shall make payments to the Customer.

#### 第八條 (監督、稽核、查閱及資料提供)

貴行因業務或確保債權之需，得查勘或保全立約人之擔保品。立約人願隨時接受 貴行對授信用途之監督，業務財務之稽核，擔保品之檢查、監管，但 貴行並無監督或稽核之義務；及 貴行或財團法人金融聯合徵信中心對有關帳簿報表 (包括關係企業之綜合財務報表)、單據、文件之查閱。 貴行或金融聯合徵信中心並得要求立約人按期填送上開徵信資料，或提供 貴行認可會計師簽證之會計師簽證之會計財務報表，及洽請該簽證會計師提供工作底稿。貴行或金融聯合徵信中心並無監督、稽核、查閱之義務。

貴行認為立約人之財務結構應行改善時，得限制立約人以現金分配盈餘，及要求立約人增資或為其他改善財務結構之行為。

#### Article 8. (Supervision, Audit, Review, and Furnishing Information)

The Bank may examine, inspect, or take custody of the collateral of the Customer for the purpose of business operation or protection of creditor's rights. The Customer agrees to the Bank's right, but not obligation, to supervise the Customer's use of proceeds from the credit line, audit Customer's operations and finances, and examine and supervise the status and preservation of the collateral. The Customer further agrees to the Bank's or Joint Credit Information Center's review of its account ledgers, financial statements (including its consolidated financial statements reflecting its affiliated businesses), documents, files and records. Each of the Bank or Joint Credit Information Center may also request the Customer to periodically submit the credit approval data, or request the Customer to provide financial statements, certified by an audited accountant recognized by the Bank, or the working paper thereof.

Neither the Bank nor the Joint Credit Information Center will be obligated to conduct supervision, audit, or review. If the Bank determines that there is a need for the Customer to improve its financial condition, the Bank may then restrict the Customer's distribution of profits and earnings and request the Customer to undertake recapitalization or other action to improve its financial condition.

#### 第九條 (票據、借據等之瑕疵、毀損、滅失之承認)

立約人所簽發、背書、承兌或保證之票據、借據及對 貴行所負之其他一切債務之債權證書，如因事變、不可抗力或不可歸責於 貴行之事由，致有毀損、喪失時，或遇借據等債權書被變造而 貴行並無重大過失時，除 貴行帳簿、傳票、電腦製作之單據、往來文件之影印、縮影本之記載，經立約人證明確有錯誤，貴行應更正之外，立約人對上述簿據文件之記載，均願如數承認，並於債務到期時，將該項債務之各項費用、違約金及本息立即清償，或依照 貴行意旨於債務到期前，補正提供票據、借據或其他債權證書。

#### Article 9. (Defect, Damage or Loss of any Negotiable Instruments and IOUs)

If, for any reason that cannot be attributed to the Bank, any loss or damage occurs to any IOUs, notes, negotiable instruments, or any other debt certificates that are signed, endorsed, accepted, or guaranteed by the Customer, or if a change, revision, or alteration is made to any such debt certificates for which the Bank cannot be held responsible, then, other than those account ledgers, vouchers, computer-produced documents, and photocopies of transmitted records that the Customer has proved to be inaccurate and corrected by the Bank, the Customer consents to the content and description within all such records. The Customer further agrees to repay the various fees, charges, costs, expenses, penalties, principal and interest of the indebtedness on the maturity date, or, if requested by the Bank, rectify or provide new or additional IOUs, notes, negotiable instruments, or any other debts certificates prior to the maturity date.

#### 第十條 (授信徵信資料之提供)

立約人同意 貴行為了解立約人信用、授信判斷、辦理衍生性金融商品業務及其他合於 貴行營業登記項目所定業務之需要等特定目的，得將立約人之相關基本資料、財務資料、存款資料、匯兌資料、提供予海關之各項報關資料、信用卡資料、信用交易資料、徵信調查報告資料、授信相關資料、票據信用資料暨其他與本契約相關之信用資料，提供給 貴行、同業金融機構、關係人、臺灣集中保管結算所、金資中心、財團法人聯合信用卡處理中心、財團法人金融聯合徵信中心、財團法人中小企業信用保證基金、華僑貸款信用保證基金及受讓參貸 (擬受讓、參貸) 貴行債權債務之人或受貴行委託代為處理事務之人等，並得依其營業登記項目或章程所定業務需要等特定目的，得蒐集、處理、

國際傳遞及利用立約人資料；並得向前開單位查詢與立約人相關之上開資料。

如立約人所在地或登記所在地之金融監理機關之法令上限制（如香港地區或境外地區），禁止提供立約人上述第一項內容給相關單位時，立約人仍同意 貴行總行或分支機構得將其授信總額度、總餘額及相關範圍內於符合 貴行營業登記項目所定業務範圍予以控管及揭露。

#### Article 10. (Provision of Credit Information)

The Customer agrees that the Bank, for the purposes of understanding and determining the Customer's credit standing and determining the credit line to be extended, processing financial derivatives trading, or for any other purpose necessary or appropriate to the Bank's operational objectives, may furnish the Customer's basic, financial, savings, exchange, customs declaration, credit card usage, credit transaction, credit investigation, line of credit, negotiable instruments credit information, and any other such credit information related to the Agreement, to the Bank, other financial institutions, affiliates, Taiwan Depository and Clearing Corporation, Financial Information Service Co., Ltd., National Credit Card Center, Joint Information Credit Center, Small and Medium Business Credit Guarantee Fund, the Overseas Chinese Credit Guarantee Fund, any assignee (potential assignee) of Bank's loan, participant (potential participant) of Bank's loan, or any other Bank's authorized agents. In accordance with the Bank's registered business scope and its Articles of Incorporation and the purposes set forth herein, the Bank may further collect, process, internationally transmit, and use any and all such information of the Customer. The Bank may further request such information of the Customer from the aforementioned institutions or agencies.

If the Customer is restricted or prohibited from providing the aforementioned information due to the laws of its place of business or registration (such as Hong Kong or other off-shore jurisdiction), the Customer nevertheless agrees that the Bank, its head office, or any of its branches, may, in compliance with the scope of its registered business, manage, control, or disclose information with respect to the total credit line, outstanding balance, and other relevant information.

#### 第十一條 (外幣清償之匯率)

立約人如不依約履行以外幣計算之債務時，立約人應於債務清償日，將該筆債務本息按清償時， 貴行公佈之即期外匯賣出匯率折算新臺幣或以原幣償還，遲延償還時，應依相關授信業務之規定，加付遲延利息及逾期違約金。

#### Article 11. (Exchange Rate for Foreign Currency Repayment)

If the Customer fails to perform its repayment obligations denominated in foreign currency, the Customer shall repay, on the maturity date, the principal and interest in New Taiwan Dollars, converted according to the Bank's then published spot exchange rate to sell that currency, or in its original currency. If the Customer delays its repayment for any reason, then it shall also pay the default interest and penalties incurred and pursuant to the relevant provisions.

#### 第十二條 (授權)

立約人授權：凡 貴行持有立約人所簽發之本票、借據者，授權 貴行對於該本票或借據得視實際債務情況填載到期日，絕無異議。

立約人與 貴行一切往來，悉憑簽名或印鑑登記之立約章（即經濟部印鑑章）或已約定授權往來章之印鑑式樣中之簽名或印鑑任擇一式，即生效力。

#### Article 12. (Authorization)

Customer's authorization: the Customer authorizes the Bank to fill in the maturity date for any and all of Customer's IOUs, or promissory notes, that is within the Bank's custody, control, or possession.

Any and all transactions undertaken between the Customer and the Bank will be deemed effective if signed or chopped in accordance with any one of the authorized signatures or chops specimen (i.e. the chop specimen registered with the Ministry of Economic Affairs), or any other specimen of chop or signature furnished by the Customer to the Bank in accordance with relevant agreements.

#### 第十三條 (違約金)

若發生下列情況，除本應支付之利息外，立約人另應支付自違約日起算至償還日止計算之違約金如下：

1. 立約人未依約按期償還應償數額時：

(1) 延滯六個月以內者，按當期應攤還本金(若為到期還本型或於寬限期，則為當期應繳利息) $\times$ 約定利率 $\times$ 延滯天數 $\div$ 365天 $\times$ 1.1；

(2) 延滯超過六個月部分，按當期應攤還本金(若為到期還本型或於寬限期，則為當期應繳利息) $\times$ 約定利率 $\times$ 延滯天數 $\div$ 365天 $\times$ 1.2。

2. 借款到期(含經 貴行主張視為全部到期)立約人未全部清償時：

(1) 逾期六個月以內者，按未償還本金餘額 $\times$ 約定利率 $\times$ 逾期天數 $\div$ 365天 $\times$ 0.1；

(2) 逾期超過六個月部分，按未償還本金餘額 $\times$ 約定利率 $\times$ 逾期天數 $\div$ 365天 $\times$ 0.2。

#### Article 13. (Default Penalties)

In addition to the interest stipulated in this Agreement, the Customer shall also pay the default penalties subject to paragraph below from the due date up to the date of actual payment:

1. If the Customer fails to pay any installment amount payable on its due date:

(1) within 6 months from such due date, the penalty shall be "the principal (in cases that the principal repaid in one lump sum or during grace period, then "the interest") due in such installment" $\times$ agreed interest rate $\times$ days delayed/365 days $\times$ 1.1;

(2) over 6 months from such due date, the penalty shall be the "the principal" (in cases that the principal repaid in one lump sum or during grace period, then "the interest") due in such installment" $\times$ agreed interest rate $\times$ days delayed/365 days $\times$ 1.2.

2.If the Customer fails to repay the aggregate amount of all outstanding indebtedness on its final maturity date (including the situation that the Bank declares all principal and interest amounts immediately due and payable):

(1)within 6 months from such final maturity date, the penalty shall be "the principal sum"\*agreed interest rate\*days defaulted/365 days\*0.1;

(2)over 6 months from such final maturity date, the penalty shall be "the principal sum"\*agreed interest rate\*days defaulted/365 days\*0.2.

#### 第十四條 (抵充條款)

立約人所提出之給付或經貴行依約定自動轉帳取償之款項，不足清償立約人之全部債務時，依各項費用（包括貴行代墊之擔保物保險費）、違約金、利息、遲延利息及本金之順序抵充。上述貴行代墊之擔保物保險費，如為住宅火險及地震險之保險費時，立約人同意貴行於代墊日起六個月後抵充，但立約人之借款債務已屆清償期或有惡意拖欠或其他嚴重信用貶落之情形者，不在此限。

#### Article 14. (Application Provision)

If the Customer's repayment or the amount automatic debited by the Bank under or pursuant to the relevant provisions contained herein is not sufficient to cover Customer's total indebtedness, the repayment or the amount debited by the Bank shall be applied in the following order: miscellaneous fees, charges, costs, and expenses (including Bank advanced insurance premium for collateral), default penalties, interest, default interest, and the principal; except that if the amount advanced by the Bank pursuant to the forgoing provision is an insurance premium in fire or earthquake risks, the Customer consents that the Bank may make the application thereof after six months from the date the funds were advanced or disbursed. However, if the Customer's debts are payable and due, the Customer intentionally delays the repayment, or other event arises that severely decreases the Customer's credit standing, this provision will not apply.

#### 第十五條 (其他費用負擔)

立約人同意如不依約履行責任而致發生催收或訴訟時，貴行為行使或保全對立約人之債權而支出之微信費、倉儲費、運輸費、律師費（以委任律師所支出之酬金為限）及其他必要費用，均由立約人連帶負擔，但如經法院裁判 貴行敗訴確定時，不在此限。

#### Article 15. (Other Costs and Expenses)

If the Bank conducts collection or initiates any legal proceedings as a result of the Customer's failure to repay on time, the Customer agrees to be jointly and severally liable for the investigation costs and expenses, warehouse charges, transportation costs, attorneys' fees (to retain counsel), and any other costs or expenses incurred by the Bank for the purpose of executing or securing its creditor's rights against the Customer, unless the court adjudicates against the Bank.

#### 第十六條 (金融控股公司風險控管條款)

1. 立約人同意 貴行得為風險控管之目的，將立約人之各項資料（包括但不限於基本、帳戶、信用等資料）提供予貴行所屬之金融控股公司為揭露、轉介或交互運用。
2. 立約人瞭解並同意 貴行、貴行所屬之金融控股公司，於風險控管之目的或其他法令許可範圍內，對立約人之個人資料為蒐集、處理或國際傳遞及利用（包括但不限於風險控管、行政研究等）。
3. 立約人同意 貴行、貴行所屬金融控股公司，得將立約人與其往來交易及作業，委由第三人處理，並同意得將第一項所列立約人之各項資料，揭露予 貴行、貴行所屬金融控股公司所委任處理事務之第三人。

#### Article 16. (Risk Control of Financial Holding Company)

- 1.The Customer agrees that the Bank may furnish the Customer's information (including, without limitation, the basic personal information, account information or credit information) to the financial holding company that the Bank belongs to for mutual disclosure, transfer and sharing.
- 2.The Customer understands and agrees that the Bank and the financial holding company that the Bank belongs to may, for the purpose of risk control other purposes to the extent permitted by the law, collect, process, transmit internationally, and use the Customer's personal information (including, without limitation, for the purposes of risk control and administrative research).
- 3.The Customer also agrees that the Bank and the financial holding company that the Bank belongs to may designate a third party to process the transaction with the Customer or the Customer's information. The Customer further consents and agrees to any and all disclosure of the information set forth in the item 1 of this Article to that third party designated by the Bank and the financial holding company that the Bank belongs to.

### 丙：擔保條款 (C: Security Provisions)

#### 第一條 (瑕疵擔保)

立約人或擔保物提供人切實聲明提供之擔保物完全為立約人或擔保物提供人合法所有，他人並無任何權利。如有任何糾葛，概由立約人或擔保物提供人自行處理，與 貴行無涉。

立約人保證提供擔保之動產及其存放地點，與擔保物明細表所載均相符。如提供提單、倉單等證券為擔保時，保證該等證券所表彰貨物之名稱、種類、品質、數量、規格及其他狀況，與該等證券文義所示者均相符。

擔保品如為提單、倉單等證券，其文件內所載貨物之品質、數量，如日後發現品質不符，數量短少，或有其他虛偽情事，無論該項貨物堆存 貴行自營之倉庫，或在其他倉庫，除能證明係可歸責於 貴行故意或重大過失之情事外，均由立約人或擔保物提供人立即更換或補足與該文件所載內容相符或相當之擔保品，或清償全部債務。

Article 1. (No Defect)

Each of the Customer and collateral provider represents and warrants that the Customer or collateral provider, as the case may be, has all rights and title to the collateral. There is no lien, charge or encumbrance on the collateral by any third party. If a controversy or dispute arises, the Customer or collateral provider shall be solely responsible for handling the matter and the Bank shall have no part in that controversy or dispute.

The Customer or collateral provider, as the case may be, represents and warrants that all movable assets provided as collateral, and storage location thereof, match the information shown on the collateral list. If any documents or instruments of title such as bills-of-lading or warehouse receipts are provided as collateral, the name, type, quality, quantity, format, and other conditions listed therein match the information shown on the collateral list.

If any documents or instruments of title such as bills-of-lading or warehouse receipts are provided as collateral and the listed quality or quantity deviates from its actual condition in that the quality is different, the number is less than represented, or it is otherwise false or inaccurate, either the indebtedness must be repaid immediately or the collateral must be supplemented or replaced by the Customer or collateral provider, in order to match or be comparable to the listed collateral, irrespective of whether the collateral was stored in the Bank's self-operated warehouse, unless the deviation can be attributed to the Bank's willful misconduct or gross negligence.

第二條 (動產堆存及保管)

擔保物為動產時，其堆存地點及保管方法，貴行有權決定，若貴行因業務或確保債權之需要，並得隨時查驗，如立約人或擔保物提供人堆放地點及管理方法不適當時，貴行得限期通知立約人或擔保物提供人遷移或改善，立約人或擔保物提供人願即照辦。貴行依法實行占有擔保品時，除有可歸責之事由外，不負決定遷移之錯誤或不遷移而遭受損失之責任。

Article 2. (Storage and Safeguarding of the Movable Assets)

If the collateral is a movable asset, the Bank may determine its storage location and safeguarding method, and the Bank may also inspect it at any time for the purpose of business operation or protection of creditor's rights. If the Customer or collateral provider, as the case may be, improperly stores or safeguards the collateral, within the designated time period by the Bank, the Bank may give notice to the Customer or collateral provider, as the case may be, to move the collateral or rectify the situation, and the Customer or collateral provider shall then act so immediately. Unless it is attributable to the fault of the Bank, the Bank will not be liable for any loss or damage incurred due to any movement or non-movement of the collateral, while it is in the possession, custody or control of the Bank.

第三條 (質權人之保管責任)

擔保物為貴行占有保管者，除故意或重大過失外，貴行不負責任。貴行依本契約有可歸責之情事時，其注意義務以故意或重大過失為限，始負責任。

Article 3. (Responsibility of Safeguarding)

The Bank is not responsible for any loss or damage of the collateral while it is in the Bank's possession, custody or control unless that adverse condition is caused by Bank's willful misconduct or gross negligence. If the Bank is held to be responsible for any loss or damages as a result of its breach of a provision contained herein, the Bank's duty of care will, nevertheless, be subject to the limit of no willful misconduct or gross negligence.

第四條 (擔保物為動產限制處分及使用保管注意義務)

立約人或擔保物提供人於擔保之債務未清償時，非經貴行之書面同意，絕不擅自將擔保物轉讓、抵押、出質、出租、典當、遷移、或為其他處分。

擔保物如擬變更、改良、增設、廢棄等情事，亦須經獲貴行書面同意方得辦理，如因之需要辦理變更登記時，立約人或擔保物提供人願立即辦理變更登記申請應行之一切手續，並負擔其費用。

立約人或擔保物提供人願以善良管理人之注意妥善使用及慎重保管擔保物，絕不鬆息於修理等保存上應有之行為。擔保物有關之稅捐、修理等一切費用概由立約人負擔照付。

Article 4. (Limitations on the Disposal of Movable Assets and the Obligations for Use and Safeguarding)

Prior to the full repayment of the secured indebtedness and without the written consent of the Bank, the Customer or collateral provider, as the case may be, shall not transfer, mortgage, pledge, lease, pawn, move, or otherwise dispose the collateral.

If there is a need for any change, improvement, enhancement, or abandonment of the collateral, the Customer may do so only after the written consent of the Bank has been obtained. If any change to the registration is required, the Customer or collateral provider, as the case may be, agrees to take all necessary and proper actions relating to the change in registration and bear all related costs and expenses.

The Customer or collateral provider, as the case may be, agrees to use and safeguard the collateral in conformity with the duty of a good administrator, and not to neglect to repair, maintain, or undertake any other safeguarding measures. The Customer shall bear any and all costs, expenses, fees, and charges relating to the taxes, repair, maintenance, or preservation of the collateral.

第五條 (擔保物更換、補提)

立約人或擔保物提供人所提供之擔保物，如因非可歸責於貴行之原因而毀損滅失、變質腐爛、減少價值或有以上情形之虞時，立約人或擔保物提供人願即更換、補提或增提貴行所同意之擔保物或清償所負一切債務。

Article 5. (Replacement or Supplement of the Collateral)

If the collateral is lost, damaged, destroyed, or decreased in value for whatever reason that is not attributable to the Bank, the Customer or the collateral provider, as the case may be, agrees to immediately replace or supplement the collateral, as

requested and approved by the Bank, or immediately repay all indebtedness.

**第六條 (各種手續之辦理及保險)**

依法或依約須辦理擔保物寄倉、繳稅、保險(含續保、加保)、點交、管理、遷移或辦理其他手續者，立約人或擔保物提供人均願照辦，其有關費用及稅捐均由立約人或擔保物提供人負擔。

擔保物能保險者，立約人或擔保物提供人願以貴行為優先受益人，向保險公司投保足額火險，或貴行所要求之其他保險，其費用由立約人或擔保物提供人負擔。如怠於投保或續保時，貴行認為必要時，並得自行代為投保或續保火險或其他保險，其代墊之保險費，立約人或擔保物提供人應即清償墊款之本息，否則貴行得將代墊保險費之本息併入擔保範圍內優先受償。但貴行並無代為投保或續保之義務。

擔保物如有滅失，立約人或擔保物提供人願即清償一切債務，或另提供貴行認可之擔保物，不得以保險公司拒絕或延宕賠款或賠款不足或其他任何理由拒絕清償。

**Article 6. (Procedures and Insurance)**

In conformity with all laws, regulations, and provisions contained herein and therein, the Customer or collateral provider, as the case may be, shall provide proper storage, pay all taxes and insurance (including, without limitation, any renewal or additional coverage), deliver, manage, move, or handle any other tasks relating to the collateral. The Customer or collateral provider, as the case may be, shall bear all related costs, expenses, and taxes.

If the collateral is insurable, the Customer or collateral provider, as the case may be, shall designate the Bank as the beneficiary, and duly insure the collateral against fire or any other risks requested by the Bank, at the costs and expenses of that Customer or collateral provider. If the Customer fails to initiate or renew any insurance coverage, the Bank, at its sole discretion, may insure or renew the policy against the risk of fire or any other risks, claims, liabilities, losses, or damages. The Customer shall then immediately reimburse the Bank for the funds advanced to pay the insurance premium and relevant interest, otherwise the Bank may deem and include the funds advanced and relevant interest payment due as an integral part of the indebtedness so secured by the collateral with equal claim of priority. For the avoidance of doubt, the Bank has the right, but not the obligation, to initiate or renew the aforementioned insurance.

If the collateral is lost or destroyed, the Customer or collateral provider, as the case may be, shall immediately repay the indebtedness in full, or, subject to the Bank's approval, provide additional collateral. The Customer or collateral provider, as the case may be, shall not then refuse to repay the indebtedness in full for any reason including, without limitation, the delay, rejection, or insufficiency of the insurance compensation by the insurance company.

**第七條 (擔保物為不動產限制處分及共通接用)**

擔保物為不動產時，非經貴行書面同意，立約人或擔保物提供人絕不擅自蓋建、改建、拆除，或為其他足以減少該抵押不動產價值之一切行為。不動產提供擔保時或以後，如有抵押權、地上權設定或出租、出租或毀損、滅失或價值減少等情事，立約人或擔保物提供人應據實以書面通知貴行。以上約定，如有違反或為不實陳述致貴行發生任何損害，立約人或擔保物提供人願負一切民、刑事法律責任。

前項擔保物，不論擔保物提供人提供之先後，貴行均得共通接用，充為立約人現在(包括過去所負現在尚未清償)及將來業務往來之其他一切債務之擔保，貴行並得以對立約人之債權總額酌加二成為設定擔保之最高限額。

**Article 7. (Restrictions on the Disposal of Immovable Assets and Joint Security)**

If the collateral is a piece of real property, the Customer or collateral provider, as the case may be, shall not construct, renovate, demolish, or undertake any other action that may decrease the value of the collateral, without the prior written consent of the Bank. If any mortgages, superficies or leases are created or that piece of real property suffers any losses, damages, or decreases in value after it has become a security interest, the Customer or collateral provider, as the case may be, shall immediately and accurately inform that situation to the Bank in writing. If the Bank suffers any losses or damages due to any breach of the terms and covenants or any inaccuracy in the representation made by the Customer or collateral provider, as the case may be, that Customer or collateral provider shall be fully liable for all civil or criminal responsibilities arising therefrom.

The Bank shall have the full security interest in the foregoing collateral, irrespective of when or the order in which it is provided. The interest secured includes all past and present indebtedness and any indebtedness hereafter created because of the business transaction between the Bank and the Customer. The Bank has the right to set the maximum lien thereof at a value that is 120% of the indebtedness.

**第八條 (擔保物及憑證之返還或更換)**

凡持有貴行發給立約人或擔保物提供人之擔保物收據、保管證、存摺或蓋有立約人或擔保物提供人之印鑑(或簽名)之受領文件，前往貴行請求返還或更換擔保物或其權利憑證或其他有關文件者，均視為立約人或擔保物提供人之代理人，貴行得准予返還或更換之；但貴行明知或可得而知其無代理權時，不在此限。

**Article 8. (Return or Replacement of Collateral and its Certificates)**

Any person who requests the Bank to return or replace the collateral, its title certificates, or other related documents or instruments, by tendering the receipt, certificate of custody, account passbook, specimen, or other certificates or invoices initially issued by the Bank to the Customer or collateral provider, as the case may be, is deemed the duly authorized representative of that Customer or collateral provider, and the Bank may then return or replace the collateral accordingly unless the Bank knows or has reasonable grounds to know that aforementioned person is not authorized to do so.

**第九條 (應收票據)**

立約人提供應收票據背書轉讓交付貴行作為履行債務之擔保或清償方法時，立約人同意下列事項：

1. 為便利帳務處理，貴行得於票據兌現入帳累積至一定金額後，逕行抵償立約人所欠各宗債務，如有不足，立約人仍負完全清償責任。
2. 上述應收票據屆期經貴行提兌入帳後，如經貴行同意立約人另以超過或相當於已兌現金額之應收票據，依前述方式交付貴行時，貴行得將上述已兌現金額撥入立約人在貴行之帳戶或匯入立約人在其他金融機構之帳戶，立約人對貴行所負之一切債務，仍應依其所立具之票據、借據等負完全清償責任。
3. 上述應收票據，如不獲兌現，經通知立約人處理而不依限辦理或無法通知者，貴行得視票據債務人經濟情況以低於票面之任何金額與票據債務人和解。

**Article 9. (Note Receivable)**

If the Customer indorses and transfers a negotiable instrument to the Bank as collateral or repayment of the indebtedness, the Customer agrees to the following:

1. For the convenience of bookkeeping, the Bank may collect the payment made pursuant to that negotiable instrument, accrue it to certain amount, and set it off against the Customer's indebtedness. The Customer remains liable for any balance of the indebtedness, if any.
2. After the Bank has collected the payment made pursuant to the aforementioned negotiable instrument upon its maturity, subject to the Bank's prior written consent, the Customer may again provide security by deliver another negotiable instrument of equal or greater value than the one collected by the Bank. The Bank shall then remit, credit, and deposit that amount in the Customer's account with the Bank or another financial institution. The Customer remains liable for any balance of any and all indebtedness according to its terms and conditions in the related IOUs or negotiable instruments.
3. If the aforementioned negotiable instrument is not accepted or honored, and the Customer fails to handle the situation in a designated time of period or cannot be notified, the Bank may settle the collection matter with that obligor of such negotiable instrument at an amount less than its face value, at the Bank's sole discretion or depending on the financial condition of the obligor of that negotiable instrument.

**第十條 (擔保物變動通知及孳息、補償費之收取)**

立約人或擔保物提供人所提供之擔保物倘發生變動，例如損壞、滅失、價值貶落，或所生孳息，或公用徵收或其他原因應由第三人補償時，均應立即通知貴行，貴行雖無收取義務但得逕行收取以抵償立約人之債務，且立約人非經貴行同意不得逕自取償。如怠於前述通知致貴行受有損害，立約人應負賠償責任。

**Article 10. (Notification of Collateral Modification and Collection of Interest or Compensatory Fees)**

In the event that any change occurs in the collateral such as a loss, damage or decrease in value, or any interest, any compensation for eminent domain, or for any other reason which shall be compensated by a third party, the Customer shall notify that situation to the Bank immediately. The Bank has the right, but not the obligation, to collect that fund and set it off against the Customer's indebtedness, and the Customer shall not collect that fund without the Bank's prior written consent. If the Bank incurs any loss or damage due to failure of the notification with respect thereto, the Customer shall be liable for any and all losses or damages related thereto.

**第十一條 (部分清償)**

連帶借款人或擔保物提供人於擔保之債務為部分清償而請求貴行按清償比例返還擔保物時，須經貴行同意後方得辦理，如因之需辦理變更登記時，立約人或擔保物提供人並應負擔其費用。

**Article 11. (Partial Repayment)**

In the circumstance that there is a partial repayment of the indebtedness, without Bank's prior written consent, a joint and several debtor or collateral provider, as the case may be, shall not request the Bank to return the collateral in equal proportion pursuant to that repayment. If any change to the registration is thereafter required, that Customer or collateral provider shall be liable for any and all related costs and expenses.

**第十二條 (登記費用)**

立約人或擔保物提供人所提供之擔保物如須登記或過戶者，立約人或擔保物提供人願立即辦理登記或過戶手續，並將證件交由貴行收執，其因登記或過戶所需之費用概由立約人或擔保物提供人負擔。

**Article 12. (Registration Expenses)**

If the collateral provided by the Customer or the collateral provider, as the case may be, requires certain registration or title transfer, the Customer or collateral provider, as the case may be, agrees to process the registration or transfer of title immediately and furnishes the Bank all such documents, instruments or materials. That Customer or collateral provider shall also bear all costs and expenses with respect thereto.

**第十三條 (擔保債權之確定事由)**

擔保物若設定為最高限額抵押權及/或最高限額質權時，當有下列事由發生時，貴行無須事先通知，得逕停止授信或交易額度，不再為其他授信或交易：

1. 約定之原債權確定期日屆至者。
2. 擔保債權之範圍變更或因其他事由，致原債權不繼續發生者。
3. 擔保債權所由發生之法律關係經終止或因其他事由而消滅者。
4. 貴行拒絕繼續發生債權或依民法第八百八十一條之五或第八百八十一條之七之情事，債務人(含連帶借款人)或擔保物提供人請求確定者。
5. 貴行聲請裁定拍賣抵押物，或依民法第八百七十三條之一之規定為抵押物所有權移轉之請求，或第八百七十八條規定訂立契約者。
6. 抵押物因他債權人聲請強制執行經法院查封，而為貴行所知悉，或經執行法院通知貴行者。但抵押物之查封經撤

銷時，不在此限。

7. 債務人、連帶債務人或抵押人經裁定宣告破產者。但其裁定經廢棄確定時，不在此限。

8. 有民法第八百八十一條之十之情事。

9. 其他事由致原債權確定之情事。

立約人或擔保物提供者不可撤銷地同意於主張最高限額抵押權/或最高限額質權所擔保債權確定者，須以書面表示並寄交 貴行總行之法金信用風險單位，且於送達貴行總行之翌日始生效力。

Article 13. (Causes of Confirmation of Secured Credit Rights)

If the amount of the encumbrance created on the collaterals is the maximum mortgage amount and/or maximum pledge amount, the Bank may unilaterally suspend the credit extensions or transactions and refrain from engaging in other credit extensions or transactions in case of the occurrence of any of the following events:

- (1) The original date of confirmation of the credit rights is due.
- (2) The modification of the scope of the secured credit rights or another event causes the original credit rights to stop arising.
- (3) The legal relationship from which the secured credit rights arise has been terminated or has extinguished as a result of another event.
- (4) The Bank refuses to allow any credit rights to continue to arise, or there is an instance under Article 881-5 or 881-7 of the Civil Code where the Customer (including the jointly and severally liable borrower) or the collateral provider requests for confirmation.
- (5) The Bank petitions for a ruling to auction the collaterals, or requests for the assignment of the ownership of the collaterals according to the provision of Article 873-1 of the Civil Code, or the making of an agreement according to the provision of Article 878 of the Civil Code.
- (6) The collaterals are attached by the court upon another creditor's petition for compulsory execution, and the Bank is aware of, or has been notified by the execution court of this fact. However, this restriction shall not apply to the circumstance where the attachment on the collaterals is revoked.
- (7) The Customer, the jointly and severally liable debtor, or the mortgagor/pledgor is adjudicated bankrupt by the court. However, this restriction shall not apply to the circumstance where the court's adjudication is annulled and the annulment is confirmed.
- (8) There is an instance as mentioned in Article 881-10 of the Civil Code.
- (9) There are other circumstances which cause the original credit rights to be confirmed.

The Customer or the collateral provider irrevocably agrees that, where it asserts confirmation of the credit rights secured by a maximum mortgage amount/ maximum pledge amount, such assertion shall be made in writing and posted or delivered to the Credit Risk Unit of the Corporate Banking Department of the Bank's head office, and that the assertion shall become effective only on the day after the date on which it was served on the Bank's head office.



丁：個別商議條款 (D: Individually Negotiated Clauses)

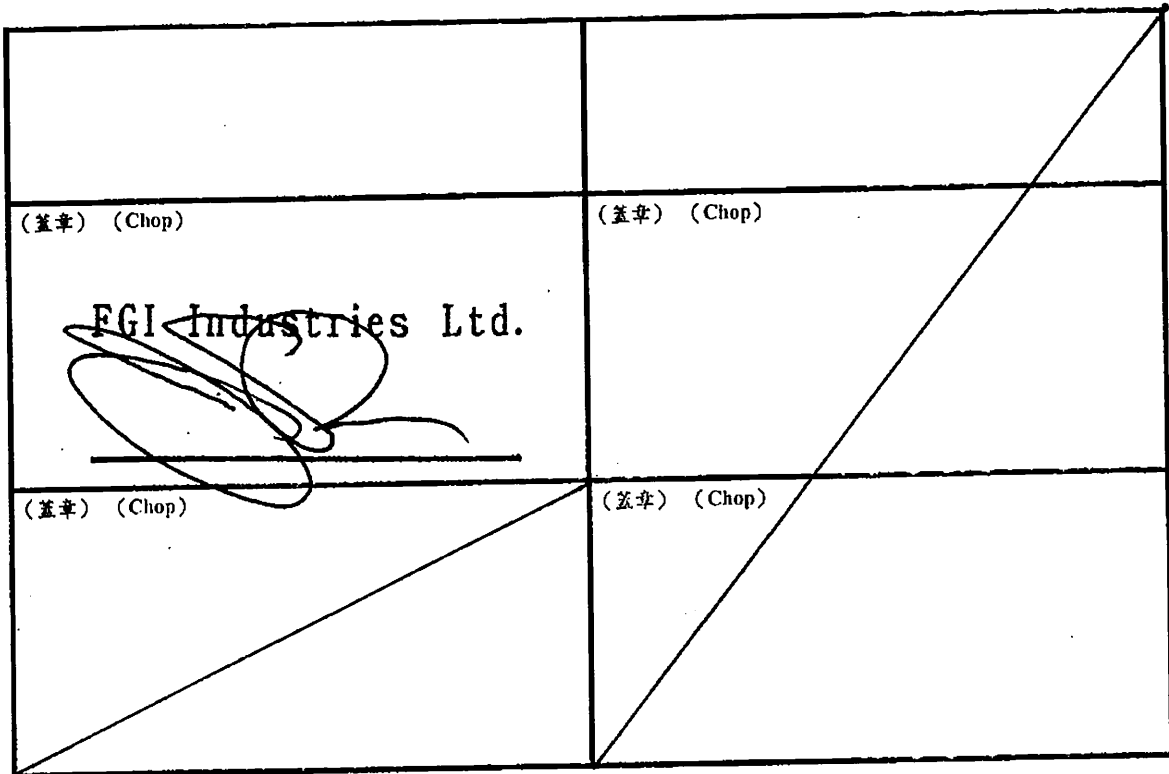
立約人 (或共同發票人或擔保物提供者或小本票發票人或本票保證人) 專用：

For exclusive use by the Customer (including, without limitation any and all co-makers of negotiable instrument, collateral providers, or makers of promissory notes issued to secure each drawdown) :

立約人特此聲明已於合理期間審閱全部條款，尤其對甲：通用條款：第一、五、九、十條，乙：一般條款：第一、二、五、六、七、十、十二、十四、十五、十六，丙：擔保條款：第六、十二、十三條等條款經雙方個別商議後，本人完全充分瞭解其內容並同意後始蓋章。

The Customer (s) hereby represents and warrants that I have had a reasonable time and opportunity to reviewed all the provisions contained in this Agreement, and I have specifically negotiated the following provisions: (1) Articles 1, 5, 9 and 10 of the Common Provisions; (2) Articles 1, 2, 5, 6, 7, 10, 12, 14, 15 and 16 of the General Provisions, and (3) Articles 6, 12 and 13 of the Security Provisions. The Customer (s) fully understand the content of all the provisions contained herein and consent to the terms and conditions hereof. The Customer (s) hereby execute this Agreement by the following chop or signature.

<p>(蓋章) (Chop)</p> <p>FGI International, Limited</p> 	<p>(蓋章) (Chop)</p>
<p>(蓋章) (Chop)</p> 	<p>(蓋章) (Chop)</p>



戊：基準利率等條款 (E: Base Interest Rate)

壹、基準利率(季)指標

【基準利率(季)指標】係由『台北金融業拆款定盤利率』(簡稱 TAIBOR) 三個月期報價之月平均利率加『本行作業成本』組合而成。

- (一) 取樣資訊來源以〈中華民國銀行公會金融業拆款中心〉每日 FIXING RATE 所公告資訊為取樣之標準。
- (二) 指數調整頻率：每三個月(每季)定期調整乙次。

I 利率生效日	1/13 ~ 4/12	4/13 ~ 7/12	7/13 ~ 10/12	10/13 ~ 1/12
II 取樣日	12/1 ~ 12/31	3/1 ~ 3/31	6/1 ~ 6/30	9/1 ~ 9/30

- A. 基準利率(季)指標調整日期固定每年 1/13、4/13、7/13、10/13 日，由本行更換牌告及重新訂價。
- B. 月平均利率取樣：每年 3 月、6 月、9 月、12 月之三個月期 TAIBOR 利率月平均數(一般算數平均數，取百分率之小數 2 位，小數點後第 3 位起四捨五入)。

- (三) 如上述基準利率(季)指標調整日適逢例假日時，則以次一營業日為調整日。
- (四) 於重大不可抗力因素發生，以致中國信託基準利率(季)指標偏離正常市場利率水準時，中國信託得於 10 天前，於中國信託之營業場所、中國信託網站或報章雜誌公告，並向央行核備後，更改基準利率(季)指標之結構。

One: Quarterly Base Rate Benchmark

The definition of Quarterly Base Rate Benchmark: The monthly average rate of three-month "Taipei Interbank Offered Rate" (hereinafter TAIBOR) plus the "Bank's operation costs".

1. The information is sourced from the FIXING RATE published daily by the Bankers Association of the Republic Of China, Taipei Interbank Money Center.
2. The adjustment will be made once every three months:

I Interest Rate Effective Date	1/13 ~ 4/12	4/13 ~ 7/12	7/13 ~ 10/12	10/13 ~ 1/12
II Sample Date	12/1 ~ 12/31	3/1 ~ 3/31	6/1 ~ 6/30	9/1 ~ 9/30

- (1) "Quarterly Base Rate" is adjusted and announced by the Bank on each January 13, April 13, July 13, and October 13 of each year.
- (2) The monthly average rate were sampling from the monthly average rate of three-month TAIBOR rate on March, June, September, and December of each year (which shall be the arithmetic average with the averages rounded to the nearest hundredth).
3. If the "Quarterly Base Rate" adjustment date falls on a weekend or holiday, the adjustment will be postponed to the first business day immediately following the purported adjustment date and that date will be deemed the adjustment date with respect thereto.
4. If an event of *Force Majeure* occurs that results in the Base Rate of the Bank to deviate from the market rate, the Bank has the right to change the composition formula of its Base Rate; on the condition that, at least 10 days prior to that change and subject to the approval from the Central Bank of China, the Bank first publishes the changed composition formula of the Base Rate at the Bank's business locations, its website, in the newspaper, magazine or other mass media.

貳、基準利率(月)指標

【基準利率(月)指標】係由『台北金融業拆款定盤利率』(簡稱 TAIBOR) 三個月期報價之月平均利率加『本行作業成本』組合而成。

- (一) 取樣資訊來源以〈中華民國銀行公會金融業拆款中心〉每日 FIXING RATE 所公告資訊為取樣之標準。
- (二) 指數調整頻率：每月定期調整乙次。

I 利率生效日	每月13日 ~ 次月12日
II 取樣日	利率生效日前一月1日 ~ 利率生效日前一月最後一日

A. 基準利率(月)指標調整日期固定每月13日,由本行更換牌告及重新訂價。

B. 月平均利率為利率生效日前一月之三個月期 TAIBOR 利率月平均數(一般算數平均數,取百分率之小數2位,小數點後第3位起四捨五入)。

(三) 如上述中信銀基準利率(月)指標調整日適逢例假日時,則以次一營業日為調整日。

(四) 於重大不可抗力因素發生,以致中國信託基準利率(月)指標偏離正常市場利率水準時,中國信託得於10天前,於中國信託之營業場所、中國信託網站或報章雜誌公告,並向央行核備後,更改基準利率(月)指標之結構。

#### Two: Monthly Base Rate Benchmark-

The definition of Monthly Base Rate Benchmark: The monthly average rate of three-month "Taipei Interbank Offered Rate" (hereinafter TAIBOR) plus the "Bank's operation costs".

1. The information is sourced from the FIXING RATE published daily by the Bankers Association of the Republic Of China, Taipei Interbank Money Center.

2. The adjustment will be made once every month:

I Interest Rate Effective Date	the 13 <sup>th</sup> day of current month ~ the 12 <sup>th</sup> day of next month
II Sample Date	the 1 <sup>st</sup> day of the month prior to the interest rate taking effect ~ the last day of that month

(1) "Monthly Base Rate" is adjusted and announced by the Bank at the 13th day of each month.

(2) The monthly average rate shall be determined based upon the three-month TAIBOR average rate of the month prior to the instant effective month (which shall be the arithmetic average with the averages rounded to the nearest hundredth).

3. If the "Monthly Base Rate" adjustment date falls on a weekend or holiday, the adjustment will be postponed to the first business day immediately following the purported adjustment date and that date will be deemed the adjustment date with respect thereto.

4. If an event of Force Majeure occurs that results in the Base Rate of the Bank to deviate from the market rate, the Bank has the right to change the composition formula of its Base Rate; on the condition that, at least 10 days prior to that change and subject to the approval from the Central Bank of China, the Bank first publishes the changed composition formula of the Base Rate at the Bank's business locations, its website, in the newspaper, magazine or other mass media.

#### 參、企業換利指數(季):

【企業換利指數】係由「台幣一年期 IRS 利率」月平均數所構成。

(一) 取樣資訊來源以<彭博社>每日 TDSWO1 AVG RATE 所公告資訊為取樣之標準。

(二) 指數調整頻率:每三個月(每季)定期調整乙次:

I 利率生效日	1/13 ~ 4/12	4/13 ~ 7/12	7/13 ~ 10/12	10/13 ~ 1/12
II 取樣日	12/1 ~ 12/31	3/1 ~ 3/31	6/1 ~ 6/30	9/1 ~ 9/30

A. 企業換利指數(季)調整日期固定每年1/13、4/13、7/13、10/13日,由本行更換牌告及重新訂價。

B. 「台幣一年期 IRS 利率」月平均利率為每年3月、6月、9月、12月之月平均數(一般算數平均數,取百分率之小數2位,小數點後第3位起四捨五入)。

(三) 如上述【企業換利指數】調整日適逢例假日時,則以次一營業日為調整日。

(四) 於重大不可抗力因素發生,以致中國信託【企業換利指數】偏離正常市場利率水準時,中國信託得於10天前,於中國信託之營業場所、中國信託網站或報章雜誌公告,逕自將訂價指數更改為【基準利率】,並按原發訂之承作利率繼續承作。

#### Three: Quarterly Index 1 Rate Benchmark

The "Index 1 Rate" is composed of the monthly average of the One-Year New Taiwan Dollar IRS Interest Rate.

1. The information is sourced from the TDSWO1AVG RATE published daily by the Bloomberg.

2. The adjustment will be made once every three months:

I Interest Rate Effective Date	1/13 ~ 4/12	4/13 ~ 7/12	7/13 ~ 10/12	10/13 ~ 1/12
II Sample Date	12/1 ~ 12/31	3/1 ~ 3/31	6/1 ~ 6/30	9/1 ~ 9/30

(1) "Quarterly Index 1 Rate" is adjusted and announced by the Bank on each January 13, April 13, July 13, and October 13 of each year.

(2) The monthly average interest rate of the One-Year New Taiwan Dollar IRS Interest Rate is the average of the monthly rates of one-year New Taiwan Dollar IRS interest rate taken on each March, June, September, and December of each year (which shall be the arithmetic average with the averages rounded to the nearest hundredth).

3. If the "Index 1 Rate" adjustment date falls on a weekend or holiday, that adjustment will be postponed to the first business day immediately following the purported adjustment date and that date will be deemed the adjustment date with respect thereto.

4. If an event of Force Majeure occurs that results in the Index 1 Rate to deviate from the market rate, the Bank shall have the right to change the pricing index to the Base Rate; on the condition that, at least 10 days prior to that change, the Bank first publishes that change at the Bank's business locations, its website, in the newspaper, magazine or other mass media.

#### 肆、企業換利指數(月):

【企業換利指數】係由「台幣一年期 IRS 利率」月平均數所構成。

(一) 取樣資訊來源以<彭博社>每日 TDSWO1 AVG RATE 所公告資訊為取樣之標準。

(二) 指數調整頻率:每月定期調整乙次:

I 利率生效日	每月13日 ~ 次月12日
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II 取樣日	利率生效日前一月1日 ~利率生效日前一月最後一日
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A. 企業換利指數 (月) 調整日期固定每月 13 日, 由本行更換牌告及重新訂價。

B. 「台幣一年期 IRS 利率」月平均利率為利率生效日前一月之月平均數 (一般算數平均數, 取百分率之小數 2 位, 小數點後第 3 位起四捨五入)。

(三) 如上述【企業換利指數】調整日遇逢例假日時, 則以次一營業日為調整日。

(四) 於重大不可抗力因素發生, 以致中國信託【企業換利指數】偏離正常市場利率水準時, 中國信託得於 10 天前, 於中國信託之營業場所、中國信託網站或報章雜誌公告, 逕自將訂價指數更改為【基準利率】, 並按原簽訂之承作利率繼續承作。

#### Four: Monthly Index I Rate Benchmark

The "Index I Rate" is composed of the monthly average of the One-Year New Taiwan Dollar IRS Interest Rate.

1. The information is sourced from the TDSWO1 AVG RATE published daily by the Bloomberg.

2. The adjustment will be made once every months:

I Interest Rate Effective Date	the 13 <sup>th</sup> day of Current Month ~ the 12 <sup>th</sup> day of Next Month
II Sample Date	the 1 <sup>st</sup> day of the month prior to the interest rate taking effect ~ the last day of that month

(1) "Monthly Index I Rate" is adjusted and announced by the Bank at the 13th day of each month.

(2) The monthly average interest rate of the One-Year New Taiwan Dollar IRS Interest Rate shall be determined based upon the average rate of the month prior to the instant effective month (which shall be the arithmetic average with the averages rounded to the nearest hundredth).

3. If the "Index I Rate" adjustment date falls on a weekend or holiday, that adjustment will be postponed to the first business day immediately following the purported adjustment date and that date will be deemed the adjustment date with respect thereto.

4. If an event of Force Majeure occurs that results in the Bank's Index I Rate to deviate from the market rate, the Bank shall have the right to change the pricing index to the Base Rate; on the condition that, at least 10 days prior to that change, the Bank first publishes that change at the Bank's business locations, its website, in the newspaper, magazine or other mass media.

#### 己：個別授信特別約款 (F: Special Provisions for Individual Credit Lines)

##### 一般授信契約 (General Credit Line Agreement):

###### 第一條 (授信額度)

以立約人與 貴行約定之額度為限。

###### Article 1 (Credit Line)

This credit line is limited to the amount agreed upon between the Customer and the Bank.

###### 第二條 (借款期間)

自立約日起至立約人履行或清償有關本契約之一切債務及義務之日, 或與貴行另行約定之日止。

###### Article 2. (Term of Credit Facility)

The term under and pursuant hereto shall begin on the date hereof and terminate on either the date the Customer fully performs all of its obligations hereunder or on a date otherwise agreed by the Bank and the Customer.

###### 第三條 (利息; 還款方式及手續費)

依與貴行約定或規定之方式給付及還款。

###### Article 3. (Interest, Repayment Procedure, and Administrative Fees)

Payment and repayment under and pursuant hereto shall be made by the Customer in accordance with the method set forth by the Bank or as agreed by the Bank and the Customer.

##### 透支契約 (Overdraft Agreement):

###### 第一條 (透支帳戶)

本透支自立約日起在 貴行約定支票存款帳戶, 由立約人簽發支票或 (及) 經 貴行認可之其他票據支用。上述帳戶於立約日前所透支餘欠, 併依本透支契約履行清償責任。

###### Article 1. (Overdraft Account)

Beginning on the date hereof, the Customer shall utilize any and all overdrafts from the checking deposit account that the Customer opened with Bank by issuing a cheque or cheques, or any other negotiable instrument approved by the Bank. The Customer shall also repay all overdrafts occurred prior to the date hereof in accordance with the terms and conditions hereof.

###### 第二條 (透支利息)

本透支款項按立約人與 貴行約定之年利率計付, 每月結息一次, 同時滾入原本借記透支入帳。如本息合計超過原約定透支限額時, 立約人應立即將超過之數額償還。

###### Article 2. (Interest)

The interest rate of the aforementioned overdrafts will be calculated by using the annual interest rate agreed by or between the Customer and the Bank on a monthly basis, and rolled over into the account overdrafted. If the principal and interest amounts exceed the agreed overdraft limit, the Customer shall immediately repay the excess amount.

###### 第三條 (透支期間及違約金)

本透支期間自立約日起至約定之日止, 期滿即由立約人將本息如數清償, 逾期償還時按約定利率計付利息及違約金。貴行如認為立約人對透支款運用不當或基於其他原因, 得隨時減少透支限額或停止支付立約人已簽發之支票或 (及)

其他票據，並得隨時通知於限期一個月之內償還全部透支本息，均不受本契約所約定還款期限之拘束，立約人均願完全遵辦絕無異議，如因涉及第三人致發生任何糾葛責任或支出時，均由立約人完全負責理濟，如貴行因此受有任何損害，均歸立約人完全負責賠償。  
任何損害，均歸立約人完全負責賠償。

**Article 3. (Term of Overdraft and Penalties)**

The term of the overdraft begins on the date hereof and terminate on the agreed upon date, whereupon the Customer shall immediately repay the full amounts of the principal and interest. Any and all default interest and penalties incurred therein will be calculated in accordance with the agreed interest rate.

If the Bank determines that the Customer's use of the overdraft proceeds is improper, or if any other reason exists, the Bank may, at any time, decrease the overdraft limit or refuse to honor cheques or other negotiable instruments and further notify and request the repayment of the overdraft amounts of principal and interest within one month, irrespective of any repayment period set forth herein or elsewhere. The Customer shall then immediately comply therewith and thereto without objection. The Customer shall bear full responsibility of any controversy or dispute with a third party arising as a result thereof, and if the Bank incurs any loss or damage as a result thereof, the Customer shall further compensate and indemnify the Bank for any and all costs and expenses thereof.

**委任保證契約 (Guarantee Agreement):**

**第一條 (委任保證之對象、範圍、限額、責任、及期間)**

立約人委任 貴行擔任保證人，依下列委任事項向第三人（以下簡稱第三債權人）出具保證書類：

- 1.委任保證範圍：以貴行簽發之保證文件為準。
- 2.委任保證限額：以立約人與 貴行約定之額度為準。
- 3.委任保證責任：立約人未履行與第三債權人約定事項時，一經該第三債權人書面請求， 貴行應立即無條件履行保證責任，並放棄先訴抗辯權及保證人其他抗辯權。
- 4.委任保證期間：以 貴行簽發之保證文件為準。
- 5.其他委任事項：依立約人與第三債權人之約定或第三債權人之要求為準。

**Article 1. (Counter Party, Scope, Limits, Responsibilities and Term)**

The Customer hereby delegates the Bank to act as a guarantor and provide any third party (hereinafter referred to as the "Third Party Creditor") with the guarantee documents and instruments in accordance with the following terms and conditions:

- 1.Scope of the Guarantee: the scope of the guarantee herein is as set forth in the guarantee documents or instruments issued by the Bank.
- 2.Limit of the Guaranteed Amount: the guarantee amount herein is limited to the amount agreed between the Customer and the Bank.
- 3.Responsibilities of the Guarantee: if the Customer fails to perform any term or condition under or pursuant to any agreement between the Customer and the Third Party Creditor, upon receiving written notice from the Third Party Creditor with respect thereto, the Bank shall immediately perform its guarantor's obligations as a primary obligor without the right of benefit of discussion or other objection.
- 4.Term of the Guarantee: the term herein is as set forth in the guarantee documents or instruments issued by the Bank.
- 5.Other delegation items shall comply with any and all terms and conditions set forth in the agreement between the Customer and Third Party Creditor or the request by the Third Party Creditor.

**第二條 (契約存續期間)**

本契約存續期間為自訂約之日起至立約人履行或清償有關本契約立約人應履行之一切義務或應付一切款項之日止，於存續期間，立約人得於委任保證限額內一次或分次或循環委任 貴行辦理前條保證事項。凡於存續期間， 貴行依立約人申請所簽發之保證書類均有效力，縱 貴行墊款日期在上揭期限之後，立約人仍負完全清償責任。

**Article 2. (Term)**

The term of this agreement begins on the date hereof and terminates on the date that the Customer fully performed all of its obligations and repay all of its indebtedness. During the term of this agreement, the Customer has the discretion to request the Bank to provide guarantee at once, in multiple instances, or as a revolving guarantee facility within the limits of the guaranteed amount. All the guarantee documents or instruments signed by the Bank during the term of this agreement will be valid and effective. If the Bank disburses or advances any guarantee payment subsequent to the term hereof, the Customer shall remain fully liable to reimburse the Bank for the full amount.

**第三條 (保證手續費率)**

本契約委任保證手續費率，依貴行核定之費率及規定給付之，但每筆最低保證手續費以新臺幣一仟元整計付，其分次或循環委任 貴行保證時，亦應依貴行規定或分次或於循環使用時依約定給付之。保證手續費應於 貴行簽發保證書類前付清，否則 貴行得拒絕簽發保證書類。有關本契約一切應付稅捐或應扣繳之稅捐由立約人自理，如有結匯費、貸款手續費、郵電費及其他一切費用時，立約人亦應另行加付。

**Article 3. (Guarantee Service Fees)**

The guarantee service fee referenced herein must be paid according to the Bank's approved rate and relevant rules of the Bank; provided, however, the minimum charge will be NT\$1,000. If the Bank provides the guarantee in multiple instances or as a revolving facility, the fees must be paid according to the Bank's regulations applicable thereto. The guarantee service fee

must be paid in full prior to the Bank's signing of the guarantee documents or instruments; otherwise the Bank may refuse to sign those documents or instruments. All taxes payable or to be withheld must be the paid or withheld by the Customer. If any exchange settlement fees, loan administration fees, postage, telephone charges, or any and all other costs and expense is incurred, the Customer shall also be liable thereto and reimburse the Bank in full.

**第四條 (解除保證責任前之手續費收取標準)**

立約人未能在 貴行保證之期限內履行與第三債權人之約定事項，或保證期限屆滿未申請展期，或申請展期未經 貴行核准者，立約人除應立即履行與第三債權人之約定事項外，並按未履行之委任保證餘額（以 貴行帳冊所記載之保證餘額或經第三債權人以書面解除 貴行保證責任後之餘額為準），照前條約定支付保證手續費，其逾期在六個月以內者，以半年期計付，超過六個月而未逾一年者，以一年期計付，逾期一年以上者，以此類推，並於逾期日起七日內付清。但保證期限若有縮短時，對於已付費用不得主張退還。

**Article 4. (Service Fees Prior to Termination of Guarantee Obligation)**

If the Customer fails to perform its obligations to the Third Party Creditor during the term of the Bank's guarantee period, or the Customer fails to file for an extension thereof, or fails to be granted an extension thereof by the Bank, the Customer shall then immediately perform its obligations and pay the aforementioned guarantee service fees on that portion of the obligation that the Customer fails to perform to the Third Party Creditor (to be evidenced by the books and records of the Bank and as calculated by the remaining amounts of guarantee that the Bank has disbursed or advanced after deducting the amounts of the repayment that has been waived by the Third Party Creditor in writing). If the Customer defaults its reimbursement of the amounts of guarantee payment previously disbursed or advanced by the Bank for a period less than six months, the guarantee service fees will be calculated on a six months basis; if the Customer defaults for more than six months but less than one year, that fee will be calculated on a twelve months basis and so on based on a six months unit. The guarantee service fee must be paid within seven days after its maturity. If the guarantee period is shortened, the paid fees will not be refunded.

**第五條 (代墊款之本息違約金計算)**

貴行代償委任保證金額及本保證有關滯納費、利息、違約金、遲延利息、其他費用及一切支付款項時（倘 貴行實際代償金額超過保證總額時，以 貴行代償金額為準），立約人願立即清償 貴行代償金額，並願自 貴行代償之日起至立約人清償該款之日止，按照代償當時 貴行基準利率加四%計付利息，如 貴行代償後調整利息時，願自調整日起改按 貴行新訂之基準利率加四%調整之，且在 貴行代償之日起計付約定之違約金。

**Article 5. (Principal, Interest, and Penalty for Advanced Funds)**

If the Bank disburses or advances funds in connection with the delegated guaranteed payment and any other charges for delay payment, interest, penalties, delayed interest, or any other costs or expenses related to the guarantee, the Customer shall immediately reimburse the amounts disbursed or advanced by the Bank, notwithstanding that the amounts so disbursed or advanced by the Bank exceeds the limit of the guarantee amount. The Customer shall further repay the Bank interest payment on the amounts so disbursed or advanced by the Bank at the interest rate that is the Bank's Base Rate plus 4% per annum. If the Bank adjusts any of its relevant interest rate subsequent to the date of the funds were disbursed or advanced, the Customer shall repay the Bank in accordance with the newly established Prime Rate plus 4% per annum calculated from the date of that adjustment and pay any and all penalties calculated and applied from the date of the funds were disbursed or advanced by the Bank.

**第六條 (外幣匯率變動風險)**

保證金額以外幣為計算單位時，其匯率之變動風險由立約人負擔，如因外幣匯率變動，致 貴行遭受損失時，立約人願負全部賠償之責，本契約保證之外幣金額折算為新臺幣，除另有約定外，均按照保證期間之最高匯率計算或由 貴行決定。

**Article 6. (Fluctuation of Foreign Currency Exchange Rate)**

If the guaranteed amount is calculated based on a foreign currency, the risk of exchange rate fluctuation shall be borne by the Customer. If the Bank incurs any loss or damage as a result of exchange rate fluctuations, Customer agrees to fully compensate and indemnify the Bank thereof. Except as otherwise agreed, the conversion of the foreign currency guaranteed amount into New Taiwan Dollars will be calculated based on the most adverse exchange rate during the guarantee period, or as otherwise determined by the Bank.

**第七條 (記帳稅捐之清繳)**

貴行為立約人辦理保證外銷品原料、半成品、成品之稅捐記帳事項時，如立約人沖銷期限屆滿，保稅原料仍有全部或一部尚未加工出口時，立約人除依法向財政部申請延展獲准外，應立即向海關繳清應追繳之稅款及自稅款記帳之日起至稅款繳清之日止，照記帳稅款按日加徵萬分之五之滯納金，否則 貴行得逕行代償，並處分擔保品，或向立約人，或連帶保證人追償。

**Article 7. (Payment of Taxes)**

If the Bank guarantees the tax payment of any of Customer's raw export materials, work-in-process, or finished goods, and if all or a part of the taxed materials are not processed or exported by the end of the guarantee period, the Customer shall apply for an extension thereof with the Ministry of Finance and immediately pay all remaining taxes payable to the customs administration. The Customer shall further pay the charges for delay payment, calculated by compounding daily 0.05% of the taxable amount, for the period beginning on the date that tax payment is incurred to the date that that tax payment is fully paid. Otherwise, the Bank may pay the tax payment on Customer's behalf, and either dispose of the collateral or request reimbursement from the Customer or request the contribution from other joint and several guarantors.

**第八條 (無條件履行保證責任)**

立約人未履行與第三債權人之約定事項時，一經第三債權人書面通知 貴行履行保證責任後，貴行基於本契約所簽發之保證書類，得無條件直接履行保證責任，立約人不得以其與第三債權人或任何第三人間之抗辯事由對 貴行主張免責，亦不得以天災、地變、戰爭等不可抗力之事由或其他任何事由對 貴行主張免責。

Article 8. (Unconditional Performance of Guarantee)

If the Customer fails to perform its obligations to the Third Party Creditor as agreed, immediately upon the Bank's receipt of a written notice to fulfill its guarantee obligations by that Third Party Creditor, the Bank may unconditionally perform its guarantee obligations, based on the documents and instruments signed by the Bank under and pursuant hereto. The Customer shall not defend its reimbursement obligation to the Bank by setting up any defenses that it has against that Third Party Guarantor or due to any war, natural disaster, or other *Force Majeure* event.

委任票據承兌 (或保證) 契約 (Agreement for Acceptance and Guarantee of Negotiable Instruments) :

第一條 (契約有效期間)

本契約有效期間自訂定之日起生效，至立約人履行或清償有關本契約立約人應履行之一切義務或應付一切款項之日止。

Article 1. (Term)

The term of this agreement begins on the date hereof and terminates on the date the Customer fully performs all of its obligations and repays all of its indebtedness hereunder.

第二條 (額度)

本契約額度以立約人依本契約向 貴行申請承兌之匯票或保證之本票所出具之約定動用 (循環或非循環) 之保證金額文件。

Article 2. (Amount)

The amount hereof is as set forth in the documents, agreements and instruments (revolving or non-revolving) presented by the Customer to the Bank, under this agreement, for acceptance of bills of exchange or payment of guaranteed promissory notes.

第三條 (每筆票據承兌或保證之期間限制)

立約人依本契約向 貴行申請承兌之匯票或保證之本票，自承兌或保證之日起算至票據到期日為止，最長不得超過約定天數，並應以 貴行為付款人或擔當付款人及以 貴行所在地為付款地。

Article 3. (Time Limits on Acceptances or Guarantees of Negotiable Instruments)

With respect to the application to the Bank for acceptance of any bills of exchange or payment for any guaranteed promissory notes, the period between the date that the Bank undertakes to accept or guarantee and the maturity date of the relevant bill of exchange or promissory note shall not exceed the agreed period. The Bank shall be the drawee or the paying agent of the drawee and the Bank's place of business shall be the place of the payment.

第四條 (墊付利息及違約金)

立約人委請 貴行承兌或保證票據，應於其票載到期日前將應付之票款繳存 貴行以備兌付，倘有遲延而由 貴行墊款兌付時，於接到 貴行通知後，不問何種情形，立約人願立即清償墊付之票款外，並願自 貴行墊款之日起，就墊付之票款按墊付當時 貴行基準利率加四%，如 貴行調整利率時，願自調整日起改按 貴行新訂之基準利率加四% 計付遲延利息，另願照 貴行規定給付違約金。

Article 4. (Advanced Interest and Default Penalties)

If the Customer requests the Bank to accept or guarantee the payment of a negotiable instrument, prior to the maturity date thereof, the Customer shall deposit sufficient funds into the Customer's account with the Bank for the purpose of making the payment thereof. If that deposit is delayed for any reason, and the Bank advances any funds thereof, after receipt of notice from the Bank, the Customer shall immediately reimburse the Bank for the funds so advanced and any applicable interest, penalties, fees, charges, costs and expenses thereof. The interest rate will be calculated from the date of Bank's advance and will be calculated based on the Bank's Base Rate at that date plus 4% per annum. If the Bank adjusts its relevant interest rate, that portion of the interest on or after the adjustment date will be calculated based on Bank's newly adjusted Base Rate plus 4% per annum. The Customer shall also pay any and all penalties in accordance with the Bank's policies, regulations and guidelines.

第五條 (手續費)

立約人應照約定或 貴行規定之計付 貴行手續費，並應於票據承兌或保證時一次付清，惟每筆最少新臺幣一千元整。

Article 5. (Service Fees)

The Customer shall pay the Bank any and all service fees incurred by the Customer to the Bank pursuant to the provisions contained herein or in the Bank's policies, regulations or guidelines. The payment must be made at once at the time of the acceptance or guarantee, provided that the amount thereof shall be more than NT\$1,000.

第六條 (墊款後清償責任)

立約人依本契約書委託 貴行承兌或保證票據所負之債務，縱使 貴行墊款而發生之日期在約定承兌或保證期限之後，立約人仍應依本契約書各條之規定，負清償責任。

立約人依本契約書委託 貴行承兌或保證票據，而致 貴行墊款或 (及) 受損害時，無論立約人有無過失，立約人應立即清償票款，遲延利息，違約金及各項費用以及賠償 貴行所受之損害，決不以任何事由抗辯或拒絕清償。

Article 6. (Reimbursement of the Advances)

Notwithstanding that the Bank advanced the funds subsequent to the agreed upon acceptance date or the guarantee period, the

Customer shall compensate and reimburse the Bank for the performance of all of its obligations resulting therefrom under or pursuant to the Customer's request.

If the Bank advances any funds or suffers any losses or damages as a result of its performance in compliance with the Customer's instruction to accept or guarantee one or more negotiable instruments, irrespective of whether the Customer is at fault, the Customer shall immediately repay the amounts of the negotiable instrument, delay interest, penalties and all other fees, charges, costs, and expenses, and shall compensate and reimburse the Bank for all losses and damages incurred thereby, unconditionally and without any objection.

### 委任開發國內信用狀契約 (Agreement for Delegation to Draw Domestic Letters of Credit):

第一條 本契約存續期間，自立約日起至立約人履行或清償有關本契約立約人應履行之一切義務或應付一切款項之日止。

本契約項下信用狀所開立之匯票，其匯票到期日縱在上項期限之後，立約人仍負清償之責任。

立約人向 貴行申請開發信用狀時，應送開發信用狀申請書及 貴行要求之有關文件，並向 貴行申請墊款。立約人願依本契約之規定，清償因上述申請開發信用狀所發生之每筆債務。

Article 1. The term of this agreement begins on the date hereof and terminates on the date the Customer fully performed all of its obligations and repay all of its indebtedness. With respect to a draft issued under a letter of credit that is issued pursuant to a provision contained herein, notwithstanding that the maturity date of that draft is subsequent to the expiration of the term hereof, the Customer remains liable for all obligations thereof.

When the Customer applies to the Bank for the issuance of a letter of credit, the Customer shall deliver to the Bank the relevant application form and all other documents, instruments or materials requested by the Bank as well as apply for an advance of funds from the Bank. The Customer agrees to repay each of the indebtedness incurred by the Bank in connection with the issuance of the letters of credit thereof by the Bank.

第二條 本契約所稱國內信用狀係指開發國內即期信用狀及(或)國內遠期信用狀，其中國內遠期信用狀項下所開具之匯票期限，最長不得超過約定天數。

Article 2. The domestic letters of credit referred herein mean the domestic sight letters of credit or domestic usance letters of credit, as the case may be. The term of the draft issued under the domestic usance letters of credit shall not exceed the agreed time period.

第三條 立約人承認每筆開發信用狀申請書所列金額與其所發生利息及一切費用，為 貴行代立約人保證付款或墊款之金額，並同意以開發信用狀申請書及其信用狀項下匯票等有關文件為憑，授權貴行支付每筆信用狀項下之匯票票款。

Article 3. The Customer acknowledges that the amounts set forth in its application for the issuance of letter of credit and all interest and charges resulting there from are the amounts that the Bank advances or guarantees the payment on behalf of the Customer. By the application for the issuance of a letter of credit or any or all documents or instruments relating to the draft there under, the Customer authorizes the Bank to pay any amount shown on the relevant drafts drawn under each of the letters of credit.

第四條 立約人應於每次申請開發信用狀時，預先將匯票本息金額開具免除作成拒絕證書且以 貴行為擔當付款人之本票交與貴行存執，以為清償立約人依本契約對 貴行所負債務之方法。

Article 4. In every instance that the Customer applies for the issuance of a letter of credit, it shall first deliver to the Bank a promissory note which does not require a certificate of protest for its enforcement and where the Bank serves as the paying agent. That promissory note is served as the repayment method for all of the Customer's indebtedness incurred hereunder.

第五條 立約人承認立約人依第四條規定交付 貴行之本票係備償立約人依本契約所負債務之方法，即民法上所謂間接給付，與立約人依本契約應負之債務並存。

Article 5. The Customer acknowledges that the promissory note that was delivered to Bank pursuant to the foregoing Article 4 is the method by which the Customer shall repay its indebtedness created hereunder, which method is the indirect payment method under the Civil Code, and shall exist in conjunction with the indebtedness incurred hereby.

第六條 依本契約上之信用狀所提示之匯票及附屬單據，如經 貴行審查認為形式上與信用狀所載條件符合時即得墊款或承兌墊款後，不論經 貴行書面或口頭通知，立約人願自 貴行墊付日起十日內清償每筆墊款並支付其利息，墊款利息按墊款日 貴行所訂基準利率加四%一次計付；如係承兌，則願於承兌匯票到期日前將其票款交存 貴行備付。若超過上述期限，立約人仍未清償或交存備付票款，則願自墊款日或匯票到期日起，按各該日 貴行新臺幣基準利率加四%支付利息，並另按 貴行規定之計付違約金。

前項匯票或單據等，縱在事後證實其為偽造、變造或因其他原因發生糾紛(包括貨品品質或數量與單據不符等情事)時，亦與 貴行無涉，立約人絕不以任何理由為抗辯而拒絕付款。

Article 6. In accordance with the Bank's review and determination, if the drafts and all related documents, presented in accordance with the provisions set forth in the letter of credit issued pursuant to this Agreement match the form and substance set forth in that letter of credit, the Bank shall immediately advance, or accept and advance, the issued amounts thereto. Irrespectively of whether the Customer is notified orally or in writing, the Customer shall repay with interest all funds advanced within 10 days from the date of that advance. Interest payable for the advanced amounts will be calculated based on the Base Rate of the Bank at the date of the advance, plus 4% per annum. In the circumstance of acceptance, the Customer shall then deposit the amounts in equivalent to the issued amounts to an account opened with the Bank prior to the maturity date. If the aforementioned period has expired, and the Customer fails to repay or deposit those amounts, the Customer shall immediately pay the interest, calculated according to the Bank's New Taiwan Dollar Base Rate plus 4% per annum, plus all penalties incurred in accordance with the Bank's policies, regulations, and guidelines.

Notwithstanding any controversy or dispute arising from the discovery that the aforementioned drafts or documents related

thereto, were forged, changed or altered, or there exists any other reason, (including, without limitations, the instance where the product quality or quantity deviates from what is shown on the documents or instruments), the Bank shall not be responsible thereto, and the Customer shall not, for any reason, object to or refuse payment.

第七條 立約人申請開發信用狀應負擔之各項手續費，經 貴行通知隨即繳付。

Article 7. Upon receipt of notice from the Bank, the Customer shall immediately pay any and all charges and expenses incurred in connection with the application and issuance of letters of credit.

第八條 非因可歸責於 貴行之事由，致本契約信用狀因傳達機關傳遞中發生之錯誤或遲延，或專門術語解釋上之錯誤，及單證、或單證所載貨品、或貨品之品質或數量或價值等之有全部或一部滅失或遲延或未抵達交貨地，以及貨物無論在運輸中或運抵後，或因未經保險或保額不足、或因任何第三者之阻滯或扣留，及其他因素等情事，以致喪失或損害時，均與 貴行無涉。在以上任何情形之下，該信用狀款項仍由立約人全額照付。

Article 8. So long as it is not attributable to the fault of the Bank, the Bank shall not be responsible for any error or delay occurred during the transmission of the letter of credit issued pursuant hereto by the transmission agency, any error in interpreting any technical terminology thereto, any delay in arriving at the place of delivery, any losses, damages, deterioration or destruction, whether in quality, volume, or value of the documents or the goods shown on the documents, any losses or damages occurred during their transportation or subsequent to their arrival at the place of delivery resulting from the insufficiency of the insured amount or the lack of insurance thereof, any hindrance, confiscation, or detention by a third party or for any other reason or reasons whatsoever. Notwithstanding the occurrence of any of the above event, the Customer shall pay the full issued amount under that letter of credit.

第九條 依每筆信用狀之記載所採購之貨物，如因信用狀受益人不履行契約、交貨遲延或其他不可抗拒之情事，致發生損失時，均由立約人負擔。

Article 9. If any losses or damages occur to the purchased goods shown on the letter of credit resulting from any failure to perform, delivery, or delay by the beneficiary of the letter of credit, or resulting from any other force majeure event, the Customer shall bear all responsibility.

第十條 對信用狀項下有關作業、責任、義務、本契約如有未盡事宜，立約人同意將現行國際商會所頒訂之「信用狀統一慣例與實務」及貿易條件解釋之國際規則中所訂各項條款作為本契約內容之一部份並受其拘束。

Article 10. If any matter with respect to the operation, responsibilities, or obligations under the letter of credit is not provided herein, the Customer agrees that the Uniform Customs and Practice for Documentary Credits set forth by the International Chamber of Commerce, and the INCOTERMS shall be incorporated therein as an integral part thereof. The Customer agrees to be bound by those terms.

第十一條 每筆信用狀項下之貨品，或立約人另行提供之擔保品，立約人均願事先就保險種類及保險條件，徵得 貴行同意後，以 貴行為受益人（或加註抵押權特約條款）投保足額保險，投保所需一切費用，概由立約人負擔。立約人如遲不辦理投保，或保險到期未續保手續， 貴行有權代為辦理，但 貴行並無代為投保之義務。投保所需費用如由 貴行先行墊付，立約人願立即償還，若有遲延，當由立約人按本契約第六條之規定計付利息。

Article 11. The Customer agrees to duly insure, with sufficient loss benefit, all merchandise or inventory set forth under each letter of credit, or any collateral provided by the Customer. Subject to the Bank's prior approval, the Customer shall name the Bank as the beneficiary to that insurance (or include the specific clauses in connection with the mortgage or any other lien therein). All fees, charges, costs, and expenses relating thereto are for the account of the Customer. If the Customer delays in insuring or fails to renew the policies, the Bank has the right, but not the obligation, to advance funds for the insurance premium or any other fees and expenses thereof. The Customer shall repay any and all funds advanced by the Bank. If the Customer delays in repaying the funds, the Customer shall be liable for any and all interest incurred pursuant to Article 6 of this agreement.

第十二條 立約人願提供本契約上各筆信用狀所載貨運單據、採購貨物與另行提供之擔保物，作為各筆信用狀項下匯票債務之擔保，並以本契約為提供擔保之證明。前述採購貨物並包括其加工品之銷售所得（含現款或期票），如經加工外銷，亦願在 貴行辦理出口押匯，以清償本契約債務。

Article 12. The Customer agrees to provide all transport documents, all purchased goods shown on each letter of credit, and all other collateral provided hereto, as a security for the indebtedness under each draft issued pursuant to any letter of credit. This Agreement constitutes the conclusive proof of the creation of that security interest. The aforementioned purchased goods include, without limitation, all income from sales thereof after value-added process (including cash or notes). If the aforementioned goods has been processed for export, the Customer agrees to undertake export negotiation at the Bank in order to repay its indebtedness as set forth herein.

第十三條 擔保品如有敗壞之虞或價值低落時，立約人願即補足之。如 貴行認為必要，並得逕行處分擔保品，抵償 貴行墊款之本息及因處分而支出之一切費用。

Article 13. In the event that the collateral is in the danger of being lost, damaged, deteriorated, destroyed, or its value has declined for any other reason or reasons, the Customer agrees to immediately supplement it by providing additional collateral. If the Bank deems it necessary, the Bank may dispose the collateral in any manner to set off any proceeds received thereby against any principal or interest of the Bank's advanced funds and any and all costs and expenses incurred in connection thereto.

第十四條 立約人不履行本契約所定各條款，或 貴行認為立約人有不能清償之虞時， 貴行得隨時要求立約人清償每筆債務，並得不通知立約人逕行處分擔保品，以抵償每筆 貴行墊付款項及因處分而支出之一切費用。立約人如有他項財物儲於 貴行， 貴行亦行有權留置或逕予抵銷。

Article 14. If the Customer fails to perform any obligation under the provisions contained herein, or the Bank deems that the Customer

unable to repay its indebtedness when due, the Bank may, at any time, request the Customer to repay each indebtedness, and directly dispose the collateral, without notifying the Customer, to effectuate any set-off of the Bank's advanced funds, and any and all fees, charges, costs, or expenses incurred in connection thereto. If the Customer has any other property deposited with the Bank, the Bank may further retain that property and directly effectuate any set-off thereof.

### 委任開發即期信用狀契約 (Agreement for Delegation to Draw Sight Letters of Credit) :

第一條 立約人向 貴行申請開發信用狀時，應檢附開發信用狀申請書，並向 貴行申請外幣墊款。立約人願依本契約之規定清償每筆債務，絕不因立約人另立之開發信用狀申請書，或其他原因而有所異議。

Article 1. The Customer shall apply to the Bank for the issuance of letters of credit by submitting the relevant application form and apply for the Bank to advance funds in foreign currency. The Customer shall repay each indebtedness created pursuant to the provisions contained herein. The Customer shall not object by reason of other application for letter of credit or for any other reasons.

第二條 本契約額度得以其他外幣動用，其利息按 貴行對其他外幣墊款利率計算，並有本契約第七條、第八條之適用。如因匯率變動或其他原因致使 貴行在本契約下墊款金額超過本約額度時，其超過部份仍由立約人及保證人負責立即償付。

Article 2. The funds drawn down pursuant to this agreement may be drawn in other foreign currency. The interest on these foreign currency draw downs shall be calculated according to the interest rate used by the Bank for other foreign currency advances and Articles 7 and 8 hereof. If the amounts advanced by the Bank exceeds the amounts set forth herein as a result of exchange rate fluctuation or any other reasons, the Customer and guarantor, if any shall immediately repay the excess portion.

第三條 立約人授權 貴行支付每筆信用狀項下之匯票票款。

Article 3. The Customer authorizes the Bank to pay the draft issued under and pursuant to each issued letter of credit.

第四條 立約人願將每筆輸入許可證 (或免除許可證貨品專用開發信用狀申請書第二聯) 交付 貴行，並承認 貴行所開具每筆結匯證書或交易憑證所載信用狀金額與結匯金額之差額 (即未結匯金額) 及其利息、違約金及有關費用，為 貴行墊款之金額，並同意以結匯證書或交易憑證或 貴行有關文件為其憑證，絕無異議。

Article 4. The Customer shall deliver to the Bank each import permit (or the second slip of the specialized application for the issuance of letters of credit for permit-exempt goods). The Customer stipulates that the amount advanced by Bank includes the difference between amount shown on the foreign exchange settlement receipt or trade certificate and the foreign exchange settlement amounts, (i.e. the unsettled exchange amounts), as well as all applicable interest, penalties, and related fees and charges. The Customer further agrees to use the foreign exchange settlement receipt or trade certificate for verification, and shall raise no objections.

第五條 立約人願意提供各信用狀項下貨運單據及進口貨品為各筆信用狀下一切債務之擔保，並以本契約為提供擔保之證明。倘不依本契約償還墊款或 貴行認為立約人之財務顯有惡化，致影響清償債務之虞時， 貴行為保全債權，得代向海關報關提貨，並得拍賣或自由處分 (包括處分方法、時間及價格等) 所進口之貨品及其他擔保物抵償 貴行墊款本息及因處分而支出之一切費用及損失 (包括報關提貨所支付之稅捐、倉租、運輸等費用)。倘有不足抵償時，仍由立約人連帶負責補足清償。

Article 5. The Customer agrees to provide the transport documents and import goods under each letter of credit as collateral for the indebtedness created under each letter of credit. This agreement constitutes the conclusive proof of the creation of that security interest. If the Customer fails to repay the advanced amounts pursuant hereto, or the Bank determines that the Customer is unable to repay those amounts when due as a result of a decline in its financial standing, the Bank may declare and claim those imported goods from the Customs Administration and auction or freely dispose those goods (in its sole discretion with respect to the method, time, price thereof), as well as other collateral provided to the Bank as security, to set off the Bank's advanced amount and any and all other fees and charges incurred thereof (including taxes, warehouse rent, and transport fees disbursed in declaring and claiming of the goods). If there is any insufficiency thereof, the Customer shall jointly remain responsible thereof.

第六條 立約人應於每筆信用狀項下貨運單據到達經 貴行發出通知或口頭通知後十日內清償每筆墊款及支付其利息，並應按償還當日 貴行訂定之即期外匯賣出匯率結匯或以自有外匯償還之。但有下各款情形之一者，其清償方法如左：

1. 如貨運單據到達而貨品尚未運到，立約人願檢具船公司證明文件，於貨品運到後三日內清償。但貨運單據寄達經 貴行通知後屆滿三十日貨品仍未運到，立約人願立即清償。

2. 如貨品運到而貨運單據尚未寄達需申請擔保提貨時，立約人願立即清償。申請副提單背書時亦同。

3. 信用狀有效期限雖已屆滿，但屆期後寄達之貨運單據，倘押匯時符合條件，立約人願立即負責清償。

4. 如貨品係分批裝運時，應按分批貨運單據金額先行償還 貴行墊款。惟以空運方式分批裝運者，除經 貴行同意外，立約人願按信用狀之墊款金額全部一次清償。

Article 6. The Customer shall repay each advanced amounts and pay each interest payment within ten days after the receipt of notice in writing or orally from the Bank upon the arrival of the transport documents under each letter of credit. The Customer shall further repay the Bank either by its own foreign currency or by settling a foreign exchange based on the Bank's spot exchange selling rate on the date of the repayment; except if any of the following events occurs, the repayment method will be as set forth therein:

1. If the transport documents arrive prior to the arrival of the goods, the Customer may provide verification documents from the shipping company and make repayment within three days after the arrival of the goods. But if the goods have not arrived thirty days after the Bank has issued the notice in connection with the arrival of transport documents, the Customer

shall immediately repay in full.

2.If the goods arrive prior to the arrival of the transport documents, and a delivery against letter of guarantee is required to be undertaken, the Customer shall immediately make repayment. This shall also apply when the endorsement on the countersigned bill-of-lading is provided upon application.

3.If the letter of credit has expired but the transport documents received after that date conform to the conditions during negotiation, the Customer shall immediately repay in full.

4.If the goods are shipped in installment, the Customer shall repay the Bank's advanced amount in proportion to the goods shipped in each installment as set forth in each transport document. In the event that the multiple shipments are shipped by air, the Customer agrees to repay the advance on the letter of credit in lump sum, unless otherwise approved by the Bank.

第七條 貴行如有墊款時，墊款利息應自 貴行實際墊款之日（載有按權扣帳條款之信用狀為 貴行存同行之扣帳日；無有按權扣帳條款之信用狀為 貴行作帳及發送付款電文之日）起算至前條所定清償之日止，按墊款日與 貴行約定之利率機動計息，於每筆墊款償還時一併結匯償付之。

Article 7. If the Bank advances funds, the interest on the advance shall be calculated beginning the date of the Bank's actual advance and terminating on the repayment date determined herein. (If the letter of credit contains a provision authorizing a deduction, the date of the Bank's actual advance shall be the date of that deduction. If the letter of credit does not contain a provision authorizing the deduction, the date of the Bank's actual advance shall be the date of the Bank's book-entry and issuance of payment notification.) The interest shall be calculated by the rate of interest as agreed by the Bank and the Customer on the relevant advance date, and shall be settled and paid in lump sum with the repayment of each advance.

第八條 立約人清償每筆墊款本息如有遲延時，願改按遲延日之 貴行「新臺幣基準利率加年率四%」與「外匯授信利率」孰高為準計付遲延利息並給付違約金。

Article 8. If the Customer delays the repayment of each advanced funds and interest thereof, the Customer shall pay default interest calculated according to the greater of the Bank's "New Taiwan Dollar Base Rate plus 4% per annum" or "Foreign Exchange Credit Line Rate of Interest", beginning on the date of the delay. The Customer further agrees to pay any penalties incurred thereof.

第九條 貴行應立約人之申請而簽署之擔保提貨書或副提單背書，其上所列之貨名、規格、單價、總金額及提貨條件與嗣後寄達之貨運單據所載不符時，立約人均願按寄達 貴行之貨運單據所列條件負責辦理補繳款及其他一切手續。倘因 貴行簽署之單據與寄達之單據內容不符而致 貴行遭受任何損失時，立約人願負一切賠償之責。該擔保提貨或副提單背書申請書所載內容視同本契約之附件，立約人均願遵守。

Article 9. If the Bank issues a letter of guarantee for delivery of goods or endorses a countersigned bill-of-lading at the Customer's application and request, and the product name, format, unit price, total price, or delivery terms and conditions deviates from those contained in the later arriving transport documents, the Customer shall pay any supplementary payments and handle all other tasks in accordance with the transport documents. If the Bank incurs any losses or damages as a result of the discrepancy between the contents of the documents endorsed by the Bank and the transport documents received, the Customer shall compensate and indemnify the Bank for any and all losses and damages therefrom. This application for letter of guarantee or endorsement of a countersigned bill-of-lading, as the case may be, is incorporated herein by reference and made a part hereof. The Customer shall abide by all terms and conditions therein.

第十條 每筆信用狀下貨品（包括運輸中貨品）如因售貨人（信用狀受益人）不履行契約，遲延交貨或其他不可抗力之事變致使 貴行發生損失時，其損失仍由立約人負擔，如信用狀受益人未能提取每筆信用狀項下金額之全部或一部或信用狀逾有效期限， 貴行得逕行支取，俾抵償每筆信用狀項下之墊款。

Article 10. If the Bank incurs any losses or damages in the goods (including goods in transit) under each letter of credit, as a result of the seller's (letter of credit beneficiary's) failure to perform its obligation, late delivery of goods, or other force majeure event, the Customer shall bear the responsibility and fully indemnify the Bank. If the letter of credit beneficiary is unable to receive the whole or a portion of the amount under each letter of credit, or the letter of credit has expired, the Bank may reclaim the funds to set it off against Bank's advanced funds under each letter of credit.

第十一條 每筆信用狀項下之貨品，立約人願就保險種類及保險條件事先徵得 貴行意見，貨品如以 FOB、C&F 或類似之價格條件進口時，並以 貴行為優先受益人投保適當保險，將保險單及保費收據正本交付 貴行收執，投保所需費用概由立約人負擔。立約人如遲不辦理投保或保險到期未辦續保手續時， 貴行有權代為辦理，但 貴行並無代為投保之義務。保險費用如經 貴行先行墊付，立約人願立即償還，若有遲延 貴行得將其列入債權金額，並按本契約第七、八條規定計收利息及違約金。

Article 11. The Customer shall obtain the Banks consent with respect to the types of the insurance and relevant insurance conditions for the insurance of the goods set forth in each letter of credit. If the goods are imported pursuant to FOB, C&F, or other similar pricing conditions, the Customer shall duly insure the goods, name the Bank as beneficiary, and provide the originals of the insurance policy and insurance premium invoice to the Bank for safekeeping. The Customer shall bear any and all related insurance costs and expenses. If the Customer delays insuring or fails to renew the policy, the Bank has the right, but not the obligation, to advance funds and insure the goods on Customer's behalf. The Customer shall repay any and all funds advanced by the Bank. If the Customer delays its repayment, the Bank may roll that amount to Customer's total indebtedness, and the Customer shall pay interest and penalties in accordance with Articles 7 and 8 of this agreement.

第十二條 凡持有立約人收到進口單據之書簡或提供擔保物之摺據前往 貴行請求返還或交換擔保物者，貴行得認為立約人之代理人，逕行返還或交換之。如因此而發生糾葛，立約人自願負一切責任。

Article 12. Any person who requests the Bank to return or replace the collateral by tendering records of the import documents or certificate of custody initially received by the Customer, shall be deemed as the duly authorized representative of the Customer, and the Bank shall be entitled to so return or replace the collateral. The Customer shall bear full responsibility for any controversy or dispute arising there from.

第十三條 非因可歸責於 貴行之事由，致本契約信用狀因傳達機關傳遞中發生之錯誤或遲延，或專門術語解釋上之錯誤，及單證、或單證所載貨品、或貨品之品質或數量或價值等之有全部或一部滅失或遲延或未抵達交貨地，以及貨物無論在運輸中或運抵後，或因未經保險或保額不足，或因任何第三者之阻滯或扣留，及其他因素等情事，以致喪失或損害時，均與 貴行無涉。在以上任何情形之下，該信用狀款項仍由立約人全額照付。

Article 13. So long as it is not attributable to the fault of the Bank, the Bank shall not be responsible for any error or delay occurred during the transmission of the letter of credit issued pursuant hereto by the transmission agency, any error in interpreting any technical terminology thereto, any delay in arriving at the place of delivery, any losses, damages, deterioration or destruction, whether in quality, volume, or value of the documents or the goods shown on the documents, any losses or damages occurred during their transportation or subsequent to their arrival at the place of delivery resulting from the insufficiency of the insured amount or the lack of insurance thereof, any hindrance, confiscation, or detention by a third party or for any other reason or reasons whatsoever. Notwithstanding the occurrence of any of the above event, the Customer shall pay the full issued amount under that letter of credit.

第十四條 立約人承認本契約信用狀下所提示之匯票及所屬單證，如經 貴行審查認為在表面上與信用狀條件尚屬符合而承兌或付款後，立約人即願依第二條所定之清償日期照付，上項匯票、單證等，縱或在事後證實其為非真貨、或屬偽造變造、或有其他瑕疵（包括貨物品質或數量與單證不符等情事），概與 貴行無涉，立約人絕不以任何理由為抗辯而拒付之。

Article 14. The Customer acknowledges that it shall, in accordance with the repayment date set forth in Article 2, repay the Bank for any acceptance or payment undertaken following verification that the draft and all related documents issued under the letter of credit provisions in this Agreement conform to the terms and conditions set forth in the letter of credit. Notwithstanding any controversy or dispute arising from the discovery that the aforementioned drafts or documents related thereto, were forged, changed or altered, or there exist any other reason or reasons, (including, without limitations, the instances where the product quality or quantity deviates from what is shown on the documents or instruments), the Bank shall not be responsible thereto, and the Customer shall not, for any reason, object to or refuse payment.

第十五條 對信用狀項下有關作業、責任、義務，立約人同意依現行國際商會所頒訂之「信用狀統一慣例」及貿易條件解釋之國際規則所訂各項條款為本契約內容之一部份並受其拘束。

Article 15. If matters with respect to the operation, responsibilities, or obligations under the letter of credit are not provided herein, the Customer agrees that the Uniform Customs and Practice for Documentary Credits set forth by the International Chamber of Commerce, and the INCOTERMS shall be incorporated therein as an integral part thereof. The Customer agrees to be bound by those terms.

#### 委任開發遠期信用狀條款 (Agreement for Delegation to Draw Usance Letters of Credit):

第一條 立約人每次向 貴行申請開發遠期信用狀時，應檢送開發信用狀申請書，立約人均承認在約定之額度內各筆遠期信用狀項下之信用狀結匯證書或交易憑證所載信用狀金額與已結匯金額之差額（即未結匯金額）及其利息、違約金及有關費用，為 貴行代立約人向國外保證付款或墊款之金額，並同意以開發信用狀申請書或遠期信用狀項下之結匯證書或交易憑證或匯票等有關文件為其憑證。立約人願依本契約之規定清償各筆債務。

Article 1. Each time the Customer applies to the Bank for the issuance of a usance letter of credit, the Customer shall provide the relevant application form with the Bank. The Customer acknowledges that the amount paid by the Bank for foreign guarantee or advanced by the Bank on behalf of the Customer shall include the difference between amount shown on the foreign exchange settlement receipt or the trade certificate and the foreign exchange settlement amount ( i.e., the unsettled exchange amount) within the agreed limit, as well as applicable interest, penalties, and related fees and charges. The Customer further agrees to use the foreign exchange settlement receipt or trade certificate for verification, and agrees to repay each indebtedness according to the provisions set forth herein.

第二條 立約人採購物資之地區如非美元區域時，得以其他外幣申請開發遠期信用狀，但每筆遠期信用狀金額之合計依 貴行指定匯率折算為美元計算，應在所約定額度內迴轉。如因匯率變動或其他原因致使 貴行在本契約下墊款金額超過約定額度時，其超過部份仍由立約人負責清償。

Article 2. If the Customer purchases goods in a jurisdiction where the legal currency is not US dollar, the Customer may apply for issuance of usance letters of credit in other foreign currency. But the total amount in each usance letter of credit shall be converted into U.S. dollars by using an exchange rate specified by the Bank, and the revolving amount shall be within the agreed limit. If the Bank's advanced amount exceeds the agreed limit due to exchange rate fluctuation or other reasons, the Customer shall be responsible for repaying the excess portion.

第三條 立約人除依與 貴行約定提供擔保品外，並願意提供本契約各筆信用狀項下貨運單據及進口貨物為各筆信用狀項下一切債務之擔保，並以本契約為提供擔保之證明。貨物寄達而 貴行認為立約人之財務顯有惡化，致影響清償債務之虞時， 貴行得逕行提貨實行擔保權，並得拍賣或自由處分（包括處分方法、時間及價格等），倘有不足抵償時，立約人仍願負責補足。其因逕行提貨而由 貴行代墊之應付關稅、倉租、運輸等一切費用，立約人願負責立即照付。

Article 3. In addition to the collateral provided in accordance with the agreement with the Bank the Customer agrees to provide the transport documents and import goods in each letter of credit, as collateral for each letter of credit. This agreement constitutes the conclusive proof of the creation of that security interest. If the Bank deems that the Customer may be unable

to make payment due to a decline in its financial standing after arrival of the goods, the Bank may claim the goods and execute its security interest. The Bank may further auction or, at its discretion with respect to method, time, and price, dispose of the goods. If there is any insufficiency, the Customer agrees to pay the difference thereof. The Customer further agrees to immediately repay any and all other advanced fees and charges incurred in the claiming of the goods, including taxes, warehouse rent, and transport fees.

- 第四條 依本契約循環開發之各筆逾期信用狀，最長期限不得超過約定天數，並按開發信用狀申請書上列明之匯票期限或付款期限計算各筆債務之清償日。如有墊款，墊款利息應自貴行實際墊款之日（載有授權扣帳條款之信用狀為貴行存同行之扣帳日；無有授權扣帳條款之信用狀為貴行作帳及發送付款電文之日）起算，按墊款日起與貴行約定之利率機動計息，於每筆墊款償還時一併結匯償付之。
- Article 4. If a revolving usance letter of credit is issued hereunder, the maximum period may not exceed the agreed number of days, and the repayment date shall be determined according to the expiry of the draft or payment provided in the letter of credit issuance application form. If the Bank makes advances, the interest on the advance shall be calculated beginning the date of the Bank's actual advance. (If the letter of credit contains a deduction authorization provision, the date of the Bank's actual advance shall be the date of deduction. If the letter of credit does not contain a deduction authorization provision, the date of the Bank's actual advance shall be the date of the Bank's book-entry and issuance of payment notification.) The interest shall be calculated by the interest rate as agreed by the Bank and the Customer on the relevant advance date, and shall be settled and paid in lump sum with the repayment of each advance.
- 第五條 立約人於本契約每筆信用狀項下貨運單據到達後，應即辦理報關提貨手續，倘有不辦理或任何拖延情事以致貴行遭受任何損失或有損失之虞時，立約人願負責立即賠償，並願聽憑貴行處理，絕無異議。
- Article 5. The Customer shall immediately handle the tasks of declaring and claiming the goods upon the arrival of each transport document issued under the letters of credit pursuant hereto. If the Bank incurs any loss or damage as a result of the Customer's delay or failure to handle the matter, the Customer shall compensate and indemnify the Bank for any and all losses and damages thereof. The Customer shall further handle the matters according to the Bank's instruction, and shall raise no objections.
- 第六條 立約人最遲應於各筆逾期信用狀項下之債務清償日，將該筆債務本息按清償時貴行公佈之即期外匯賣出匯率折算新臺幣或以原幣償還，遲延償還時應依遲延日之貴行「新臺幣基準利率加四%」與「外匯授信利率」孰高為準計付遲延利息及違約金。
- Article 6. The Customer shall repay the principal and interest on each advance no later than the usance letter of credit repayment date. The Customer shall repay the Bank in either original currency or New Taiwan Dollars converted by using the Bank's spot exchange selling rate on the date of the repayment. If the Customer delays in repaying, the Customer shall pay default interest and penalties calculated according to the greater of the Bank's "New Taiwan Dollar Base Rate plus 4% per annum" or "Foreign Exchange Credit Line Rate of Interest", beginning on the date of the delay.
- 第七條 貴行應立約人之申請而簽署之擔保提貨書或副提單背書，其上所列之貨名、規格、單價、總金額及提貨條件與嗣後寄達之貨運單據所載不符時，立約人均願按寄達貴行之貨運提單所列之條件負責辦理補繳款及其他一切手續。倘因貴行簽署之單據與寄達之單據內容不符而致貴行遭受任何損失時，立約人願負一切賠償之責。該擔保提貨書或副提單背書申請書所載內容視同本契約之附件，立約人均願遵守。
- Article 7. If the Bank issues a letter of guarantee for delivery of goods or endorses a countersigned bill-of-lading at the Customer's application and request, and the product name, format, unit price, total price, or delivery terms and conditions deviates from those contained in the later arriving transport documents, the Customer shall pay any supplementary payments and handle all other tasks in accordance with the transport documents. If the Bank incurs any losses or damages as a result of the discrepancy between the contents of the document endorsed by the Bank and the transport document received, the Customer shall compensate and indemnify the Bank for any and all losses and damages therefrom. This application for letter of guarantee or endorsement of a countersigned bill-of-lading, as the case may be, is incorporated herein by reference and made a part hereof. The Customer shall abide by all terms and conditions therein.
- 第八條 立約人應於申請開發逾期信用狀時，預先將約定額度或各筆信用狀債務本金暫按貴行指定匯率折算新臺幣，一次或逐次開具免除作成拒絕證書且以銀錢業為擔當付款人之本票交與貴行備償。如立約人未能履行上開條款時，貴行得以該本票獨立行使票據法上之權利。如因外匯匯率變動致該本票票款不足清償債務本息金額或國外銀行請求之利息比較第四條計算之利息為多時，立約人願立即補足不足額。
- Article 8. If the Customer applies for issuance of a usance letter of credit, it shall first convert the agreed amount or the indebtedness amount under each letter of credit into New Taiwan Dollars by using the exchange rate determined by the Bank. The Customer shall at once or in multiple instances, as the case may be, issue a promissory note in which a monetary institution is the paying agent and does not require the certificate of protest for its enforcement. The Customer shall deliver that promissory note to the Bank as a back-up for repayment. If the Customer is unable to perform the above, the Bank may independently execute its rights against the promissory note in accordance with the Law of Negotiable Instruments. In the event that the promissory note amount is insufficient to repay the indebtedness due to foreign exchange rate fluctuation, or the interest claimed by the foreign bank exceeds the interest calculated according to Article 4, the Customer agrees to pay any insufficiency thereof.
- 第九條 每筆信用狀項下之貨品，立約人願就保險種類及保險條件事先徵得貴行同意，貨品如以 FOB、C&F 或類似之價格條件進口時，並以貴行為優先受益人投保適當保險，將保險單及保費收據正本交付貴行收執，投保所需費用概由立約人負擔。立約人如遲不辦理投保或保險到期未辦續保手續時，貴行有權代為辦理，但貴行並無代為投保之義務。

務。

保險費用如經 貴行先行墊付，立約人願立即償還，若有遲延 貴行得將其列入債權金額，並按本契約第四、六條規定計收利息。

Article 9. The Customer shall obtain the Banks consent with respect to the types of the insurance and relevant insurance conditions for the insurance of the goods set forth in each letter of credit. If the goods are imported pursuant to FOB, C&F, or other similar pricing conditions, the Customer shall duly insure the goods, name the Bank as beneficiary, and provide the originals of the insurance policy and insurance premium invoice to the Bank for safekeeping. The Customer shall bear any and all related insurance costs and expenses. If the Customer delays insuring or fails to renew the policy, the Bank has the right, but not the obligation, to advance funds and insure the goods on Customer's behalf. The Customer shall repay any and all funds advanced by the Bank. If the Customer delays its repayment, the Bank may roll that amount to Customer's total indebtedness, and the Customer shall pay interest and penalties in accordance with Articles 4 and 6 of this agreement.

第十條 每筆信用狀項下貨品（包括運輸中貨品）如因售貨人（信用狀受益人）不履行契約、遲延交貨或其他不可抗力之事變致使 貴行發生損失時，其損失仍由立約人負擔，如信用狀受益人未能提取每筆信用狀項下金額之全部或一部，或信用狀逾有效期限， 貴行得逕行支取，俾抵償每筆信用狀項下之墊款。

Article 10. If the Bank incurs any losses or damages in the goods (including goods in transit) under each letter of credit, as a result of the seller's (letter of credit beneficiary's) failure to perform its obligation, late delivery of goods, or other force majeure event, the Customer shall bear the responsibility and fully indemnify the Bank. If the letter of credit beneficiary is unable to receive the whole or a portion of the amount under each letter of credit, or the letter of credit has expired, the Bank may reclaim the funds to set it off against Bank's advanced funds under each letter of credit.

### 進口託收購料借款契約（Loan Agreement for Import Collection on Purchased Goods）：

第一條 立約人於償付國外進口託收貨款時，應檢附相關單據文件向 貴行申請外幣墊款。立約人願依本契約之規定清償每筆債務。

Article 1. If the Customer repays the purchase price for imported goods by way of collection, the Customer shall apply for an advance in foreign currency from the Bank and provide the related documents. The Customer shall repay each indebtedness according to the provisions set forth herein.

第二條 本契約額度得以其他外幣動用，其利息按 貴行對其他外幣墊款利率計算，並有本契約第五條、第八條之適用。如因匯率變動或其他原因致使 貴行在本契約下墊款金額超過本契約額度時，其超過部份仍由立約人負責立即償付。

Article 2. The amount set forth herein may be drawn in a foreign currency, and its interest will be calculated according to interest rate used by the Bank in providing foreign currency advances, and subject to Articles 5 and 8 of this Agreement. If, as a result of exchange rate fluctuation or other reasons, the amount advanced by the Bank exceeds the amount set forth in this Agreement, the Customer shall repay the excess portion.

第三條 立約人授權 貴行支付每筆承兌交單（D/A）或付款交單（D/P）項下之匯票票款。

Article 3. The Customer authorizes the Bank to pay the amount under the bill of exchanges pursuant to a document against acceptance or document against payment method.

第四條 立約人願將每筆輸入許可證（或免除許可證貨品專用開發信用狀申請書第二聯）交付 貴行，並承認 貴行所開每筆結匯證實書或交易憑證所載匯款金額與已結匯金額之差額（即未結匯金額）及其利息、違約金及有關費用，為 貴行墊款之金額，並同意以結匯證實書或交易憑證或 貴行有關文件為其憑證，絕無異議。

Article 4. The Customer shall deliver to the Bank each import permit (or the second slip of the specialized application for the issuance of letters of credit for permit-exempt goods). The Customer stipulates that the amount advanced by Bank includes the difference between amount shown on the foreign exchange settlement receipt or trade certificate and the foreign exchange settlement amount (i.e. the unsettled exchange amount), as well as applicable interest, penalties, and related fees and charges. The Customer further agrees to use the foreign exchange settlement receipt or trade certificate for verification, and shall raise no objections.

第五條 依本契約動用之外幣墊款最長期限不得超過約定天數，利息依 貴行實際墊款日起按與 貴行約定之利率機動計息。

Article 5. The maximum period for foreign currency advances pursuant to this Agreement shall not exceed the agreed number of days, and interest shall be calculated by using the agreed rate of interest, beginning on the date of the advance by the Bank.

第六條 立約人於本契約每筆進口項下貨運單據到達後，應即辦理報關提貨手續，倘有不辦理或任何拖延情事以致 貴行遭受任何損失或有損失之虞時，立約人願負責立即賠償，並願聽憑 貴行處理，絕無異議。

Article 6. The Customer shall immediately handle the tasks of declaring and claiming the goods upon the arrival of each transport document issued under the letters of credit pursuant hereto. If the Bank incurs any loss or damage as a result of the Customer's delay or failure to handle the matter, the Customer shall compensate and indemnify the Bank for any and all losses and damages thereof. The Customer shall further handle the matters according to the Bank's instruction, and shall raise no objections.

第七條 立約人願意提供各筆進口項下貨運單據及進口貨品為一切債務之擔保，並以本契約為提供擔保之證明。倘不依本契約償還墊款或 貴行認為立約人之財務顯有惡化，有不能清償之虞時， 貴行為保全債權，得代向海關報關提貨，並得拍賣或自由處分（包括處分方法、時間及價格等）所進口之貨品及其他擔保物抵償 貴行墊款本息及因處分而支出之一切費用及損失（包括報關提貨所支付之稅捐、倉租、運輸等費用）。倘有不足抵償時，仍由立約人負全部清償之責。

Article 7. The Customer agrees to provide the transport documents and import goods under each letter of credit as collateral for all of the Customer's indebtedness hereunder. This agreement constitutes the conclusive proof of the creation of that security

interest. If the Customer fails to repay the advance amounts pursuant hereto, or the Bank determines that the Customer is unable to repay those amounts when due as a result of a decline in its financial standing, the Bank may declare and claim those imported goods from the Customs Administration and auction or freely dispose those goods (in its sole discretion with respect to the method, time, price thereof) as well as other collateral provided to the Bank as security, to set off the Bank's advanced amount and any and all other fees and charges incurred thereof (including taxes, warehouse rent, and transport fees disbursed in declaring and claiming of the goods). If there is any insufficiency thereof, the Customer shall jointly remain responsible therefor.

第八條 立約人清償每筆墊款本息如有遲時，願改按遲延日 貴行之「新臺幣基準利率加年率四%」與「外匯授信利率」擇其較高者為準計付遲延利息及違約金。

Article 8. If the Customer is delayed in repaying each advance and applicable interest, the Customer agrees to pay default interest and penalties calculated according to the greater of the Bank's "New Taiwan Dollar Base Rate plus 4%" or "Foreign Exchange Credit Line Rate of Interest", beginning on the date of the delay.

第九條 貴行應立約人之申請而簽署之擔保提貨書或副提單背書，其上所列之貨名、規格、單價、總金額及提貨條件與嗣後寄達之貨運單據所載不符時，立約人均願按寄達 貴行之貨運單據所列條件負責辦理補救款及其他一切手續。倘因 貴行簽署之單據與寄達之單據內容不符而致 貴行遭受任何損失時，立約人願負一切賠償之責。該擔保提貨或副提單背書申請書所載內容視同本契約之附件，立約人均願遵守。

Article 9. If the Bank issues a letter of guarantee for delivery of goods or endorses a countersigned bill-of-lading at the Customer's application and request, and the product name, format, unit price, total price, or delivery terms and conditions deviates from those contained in the later arriving transport documents, the Customer shall pay any supplementary payments and handle all other tasks in accordance with the transport documents. If the Bank incurs any losses or damages as a result of the discrepancy between the contents of the document endorsed by the Bank and the transport document received, the Customer shall compensate and indemnify the Bank for any and all losses and damages therefrom. This application for letter of guarantee or endorsement of a countersigned bill-of-lading, as the case may be, is incorporated herein by reference and made a part hereof. The Customer shall abide by all terms and conditions therein.

第十條 每筆進口項下貨品(包括運輸中貨品)如因售貨人(國外出口商)不履行契約，遲延交貨或其他不可抗力之事變致 貴行發生損失時，其損失仍由立約人負擔。

Article 10. If the Bank incurs any losses or damage as a result of seller's (foreign exporter's) failure to perform any provision, delay in delivery of goods, or other force majeure event, in any imported goods (including goods in transit), the Customer shall bear the responsibility and fully indemnify the Bank.

第十一條 每筆進口項下之貨品，立約人願就保險種類及保險條件事先徵得 貴行同意，貨品如以 FOB、C&F 或類似之價格條件進口時，並以 貴行為優先受益人投保適當保險，並將保險單及保費數據正本交付 貴行收執，投保所需費用概由立約人負擔。立約人如遲不辦理投保或保險到期未辦續保手續時， 貴行先行墊付，立約人願立即償還，若有遲延 貴行得將其列入債權金額，並按本契約第五、八條規定計收利息及違約金。

Article 11. The Customer shall obtain the Banks consent with respect to the types of the insurance and relevant insurance conditions for the insurance of the goods set forth in each letter of credit. If the goods are imported pursuant to FOB, C&F, or other similar pricing conditions, the Customer shall duly insure the goods, name the Bank as beneficiary, and provide the originals of the insurance policy and insurance premium invoice to the Bank for safekeeping. The Customer shall bear any and all related insurance costs and expenses. If the Customer delays insuring or fails to renew the policy, the Bank has the right, but not the obligation, to advance funds and insure the goods on Customer's behalf. The Customer shall repay any and all funds advanced by the Bank. If the Customer delays its repayment, the Bank may add that amount to Customer's total indebtedness, and the Customer shall pay interest and penalties in accordance with Articles 5 and 8 of this agreement.

第十二條 凡持有立約人收到進口單據之書簡或提供擔保物之摺據前往 貴行請求返還或交換擔保物者，貴行得認為立約人之代理人，進行返還或交換之。如因此而發生糾葛，立約人自願負一切責任。

Article 12. Any person who requests the Bank to return or replace the collateral by tendering the import documents or certificate of custody received by the Customer, shall be deemed as the duly authorized representative of the Customer. The Bank shall be entitled to return or replace the collateral, and if any controversy or dispute arises therefrom, the Customer shall bear full responsibility.

#### 外幣授信債務幣別轉換契約 (Agreement for Conversion of Currency in Foreign Currency Facility):

立約人前向 貴行申請外幣授信(以下稱原契約)在案，茲蒙 貴行同意將原契約項下結欠之外幣授信債務，辦理授信幣別轉換，立約人茲同意遵守下列條款：

The Customer has previously requested the Bank to provide foreign currency facility (hereinafter referred to as the "Original Agreements"). As a result of Bank's approval to convert any foreign currency facility undertaken in the Original Agreements, the Customer hereby agrees to abide by the following terms and conditions:

第一條 原契約項下結欠之外幣授信債務餘額，同意依雙方議定之匯率折算轉換為約定幣別給付，並以立約人出具之「外幣授信債務幣別轉換申請書」所載之內容為據。

Article 1. The Customer shall pay the balance of any foreign currency facility undertaken in the Original Agreements by the agreed currency, converted at the mutually agreed exchange rate, in accordance with the contents of the "Application Form for Conversion of Currency in Foreign Currency Facility" presented by the Customer.

第二條 原提供授信債務之擔保物仍為幣別轉換後授信債務之擔保物，有關到期日及償還方式悉按原契約約定辦理。

Article 2. The collateral provided for the indebtedness under the original financing remains as the collateral provided for the

indebtedness following the currency conversion. The maturity date and repayment method remain the same as set forth in the Original Agreements.

第三條 轉換前及轉換後授信債務之利息，同意依貴行掛牌該相關幣別授信適用利率加碼計收，並依原契約約定清償日貴行掛牌即期賣出匯率折算新臺幣支付。貴行，若立約人支付遲延時，貴行得依原契約約定計收違約金。

Article 3. The Customer agrees to calculate the facility interest, before and after the conversion, by using the Bank's prevailing rate of interest and markup applicable to the relevant currencies in that facility. The Customer further agrees to pay the Bank in New Taiwan Dollars, as converted at the Bank's prevailing spot exchange selling rate on the date of the repayment. If the Customer delays in repayment, the Bank may collect penalties calculated according to the Original Agreements.

### 出口押匯契約 (Export Negotiation Agreement) :

第一條 茲因立約人可於與 貴行約定之額度內辦理押匯或貼現，依立約人所簽發或背書之國內、外押匯票與/或出口單據，爰經雙方協議：凡本契約中所載各條款，均應認為永久繼續有效，隨時適用，凡立約人所簽發或背書之押匯票與/或單據，無論其為直接或經由他人向 貴行押匯或貼現，均須遵守本契約之約定，且每次押匯或貼現，除非經 貴行要求，無需重新簽訂本契約。

Article 1. Within the amount agreed by the Customer and the Bank, the Bank may undertake negotiation or discounts with the Customer in accordance with domestic or foreign negotiable drafts or export documents signed or endorsed by the Customer. The parties hereby agree to the following: any and all provisions set forth in this Agreement shall be effective and valid forever and applicable at any time. Any and all negotiated drafts and/or documents signed or endorsed by the Customer shall comply with the provisions set forth in this Agreement, irrespective of whether the negotiation or discount was conducted with the Bank directly or through any other person. Unless otherwise requested by the Bank, it shall be unnecessary to re-execute this Agreement for each negotiation or discount.

第二條 茲願提供向 貴行申請押匯/貼現之貨運單據及其有關貨物予 貴行為擔保物，以擔保 貴行押匯或貼現立約人所簽發或背書之匯票與/或單據金額、利息及其有關一切費用。

Article 2. The Customer hereby agrees to provide the transport documents used to apply for negotiation/discount, and other relevant goods, as the collateral to secure any and all negotiated or discounted amount, interest, and any and all other expenses incurred by the Bank to negotiate or discount drafts and/or documents signed or endorsed by the Customer.

第三條 立約人承認 貴行對立約人所為之押匯或貼現為一墊款行為而非屬買斷性質， 貴行隨時保留對立約人之返還請求權。匯票與/或單據經 貴行押匯或貼現後，倘因匯票與/或單據與信用狀所規定條件不符而遭 貴行之貼現銀行，或通匯行，或信用狀有關之銀行拒絕處理，或受開證銀行拒付或在貨物交付或其他場合被發覺貨物之品質、數量等有差異等情事時，立約人願負全責，一經 貴行通知，隨時償付 貴行押匯/貼現金額、利息（利率以押匯日 貴行之外幣貸款利率為準）與其他一切附隨費用。立約人仍授權 貴行，倘 貴行或 貴行之通匯銀行認為必要時，不必通知立約人， 貴行可向信用狀開證銀行，或承兌銀行提出保證書，對此項保證，立約人願負一切責任。

Article 3. The Customer acknowledges that any negotiation or discount undertaken by the Bank to the Customer is in the nature of an advance, not in the nature of an outright purchase, and the Bank retains its claim for repayment rights against the Customer at any time. If the Bank's discount bank, correspondent bank, or any bank associated with the letter of credit refuses to process the draft and/or document following the Bank's negotiation or discount due to a discrepancy between the terms and conditions of the letter of credit and the draft and/or documents, or the issuing bank refuses to make payment, or a difference in quality or quantity of the goods is discovered at the point of delivery or other venue, the Customer agrees to bear full responsibility. The Customer shall repay the negotiation/discount amount, interest (calculated by using the Bank's then interest rate in foreign currency loan on the date of the negotiation), and any and all accompanying costs and expenses after receipt of notice from the Bank. The Customer authorizes the Bank to provide a letter of guarantee to the issuing bank or accepting bank, without notice to the Customer as the Bank or its correspondent bank deems necessary. The Customer agrees to bear full responsibility for this guarantee.

第四條 匯票付款行，信用狀開證銀行，信用狀承兌銀行，或信用狀保兌銀行等信用狀有關銀行，如因無力償付債務，被宣告破產、查封、假扣押、假處分、拍賣時，或因自請宣告破產或和解時，一經 貴行通知，立約人願負償付 貴行押匯/貼現金額、利息及附加之一切費用。

Article 4. If any bank associated with the letter of credit, such as the paying bank, issuing bank, accepting bank, or confirming bank, is unable to repay the indebtedness and is therefore declared bankrupt, attached, subject to provisional attachment or injunction, auctioned, or apply for bankruptcy or settlement of its own accord, the Customer shall repay the negotiation/discount amount, interest, and any and all related fees to the Bank immediately upon receipt of notice from the Bank.

第五條 倘押匯票與/或單據在寄送中毀損或遺失，或視為已毀損或遺失，或因誤送等意外情事，致令遲延寄達付款地時得不必經任何法律手續，一經 貴行通知，立約人願負根據 貴行帳簿之記錄，作成新匯票與/或單據提供予 貴行，或隨 貴行之指示，立即償付 貴行押匯/貼現金額，以及附隨之一切費用。

Article 5. If the negotiated draft and/or relevant document is lost or damaged in transit, or is deemed to be lost or damaged, or is failed to be delivered to the place of payment as a result of accident, such as mis-delivery, the Customer shall, without going through any legitimate proceeding, draw a new draft and/or relevant document according to the Bank's records immediately upon receipt of notice from the Bank or, if so requested by the Bank, immediately repay the negotiation/discount amount and any and all related fees.

第六條 立約人授權貴行或貴行之通匯行，以 貴行或 貴行之通匯行認為適合之任何方法寄送押匯票與/或單據。

Article 6. The Customer authorizes the Bank or its corresponding bank to deliver the negotiated draft and/or relevant document by any

method deemed appropriate by the Bank or its corresponding bank.

第七條 倘因押匯票所應具備之要項欠缺，以致匯票債權不成立，或因時效，或手續欠全而導致匯票債權消滅時，立約人仍願意償付 貴行匯票票面金額，連同匯票期滿前後孳生之利息，以及附隨之一切費用。

Article 7. If the negotiated draft is defective in anyway, resulting in the failure to establish amount payable under the draft or due to statute of limitation or a procedure defect results in the discharge of amount payable thereunder, the Customer nevertheless shall repay to the Bank the face amount of that draft, as well as any interest accrued after the maturity date and any and all related fees and charges.

第八條 因單據有瑕疵而導致 貴行發生損害時，無論任何理由，立約人願意償付 貴行因此而蒙受之損害。

Article 8. If the Bank suffers any loss or damage as a result of a defective document, the Customer shall indemnify the Bank for any and all losses and damages thereof.

第九條 在匯票或其他任何單據上所簽蓋之立約人簽章或所寫文字，貴行如認為與存留於 貴行者相符，或與立約人曾經使用之匯票或其他單據相符時，即使其係偽造或被盜用，立約人仍願負責，並償付 貴行因此蒙受之損害。

Article 9. Notwithstanding any forgery or theft of the Customer's signatures or chops used in the draft or any other document, if the Bank deems that the signature or chop conforms to the specimen preserved at the Bank or on the draft or other documents previously used by the Customer, the Customer shall bear full responsibility and indemnify the Bank for any and all losses or damages thereof.

第十條 茲授權 貴行之任何經理人，或代理人，或上述匯票與／或單據現在持有人，得將（但非必需之行為）該匯票與／或單據擔保物投保所有保險，包括搶劫擄掠及岸上火災等險，所有保險費用及有關費用，均得加入在內，歸立約人負擔。又 貴行對於該項匯票與／或單據，及其擔保物連同以上費用，均享有優先受償權，並得進行處分取償，或為代付保險費及其他費用之人補償。並且不影響 貴行對其他匯票債務人之請求權。 貴行並得變賣部份擔保物，以付必需之運費，保險費及其他費用。同時 貴行得代理立約人辦理一切應辦事件，支取手續費。立約人當依照付款人，或承兌人之指示，將貨物移放於公家或私人之碼頭或倉庫，倘 貴行對於該指定之碼頭或倉庫並無反對之表示。

Article 10. The Customer hereby authorizes any manager or representative of the Bank, or the current holder of the aforementioned draft and/or documents, to conduct any act (but not obligated to act) to fully insure the collateral or the draft or any other documents related thereto, including, without limitation, robbery, piracy or fire insurance. Any and all insurance premium and related expenses shall be borne by the Customer. The Bank shall have a priority claim to the draft, documents or collateral for an amount including the aforementioned fees. The Bank may dispose the collateral to secure their repayment or for payment to any third party who has advanced the insurance premium or other fees. This shall not affect the Bank's claims against other the debtors of the draft. The Bank may further sell a portion of the collateral in order to pay the necessary transportation, insurance, and other expenses, and may process any and all necessary matters on the Customer's behalf and charge the related fees. The Customer shall move the goods to a public or private wharf or warehouse in compliance with the instruction of the payer or acceptor, unless the Bank otherwise object to it.

第十一條 茲授權 貴行或 貴行之任何經理人或代理人，或上述匯票與／或單據持有人，均可接受付款人附有條件之承兌，於票據到期日及票款付清後， 貴行得將隨同匯票作為擔保之單據，交與付款人，或承兌人。此種授權亦可適用於參加承兌，惟付款人於付款或承兌前已停止交付，或宣告破產，或清理時，則應按照以下所載各款辦理。

Article 11. The Customer hereby authorizes any manager or representative of the Bank, or the current holder of the aforementioned draft and/or documents, to accept the conditional acceptance by the payer. After the draft maturity date and repayment of the draft amount, the Bank may use the draft as the collateral document and deliver it to the payer or acceptor. This authorization is also applicable to participated acceptance, but in the event that the payer stops disbursement prior to payment or acceptance, declares bankruptcy, or liquidates, the relevant matter shall be processed according to the following provisions.

第十二條 茲授權 貴行，凡經 貴行，或票據承兌人或其他代表人，認為適當，在匯票到期以前無論何時， 貴行得將貨物分批交付予任何人，（但非必需之行為）；惟交付貨物之全部或一部份時，須收取相當金額，且其金額須與發票上所開列之貨價，或與所擔保之票據所載金額成合理之比例。

Article 12. If deemed appropriate by the Bank, the acceptor of a draft, or other representative, the Bank is hereby authorized (but is not obligated) to deliver the goods in multiple shipments to any other person, at any time prior to the draft maturity date. But in the event that all of the goods or a portion thereof are delivered, an equivalent amount must be collected, and the amount must be in reasonable proportion to either the price indicated on the invoice or the amount indicated on the draft as the collateral.

第十三條 茲再授權 貴行之任何經理人，或代理人，或匯票與／或單據現在持有人，於匯票提示而被承兌人拒絕承兌或於匯票到期被付款人拒絕支付，立約人拋棄作成拒絕證書之要求，對於上述拒絕承兌或支付，或在票據到期前，付款人或承兌人停止支付，宣告破產，或採取清理步驟時，不論匯票是否已經承兌人附有條件承兌， 貴行均得將該匯票與／或單據擔保物之全部，或一部份，按照 貴行，或票據持有人，認為適當之方法，將其變賣，並將所得價款，扣除通常手續費用，及佣金外，以之支付該票款及其匯費，倘有餘額，得由 貴行或票據持有人，以之清償立約人之其他票據（不論其有無擔保），或對 貴行之欠缺，或對貴行負有結算責任之其他方面欠款。凡遇保險貨物發生毀損或滅失，立約人授權 貴行，得依照保險單取償，並扣除手續費用，與處分變賣其他貨物情形同，將其所剩餘額按照上條所開辦法加以處理。

Article 13. If the presented draft is rejected by the acceptor or the payer refuses to make payment upon the maturity date, the Customer waives its right to issue a certificate of protest, or, the payer or acceptor stops disbursement prior to the maturity date, declares bankruptcy, or undertakes liquidation measures, then any manager or representative of the Bank, or the current holder of the aforementioned bill of exchange and/or documents, is hereby duly authorized to sell all or a part of the collateral by a method deemed appropriate by the Bank or draft holder, irrespective of whether the draft has been conditionally accepted by the

Acceptor. The aforementioned agent may further use these proceeds to repay the draft and its wiring fees after deducting relevant charges and commission fees. If a balance remains, the Bank or draft holder may use the amount to repay other drafts of the Customer (irrespective of whether there is collateral), or any amount owed to the Bank or any other unsettled amount with the Bank. In the event that the insured goods incur damage or loss, the Customer authorizes the Bank to collect the insurance compensation and process the balance, after deduction of administrative fees, in similar fashion to the selling of goods, in accordance with the above provision.

第十四條 如貨物變賣所得價款淨額不足以償付上開押匯／貼現金額（包括當時匯兌市價折合之損耗），茲授權 貴行或 貴行之任何經理人、代理人、或匯票與／或單據持有人，對於不足之數，得向立約人發出匯票取償，但不影響該不足之數向其他背書人之追索權。茲同意，凡 貴行或匯票與／或單據持有人，所出之帳單，即為變賣貨物，已經受有損失之憑證，立約人於該項匯票提示後，當即如數照付。

Article 14. If the net proceeds from sale of the goods are insufficient to repay the above negotiation/discount amount (including the loss incurred through exchange rate settlement), the Bank, or any manager or representative thereof, or the current holder of the draft and/or documents, may issue another draft for collection of any insufficiency, provided that the claim for such insufficiency to other endorsers will not be affected. The Customer hereby agrees the bill issued by the Bank or the holder of the draft and/or relevant documents shall be the certificate of the loss as a result of selling of goods. The Customer shall repay in full upon presentation of that draft.

第十五條 不論變賣貨物之情事將否發生，茲授權 貴行，或 貴行之任何經理人、代理人、或單據持有人，均得於匯票到期之前，接受付款人或承兌人付款之要求，並於付款後將提單及其他貨運單據等，交與付款人或承兌人，倘 貴行或單據持有人准其提前支付時，並得按照票據支付地之通常利率，計算回扣。

Article 15. Notwithstanding any sale of goods, the Customer hereby authorizes the Bank, any manager or representative of the Bank, or the holder of the draft, before the draft maturity date, to accept the request by the payer or the acceptor to deliver to the payer or the acceptor the bill-of-lading or other relevant documents after receipt of payment. If the Bank or the holder of the draft allows payment before the draft maturity date, the relevant discount shall be calculated according to normal rate at place of payment.

第十六條 倘係承兌後交付貨運單據之匯票，立約人授權 貴行，將附隨該匯票作為擔保品之貨運單據，於承兌人承兌該匯票後，交與承兌人。在此情形之下，倘因該匯票到期而承兌人不予付款，則凡因此而發生之結果，均由立約人負其責任。立約人當將該匯票所欠之全部款項，或一部份款項，及因此而增加之匯費及手續費，如數償還 貴行。並擔保 貴行不因此而受任何損害。

Article 16. In the circumstance of document against acceptance bill, the Customer authorizes the Bank to deliver the bill-of-lading or relevant document which is attached to the draft as collateral to the acceptor after the acceptance. Under such instance, if the draft is due and the acceptor refuses to pay the amount due, the Customer is responsible for any and all losses and damages resulting therefrom. The Customer shall compensate the Bank for all or part of the amount shown on the draft or any additional exchange and processing fees. The Customer shall also further indemnify the Bank for any loss or damage therefrom.

第十七條 對信用狀項下有關作業、責任、義務，立約人同意依現行國際商會所頒訂之「信用狀統一慣例」及貿易條件解釋之國際規則所訂各項條款為本契約內容之一部份並受其拘束。

Article 17. With respect to the operation, responsibilities, or obligations under the letter of credit, the Customer agrees that the Uniform Customs and Practice for Documentary Credits set forth by the International Chamber of Commerce, and the INCOTERMS shall be incorporated therein as an integral part thereof. The Customer agrees to be bound by those terms.

### 買入外幣票據契約 (Agreement for Purchase of Foreign Currency Bills):

第一條 買入外幣票據額度，依立約人與 貴行約定之額度。

Article 1. The amount of purchasing of foreign currency bills shall be limited to the amount agreed between the Customer and the Bank.

第二條 立約人申請 貴行買入之外幣票據，絕無偽造、變造或其他瑕疵等，倘事後經證實有上述情事，致使 貴行蒙受損失時，願負全部賠償責任。

Article 2. There are no forgery, alteration, or other defects in the Customer's application to the Bank for the purchase of foreign currency bills. If the Bank thereafter incurs loss or damage as a result of the above, the Customer shall bear full responsibility.

第三條 立約人申請 貴行買入之外幣票據，經 貴行交付遞送後，如因非可歸責於銀行（包括國外代理銀行）之事由而遺失或毀損時，立約人願立即償還票款或另行提供相當之外幣票據與 貴行，絕不使 貴行因此而發生損失。

Article 3. If the Customer applies to the Bank for the purchase of a foreign currency bill, and the bill is lost or destroyed after delivery from the Bank as a result of any reason not attributable to the Bank (including the foreign agent bank), the Customer shall immediately repay the bill amount or provide the Bank with another foreign currency bill of comparable amount, and shall not cause the Bank to incur any loss or damage.

第四條 貴行買入之外幣票據，因故不能兌現而遭退票時，除以書面委託並經 貴行同意者外， 貴行無代為作成拒絕證書及採取其他法定保全票據權利之任何手續之義務。

Article 4. If any purchased foreign currency bill is dishonored and therefore rejected, the Bank has no obligation to process a certificate of protest or undertake any other measures to secure the legal rights against the bill, unless otherwise delegated through written request and approved by the Bank.

第五條 貴行得自由選定任何通匯銀行為代收銀行，立約人縱已指定代收銀行， 貴行亦得自由變更之。

Article 5. The Bank may select at its sole discretion any corresponding bank to act as the collecting bank. Notwithstanding that the Customer has requested the appointment of a collecting bank, the Bank may nevertheless freely change its appointment.

第六條 貴行買入之外幣票據，貴行為防止遺失、保全債權或為依循銀行慣例，得在票據或其背面上，為任何文字或符號之記載，此項記載於票據退票時，貴行亦無回復原狀之義務，得將載有該文字或符號之狀態退還立約人。

Article 6. For the purpose of loss prevention, securing its creditor's rights, or adhering to the banking practice, the Bank may inscribe any words or symbols on the front or back of any purchased foreign currency bill. If the inscribed bill is rejected, the Bank has no obligation to return the bill to its original form, and may return it in marked form to the Customer.

第七條 貴行買入之外幣票據，其應繳納之利息，按撥款日與貴行所約定之利率，自撥款日起的加票據託收進帳期間計算利息並預扣之，其手續費、郵電費、查詢費等有關費用按貴行規定費率計付並按實際發生數補繳差額。

Article 7. The interest payable on foreign currency bills purchased by the Bank shall be calculated by using the Bank's specified rate of interest on the date of disbursement, beginning on the date of disbursement and plus, at the Bank's discretion, any interest applicable during the accounting period for the collected bill and deducted in advance. The service charge, postage and telephone fees, and research fees shall be calculated and disbursed by using the Bank's specified rate, and any insufficiency shall be supplemented.

第八條 貴行買入之外幣票據倘發生退票或糾葛者，不論其理由如何，致貴行無法收妥票款或票款進帳後遭扣回。經貴行通知願立即清償票款，並按還款當日貴行外匯授信利率補繳利息及各項費用，如有遲延未能立即償還本息時，除按上述利率計付遲延利息外，並按票款金額自應還款日起計付違約金。

Article 8. If the Bank cannot collect the amount on its foreign currency bill or the amount is withdrawn after credited into account due to rejection or dispute, irrespective of the reason, the Customer shall immediately repay the bill amount upon receiving notice from the Bank. The Customer shall further pay interest, calculated by using the foreign exchange credit line rate of interest on the date of the repayment, and any and all other fees. If the Customer delays or fails to make repayment, the Customer shall, in addition to paying default interest calculated by using the aforementioned rate of interest, pay breach penalties, calculated by using the amount of the bill and beginning the supposed date of repayment.

第九條 立約人願意遵守現行國際商會所訂之「託收統一規則」(Uniform Rules for Collection-ICC Publication) 各條款及主管機關有關之規定。

Article 9. The Customer agrees to abide by the provisions of the "Uniform Rules for Collection—ICC Publication" published by the International Chamber of Commerce, and further agrees to abide by the regulations set forth by the competent authority.

#### 外銷貸款契約 (Export Loan Agreement) :

第一條 本借款額度：以立約人與貴行約定之額度為限，用途以支應出口所必要之週轉資金為限，立約人不得流用於其他用途，貴行得隨時查核，立約人不得拒絕。

Article 1. The amount under this facility is limited to the amount agreed between the Customer and the Bank. The use of the proceeds is limited to payment of export financing and the Customer shall not use the proceeds for any other purpose. The Bank may make proper inspection at any time and the Customer shall not object thereto.

第二條 借款期間自立約日起至約定之日止，並由立約人出具動撥確認書及出口信用狀或出口託收等出口相關憑辦文件申請循環動用，每筆借款期限最長不得超過約定天數，除非經貴行要求，無需重新簽訂本契約。

Article 2. The term of this facility shall begin on the date hereof and end on the agreed date. To apply for the revolving drawdown, the Customer shall submit the drawdown confirmation, export letter of credit export collection or other export related documents or materials. The maximum period for each loan shall not exceed the agreed number of days. Unless otherwise requested by the Bank, this agreement need not be re-executed.

第三條 本借款利息依照動撥確認書或其他相關文件或約定所載利率計付。

Article 3. The interest payable for each loan will be calculated according to the interest rate shown on the drawdown confirmation or other related document or agreement.

第四條 立約人未依規定期限清償時，自延滯日起改按貴行基準利率加碼年息四%計付利息，如貴行調整利率時，願自調整日起改按貴行新訂之基準利率加碼年息四%調整之，並給付違約金。

Article 4. If the Customer fails to repay prior to the maturity date, the Customer shall pay interest accrued from the date of the default calculated by using the Bank's Base Rate plus 4% per annum. If the Bank adjusts its interest, the Customer shall pay the interest accrued from the date of that adjustment calculated together with any and all penalties, which interest shall be calculated by using the Bank's new annual Base Rate plus 4% per annum.

第五條 立約人所有委託貴行辦理出口結匯或出口託收之外銷所得外匯，願不可撤銷地全權委由貴行於押匯日或託收款、匯入匯款、光票託收款入帳通知日運行用以償還借款本息。為確保本借款還款資金來源，立約人前述出口押匯、出口託收或匯入匯款等，均應於貴行承作。

Article 5. If the Customer delegates the Bank to handle export foreign exchange settlement or export collection, any foreign exchange received there from shall be irrevocably delegated to the Bank for repayment of the loan on the negotiation date or the book-entry notification date of the collected funds, remitted funds, or collected amount under clean bills. The Customer shall conduct the aforementioned export negotiation, export collection, or remitted funds with the Bank in order to secure the source of the loan repayment.

第六條 本契約項下立約人所提供之票據、訂單、信用狀等，如於該筆借款到期日前已收妥款項，立約人及保證人同意貴行得運行提前充償該筆借款。

Article 6. If the negotiable instruments, purchase orders, letters of credit, and other such documents provided by the Customer pursuant

to a provision hereunder have had its payment collected in full prior to the applicable maturity dates, the Customer and guarantor agree that the Bank may prematurely set off the corresponding loan.

第七條 立約人如向 貴行辦理出口押匯而遭國外拒付，或出口託收到期不獲付款，或有其他國外買主未依約付款情形時，借款人及保證人願無條件立即清償。

Article 7. If the Customer applies to the Bank for export negotiation and the payment was refused abroad, or funds under export collection are not collected at maturity date, or other instances where the foreign buyers fail to pay according to the agreement, the Customer and guarantor shall repay immediately and unconditionally.

**庚：個人資料保護法告知事項 (G:Notification of Personal Protection Information)**

由於個人資料之蒐集，涉及立約人的隱私權益，貴行向立約人蒐集個人資料時，依據個人資料保護法（以下稱個資法）第八條第一項（如為間接蒐集之個人資料則為第九條第一項）規定，應明確告知立約人下列事項：

Considering confidentiality of the collection of the Customer's personal information, according to Article 8, paragraph 1 of the Personal Information Protection Act of TAIWAN (hereinafter referred to as the "PIPA") (if indirectly collect according to Article 9, paragraph 1 of the PIPA), the Bank shall clearly inform the Customer following issues:

第一條 有關 貴行蒐集立約人個人資料之目的、個人資料類別及個人資料利用之期間、地區、對象及方式等內容，請詳閱如下表：

Article 1. With regard to the Customer's personal information to be collected by the Bank, please refer to the Annex for detail purpose of collection, classification of personal information and period, areas, parties and way of the use of the Customer's personal information.

蒐集之特定目的	業務特定目的及代號	022 外匯業務/067 信用卡、現金卡、轉帳卡或電子票證業務/082 借戶與存款戶存借作業綜合管理/068 撥貸與授信業務/106 授信業務/111 票券業務/126 債權盤貼現及收買業務/154 徵信/181 其他經營合於營業登記項目或組織章程所定之業務
	共通特定目的及代號	040 行銷/059 金融服務業依法令規定及金融監理需要，所為之蒐集處理及利用/060 金融爭議處理/063 非公務機關依法定義務所進行個人資料之蒐集處理及利用/069 契約、類似契約或其他法律關係管理之事務/090 消費者、客戶管理與服務/091 消費者保護/098 商業與技術資訊/104 帳務管理及債權交易業務/136 資（通）訊與資料庫管理/137 資通安全與管理/157 調查、統計與研究分析/182 其他諮詢與顧問服務
蒐集之個人資料類別		姓名、身分證統一編號、性別、出生年月日、通訊方式及其他詳如相關業務申請書或契約書之內容，並以 貴行與立約人往來之相關業務、帳戶或服務及自立約人或第三人處（例如：財團法人金融聯合徵信中心）所實際蒐集之個人資料為準。
個人資料利用之期間		(1) 特定目的存續期間。 (2) 依相關法令所定（例如商業會計法等）或因執行業務所必須之保存期間或依個別契約就資料之保存所定之保存年限。（以期限最長者為準）
個人資料利用之地區		以「個人資料利用之對象」欄位所列之利用對象其國內及國外所在地。
個人資料利用之對象		(1) 貴行（含受 貴行委託處理事務之委外機構） (2) 依法令規定利用之機構（例如： 貴行所屬金融控股公司及其子公司等）。 (3) 其他業務相關之機構（例如：通匯行、財團法人金融聯合徵信中心、財團法人聯合信用卡處理中心、臺灣票據交換所、財金資訊股份有限公司、信用保證機構、信用卡國際組織、收單機構暨特約商店、臺灣集中保管結算所、財團法人中小企業信用保證基金、華僑貸款信用保證基金及受讓季貸（經受讓、季貸） 貴行債權債務之人等）。 (4) 依法有權機關或金融監理機關。 (5) 立約人所同意之對象（例如 貴行共同行銷或交互運用客戶資料之公司、與 貴行合作推廣業務之公司等）。
個人資料利用之方式		符合個人資料保護相關法令以自動化機器或其他非自動化之利用方式。

Description of Specific Purpose for Collection	Specific Purpose and Code of Business	022 Foreign exchange business/ 067 Credit card, cash card, debit card or electronic stored value card business/ 082 Overall management of depositing and borrowing operation of deposit accounts and loan accounts/ 088 Loan approval and credit extension business/ 106 Credit extension business/ 111 Finance bills business/ 126 Creditor's rights discounting and acquisition business/ 154 Credit investigation/ 181 Other business registered as scope of business or prescribed in the Articles of Incorporation
	Specific Purpose and Code in Common	040 Marketing/ 059 Financial collect, process and use the information according to the laws and regulatory requirements/ 060 Financial dispute resolution/ 063 Collection, processing and utilization of personal information made by a non-government agency in respect of its statutory obligation/ 069 Affairs in relation to the management of contracts, quasi-contracts, or other legal relationships/ 090 Consumer, customer management and service/ 091 Consumer protection/ 098 Commercial and technical information/ 104 Account management and creditor's right trading business/ 136 Information (communication) and database management/ 137 Information and communication security and management/ 157 Investigation, statistics and research analysis/ 182 Other consulting and advisory services
Classification of the personal information collected		Name, I.D. card number, gender, date of birth, contact information, account information, transaction information and other information detailed in the relevant applications, agreements, contract, or from the business, accounts or services provided to the Customer or from third parties. (e.g., the Joint Credit Information Center)
Period of using the personal information		(1) Within time period of specific purpose. (2) Retention period in accordance with the relevant laws/regulations (such as Business Entity Accounting Act etc.) or in line with business needs or individual contracts. (the longer period to be applied).
Area of using the personal		The location of the parties indicated in the column of "Parties of using the personal

information	information".
Parties of using the personal information	(1) The Bank (including the service provider engaged with the Bank) (2) The institution using the information in compliance with regulations (such as the parent company of the Bank or the financial holdings the Bank belonging to) (3) The institutions in relation to relevant business (such as correspondent banks, Joint Credit Information Center, National Credit Card Center of R.O.C., The Taiwan Clearing House, Financial Information Service Co., Ltd., credit guarantee institutions, credit card international organizations, credit card acquirers, engaged stores, Taiwan Depository and Clearing Corporation, Small and Medium Business Credit Guarantee Fund, The Overseas Chinese Credit Guarantee Fund, any assignee (potential assignee) of Bank's loan, participant (potential participant) of Bank's loan, or any other Bank's authorized agents (4) Legally investigation authority or financial supervisory authority (5) Parties agreed by the Customer (such as the Bank's jointly marking or Customer information sharing companies, the Bank's business cooperative units)
Ways of using the personal information	By way of automatic or non-automatic measures that is compliance with personal information protection relevant regulations.

第二條 依據個資法第三條規定，立約人就 貴行保有立約人之個人資料得行使下列權利：

- (一) 除有個資法第十條所規定之例外情形外，得向 貴行查詢、請求閱覽或請求製給複製本，惟 貴行依個資法第十四條規定得酌收必要成本費用。
- (二) 得向 貴行請求補充或更正，惟依個資法施行細則第十九條規定，立約人應適當釋明其原因及事實。
- (三) 貴行如有違反個資法規定蒐集、處理或利用立約人之個人資料，依個資法第十一條第四項規定，立約人得向 貴行請求停止蒐集。
- (四) 依個資法第十一條第二項規定，個人資料正確性有爭議者，得向 貴行請求停止處理或利用立約人之個人資料。惟依該項但書規定， 貴行因執行業務所必須並註明其爭議或經立約人書面同意者，不在此限。
- (五) 依個資法第十一條第三項規定，個人資料蒐集之特定目的消失或期限屆滿時，得向 貴行請求刪除、停止處理或利用立約人之個人資料。惟依該項但書規定， 貴行因執行業務所必須或經立約人書面同意者，不在此限。

Article 2. According to Article 3 of the PIPA, the Customer may exercise the following rights with respect to the Customer's personal information collected by the Bank:

- (a) Save in the exceptional circumstances as provided in Article 10 of the PIPA, the Customer may inquire and request for a review or make duplications of the Customer's personal information. However, the Bank may charge necessary handling fee in terms of Article 14 of the PIPA.
- (b) The Customer may request to supplement or correct the Customer's personal information. However, according to Article 19 of the Enforcement Rules of the PIPA, the Customer shall give an appropriate statement of the reasons and facts for such request.
- (c) According to Article 11, paragraph 4 of the PIPA, the Customer may request the Bank to discontinue collection, processing or use of the Customer's personal information where a violation of this Act occurred during collecting, processing or using the Customer's personal information.
- (d) According to Article 11, paragraph 2 of the PIPA, the Customer may request the Bank to discontinue processing or using the Customer's personal information in the event of a dispute regarding the accuracy of personal information. However, the preceding sentence may not be applicable when it is necessary for the performance of an official duty or fulfillment of a legal obligation and has been recorded, or when it is agreed by the Customer in writing.
- (e) According to Article 11, paragraph 3 of the PIPA, the Customer may request the Bank to delete, discontinue processing or using the Customer's personal information when the specific purpose no longer exists or time period expires. However, the preceding sentence may not be applicable when it is necessary for the performance of an official duty or fulfillment of a legal obligation, or when it is agreed by the Customer in writing.

第三條 立約人如欲行使上述個資法第三條規定之各項權利，有關如何行使之方式，得向 貴行客服 (0800-024-365) 詢問。

Article 3. If the Customer wish to exercise the various rights as provided in the aforesaid Article 3 of the PIPA, the Customer may make inquiry to the Bank's Customer Service Department (0800-024-365) about the methods to exercise such rights.

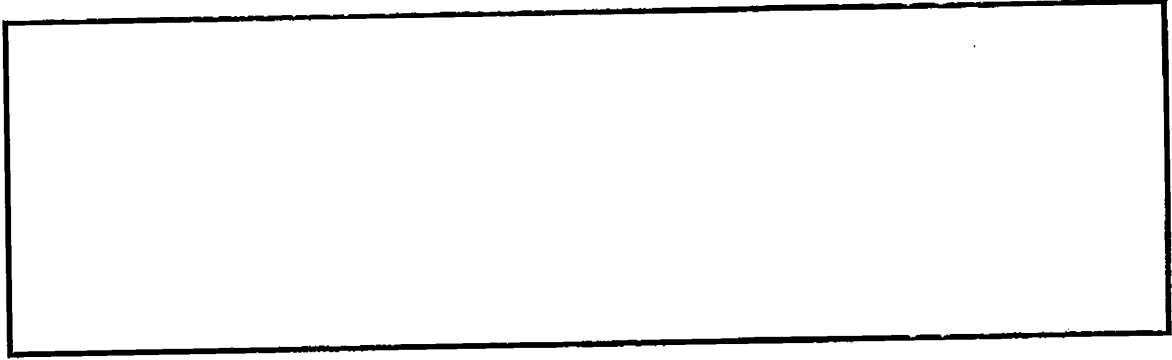
第四條 立約人得自由選擇是否提供相關個人資料及類別，惟立約人所拒絕提供之個人資料及類別，如果是辦理業務審核或作業所需之資料， 貴行可能無法進行必要之業務審核或作業而無法提供立約人相關服務或無法提供較佳之服務，敬請見諒。

Article 4. The Customer may decide whether or not to provide the related classifications of Customer's personal information. However, the Bank may not be able to proceed with the necessary business review or operation for providing the relevant service (or better service) to the Customer if the Customer decide not to provide the information.

第五條 立約人提供予 貴行之資料若包含立約人以外第三人 (例如公司之股東、董監事或經理人等) 之個人資料時，立約人應以適當方式使該第三人知悉本告知事項。

Article 5. In the event that the information the Customer has provided to the Bank includes the personal information of a third party, the Customer shall let the third party to know through appropriate means that his/her personal information would be provided to the Bank within the scope of this Notification.

其他契約 (Other agreements):



此 致

中國信託商業銀行股份有限公司  
To: CTBC Bank Co., Ltd.

台照

立約定書人： FGI INTERNATIONAL LIMITED

(親自簽名蓋原留約定印鑑)

(The undersigned)

(Signature and Original Specimen)

代表人或法定代理人：

FGI International, Limited

(Representative or Statutory Agent)

營利事業統一編號： FG000049

(Uniform Invoice Number)

住址(有印鑑卡者免填)：

(Address, those with a chop specimen is not required to provide the address)

日期： 114 年 1 月 14 日

(Date)

立約定書人兼共同發票人： CHEN JOHN SHU NAN

(親自簽名蓋原留約定印鑑)

(The undersigned who also act as a Co-Maker)

(Signature and Original Specimen)

代表人或法定代理人：

(Representative or Statutory Agent)

營利事業統一編號： 19780907CHF

(Uniform Invoice Number)

住址(有印鑑卡者免填)：台北市中山區長安東路一段23號9樓24

(Address, those with a chop specimen is not required to provide the address)

日期： 114 年 1 月 14 日

(Date)

立約定書人兼共同發票人： FGI INDUSTRIES LTD

(親自簽名蓋原留約定印鑑)

(The undersigned who also act as a Co-Maker)

(Signature and Original Specimen)

代表人或法定代理人：

(Representative or Statutory Agent)

營利事業統一編號： FG000036

(Uniform Invoice Number)

住址(有印鑑卡者免填)：

(Address, those with a chop specimen is not required to provide the address)

日期： 114 年 1 月 14 日

(Date)

立約定書人兼共同發票人：

(親自簽名蓋原留約定印鑑)

(The undersigned who also act as a Co-Maker)

(Signature and Original Specimen)

代表人或法定代理人：

(Representative or Statutory Agent)

營利事業統一編號：

(Uniform Invoice Number)

住址(有印鑑卡者免填)：

(Address, those with a chop specimen is not required to provide the address)

日期： 年 月 日

(Date)

立約定書人兼小本票發票人：  
(The undersigned who also act as a Promissory Note Maker)

(親自簽名蓋原留約定印鑑)  
(Signature and Original Specimen)

代表人或法定代理人：  
(Representative or Statutory Agent)

營利事業統一編號：  
(Uniform Invoice Number)

住址(有印鑑卡者免填)：  
(Address, those with a chop specimen is not required to provide the address)

日 期： 年 月 日  
(Date)

立約定書人兼小本票發票人：  
(The undersigned who also act as a Promissory Note Maker)

(親自簽名蓋原留約定印鑑)  
(Signature and Original Specimen)

代表人或法定代理人：  
(Representative or Statutory Agent)

營利事業統一編號：  
(Uniform Invoice Number)

住址(有印鑑卡者免填)：  
(Address, those with a chop specimen is not required to provide the address)

日 期： 年 月 日  
(Date)

立約定書人兼小本票發票人：  
(The undersigned who also act as a Promissory Note Maker)

(親自簽名蓋原留約定印鑑)  
(Signature and Original Specimen)

代表人或法定代理人：  
(Representative or Statutory Agent)

營利事業統一編號：  
(Uniform Invoice Number)

住址(有印鑑卡者免填)：  
(Address, those with a chop specimen is not required to provide the address)

日 期： 年 月 日  
(Date)

立約定書人兼擔保物提供人：  
(The undersigned who also act as a Mortgagor)

(親自簽名蓋原留約定印鑑)  
(Signature and Original Specimen)

代表人或法定代理人：  
(Representative or Statutory Agent)

營利事業統一編號：  
(Uniform Invoice Number)

住址(有印鑑卡者免填)：  
(Address, those with a chop specimen is not required to provide the address)

日 期： 年 月 日  
(Date)

立約定書人兼擔保物提供人：

(The undersigned who also act as a Mortgagor)

(親自簽名蓋原留約定印鑑)  
(Signature and Original Specimen)

代表人或法定代理人：

(Representative or Statutory Agent)

營利事業統一編號：

(Uniform Invoice Number)

住址(有印鑑卡者免填)：

(Address, those with a chop specimen is not required to provide the address)

日 期： 年 月 日  
(Date)

立約定書人兼擔保物提供人：

(The undersigned who also act as a Mortgagor)

(親自簽名蓋原留約定印鑑)  
(Signature and Original Specimen)

代表人或法定代理人：

(Representative or Statutory Agent)

營利事業統一編號：

(Uniform Invoice Number)

住址(有印鑑卡者免填)：

(Address, those with a chop specimen is not required to provide the address)

日 期： 年 月 日  
(Date)

立約定書人兼本票保證人：

(The undersigned who also act as a Guarantor of the Promissory Note)

(親自簽名蓋原留約定印鑑)  
(Signature and Original Specimen)

代表人或法定代理人：

(Representative or Statutory Agent)

營利事業統一編號：

(Uniform Invoice Number)

住址(有印鑑卡者免填)：

(Address, those with a chop specimen is not required to provide the address)

日 期： 年 月 日  
(Date)

注意：立約人如未成年，應加請法定代理人於「立約人簽章欄」簽章。

Attention: If any of the above person has not reached the legal age, his/her statutory agent shall also sign and chop under the "Customer Signature" column.

## 印鑑約定書/授權書

(SPECIMEN AGREEMENT AND AUTHORIZATION)

※本公司（本人）茲授權於下列印鑑式樣為本公司（本人）/之代表人，並承認該代表人留存之印鑑在未有不同之書面通知前有效代表（代理）本公司（本人），並代表（代理）本公司（本人）與 貴行辦理下列業務交易：

※I/We hereby acknowledge the following signature and chop specimen represent this company (individual) / the representative of this company, and acknowledge that, unless otherwise notified in writing, these specimens will effectively represent (act as agent for) this company (individual), and further represent (act as agent for) this company (individual) in the following transactions engaged with the Bank:

1. 使用各種票據、借據及一切憑證之印鑑登記。

1. As signature and chop specimen for various negotiable instruments, IOU and for any and all other verification purposes.

2. 本公司（本人）土地、廠房、建物、機器設備等財產之設定質押與抵押、移轉、交付各種有價證券於貴行。

2. The pledge or mortgage of this company's (individual's) land, factory, building, or machinery or equipment, and the transfer and delivery of various securities to the Bank.

3. 簽署約定書、保證書、收據及其他業務交易上認為必要之一切文件與保證、背書等行為。

3. Execution of agreements, letters of guarantee, invoices, receipts and any and all other documents, instruments or material necessary for transaction, as well as undertaking any guarantee or endorsement.

4. 與貴行辦理外匯有關授信業務及其他交易上之一切文件。

4. Processing of foreign exchange credit facilities with the Bank and any and all other transactional documents.


5. 茲同意除大寫金額文字外，有關其他法定要項之塗改更正處，概憑雙方約定使用印鑑中之任一組簽蓋，即生效力，若因此造成任何相關損失，本公司（本人）願自負其責。

5. I/We hereby agree that, other than the numeric amounts written in traditional Chinese characters, any set of the parties' signatures and chops is effective in making any change, modification, alteration or amendment. If any losses or damages resulted therefrom, this company (individual) will bear all responsibilities.

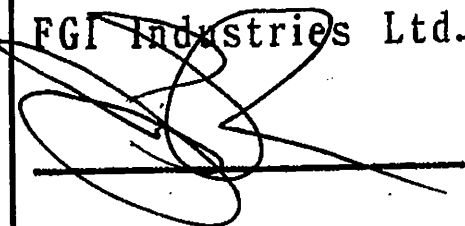
※共同發票人、擔保物提供人、小本票發票人、本票保證人專用：

※For the exclusive use of the Co-Maker, Collateral Provider, Maker of Promissory Note or Guarantor Issued to Secure Each Drawdown.

茲同意下列印鑑以  壹式憑壹式  貳式憑壹式  為有效  
 The undersigned hereby agrees that the following specimens are valid and effective, if:  
 One set of specimen is required if only one set of specimen is provided herein.  
 One set of specimen is required if two sets of specimen are provided herein.

(一) SIGNATURE SPECIMEN 簽章樣本  	(二) SIGNATURE SPECIMEN 簽章樣本 (This section is crossed out with a diagonal line)	更換註銷日期 (Date of Change/ Cancellation)  經辦 (Handled by)  主管 (Officer in Charge)
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茲同意下列印鑑以  壹式憑壹式  貳式憑壹式  為有效  
 The undersigned hereby agrees that the following specimens are valid and effective, if:  
 One set of specimen is required if only one set of specimen is provided herein.  
 One set of specimen is required if two sets of specimen are provided herein.

(一) SIGNATURE SPECIMEN 簽章樣本  FGI Industries Ltd. 	(二) SIGNATURE SPECIMEN 簽章樣本 (This section is crossed out with a diagonal line)	更換註銷日期 (Date of Change/ Cancellation)  經辦 (Handled by)  主管 (Officer in Charge)
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茲同意下列印鑑以  壹式憑壹式  貳式憑壹式  為有效  
 The undersigned hereby agrees that the following specimens are valid and effective, if:  
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(一) SIGNATURE SPECIMEN 簽章樣本 (This section is crossed out with a diagonal line)	(二) SIGNATURE SPECIMEN 簽章樣本 (This section is crossed out with a diagonal line)	更換註銷日期 (Date of Change/ Cancellation)  經辦 (Handled by)  主管 (Officer in Charge)
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**FGI INDUSTRIES LTD.**  
**INSIDER TRADING POLICY**  
**AND GUIDELINES WITH RESPECT TO CERTAIN TRANSACTIONS IN COMPANY SECURITIES**  
**EFFECTIVE: NOVEMBER 30, 2023**

Federal and state securities laws prohibit individuals from trading in the securities of a company while they are aware of material information about that company that is not generally known or available to the public. Such trading is often referred to as “insider trading.” The purpose of this Insider Trading Policy is to prevent insider trading or allegations of insider trading, and to protect the reputation for integrity and ethical conduct of FGI Industries Ltd. (the “*Company*”).

**APPLICABILITY OF POLICY**

**A. *Material Nonpublic Information*** means material information (described below) that has either not been disclosed to the public generally, or has been disclosed so recently that sufficient time has not yet passed to allow the information to become widely available among investors and the financial community.

**B. *Material Information*** means information about a company that would be expected to affect the investment or voting decision of a reasonable investor, or information that could reasonably be expected to have an effect on the price of that company’s securities. Examples of what might be considered material information are listed later in this Policy.

**C. *Covered Individuals***. This Policy applies to:

1. *Company Personnel*. All directors, officers and employees of the Company and any subsidiary (“*Company Personnel*”), as well as members of their immediate families and others living in the same household.
2. *Contractors, Consultants and Advisors*. All contractors, consultants and advisors to the Company and any subsidiaries whose work for the Company brings them into contact with material nonpublic information.
3. *Related Parties*. Any other person or entity, including a trust, corporation, partnership or other association, whose transactions in Company securities are directed by any person covered by paragraph C(1) or C(2) or are subject to that person’s influence or control.

The individuals and entities described in paragraphs C(1), C(2) and C(3) are referred to as “*Covered Persons*.”

**D. *Covered Companies***. This Policy applies to trading in the securities of:

- the Company; and
- any other company with which the Company or any subsidiary is or may be doing business, such as customers, suppliers or companies with which a major transaction such as a merger, acquisition or divestiture may be or is being negotiated.

**E. *Covered Transactions***. The securities trading that this Policy covers includes purchases and sales of common stock, options to acquire common stock and any other securities the Company may issue from time to time, such as preferred stock, warrants and convertible debentures, and purchases and sales of derivative securities relating to the Company’s stock, whether or not issued by the Company, such as exchange-traded options. Trading covered by this Policy may or may not include transactions under Company-sponsored plans as follows:

1. *Stock Option Exercises*. The Policy’s trading restrictions do not apply to the purchase of Company stock through the exercise of stock options granted by the Company. The trading restrictions do apply to any contemporaneous (such as a sale through a broker as part of a cashless exercise of the option) or subsequent sale of Company stock acquired through an option exercise.

2. *Employee Stock Purchase Plan Purchases*. The Policy’s trading restrictions do not apply to the purchase of Company stock through any employee stock purchase plan that the Company may maintain from time to time. The Policy’s trading restrictions do apply, however, to any election to participate in such plan for any enrollment period, and to the sale of any shares purchased pursuant to such plan.

3. *Restricted Stock/Unit and Performance Stock/Unit Awards*. The Policy’s trading restrictions do not apply to the vesting of restricted stock/units or performance stock/units, or to the exercise of a tax withholding right pursuant to which the person elects to have the Company withhold shares of stock to satisfy tax withholding requirements upon vesting. The trading restrictions do apply to any market sales of shares, such as a sale-to-cover.

4. *Certain Gifts.* The Policy's trading restrictions do not apply to a bona fide gift of Company stock so long as either (i) the recipient of the gift is subject to the same trading restrictions under this Policy as are applicable to you, or (ii) you otherwise have no reason to believe that the recipient intends to sell the securities immediately or during a period when you would not be permitted to trade pursuant to the terms of this Policy.

## STATEMENT OF POLICY

Insider trading involves trading at any time when the person making the purchase or sale *is aware* of material nonpublic information regarding the company whose securities are being traded. If you have a doubt or question about whether you are aware of or in possession of material nonpublic information concerning the Company or another company, you should contact the Company's Chief Financial Officer.

### A. *No Trading on Material Nonpublic Information*

1. *Company Securities.* If you are a Covered Person, you must not purchase or sell any Company securities, or otherwise advise or assist any third-party trading Company securities, while you are aware of material nonpublic information regarding the Company.

2. *Other Companies' Securities.* If you are a Covered Person and you obtain material nonpublic information about any other publicly-held company as a result of your work on behalf of the Company or any subsidiaries, you must not trade in that company's securities.

**B. *No Disclosure to Others Who Might Trade.*** If you are a Covered Person, you must not communicate material nonpublic information to any person who does not need that information for a legitimate business purpose, or recommend to anyone the purchase or sale of securities when you are aware of material nonpublic information about the company involved. This practice, known as "tipping," also violates the securities laws and can result in the same civil and criminal penalties that apply to insider trading, even though you did not actually trade and did not benefit from another's trading.

**C. *Protect Material Nonpublic Information.*** In order to reduce the possibility that material nonpublic information will be inadvertently disclosed:

- You must treat material nonpublic information as confidential, exercise the utmost caution in preserving the confidentiality of that information, and should not discuss it with any other person who does not need to know it for a legitimate business purpose.
- You should refrain from discussing material nonpublic information relating to the Company or any public company in public places where such discussions can be overheard.
- If you become aware of any leak of material nonpublic information, whether inadvertent or otherwise, you should report the leak immediately to the Company's Chief Financial Officer.

**D. *Specific Material Developments.*** From time to time, material developments known only to a limited number of Company personnel may occur to cause the Company to impose on an appropriate group of Company personnel additional restrictions on trading. You will be notified if you become part of such a group, and you should not disclose to others the fact that you have been so notified and that restrictions on trading have been imposed.

## ADDITIONAL RESTRICTIONS ON CORPORATE INSIDERS

If you are a Corporate Insider (directors and Section 16 officers of the Company and other officers and employees of the Company and any subsidiaries who have been designated as Corporate Insiders by the Chief Compliance Officer, if designated, otherwise the Chief Financial Officer), you are subject to additional restrictions on trading Company securities as set out in the attached Addendum. The Company may also, from time to time, impose on all or an appropriate group of Covered Persons additional restrictions on trading Company securities when circumstances warrant. These additional restrictions will be communicated by the Chief Compliance Officer, if designated, otherwise the Chief Financial Officer.

## DISCIPLINARY ACTION AND POTENTIAL CIVIL AND CRIMINAL PENALTIES

**A. *Disciplinary Action.*** Company personnel who fail to comply with this Policy will be subject to appropriate disciplinary action, which may include ineligibility to participate in the Company's equity incentive plans or termination of employment.

**B. *Civil and Criminal Penalties.*** The penalties for violating insider trading laws are severe. If you trade on (or tip) material nonpublic information, you are subject to civil penalties of up to three times the profit gained or loss avoided, criminal fines of up to \$5,000,000 and up to 20 years imprisonment. If the Company fails to take appropriate steps to

prevent insider trading, the Company and its directors, officers and other supervisory personnel may be subject to “controlling person” liability and potential civil and criminal penalties.

## **MATERIAL INFORMATION**

There are various categories of information that are particularly sensitive and, as a general rule, will presumptively be considered material. Examples of such information include:

- Financial results or financial condition.
- Projections of future earnings or losses.
- Restatements of financial results or material impairments, write-offs or restructurings.
- Changes in auditors.
- Default under a significant financing arrangement, or financial liquidity problems.
- Business plans or budgets.
- Significant developments involving business relationships, including execution, modification or termination of significant agreements or orders with customers, suppliers, distributors, manufacturers or other business partners.
- Product introductions, modifications, defects or recalls, significant pricing changes, or other product announcements of a significant nature.
- Public or private securities (equity or debt) offerings.
- Significant litigation exposure due to actual or threatened litigation.
- Significant regulatory exposure due to actual or threatened action by state or federal regulators.
- Significant corporate events, such as a pending or proposed merger, joint venture or tender offer, a significant investment, the acquisition or disposition of a significant business or asset, or a change in control of the company.
- Major personnel changes, such as changes in senior management or lay-offs.
- Major events regarding a company’s securities (such as defaults, redemptions, stock splits, repurchase plans, changes in dividends).

## **INQUIRIES**

Inquiries regarding any of the provisions or procedures of this Insider Trading Policy should be directed to the Chief Financial Officer.

## ADDENDUM

### ADDITIONAL REQUIREMENTS AND RESPONSIBILITIES FOR CORPORATE INSIDERS

**A. Purpose.** This Addendum supplements the FGI Industries Ltd. (the “*Company*”) Insider Trading Policy and applies to Company directors and Section 16 officers as well as to other officers and employees designated by the Chief Compliance Officer, if designated, otherwise the Chief Financial Officer. These people are subject to both the general requirements of the Insider Trading Policy as well as to additional procedures and requirements described below to help prevent inadvertent violations of federal securities laws, to avoid even the appearance of impermissible insider trading, and to facilitate their compliance with certain legal requirements not applicable to Company personnel generally.

#### **B. Persons Covered.**

1. *Directors and Section 16 Officers.* All provisions of this Addendum apply to the directors and officers of the Company subject to Section 16 of the Securities Exchange Act of 1934 (referred to herein as “*Section 16 Officers*”).

2. *Other Officers and Employees.* Designated provisions of this Addendum apply to designated other officers of the Company and to designated employees. These other officers and employees, whose duties cause them to regularly have access to material nonpublic information about the Company, will be notified by the Chief Compliance Officer, if designated, otherwise the Chief Financial Officer that they are subject to this Addendum.

3. *Related Parties.* If you are covered by paragraph B(1) or B(2), then this Addendum also applies to the same extent to your immediate family members and other individuals living in your household, and to any other person or entity, including a trust, corporation, partnership or other association, whose transactions in Company securities are directed by you or are subject to your influence or control.

The individuals and entities described in paragraphs B(1), B(2) and B(3) above are collectively referred to as “*Corporate Insiders*.”

#### **C. Blackout Periods for all Corporate Insiders**

1. *Trading Not Permitted During Blackout Periods.* If you are a Corporate Insider, you may not purchase, sell or otherwise trade Company securities during the period beginning on the 16th day of the last calendar month of each fiscal quarter and continuing through the second trading day following the public release of the Company’s financial results for that fiscal quarter. If a Corporate Insider wishes to trade outside of a blackout period, the person may do so only if he or she is not then aware of any material nonpublic information. In addition, before Corporate Insiders may trade outside of any blackout period, they must comply with the notification and pre-clearance procedures described below.

2. *Illustration – Blackout Period:* If financial results for the quarter ended March 31 are released after the stock market closes on April 26, then Corporate Insiders are prohibited from trading from March 16 through April 28, but could trade from April 29 through June 16, assuming that April 27 and 28 are trading days and assuming that they are not aware of material nonpublic information.

#### **D. Required Preclearance of Trades**

1. *Notices of Intended Transaction and Requests for Approval.* If you are a Corporate Insider, you may not engage in any transaction involving Company securities without first obtaining pre-clearance of that transaction from the Company’s Chief Compliance Officer, if designated, otherwise the Chief Financial Officer or other individual designated by the Company’s Chief Compliance Officer, if designated, otherwise the Chief Financial Officer or board of directors (collectively, the “*Compliance Officers*”). Prior to initiating any transaction in Company securities during a permitted trading period, you must deliver to the Chief Compliance Officer a written notice providing certain information regarding the proposed transaction and confirmation that you have reviewed this Addendum and are not aware of any material, non-public information concerning the Company (a form to request preclearance is attached as Exhibit A). Notices of intended transactions and requests for approval may be delivered by e-mail.

2. *Clearance to Proceed with a Transaction.* Prior to completing a transaction, a Corporate Insider must receive clearance of one of the Compliance Officers. Clearance in response to a written request for approval will generally be valid until the end of the current permitted trading period, unless an earlier deadline is imposed by one of the Compliance Officers, but a clearance may be revoked at any time without notice. If the Corporate Insider becomes aware of material, non-public information concerning the Company before the trade is executed, the pre-clearance shall be void and the trade must not be completed.

## E. Additional Obligations and Restrictions on Trading by Directors and Section 16 Officers

1. *Restricted Transactions.* Directors and Section 16 Officers, or their designees, are also prohibited from engaging in the following transactions with respect to Company securities:

- purchasing Company securities on margin, or otherwise pledging Company securities;
- short sales of Company securities (selling securities not owned at the time of sale);
- buying or selling put or call options or other derivative securities based on Company securities;
- purchasing any financial instruments (including prepaid variable forward contracts, equity swaps, collars and exchange funds) or otherwise engaging in transactions that are designed to or have the effect of hedging or offsetting any decrease in the market value of equity securities (i) granted to the individual by the Company as part of the compensation of the individual or (ii) held, directly or indirectly, by the individual; and
- engaging in limit orders or other pre-arranged transactions that execute automatically, except for “same-day” limit orders and approved 10b5-1 plans.

2. *Short-Swing Trading Restrictions.* Section 16(b) restricts directors and Section 16 Officers of the Company from short-swing trading. Section 16(b) requires directors and Section 16 Officers to pay over to the Company any profit realized from any purchase and sale (in either order) of Company securities that occur within six months of each other. Section 16 and its related rules are very complex, and the Company will provide to each director and Section 16 officer a separate memorandum discussing compliance with Section 16 and its related rules.

Some transactions are exempt from Section 16(b). For example, a grant to a director or Section 16 Officer of an equity award will not be treated as a purchase under Section 16(b) if the grant is approved by the Compensation Committee. In addition, the exercise, conversion, or vesting of an equity award is generally an exempt transaction under Section 16(b), although exercise or conversion is reportable under Section 16(a).

3. *Reporting of Beneficial Ownership.* Section 16(a) requires Section 16 Officers and directors to report their beneficial ownership of Company securities to the Securities and Exchange Commission. Beneficial ownership is based on your direct or indirect pecuniary interest in the securities – i.e., your ability to profit from purchases or sales of the securities. In addition to the more obvious scenarios, you are considered to have a beneficial ownership of securities held by:

- *Household members* – members of the insider’s immediate family sharing the same household;
- *Trust* – if the insider has or shares investment control over the trust securities and the insider is a trustee (with a pecuniary interest in the trust securities), beneficiary, or settlor with the power to revoke the trust; and
- *Controlled entities* – if the insider controls or has a controlling interest in an entity, such as a partnership, corporation or limited liability company.

Section 16(a) also applies to options, warrants, convertible securities, stock appreciation rights, puts, calls or other rights to acquire ordinary shares that are independently entered into with another person as well as options issued by the Company. Section 16 Officers and directors should report beneficial ownership as follows:

- *Initial Report – Form 3:* A Section 16 Officer or director must file Form 3 within ten days of the event triggering compliance, even if he or she does not own Company securities at the time.
- *Current Report – Form 4:* A Section 16 Officer or director must report any changes that occur in his or her beneficial ownership of the Company’s securities on Form 4, which must be filed within two business days after the event/transaction requiring the filing. As a rule, this covers all non-exempt transactions involving Company securities, including purchases and sales of shares, changes in the form of beneficial ownership that also include a change in pecuniary interest, the grant, exercise, vesting and disposition of equity awards, the withholding of shares for taxes upon vesting of equity awards, and dispositions of shares by *bona fide* gift.
- *Annual Report – Form 5:* A Section 16 Officer or director must file a Form 5 within 45 days after the end of the Company’s fiscal year to report any non-exempt transactions not previously reported on Form 4.

## **F. Exceptions for Approved 10b5-1 Plans**

Transactions by Corporate Insiders in Company securities that are executed pursuant to a 10b5-1 plan under the Securities Exchange Act of 1934, as amended (“10b5-1 Plan”), are not subject to prohibition on trading on the basis of material nonpublic information or the restrictions in this Addendum relating to the pre-clearance approval process or window periods, provided that the 10b5-1 Plan (i) is approved in writing in advance of any trades thereunder by the Chief Compliance Officer; (ii) has not since been revised or modified; and (iii) was entered into in good faith at a time when the purchaser or seller, as applicable, was not in possession of material nonpublic information about the Company or subject to a blackout period, and further provided that the Corporate Insider complies with the applicable cooling-off period provided for in such 10b5-1 plan prior to the first sale or purchase thereunder. Any 10b5-1 Plan must be submitted for approval at least [five days] before the entry into such 10b5-1 Plan. While a 10b5-1 Plan is in effect, no further pre-approval of transactions conducted pursuant to the 10b5-1 Plan will be required.

Subject to certain limited exceptions specified in Rule 10b5-1, Covered Persons are limited to one “single-trade” plan, which is a 10b5-1 Plan designed to effect an open market purchase or sale of the total amount of securities subject to the plan as a single transaction, in any 12-month period. In addition, subject to certain limited exceptions specified in Rule 10b5-1, individuals may not have multiple, overlapping 10b5-1 Plans during the same period.

Modifications to 10b5-1 Plans may only be made during open trading windows, and, for all other purposes of this Policy including, without limitation, the requirement to obtain prior written approval of the Chief Compliance Officer and the requirement to observe a new “cooling-off” period before reinstating transactions under the modified 10b5-1 Plan, the modified 10b5-1 Plan shall be deemed to be a new 10b5-1 Plan. Any individual who terminates a 10b5-1 Plan must promptly notify the Chief Compliance Officer in writing.

Rule 10b5-1 provides an affirmative defense from insider trading liability under the federal securities laws for 10b5-1 Plans that meet certain requirements. Once the plan is adopted, you must not exercise any influence over the securities subject to the plan, including the amount of securities to be traded, the price at which they are traded or the date of the trade. The plan must either specify (including by formula) the amount, pricing and timing of the transactions in advance or delegate discretion on those matters to an independent party.

The Company and the Company’s directors and executive officers must make certain disclosures in SEC filings concerning 10b5-1 Plans. Directors and executive officers must undertake to provide any information requested by the Company regarding 10b5-1 Plans for the purpose of providing the required disclosures or any other disclosures the Company determines to be appropriate under the circumstances.

**NOTICE OF INTENT TO TRADE IN FGI INDUSTRIES LTD. SECURITIES**

To: [ ] of FGI Industries Ltd.  
RE: Pending Securities Transaction

FROM: \_\_\_\_\_  
Date: \_\_\_\_\_

I request approval to execute the following transaction(s) relating to FGI Industries Ltd. securities on or before (insert date):

**Type of Transaction:**

Purchase                      Sale                      Exercise of Option                      Exercise of Option and Sale of Securities

Other (explain): \_\_\_\_\_

**Securities to be Traded:**

Number of shares or principal amount: \_\_\_\_\_

**If You Are Buying or Selling Securities (check one):**

Securities held/to be held directly by me  
  
Securities held/to be held by securities holder other than me: Print name of holder: \_\_\_\_\_  
Relationship of securities holder to me: \_\_\_\_\_

I hereby represent that the transaction(s) referenced above will occur within the current permitted trading period of \_\_\_\_\_ to \_\_\_\_\_.

In connection therewith, I hereby certify that, in making this request, I am in compliance with the applicable provisions of the *FGI Industries Ltd. Insider Trading Policy*. I understand that clearance for the transaction(s), if granted, will be valid only until the applicable permitted trading period ends, unless it is revoked earlier.

Signed: \_\_\_\_\_

**For Chief Compliance Officer Use Only**

Date and Time Received: \_\_\_\_\_ By: \_\_\_\_\_

Approved                      Rejected

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Chief Compliance Officer

**LIST OF SUBSIDIARIES**

<b>Subsidiary</b>	<b>Jurisdiction of Formation</b>
FGI Industries Inc.	New Jersey
FGI Europe Investment Limited	British Virgin Islands
FGI International, Limited	Hong Kong
FGI Canada Ltd.	Canada
FGI Germany GmbH & Co. KG	Germany
FGI China Ltd.	China
FGI United Kingdom Ltd	United Kingdom
FGI Australasia Pty Ltd	Australia
Covered Bridge Cabinetry Manufacturing Co., Ltd	Cambodia
Isla Porter LLC	New Jersey
FGI Industries India Private Limited	India

**Independent Registered Public Accounting Firm's Consent**

We consent to the incorporation by reference in the Registration Statement on Forms S-8, S-3 and S-1 (No. 333-262353, No. 333-281721, No. 333-278585, and No. 333-259457) of our report dated March 31, 2025 relating to the financial statements of FGI Industries Ltd. appearing in this Annual Report on Form 10-K for the year ended December 31, 2024.

/s/ Marcum LLP

Marcum LLP  
Melville, NY  
March 31, 2025

**RULE 13a-14(a)/15d-14(a) CERTIFICATION**

I, David Bruce, certify that:

1. I have reviewed this Annual Report on Form 10-K of FGI Industries Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2025

/s/ David Bruce

David Bruce  
Chief Executive Officer  
(Principal Executive Officer)

**RULE 13a-14(a)/15d-14(a) CERTIFICATION**

I, Perry Lin, certify that:

1. I have reviewed this Annual Report on Form 10-K of FGI Industries Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2025

/s/ Perry Lin

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Perry Lin

Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

**CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002  
(18 U.S.C. SECTION 1350)**

In connection with the Annual Report on Form 10-K of FGI Industries Ltd. (the “*Company*”) for the twelve-month period ended December 31, 2024, to which this certification is being filed as of the date hereof as an exhibit thereto (the “*Report*”), I, David Bruce, Chief Executive Officer of the Company, and I, Perry Lin, Chief Financial Officer of the Company, each certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (a) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (15 U.S.C. 78m or 78o(d)); and
- (b) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 31, 2025

/s/ David Bruce

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David Bruce  
Chief Executive Officer  
(Principal Executive Officer)

/s/ Perry Lin

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Perry Lin  
Chief Financial Officer  
(Principal Financial Officer and Principal Accounting Officer)