



FU TA
Material
Technology

Stock Code:

**Fu Ta Material Technology Co.,
Ltd.**

FU TA MATERIAL TECHNOLOGY CO., LTD.

2023 Annual Report

Annual Report can be found at the following website:
Market Observation Post System: <http://mops.twse.com.tw>
or the Company's website: <http://www.fu-ta.com.tw>

Date of publication: May 7, 2024

- I. The Company's Spokesperson and Deputy Spokesperson:
- | | |
|-----------------------------|-----------------------------|
| Spokesperson | Deputy Spokesperson |
| Name Cheng Tang | Name Chi-feng Tseng |
| Title Chairperson | Title Director |
| Tel: (07)3011153 | Tel: (07)3011153 |
| E-mail: judo.cadc@gmail.com | E-mail: judo.cadc@gmail.com |
- II. Office address and telephone number of headquarters:
Address: 1F., No. 1, Ln. 157, Siwei Central Rd., Wuqi Dist., Taichung City
Tel: (04)26393256
- III. Name, address and phone number of the stock transfer agency:
Name: Share Transfer Department of Grand Fortune Securities Co., Ltd.
Address: 6F., No. 6, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City
Tel: (02)23836888
Website: <http://www.gfortune.com.tw>
- IV. Certified Public Accountants:
Name: Weyong International CPAs & Co.
Auditors: CPA Jim-Chen Ko and CPA Tzu-Yang Wang
Address: 10F-1, No. 52, Gongyi Rd., West Dist., Taichung City
Tel: (04)2319-2789
E-mail: we.yang@msa.hinet.net
- V. Overseas Securities Exchange: N/A.
- VI. Company website URL: www.fu-ta.com.tw
E-mail address: futa@fu-ta.com.tw

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A. Letter to Shareholders

I. 2023 Market Overview and Operating Performance

(I) Business Plan Implementation Results

Unit: Thousand NTD

Item \ Year	2023	2022	Increase (decrease) compared to 2022
Net operating revenue	76,959	171,703	(94,744)
Operating margin	(1,784)	21,658	(23,442)
Operating profits	(40,562)	(11,703)	(28,859)
Net profit for the current period	(19,893)	(7,968)	(11,925)

(II) Analysis of financial profitability

Item \ Year	2023	2022
Return on assets	-3.16%	-0.78%
Return on equity	-5.31%	-2.86%
Net income before tax to paid-in capital ratio	-2.72%	-0.12%
Net profit margin	-25.85%	-4.64%
Earnings per share (EPS) (NT\$)	(0.43)	(0.14)

In 2023, the output value of the overall manmade fiber industry has declined due to the stagnant global economy. The reasons are summarized as follows:

The total value of Taiwan's commodity exports totaled US\$432.5 billion in 2023, representing a 10% decrease from the same period in 2022. The total value of imports was US\$351.9 billion, a decrease of 18%; therefore, the trade surplus reached US\$80.6 billion, an increase of 56.9%. The total import/export value of the textile industry was US\$6.615 billion, showing a decrease of 25%. The total value of imports was US\$3.652 billion, a decrease of 7%; while the trade surplus reached US\$2.963 billion, or a decrease of US\$1.930 billion, or 39%, compared with the same period in 2022. In terms of export value analysis, the main exports were fabrics (accounting for 71%, a slump of 26%), followed by yarn (accounting for 13%, down 25%), fibers (accounting for 6%, down 11%) and ready-to-wear garments and accessories (accounting for 13%, down 25%), and other miscellaneous textiles (5%, down 28%). By analyzing the value of imports, it can be seen that the main imports were garments and accessories (accounting for 60%, up 4%), followed by fabrics (accounting for 13%, down 21%), miscellaneous textiles (accounting for 11%, down 9%), yarn (8%, down 37%), and fibers (8%, down 12%).

In terms of export regions, in terms of volume, the textile exports were ranked as the following: Vietnam, China, the United States, Indonesia and Cambodia, accounting for a total of 59% of all exports. In terms of exported goods, fabrics made up the bulk of the exports to the preceding five largest export regions, with Vietnam having the largest export value and Cambodia having the highest proportion. In terms of importing regions, China ranked in first place for our source of import, followed by Vietnam, the European Union, Japan and the United States, which

cumulatively accounted for 78% of the total import value. Among them, the main imports were ready-to-wear garments and accessories from China, Vietnam and the EU, fabrics from Japan, and fibers from the US.

However, the global economy has stagnated from the continued impacts of inflation and interest rate hikes. Shrinking demand, tightening monetary policy, and ongoing geopolitical conflicts have caused a sharp decline in exports of traditional goods, and even commodity trade has reached a double-digit decline. In particular, the tech competition between the US and China has added to the uncertainties, leading the international economic outlook to turn more conservative, and global consumer demand continues to be weak.

Since 2023, Taiwan's textile exports have declined sharply due to the inventory adjustment of brand customers. Although the Paris 2024 Olympics will help boost the revenues of the textile industry, and new orders from brand customers have gradually returned, thereby increasing industrial exports, the weak economies of Europe and the US have not yet led to large-scale procurement. Therefore, the textile industry remains to be conservative over its outlook in 2024.

II. 2024 Business Plan and Future Development Strategies

The global textile trading is expected to recover when the market finally comes out of the post-COVID recession. The EU's sustainable recycling strategy has redefined fashion and improved competitiveness. Japan promotes the concept of Asia Zero Emissions Community (AZEC)" to achieve the carbon neutrality by 2050 goal. To urge the textile industry to develop toward digitization and green energy, the Korean government has announced the "Korean New Deal 2.0" in recent years, which includes adding or upgrading to its digital and green new policies

To address 2050 Net-Zero Emissions trend, net zero goals have been deployed by major international textile brands one by one. In the textile industry, carbon reduction technologies have been introduced to simplify the textile manufacturing process and reduce resource consumption. In terms of the garment industry, design optimizations will be carried out in addition to deploying low-carbon green materials, waste reduction, process shortening, and other technologies, into the development process. Resource cycling and sustainable design technologies are also being improved.

Going forward, Taiwan's textile companies are all faced with the urgent need for transformation, whether in terms of the supply market, labor market, or the regulatory environment. Whether it be the alteration of production structures, optimization of processes, and even the development of side businesses, all manufacturers are desperately looking for ways to stay relevant. However, a closer look at the current global positioning of Taiwan's textile industry reveals that there may be room for breakthrough and development, since more than 70% of the sports and functional fabrics in the world are already supplied by Taiwan. With its background and experiences in developing functional textiles, Taiwan may be able to rid itself of the sunset industry stereotype of textile industries and re-pave its way using functional textiles by relying its rich experiences in mass production, partnerships with major international firms, and by introducing high-tech talents and technologies to revamp the product structure throughout the industry.

In response to the preceding situation and demand, the Company is currently actively developing functional fabrics. In addition to continuing to cultivate the industrial and home furnishing fabric markets, expanding into the garment fabric market, and strengthening the expansion of channels for Taiwan's sportswear textile industry, such as recycled nylon fishing nets, recycled bag and clothing materials, and multi-functional knitwear, we will also actively develop new products and new application markets. To address the market demand for protection from the COVID-19 pandemic, the Company has cooperated with suppliers to launch recycled textile products made from recycled fishing nets, as well as graphene yarn clothing textiles to meet the need for personal protection, and sales were launched through the Company's existing channels.

In terms of solar power generation, the Company actively invests in the development of solar power stations to coordinate with the government's green energy policy. To increase the contribution from the solar energy business, our goal is to strive toward net-zero emissions through the construction of solar power stations and energy storage systems.

III. Production and Sales

In 2023, the Company produced 3,569 thousand yards of gray cloth, sold 5,690 thousand yards; purchased 47 tons of nylon yarn, and generated revenues of NT\$7,983 thousand from solar power generation. The total operating revenue for the year reached NT\$76,959 thousand, and the operating loss was NT\$40,562 thousand, while the total pre-tax net loss was NT\$19,893 thousand.

IV. Budget Implementation:

Pursuant to laws and regulations, the Company was not required to disclose financial forecasts for 2023, so the disclosure of budget implementation for this year is not applicable.

V. Summary of the Company's 2024 Business Plan and Future Development Strategies

(I) The Company's 2024 business plan, and future development strategy are as follows:

The Company has always enjoyed a competitive edge in the industry through our diversified product lines, rapid response and customization capabilities, and the timely provision of products that meet the quality and quantity needs of customers. In addition to continuing to focus our efforts in the industrial and home furnishing fabric markets, we are also expanding to the garment fabric market. Our expansion to Taiwan's sportswear textile industry has allowed us to produce more functional, water-repellent, and lightweight protective clothing, and our active development of new products and application markets have led us to deploy digital technology, smart manufacturing, and elements that combined design aesthetics with Taiwan's culture. In addition to new applications of functional materials, we have also focused on the demand from application industry, introduced environmentally friendly and sustainable processes, and integrated raw materials to build a low-carbon production model to meet market needs. Looking forward to a new year, we will continue to uphold our business philosophy and corporate culture of integrity and being dedicated and thoughtful in our continuous efforts.

In terms of production strategy, we plan to fully utilize the production and marketing resources at home and abroad to achieve optimal integration and deployment. We will build a system of quality assurance center to strengthen the quality assurance of finished fabrics; at the same time,

in line with the Industry 4.0, we are accelerating the transition from automation to smart production. By achieving real-time control over every part of production through smart manufacturing systems, we can reduce production costs, improve production efficiency, product quality, and achieve on-time delivery.

In addition, by integrating the Group's information systems (ERP, EIP and MES), we can strengthen the use of business intelligence (BI) tools to help managers achieve a real-time understanding over operational information and engage in effective resource integrations. In addition, we will also strengthen organizational function re-engineering. By optimize the compensation system, designing a more effective incentive system, and upgrading the level of happiness throughout our enterprise, we can promote our organizational atmosphere to effectively attract outstanding talents, and gain more growth drivers for our future operational growth.

Textile BU:

Business aspect:

- ① In addition to continuing to develop channels for functional fabrics, environmentally friendly nylon fabrics and acquiring brand certification, we will also integrate downstream fabric factories to develop new fabric varieties to meet market trends, thereby helping us to expand to new markets and new customers.
- ② In response to the international trend of net-zero emissions, the Company collaborated with suppliers to deploy carbon reduction technologies to simplify the textile manufacturing process and reduce resource consumption. In terms of the garment industry, design optimizations will be carried out in addition to deploying low-carbon green materials, waste reduction, process shortening, and other technologies, into the development process. Resource cycling and sustainable design technologies are also being improved, and products will be sold through the Company's existing channels.
- ③ To replenish working capital and improve our financial structure, the Company's annual shareholders' meeting passed the resolution on June 21, 2023 to carry out a cash capital increase through private placement and issuance of new shares. On December 26, 2023, the Board of Directors resolved to handle the cash capital increase through private placement, and issued 22,000 ordinary shares at the par of NT\$10 per share. All shares issued were subscribed by specific persons, and the base date for the cash capital increase through private placement was December 29, 2023. The Company has received the full capital increase on December 27, 2023, and completed the changes to its registered capital on January 22, 2024, which is promising for the Company's future.

Sales policy: Integrate the upstream and downstream and achieve long-term cooperation and stable supply with vendors throughout the industry to increase product

diversification and to continuously reduce inventory. When the market picks up, the Company plans to participate in large-scale trade shows to increase market visibility and seek for customers to increase market share.

Solar Energy BU:

Business aspect: Energy conservation and carbon reduction, with the goal of moving towards net-zero emissions through the construction of solar power stations and energy storage systems, and the integration of solar modules and other materials.

Sales policy: Develop customer base for solar power stations, and to engage in their constructions and sales.

(II) Sales Forecast and its Basis:

Although the global economy continues to be full of uncertainties, we will still actively develop new customers and new markets, and strengthen the value enhancement and customer relationship maintenance of core customers. Founded on our past success, we can start anew.

(III) The Impact of the External Competitive Environment, Regulatory Environment, and Overall Business Conditions

Set against the backdrop of an unfavorable global economic situation, the Company has been dealing with the impact of external competition, regulations, and the overall business environment since its inception. The external market competition, new laws and regulations promulgated by the securities regulatory authorities (FSC), foreign environmental protection laws, and the rapidly changing global business environment, have indeed affect the Company's operating performance. In response to the above-mentioned environmental changes, in addition to preparing reports in compliance with the new laws and regulations promulgated by the FSC and requiring suppliers and the Company's products to comply with foreign environmental laws and regulations, the Company will also strive to strengthen supply chain integrations, improve production processes and production capacity to reduce production costs. To enhance the Company's overall competitiveness, we will also maintain an understanding of the customers' order requirements on a real-time basis and plan raw material procurements accordingly.

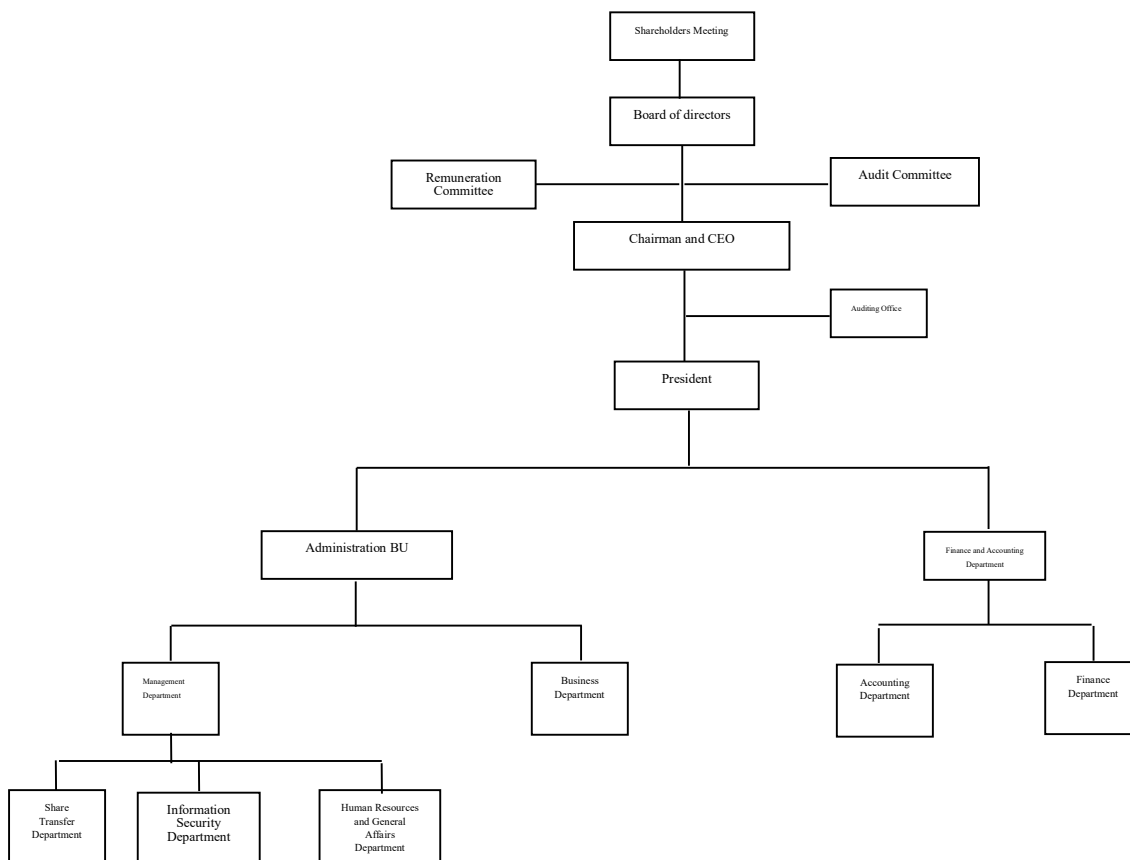
B. Company profile

- 1970 The Company was established at No. 66, Xing'an Road, Xingren Li, Shalu Township, Taichung County.
- 1971 Prepared to build the first spinning plant.
- 1972 The first spinning plant formally started production.
- 1973 Prepared to build the second spinning plant.
- 1974 The second spinning plant formally started production.
- 1982 The Company moved from Shalu to Wuqi.
- 1990 Applied for initial public offering (IPO) of shares and application to merge Yangfang Co., Ltd. into the Company's second plant, increasing capital to NT\$476,600 thousand.
- 1995 Increased capital to NT\$571,920 thousand.
- 1997 Shares are formally listed and traded on the Taipei Exchange (TPEX).
- 1998 Increased capital to NT\$967,617 thousand.
- 1999 Increased capital to NT\$1,025,674 thousand, and began construction of the nylon filament yarn plant.
- 2000 Increased capital to NT\$571,920 thousand, construction of the nylon filament yarn plant was completed and began trial production.
- 2001 Nylon filament yarn plant formally began mass production.
- 2004 Retired 4,974,000 treasury shares, and the capital was reduced to NT\$1,037,474,030.
- 2009 Reduced capital by 50,000,000 shares, capital was reduced to NT\$537,474,030.
- 2011 Increased capital by 15,000,000 shares, increasing capital to NT\$687,474,030.
- 2013 Issued 30,000,000 shares of the first domestic secured convertible bonds with a cumulative amount of N\$300,000,000.
- 2014 Reduced capital by 49,000,000 shares and the capital was reduced to NT\$459,918,300.
- 2017 Expanded into the solar power plant business.
- 2024 Private placement and issuance of 22,000,000 ordinary shares, and the capital was increased to NT\$679,918,300.

C. Corporate Governance Report

I. Company Organization

(1) Organizational Chart



(2) Business and functions of main departments

Department	Roles and functions
President	Oversees all Company operations.
Vice President	In charge of factory affairs and business etc.
Management Department	Tasks related to product inventory, transportation, personnel management, computer information, and procurement etc.
Marketing Department	Responsible for domestic and overseas product marketing and sales, customer credit reporting and payment collection. Solar power plant development and construction. Trading of personal protective clothing, medical isolation gowns, surgical masks and mask gaskets, etc.
Finance Department	In charge of finance and accounting.

II. Profiles of Directors, Independent Directors, President, Executive VP, VPs, and Managers

Title	Nationality or place of registration	Name	Gender	Date elected/appointed Date of dismissal	Term	Date of first election	Shares held when elected		Shares currently held		Current shareholding by spouse and underage children		Shares held in the name of others		Education/work experience	Other Current Positions within the Company and in Other Companies	Spouse or relatives of second degree or closer acting as directors, supervisors, or other department heads			Remarks
							No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Title	Name	Relationship	
Director/ Chairperson/ President	Republic of China	Teng-Hsiung Yang	Male	2021/08/23 2024/02/29	3	2006/06/09	890,341	1.94	890,341	1.94	73,685	0.16	0	0	National Taiwan Normal University Department of Physical Education Director, Win Yang Co., Ltd.	Director, Win Yang Co., Ltd.	N/A	N/A	N/A	N/A
Director/ Chairperson/	Republic of China	Corporate Representative of Zhao Tian International Investment Co., Ltd.: Cheng Tang	Male	2024/02/29	3	2024/02/29	16900000	24.9	16900000	24.9	0	0	0	0	Department of Business Administration, Cheng Shiu University Chairman, Judo Group; Chairman, Zhao Tian International Investment Co., Ltd. Chairman, Do Forest Development Co., Ltd. President, Judo Group President, Junho Construction Co., Ltd. Kaohsiung City Municipal Consultant Supervisor, The Real Estate Development Association of Kaohsiung Director, New Culture Foundation Chairman, Tiande Charity Group	Chairman, Judo Group	Director President	Rong-Hua Tang Ming Tang	Father/child Brothers	N/A
Director	Republic of China	Kuo-Hua Yang	Male	2021/08/23 2024/02/29	3	2000/06/03	1,074,083	2.34	1,074,083	2.34	45,530	0.10	0	0	Department of Agronomy, National Chung Hsing University Manager, Offer Strong Trading Corp.	Manager, Offer Strong Trading Corp.	N/A	N/A	N/A	N/A
Director	Republic of China	Kuo-Jui Chiang	Male	2021/08/23 2024/02/29	3	2015/06/22	200,000	0.43	200,000	0.43	0	0	0	0	Industrial Engineering Department, National Taipei University of Technology Sales, Wuzhen Co., Ltd. (the company has been dissolved)	N/A	N/A	N/A	N/A	N/A
Director	Republic of China	Ching-Chia Huang	Male	2021/08/23 2024/02/29	3	2015/06/22	1,916,000	4.17	1,916,000	4.17	753,000	1.64	0	0	Taichung I-Ning High School Person in charge, Perfect Product Inc.	Person in charge, Perfect Product Inc.	N/A	N/A	N/A	N/A
Director	Republic of China	Representative of Yaw-Tone Trading Company: Chiao-Ling Liu	Female	2021/08/23 2024/02/29	3	2024/8/22	788,222	1.71	788,222	1.71	0	0	0	0	Commercial Design Department, Ling Tung University Supervisor, Yaw-Tone Trading Company	Supervisor, Yaw-Tone Trading Company	N/A	N/A	N/A	N/A
Director	Republic of China	Representative of Fu Te Investment Co., Ltd.: Wenwen You	Female	2021/08/23 2024/02/29	3	2024/8/22	439,799	0.96	439,799	0.96	0	0	0	0	Master's degree, Graduate Institute of Building and Planning, National Taiwan University Director, Taiyen Biotech Co., Ltd.	Director, Taiyen Biotech Co., Ltd.	N/A	N/A	N/A	N/A
Director	Republic of China	Corporate Representative, Hui Tian Xia Investment Corp.: Rong-Hua Tang	Male	2024/02/29	3	2024/02/29	9,699,522	14.3	9,699,522	14.3	0	0	0	0	Lide Senior Commercial and Industrial Vocational High School CEO, Judo Group CEO, Judo Group CEO, Xiangtian Construction Co., Ltd. CEO, Yunyang	CEO, Judo Group	Director President	Cheng Tang Ming Tang	Father/child Father/child	N/A

															Construction Co., Ltd. CEO, Junho Construction Co., Ltd. CEO, Hui Tian Xia Investment Corp.					
Director	Republic of China	Corporate Representative of Zhao Tian International Investment Co., Ltd.: Su-Hsing Lin	Female	2024/02/29	3	2024/02/29	16900000	24.9	16900000	24.9	0	0	0	0	Department of Public Finance, Feng Chia University Senior Finance VP, Judo Group Supervisor, Ji Tianxia Construction Co., Ltd.	Senior Finance VP, Judo Group	N/A	N/A	N/A	N/A
Director	Republic of China	Corporate Representative, Hui Tian Xia Investment Corp.: Chi-feng Tseng	Male	2024/02/29	3	2024/02/29	9,699,522	14.3	9,699,522	14.3	0	0	0	0	PhD from Department of Finance, National Sun Yat-sen University Adjunct Lecturer, National Sun Yat-sen University Adjunct Lecturer, Cheng Shiu University Adjunct Lecturer, National Kaohsiung University of Science and Technology	Deputy general manager, Judo Group	N/A	N/A	N/A	N/A
Director	Republic of China	Corporate Representative of Hsuan Feng International Investment Co. Ltd.: Yusheng Han	Male	2024/02/29	3	2024/02/29	5,100,000	7.5	5,100,000	7.5	1,000	0	0	0	MFA, Graduate Institute of Cultural & Creative Design, Tungfang Design University Director, Oriental Culture and Creative Co., Ltd. National Association of Interior Design R.O.C. Vice Chairman Vice Chairman, Chartered Association of Interior Designers, Taiwan Honorary Chairman, Kaohsiung Association of Interior Design & Decoration Design Director, Oriental Culture and Creative Co., Ltd. Design Director, Dongfangxu Spatial Design Co., Ltd. Lead Designer, Lane Interior Decoration Engineering Co., Ltd. Adjunct Lecturer, Department of Interior Design, Shu Te University Adjunct Lecturer, Department of Industrial Design, National Kaohsiung Normal University	Director, Oriental Culture and Creative Co., Ltd.	N/A	N/A	N/A	N/A
Director	Republic of China	Corporate Representative of Hsuan Feng International Investment Co. Ltd.: You-Lun Shih	Male	2024/02/29	3	2024/02/29	5,100,000	7.5	5,100,000	7.5	0	0	0	0	Bachelor in Business Administration, National Central University Vice President, Yongshunxing Construction Materials Co., Ltd. Vice President, Shumao Building Materials Co., Ltd. Head of PR, Greater Kaohsiung Property Development Association New Generation Committee	Vice President, Yongshunxing Construction Materials Co., Ltd.	N/A	N/A	N/A	N/A
Independent Director	Republic of China	Pi-Hua Chuang	Female	2021/08/23 2024/02/29	3	2024/8/22	0	0	0	0	0	0	0	0	MA in Accounting, NTU Partner, HAPS Consulting Ltd. & CPAs	Vice President, Deloitte	N/A	N/A	N/A	N/A

Title	Nationality or place of registration	Name	Gender	Date elected/appointed Date of dismissal	Term	Date of first election	Shares held when elected		Shares currently held		Current shareholding by spouse and underage children		Shares held in the name of others		Education/work experience	Other Current Positions within the Company and in Other Companies	Spouse or relatives of second degree or closer acting as directors, supervisors, or other department heads			Remarks
							No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Title	Name	Relationship	
Independent Director	Republic of China	Lien-sheng Huang	Male	2021/08/23 2024/02/29	3	2024/8/22	0	0	0	0	0	0	0	0	Passed the special examination for diplomatic and consular personnel and international news agent Head of Taipei Economic and Cultural Office in Spain	Head of Taipei Economic and Cultural Office in Spain	N/A	N/A	N/A	N/A
Independent Director	Republic of China	Litze Lee	Female	2021/08/23 2024/02/29	3	2024/8/22	0	0	0	0	0	0	0	0	Ph.D. in Human Resources from University of Idaho Associate Professor, Overseas Chinese University	Associate Professor, Overseas Chinese University	N/A	N/A	N/A	N/A
Independent Director	Republic of China	Yaowen Lin	Male	2024/02/29	3	2024/02/29	0	0	0	0	0	0	0	0	The Executive Master Of Public Policy Program, College of Social Sciences, National Sun Yat-sen University Researcher in Public Policy Management, Kennedy School of Government, Harvard University Chairman, New Culture Foundation Office Manager, Taiwan Chang Association, Executive Yuan Political Advisor Independent Director, Taiwan Cogeneration Corporation Director, Kaohsiung Organizing Committee Chairman, Xintianhe Investment Co., Ltd.	Chairman, New Culture Foundation	N/A	N/A	N/A	N/A
Independent Director	Republic of China	Meng-Shiou Lee	Male	2024/02/29	3	2024/02/29	0	0	0	0	0	0	0	0	BBA in Accounting, National Taiwan University MA. in Accounting, National Chengchi University Accountant, Deloitte & Touche Accountant, First Elite CPAs & Co. Adjunct Lecturer, Department of Financial and Economic Law, National Chung Cheng University	Accountant, First Elite CPAs & Co.	N/A	N/A	N/A	N/A
Independent Director	Republic of China	Jia-Wei Chen	Male	2024/02/29	3	2024/02/29	0	0	0	0	0	0	0	0	Graduate Institute of Law, National Cheng Kung University Attorney-at-Law, Chi Sheng Law Firm Lawyer and Member of Review Committee, Taichung, Tainan, Kaohsiung, Qiaotou and Pingtung Branch of Legal Aid Foundation Chih-Chieh Hsu, Tien-lin Chao, Kun-Tse Lee, Po Yi Lee Legislator Service Office Attorney Chih-Hung Lin, Chih-Cheng	Attorney-at-Law, Chi Sheng Law Firm	N/A	N/A	N/A	N/A

															Lin, Chung-chi Hung, Chun-Hsien Chiu, Hsiang-hsu Huang and Yushuan Chiou MP Service Office Attorney Legal Advisor, Kaohsiung Employment Service Institute Association Attorney, Kaohsiung City Dining Occupation Labor Union Legal Advisor, Enterprise Trade Union of Kaohsiung City Government Environmental Protection Bureau Legal Advisor, ICLEI KCC Counselor, Pingtung County Headquarters of the Taiwan People's Party					
President	Republic of China	Ming Tang	Male	2024/02/29	3	2024/02/29	0	0	0	0	0	0	0	0	National Open University Comprehensive Business Department Chairman, Hsuan Feng International Investment Co. Ltd. President, Xiangtian Construction Co., Ltd. President, Yunyang Construction Co., Ltd.	President, Judo Group	Director Director	Rong-Hua Tang Cheng Tang	Father/child Brothers	
Finance/Accounting Manager	Republic of China	Tzu-Long He	Male	2019/04/01	N/	2019/04/01	0	0	0	0	0	0	0	0	Department of Accounting, Soochow University Special Assistant to the Chairman, Qianhui International Horticulture Co., Ltd. (The company has been dissolved)	N/A	N/A	N/A	N/A	N/A

Major shareholders of institutional shareholders

March 31, 2024

Name of institutional shareholder	Major shareholders of institutional shareholders
Yaw-Tone Trading Company	Chairman Haowei Yang (holds 2,490,000 shares, shareholding ratio 99.6%), Supervisor Chiao-Ling Liu (holds 10,000 shares, shareholding ratio 0.4%)
Fu Te Investment Co., Ltd.	Chairman Teng-Ling Yang (holds 75,000 shares, shareholding ratio 25%), Director Hsieh-Chih Hsieh (holds 75,000 shares, shareholding ratio 25%), Director Shu-mei Hsieh (holds 75,000 shares, shareholding ratio 25%), Supervisor Hong-Chi Hsieh (holds 75,000 shares, shareholding ratio 25%)
Hui Tian Xia Investment Corp.	Director Rong-Hua Tang (holds 3,010,000 shares, shareholding ratio 50%), shareholder Shan-Yin Chan (holds 2,990,000 shares, shareholding ratio 50%)
Zhao Tian International Investment Co., Ltd.	Director Cheng Tang (holds 7,199,000 shares, shareholding ratio 99.99%), Supervisor Rong-Hua Tang (holds 1,000 shares, shareholding ratio 0.01%)
Hsuan Feng International Investment Co. Ltd.	Director Ming Tang (holds 3,499,000 shares, shareholding ratio 99.97%), Supervisor Shan-Yin Chan (holds 1,000 shares, shareholding ratio 0.03%)

(II) Disclosure of Professional Qualifications of Directors and Independent Directors, and Independence of Independent Directors

March 31, 2024

Information on Board independence

Identity Type and Name	Criteria	Professional Qualifications and Experiences	Independence	Number of concurrent posts at other listed companies as independent director	Remarks
Director	Teng-Hsiung Yang	Has work experience in commerce and finance. Former: Director, Win Yang Co., Ltd. Does not meet any of the conditions stated in Article 30 of the Company Act.	N/A	0	Dismissed on February 29, 2024.
Director	Kuo-Hua Yang	Has work experience in commerce and finance. Former: Manager, Offer Strong Trading Corp. Does not meet any of the conditions stated in Article 30 of the Company Act.	N/A	0	Dismissed on February 29, 2024.
Director	Kuo-Jui Chiang	Has work experience in commerce and finance. Former: Chairman of Wuzhen Co., Ltd. (retired) Does not meet any of the conditions stated in Article 30 of the Company Act.	N/A	0	Dismissed on February 29, 2024.
Director	Ching-Chia Huang	Has work experience in commerce and finance. Former: Person in charge, Perfect Product Inc. Does not meet any of the conditions stated in Article 30 of the Company Act.	N/A	0	Dismissed on February 29, 2024.
Director	Yaw-Tone Trading Company Representative: Chiao-Ling Liu	Has work experience in commerce and finance. Former: Supervisor of Yaw-Tone Trading Company Does not meet any of the conditions stated in Article 30 of the Company Act.	N/A	0	Dismissed on February 29, 2024.
Director	Fu Te Investment Co., Ltd. Representative: Wenwen You	Has work experience in the legal profession. Former: Practicing lawyer at You Wenwen Law Firm Does not meet any of the conditions stated in Article 30 of the Company Act.	N/A	0	Dismissed on February 29, 2024.
Director	Cheng Tang	Has work experience in commerce and finance. Former: Chairman of Judo Group. Does not meet any of the conditions stated in Article 30 of the Company Act.	N/A	0	Appointed on February 29, 2024
Director	Rong-Hua Tang	Has work experience in commerce and finance. Former: President of Judo Group. Does not meet any of the conditions stated in Article 30 of the Company Act.	N/A	0	Appointed on February 29, 2024
Director	Su-Hsing Lin	Has work experience in commerce and finance. Former: Senior Finance VP, Judo Group. Does not meet any of the conditions stated in Article 30 of the Company Act.	N/A	0	Appointed on February 29, 2024
Director	Chi-feng Tseng	Has work experience in commerce and finance. Former: Adjunct Lecturer, National Sun Yat-sen University. Does not meet any of the conditions stated in Article 30 of the Company Act.	N/A	0	Appointed on February 29, 2024
Director	Yusheng Han	Has work experience in commerce and finance. Former: Director, Oriental Culture and Creative Co., Ltd. Does not meet any of the conditions stated in Article 30 of the Company Act.	N/A	0	Appointed on February 29, 2024
Director	You-Lun Shih	Has work experience in commerce and finance. Former: Vice President, Yongshunxing Construction Materials Co., Ltd. Does not meet any of the conditions stated in Article 30 of the Company Act.	N/A	0	Appointed on February 29, 2024

Disclosure of Independence of Independent Directors

Identity Type and Name	Criteria	Professional Qualifications and Experiences	Independence	Number of concurrent posts at other listed companies as independent director
Independent Director Pi-Hua Chuang	Professional and technical personnel who have work experience in accounting and have passed the national examination and received certificates required for certified public accountants. Former: Director, First Elite CPAs & Co. Independent Director, Soft-World International Corporation Independent Director of Tainan Enterprise (Cayman) Co, Limited Does not meet any of the conditions stated in Article 30 of the Company Act.	An Independent Director who meets the criteria for independence, including but not limited to the following regulations: the individual, spouse, or relative within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliates; does not hold any of the Company's outstanding shares; is not a director, supervisor, or employee of a company that has special relations with the Company; and has not received compensation for business, legal, financial, or accounting services provided for the Company or its affiliates in the last two years.	2	
Independent Director Litze Lee	Has work experience in commerce and finance. Former: Associate Professor, Overseas Chinese University Does not meet any of the conditions stated in Article 30 of the Company Act.	An Independent Director who meets the criteria for independence, including but not limited to the following regulations: the individual, spouse, or relative within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliates; does not hold any of the Company's outstanding shares; is not a director, supervisor, or employee of a company that has special relations with the Company; and has not received compensation for business, legal, financial, or accounting services provided for the Company or its affiliates in the last two years.	0	
Independent Director Lien-sheng Huang	Has professional qualifications and experiences Previously: Head of Taipei Economic and Cultural Office in Spain (retired) Does not meet any of the conditions stated in Article 30 of the Company Act.	An Independent Director who meets the criteria for independence, including but not limited to the following regulations: the individual, spouse, or relative within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliates; does not hold any of the Company's outstanding shares; is not a director, supervisor, or employee of a company that has special relations with the Company; and has not received compensation for business, legal, financial, or accounting services provided for the Company or its affiliates in the last two years.	0	
Independent Director Yaowen Lin	Has work experience in commerce and finance. Former: Chairman, New Culture Foundation Does not meet any of the conditions stated in Article 30 of the Company Act.	An Independent Director who meets the criteria for independence, including but not limited to the following regulations: the individual, spouse, or relative within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliates; does not hold any of the Company's outstanding shares; is not a director, supervisor, or employee of a company that has special relations with the Company; and has not received compensation for business, legal, financial, or accounting services provided for the Company or its affiliates in the last two years.	0	
Independent Director Meng-Shiou Lee	Professional and technical personnel who have work experience in accounting and have passed the national examination and received certificates required for certified public accountants. Former: Accountant, First Elite CPAs & Co. Independent Director, Topco Technologies Corp. Independent Director, Mechema Chemicals International Corp. Independent Director, PELL Bio-Med Technology Co. Ltd. Does not meet any of the conditions stated in Article 30 of the Company Act.	An Independent Director who meets the criteria for independence, including but not limited to the following regulations: the individual, spouse, or relative within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliates; does not hold any of the Company's outstanding shares; is not a director, supervisor, or employee of a company that has special relations with the Company; and has not received compensation for business, legal, financial, or accounting services provided for the Company or its affiliates in the last two years.	3	

Independent Director Jia-Wei Chen	A professional and technical personnel who has work experience in legal capacity and has passed the national examination and received certificates required by lawyers. Former: Attorney-at-Law, Chi Sheng Law Firm Does not meet any of the conditions stated in Article 30 of the Company Act.	An Independent Director who meets the criteria for independence, including but not limited to the following regulations: the individual, spouse, or relative within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliates; does not hold any of the Company's outstanding shares; is not a director, supervisor, or employee of a company that has special relations with the Company; and has not received compensation for business, legal, financial, or accounting services provided for the Company or its affiliates in the last two years.	0
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Remarks: Independent Directors Pi-Hua Chuang, Litze Lee, and Lien-sheng Huang were dismissed on February 29, 2024, and Yaowen Lin, Meng-Shiou Lee, and Jia-Wei Chen were appointed on February 29, 2024.

Board Diversity and Independence:

(I) Board Diversity:

Pursuant to Article 20 of the Company's Corporate Governance Best Practice Principles", in order to accomplish the ideal governance goals of the Company, the Board of Directors shall generally be equipped with the following capabilities:

1. Operational judgment, 2. Ability to perform accounting and financial analysis, 3. Management ability, 4. Crisis handling capabilities, 5. Industrial knowledge, 6. International market perspective, 7. Leadership skills, 8. Decision-making skills.

Currently, all 9 of the Company's directors are Taiwanese and 3 of whom are Independent Directors. They come from professional and specialized backgrounds in accounting, finance, business, law, marketing and industry-specific technologies. Among them, 4 seats are held by women directors; and as for the age distribution of directors, 5 of whom are in the 61-70 age range, 2 are in the 51-60 age range, and another two are aged 41-50.

Dismissed on February 29, 2024.

Core Diversity Parameters Name	Nationality	Gender	Age			Operational management	Leadership and decision making	Industrial knowledge	Finance and accounting	Law	Marketing	International market perspective
			40 to 49	50 to 59	60 to 69							
Director Teng-Hsiung Yang	Republic of China	Male			V	V	V	V			V	V
Director Kuo-Hua Yang		Male			V	V	V	V			V	V
Director Kuo-Jui Chiang		Male			V	V	V	V			V	V
Director Ching-Chia Huang		Male			V	V	V	V			V	V
Director Wenwen You		Female		V		V	V	V		V	V	V
Director Chiao-Ling Liu		Female	V			V	V	V	V		V	V
Independent Director Pi-Hua Chuang		Female		V		V	V	V	V		V	V
Independent Director Litze Lee		Female	V			V	V	V	V		V	V
Independent Director Lien-sheng Huang		Male			V	V	V	V			V	V

Pursuant to Article 20 of the Company's Corporate Governance Best Practice Principles", in order to accomplish the ideal governance goals of the Company, the Board of Directors shall generally be equipped with the following capabilities:

1. Operational judgment, 2. Ability to perform accounting and financial analysis, 3. Management ability, 4. Crisis handling capabilities, 5. Industrial knowledge, 6. International market perspective, 7. Leadership skills, 8. Decision-making skills.

Currently, all 9 of the Company's directors are Taiwanese and 3 of whom are Independent Directors. They come from professional and specialized backgrounds in accounting, finance, business, law, marketing and industry-specific technologies. Among them, 1 seat is held by women directors; and as for the age distribution of directors, 2 of whom are in the 61-70 age range, 2 are in the 51-60 age range, 1 is aged 40-50, and 4 are aged 31-40.

Name	Core diversity parameters	Nationality	Gender	Age				Operational management	Leadership and decision making	Industrial knowledge	Finance and accounting	Law	Marketing	International market perspective
				30 to 39	40 to 49	50 to 59	60 to 69							
Director Cheng Tang			Male	V				V	V	V			V	V
Director Rong-Hua Tang			Male				V	V	V	V			V	V
Director Su-Hsing Lin			Female			V		V	V	V	V		V	V
Director Chi-feng Tseng			Male	V				V	V	V			V	V
Director Yusheng Han			Male			V		V	V	V			V	V
Director You-Lun Shih			Male	V				V	V	V			V	V
Independent Director Yaowen Lin			Male		V			V	V	V			V	V
Independent Director Meng-Shiou Lee			Male				V	V	V	V	V		V	V
Independent Director Jia-Wei Chen			Male	V				V	V	V		V	V	V

(II) Board independence:

1. Board Structure:

In terms of the Company's Board structure, we factor in actual operating needs in relation to the scale of the Company's business development and the shareholding status of its major shareholders, and determine a Board of Directors with at least five seats or more. We have formulated a fair, just, and open selection process of all directors in line with the Company's "Articles of Incorporation", "Procedures for Election of Directors", "Corporate Governance Best Practice Principles", "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and Article 14-2 of the "Securities and Exchange Act". The current composition of the Board of Directors consists of 3 independent directors (33.3%) and 6 non-independent directors (66.6%). Among them, 1 director serves as a concurrent manager of the Company (11.1%, does not exceed the one-third of all directors rule), and no more than one-half of all directors have a spouse or family relationship within the second degree of kinship, which complies with the provisions of Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.

2. The Board of Directors is independent:

The Company's board of directors emphasizes the functions of independent operation and transparency. It exercises its powers in accordance with laws, the Company's Articles of Incorporation, or shareholders' meeting resolutions, and is responsible for supervising the managers, guiding Company strategies, and is accountable to the Company and shareholders. Directors and independent directors are independent individuals and exercise their powers independently. The 3 independent directors also abide by the relevant laws and regulations, cooperate with the powers of the audit committee, review the management and control of the Company's existing or potential risks, supervise the effective implementation of the Company's internal control system, the selection (dismissal) of CPA and their independence, and the fair preparation of financial statements.

Furthermore, the selection of directors and independent directors is carried out according to the Company's "Rules for Election of Directors", which adopts the cumulative voting system to fully reflect the shareholders' opinions. Shareholders who hold a certain number of shares or more may submit a list of director candidates. Qualification review and confirmation of any violations listed in Article 30 of the Company Act shall be conducted and announced in accordance with the law to protect the rights and interests of shareholders, avoid monopoly or excessive nomination rights, and maintain independence.

The Company has established a performance evaluation system for the Board of Directors, and carries out a self-evaluation of the Board of Directors and Board members every year. Criteria for evaluating the performance of the Board of Directors include the following: ① Level of participation in the Company's operations; ② improving the quality of Board decision-making; ③ Board composition and structure; ④ appointment of directors and their continuing studies; ⑤ internal controls; ⑥ and other self-evaluation criteria. And the performance evaluation of individual Board members consist of the following: ① familiarity of goals and missions of the Company; ② understanding of director's responsibilities; ③ level of participation in the Company's operations; ④ internal relationship management and communication; ⑤ professionalism and continued development; ⑥ internal controls; ⑦ and other self-evaluation criteria. The above-mentioned self-evaluation results are all disclosed in the Company's annual reports and corporate website after being reported to the Board of Directors.

In addition, relevant information has also been disclosed in our annual report, website, or the TWSE Market Observation Post System (MOPS):

④ Attendance status of Board members in Board meetings; ② Board meeting proposals and resolutions; ③ the directors' continuing studies; ④ and changes in shareholding of directors (ratio, share transfer, pledge setting etc.). Please refer to the TWSE MOPS for details.

(III) Management Team

Title	Nationality	Name	Gender	Date elected/ appointed Date of dismissal	Shareholding		Shares held by spouse and underage children		Shares held in the name of others		Education/work experience	Other Position	Manager who is a spouse or a relative within second degree			Remarks
					No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Title	Name	Relationship	
President	Republic of China	Teng- Hsiung Yang	Male	2021.09.16 2024.02.29	1,036,975	1.52	73,685	0.10	0	0	Department of Physical Education, National Taiwan Normal University	Win Yang Co., Ltd. Director	N/A	N/A	N/A	N/A
President	Republic of China	Ming Tang	Male	2024.02.29	0	0	0	0	0	0	Comprehensive Business Department, National Open University	President, Judo Group	N/A	N/A	N/A	N/A
Deputy general manager	Republic of China	Chi-feng Tseng	Male	2024.04.19	0	0	0	0	0	0	PhD from Department of Finance, National Sun Yat- sen University	Deputy general manager, Judo Group				
Supervisor, Management Department	Republic of China	Chian- Feng Yang	Male	2014.05.01 2023.12.15	0	0	0	0	0	0	Taichung Municipal Shalu Industrial High School	N/A	N/A	N/A	N/A	N/A
Finance/Acco unting Manager	Republic of China	Tzu- Long He	Male	2019.04.01	0	0	0	0	0	0	Department of Accounting, Soochow University	N/A	N/A	N/A	N/A	N/A
Accounting Manager	Republic of China	Yu Xuan Tang	Female	2024.04.25	0	0	0	0	0	0	Department of Endowment, Chili University of Science and Technology	N/A	N/A	N/A	N/A	N/A

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

1. Remuneration for directors (including independent directors)

Unit: Thousand NTD

Title	Name	Remuneration of Directors								Ratio of total compensation (A+B+C+D) to net profit after tax		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of total compensation (A+B+C+D+E+F+G) and to net profit after tax		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary
		Remuneration (A)		Severance pay and pension (B)		Remuneration from earnings distribution (C)		Business expenses (D)				Salary, bonus and allowances (E)		Severance pay and pension (F)		Employee remuneration (G)						
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	
Director	Kuo-Hua Yang	0	0	0	0	0	0	180	0	0	0	0	0	0	0	0	0	0	0	N/A	0	N/A
Director	Teng-Hsiung Yang	0	0	0	0	0	0	180	0	0	0	1,832	0	0	0	0	0	0	0	N/A	0	N/A
Director	Kuo-Jui Chiang	0	0	0	0	0	0	180	0	0	0	0	0	0	0	0	0	0	0	N/A	0	N/A
Director	Ching-Chia Huang	0	0	0	0	0	0	180	0	0	0	0	0	0	0	0	0	0	0	N/A	0	N/A
Director	Representative of Fu Te Investment Co., Ltd.: Wenwen You	0	0	0	0	0	0	180	0	0	0	0	0	0	0	0	0	0	0	N/A	0	N/A
Director	Representative of Yaw-Tone Trading Company: Chiao-Ling Liu	0	0	0	0	0	0	180	0	0	0	0	0	0	0	0	0	0	0	N/A	0	N/A
Director	Corporate Representative of Zhao Tian International Investment Co., Ltd.: Cheng Tang	0	0	0	0	0	0	10	0	0	0	0	0	0	0	0	0	0	0	N/A	0	N/A
Director	Corporate Representative, Hui Tian Xia Investment Corp.: Rong-Hua Tang	0	0	0	0	0	0	10	0	0	0	0	0	0	0	0	0	0	0	N/A	0	N/A
Director	Corporate Representative of Zhao Tian International Investment Co., Ltd.: Su-Hsing Lin	0	0	0	0	0	0	10	0	0	0	0	0	0	0	0	0	0	0	N/A	0	N/A
Director	Corporate Representative, Hui Tian Xia Investment Corp.: Chi-feng Tseng	0	0	0	0	0	0	10	0	0	0	0	0	0	0	0	0	0	0	N/A	0	N/A
Director	Corporate Representative of Hsuan Feng International Investment Co. Ltd.: Yusheng Han	0	0	0	0	0	0	10	0	0	0	0	0	0	0	0	0	0	0	N/A	0	N/A
Director	Corporate Representative of Hsuan Feng International Investment Co. Ltd.: You-Lun Shih	0	0	0	0	0	0	10	0	0	0	0	0	0	0	0	0	0	0	N/A	0	N/A
Independent Director	Lien-sheng Huang	0	0	0	0	0	0	250	0	0	0	0	0	0	0	0	0	0	0	N/A	0	N/A
Independent Director	Litze Lee	0	0	0	0	0	0	240	0	0	0	0	0	0	0	0	0	0	0	N/A	0	N/A

Independent Director	Pi-Hua Chuang	0	0	0	0	0	0	250	0	0	0	0	0	0	0	0	0	0	0	N/A	0	N/A
Independent Director	Yaowen Lin	0	0	0	0	0	0	60	0	0	0	0	0	0	0	0	0	0	0	N/A	0	N/A
Independent Director	Meng-Shiou Lee	0	0	0	0	0	0	60	0	0	0	0	0	0	0	0	0	0	0	N/A	0	N/A
Independent Director	Jia-Wei Chen	0	0	0	0	0	0	60	0	0	0	0	0	0	0	0	0	0	0	N/A	0	N/A

Range of Remuneration for Directors (Including Independent Directors)

Range of remuneration to all directors of the Company (including independent directors)	Name of director			
	Total amount for the 4 preceding remunerations (A+B+C+D)		Total amount for the 7 preceding remunerations (A+B+C+D+E+F+G)	
	The Company	All companies in the consolidated financial statements H	The Company	All companies in the consolidated statements I
Under NT\$1,000,000	Kuo-Hua Yang, Teng-Hsiung Yang, Kuo-Jui Chiang, Pi-Hua Chuang, Ching-Chia Huang, Lien-sheng Huang, Litze Lee, representatives of Yaw-Tone Trading Company: Chiao-Ling Liu, representative of Fu Te Investment Co., Ltd.: Wenwen You, representative of Zhao Tian International Investment Co., Ltd.: Cheng Tang, representative of Hui Tian Xia Investment Corp.: Rong-Hua Tang, representative of Zhao Tian International Investment Co., Ltd.: Su-Hsing Lin, representative of Hui Tian Xia Investment Corp.: Chi-feng Tseng, representative of Hsuan Feng International Investment Co. Ltd.: Yusheng Han, representative of Hsuan Feng International Investment Co. Ltd.: You-Lun Shih, Yaowen Lin, Meng-Shiou Lee, Chia-Wei Chen	N/A	Kuo-Hua Yang, Kuo-Jui Chiang, Pi-Hua Chuang, Ching-Chia Huang, Lien-sheng Huang, Litze Lee, representatives of Yaw-Tone Trading Company: Chiao-Ling Liu, representative of Fu Te Investment Co., Ltd.: Wenwen You, representative of Zhao Tian International Investment Co., Ltd.: Cheng Tang, representative of Hui Tian Xia Investment Corp.: Rong-Hua Tang, representative of Zhao Tian International Investment Co., Ltd.: Su-Hsing Lin, representative of Hui Tian Xia Investment Corp.: Chi-feng Tseng, representative of Hsuan Feng International Investment Co. Ltd.: Yusheng Han, representative of Hsuan Feng International Investment Co. Ltd.: You-Lun Shih, Yaowen Lin, Meng-Shiou Lee, Chia-Wei Chen	N/A
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)			Teng-Hsiung Yang	N/A
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)				
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)				
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)				
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)				
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)				
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)				
NT\$50,000,000 (inclusive) to NT\$100,000,000				
Over NT\$100,000,000				
Total	18 persons	N/A	18 persons	N/A

2. Remunerations to President and Vice Presidents

Unit: Thousand NTD

Title	Name	Salary (A)		Severance Pay and Pension (B)		Bonuses and Allowances (C)		Employee Bonus (D)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	
								Cash value	Share value	Cash value	Share value			
President	Teng-Hsiung Yang	2,012	0	0	0	0	0	0	0	0	0	N/A	0	N/A
President	Ming Tang	0	0	0	0	0	0	0	0	0	0	N/A	0	N/A

Range of Remunerations to the President and Vice Presidents

Remuneration scale applicable to each President and Vice President of the Company	Name of President and Vice Presidents	
	The Company	All companies in the financial report
Under NT\$1,000,000	President Ming Tang	N/A
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)		
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)	President Teng-Hsiung Yan	N/A
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)		
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)		
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)		
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)		
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)		
NT\$50,000,000 (inclusive) to NT\$100,000,000		
Over NT\$100,000,000		
Total	2 persons	N/A

3. Individual Remuneration Paid to Each of the Listed Company's Top Five Management Personnel

Title	Name	Salary (A)	Severance Pay and Pension (B)	Bonuses and Allowances (C)	Employee Bonus (D)	Ratio of Total Remuneration (A+B+C+D) to Net Income (%)	Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary
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		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	
								Cash value	Share value	Cash value	Share value			
Chairperson President	Teng-Hsiung Yang	2,012	0	0	0	0	0	0	0	0	0	N/A	0	N/A
Finance/Accounting Manager	Tzu-Long He	1,064	0	0	0	0	0	0	0	0	0	N/A	0	N/A
Supervisor, Management Department	Chian-Feng Yang	882	0	0	0	0	0	0	0	0	0	N/A	0	N/A
Head of Weaving Plant	Cheng-Te Lee	938	0	0	0	0	0	0	0	0	0	N/A	0	N/A

Note: Chian-Feng Yang, the head of the Company's Management Department, was dismissed on December 15, 2023.

4. Managerial Officer's Name and the Distribution of Employee Bonus

March 31, 2024

	Title	Name	Share value	Cash value	Total	Percentage of total bonuses to net profit after tax (%)
Managers	President	Teng-Hsiung Yang	N/A	N/A	N/A	N/A
	President	Ming Tang				
	Head of Management Department	Chian-Feng Yang				
	Head of Accounting	Tzu-Long He				
	Finance Manager	Tzu-Long He				

6. Actual payments made in the most recent year (2023): Actual remunerations to directors, supervisors, President, and Vice Presidents who resigned in the most recent year: amounted to NT\$0.
7. The amount of provisions allocated for expensed retirement pension in the most recent year (2023):
 - A. The pension system that is applicable to the Labor Pension Act, that is, the new pension system, is allocated to the the Bureau of Labor Insurance, Ministry of Labor, based on 6% of the employee's monthly salary in the current year: NT\$999 thousand.
 - B. The pension system that is applicable to Labor Standards Act, that is, the old pension system, allocates approximately 2% of the employee's total monthly salary to the Supervisory Committee of the Company's Labor Retirement Reserve, and deposits the funds at the Bank of Taiwan (formerly the Central Trust Bureau, which was merged into the Bank of Taiwan in 2007) in the name of the committee: Amounted to NT\$0.
 - C. In addition, in case of any missed appropriates resulting from the Company manager's failure to allocate retirement pension in accordance with the two preceding regulations, the Company will be asked to present a consolidated list of all retirement pension amounts paid in lump-sum or may be paid annually in accordance with contract agreement for all retirees (including the old and new system and the amounts set aside or allocated by appointed managers, etc.) and those who retired in 2022 (retirement pension is different from severance pay due to layoff): NT\$0.
8. Names of managers who were distributed with employee bonuses and the distribution status: The Company did not have earnings distribution nor did it distribute bonuses in 2022 and 2023.
9. Comparison and analysis of remuneration to directors, supervisors, President and Vice Presidents as a percentage of net profit after tax from standalone or individual financial reports within the last two years, and description of the policy, standards, and packages of remuneration; the procedure for making such decisions; and relation to business performance and future risks:

Analysis of total remunerations paid as a percentage of net profit after tax:

2022		2023	
The total remuneration paid by the Company and all companies included in the consolidated statements to the Company's directors, supervisors, President and Vice Presidents as a percentage of net income after tax (%)		The total remuneration paid by the Company and all companies included in the consolidated statements to the Company's directors, supervisors, President and Vice Presidents as a percentage of net income after tax (%)	
The Company	All companies in the financial report	The Company	All companies in the financial report
14.683	14.683	8.244	8.244

The total remunerations in 2022 accounted for 14.683% of the net profit after tax, and the total remunerations in 2023 accounted for 8.244% of the net profit after tax. The remuneration for directors and supervisors is distributed accordance with legal provisions and the Company's dividend policy. A distribution proposal is formulated at the end of each fiscal year by the Board of Directors, after taking into account the Company's profitability and future business needs.

It is executed after being submitted to and approved by the shareholders' meeting through a vote. Alternatively, the salary of the President and Vice Presidents are determined in accordance with the relevant procedures and rules of the salary standards and internal control systems set by the Company.

These are not directly correlated with business performance.

The policies and standards of paying remunerations, and packages of remuneration

- (1) The Company's directors' remuneration payment standards have been clearly stipulated in the Company's Articles of Incorporation. The Board of Directors is authorized to determine the remunerations in accordance with the degree of participation and contribution value of the directors in the Company's operation and in line with the usual level of industry practice.
 - (2) Managers' remuneration is paid in accordance with the Company's employee salary payment standards.
- (V) The policies and standards of paying remunerations, and packages of remuneration; the procedure for making such decisions; and the correlation between the remuneration with business performance and future risks
1. When the Company's directors and supervisors perform their duties and responsibilities, they may be paid remunerations accordingly. The amount shall be paid at the usual industry level based on the degree of their participation in the Company's operations and the value of their contribution. If the Company has a surplus, additional remunerations may be paid in accordance with Article 25 of the Company's Articles of Incorporation.
 2. The Chairman and President of the Company execute the Company's business in accordance with the resolutions from the Board of Directors. Their selection, dismissal and remuneration are determined by the Board pursuant to the provisions of Article 21 of the Company's Articles of Incorporation. As for the standard of remuneration, it will be determined based on personal performance and level of contribution to the Company's overall operations, and with reference to industry payment standards.
 3. The remuneration policy is determined based on the individual's ability, contribution to the Company's business, their performance, the market value of the position held and in consideration of the Company's future operating risks, and is positively related to operating performance.

IV. Corporate Governance Practices

(I) Board of Directors operating status

A total of 10 Board of Directors meetings (A) were held in the most recent year from January 1, 2023 to March 31, 2024. Directors' attendance information is described below:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) 【B/A】	Remarks
Director	Teng-Hsiung Yang	8	0	100	Dismissed on February 29, 2024.
Director	Kuo-Hua Yang	8	0	100	Dismissed on February 29, 2024.
Director	Kuo-Jui Chiang	7	1	88	Dismissed on February 29, 2024.
Director	Ching-Chia Huang	5	0	63	Dismissed on February 29, 2024.
Director	Fu Te Investment Co., Ltd. Representative: Wenwen You	6	0	75	Dismissed on February 29, 2024.
Director	Yaw-Tone Trading Company Representative: Chiao-Ling Liu	7	0	88	Dismissed on February 29, 2024.
Independent Director	Pi-Hua Chuang	7	0	88	Dismissed on February 29, 2024.
Independent Director	Litze Lee	5	2	63	Dismissed on February 29, 2024.
Independent Director	Lien-sheng Huang	8	0	100	Dismissed on February 29, 2024.
Director	Representative of Zhao Tian International Investment Co., Ltd.: Cheng Tang	2	0	100	Appointed on February 29, 2024
Director	Representative, Hui Tian Xia Investment Corp.: Rong-Hua Tang	2	0	100	Appointed on February 29, 2024
Director	Representative of Zhao Tian International Investment Co., Ltd.: Su-Hsing Lin	2	0	100	Appointed on February 29, 2024
Director	Representative, Hui Tian Xia Investment Corp.: Chi-feng Tseng	2	0	100	Appointed on February 29, 2024
Director	Representative of Hsuan Feng International Investment Co. Ltd.: Yusheng Han	2	0	100	Appointed on February 29, 2024
Director	Representative of Hsuan Feng International Investment Co. Ltd.: You-Lun Shih	2	0	100	Appointed on February 29, 2024
Independent Director	Yaowen Lin	2	0	100	Appointed on February 29, 2024
Independent Director	Meng-Shiou Lee	2	0	100	Appointed on February 29, 2024
Independent Director	Jia-Wei Chen	2	0	100	Appointed on February 29, 2024

Other important information:

一、Should any of the following take place in a board meeting, the date and number of the meeting, the content of proposal, independent director's opinions, and the Company's response to such opinions should be recorded:

(I) Matters listed in Article 14-3 of the Securities and Exchange Act: This event did not occur at the Company.

(II) Aside from the above matters, other resolutions adopted by the board of directors to which an independent director has expressed objections or qualified opinions on record or in writing: The Company has no resolutions which contained objections or qualified opinions expressed by independent directors on record or in writing.

二、Details, including names of directors, proposals, reasons for conflict of interest, and voting, of circumstances where directors recuse themselves due to conflict of interest:

1. The Company has established the Board of Directors Meeting Procedures. Article 15 of these Procedures stipulates that directors who have any of the following circumstances regarding meeting matters shall not participate in the discussion or voting, and shall not act as a proxy for other directors to exercise their voting rights:
 - (1) When the interested party relationship concerning himself or herself or the juristic person that the director represents is likely to prejudice the interests of the Company.
 - (2) Directors should recuse themselves.
2. When convening a Board meeting, the emcee will announce the recusal system contained in Article 15 of the Board of Directors Meeting Procedures.
3. In 2023 and as of the date of publication of the Annual Report, the Company has not had any proposals which were related to the directors' interests.

III. TWSE/TPEX listed companies shall disclose the frequency and period, scope, method and content of evaluation of their board of directors' self- (or peer) evaluation, and fill in the attached table

Board of Directors evaluation status is as follows:

Frequency	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Implemented once a year	January 1, 2023 to December 31, 2023	The Board of Directors, individual directors, and functional committees.	"Board performance self-evaluation questionnaire" - internal self-evaluation of the Board as a whole	The measurement items in the "Board performance self-evaluation questionnaire" include five major aspects, namely, level of participation in the Company's operations, improving the quality of Board decision-making, Board composition and structure, appointment of Directors and their continuing studies, and internal controls, and contain a total of 45 evaluation indicators.
			"Board member performance self-evaluation questionnaire" - internal self-evaluation of individual Board members	The measurement items in the "Board member performance self-evaluation questionnaire" include six major aspects, namely, familiarity of goals and missions of the Company, understanding of director's responsibilities, level of participation in the Company's operations, internal relationship management and communication, and professionalism and continued development, and internal controls, and contain a total of 23 evaluation indicators.
			"Functional committee member performance self-evaluation questionnaire" - internal self-evaluation of functional committees	The measurement items in the "Functional committee member performance self-evaluation questionnaire" include five major aspects, namely, degree of participation in the Company's operations, awareness of duties, decision-making quality, composition and selection of members, internal control, etc., and contain a total of 26 evaluation indicators.

IV. Programs this year and in the most recent year for strengthening the functionality of the Board (for example, setting up an auditing committee, improving transparency, etc.) and assessment of execution:
This event did not occur at the Company.

(II) Operations of the Audit Committee:

The Audit Committee met 7 times (A) in the most recent year from January 1, 2023 to March 31, 2024. The details of the attendance from the independent directors are as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance in person rate (%) (B/A)(Note 1, Note 2)	Remarks
Independent Director	Pi-Hua Chuang	6	0	100	Dismissed on February 29, 2024.
Independent Director	Litze Lee	5	1	83	Dismissed on February 29, 2024.
Independent Director	Lien-sheng Huang	6	0	100	Dismissed on February 29, 2024.
Independent Director	Yaowen Lin	1	0	100	Appointed on February 29, 2024
Independent Director	Meng-Shiou Lee	1	0	100	Appointed on February 29, 2024
Independent Director	Jia-Wei Chen	1	0	100	Appointed on February 29, 2024
Other important information:					
<p>I. The date of the Audit Committee meeting, the term, contents of the proposals, dissenting or qualified opinions given by independent directors or contents of major proposed items, resolutions of the Audit Committee, and the Company's handling of the resolutions of the Audit Committee shall be recorded under the following circumstances in the operations of the Audit Committee meeting.</p> <p>(I) Items specified in Article 14-5 of the Securities and Exchange Act.</p> <p>(II) Aside from the above matters, other resolutions that are passed by a two-thirds majority or more of the board of directors but without being passed by the Audit Committee.</p> <p>II. When there are recusals of independent directors due to conflicts of interests, names of the independent directors, contents of resolutions, reasons of recusal, and voting participation should be stated.</p> <p>III. Independent directors' communication with internal auditors and CPAs (shall include major matters, methods, and results of communication regarding the Company's financial position and business operations).</p>					

(III) Supervisor participation in board affairs: The Company does not have supervisors.

(IV) Corporate governance practice and compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies

Item	Operating status			Compliance with Best Practice Principles and reasons for any discrepancies
	Yes	No	Summary	
I. Has the company defined and disclosed its corporate governance best practice principles in accordance with the <i>Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies</i> ?	V		The Company has approved of the formulation of Corporate Governance Best Practice Principles at the Board of Directors meeting on March 25, 2014, and has adopted a resolution at the general shareholders' meeting on June 26, 2014 to implement them. They have been implemented accordingly in practice. The control function is sound.	In line with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
II. Shareholding structure & shareholders' equity				
(I) Has the Company set internal operations procedures for dealing with shareholder proposals, doubts, disputes, and litigation as well as implemented those procedures through the proper procedures?	V		(I) In addition to engaging a professional share transfer agency to handle the Company's share-related affairs, the Company has also set up a spokesperson, deputy spokesperson and share transfer personnel who can effectively handle shareholders' suggestions or disputes and other related issues.	In line with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
(II) Does the Company have a list of major shareholders of companies over which the Company has actual control and the list of ultimate owners of those major shareholders?	V		(II) The Company has designated personnel responsible for handling share-related affairs, and is assisted by the share transfer agency, Grand Fortune Securities Co.,Ltd, thereby allowing us to effectively stay on top of the Company's list of major shareholders.	
(III) Has the Company established and implemented risk control/management and firewall mechanisms between it and affiliated corporations?	V		(III) The current operation of the Company's dealings with affiliates is carried out in accordance with relevant laws and regulations, as well as the Company's internal control system.	
(IV) Does the Company have internal regulations in place to prevent insiders from trading securities on information that is not yet public?	V		(IV) The Company has formulated the Operating Procedures for Handling Material Inside Information And Prevention of Insider Trading Management.	

Item	Operating status			Compliance with Best Practice Principles and reasons for any discrepancies
	Yes	No	Summary	
<p>III. Composition and responsibilities of the Board of Directors</p> <p>(I) Has the Board of Directors devised and enforced a diversity policy?</p> <p>(II) In addition to the Remuneration Committee and the Audit Committee, which are required by law, is the Company willing to create on a voluntary basis other functional committees?</p> <p>(III) Has the Company formulated Board of Directors Performance Evaluation Guidelines and evaluation methods; and does it conduct annual and regular performance evaluations, report the results of the performance evaluations to the Board of Directors, and use them as a reference for the remuneration and nomination of individual directors?</p> <p>(IV) Does the Company periodically evaluate the level of independence of CPAs?</p>	V		<p>(I) Nominations of the Company's director members all go through a rigorous selection process, taking into account their professional abilities and practical experience in the industry.</p> <p>(II) The Company has established a Remuneration Committee in 2011, and has also set up independent directors in 2015, and evaluate them regularly on an annual basis. Moreover, various functional committees will be set up on a voluntary basis and are currently under planning and evaluation.</p> <p>(III) The Company has formulated the Board of Directors Performance Evaluation Guidelines in 2020 and implements it accordingly.</p> <p>(IV) The Company regularly reviews the independence of the certified public accountants (CPAs) every year. Apart from the audit appointment, the Company has no other business transactions and relationships with the CPAs and does not violate their independence. In addition, the evaluation results are also to the Board of Director for review.</p>	In line with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
<p>IV. For TWSE/TPEx-listed companies, are there suitable persons in an appropriate number and designated supervisors for corporate governance to take charge of related matters (including but not limited to providing directors and supervisors with materials required for them to carry out their tasks, helping directors and supervisors comply with the law, taking care of board of directors' meetings and shareholders' meetings as required by law, and preparing minutes of board of directors' meetings and shareholders' meetings)?</p>	V		In 2023, the Company has designated a Corporate Governance Officer to be responsible for corporate governance-related matters.	In line with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
<p>V. Has the Company established channels for communicating with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), set up a dedicated stakeholder area on the Company website, as well as responded appropriately to important corporate social responsibility (CSR) issues of concern to stakeholders?</p>	V		The Company has set up a spokesperson, deputy spokesperson, and personnel for handling share transfer affairs, and disclosed their contact numbers and dedicated e-mails and a dedicated Stakeholders section on the Company's website. In addition, communications and coordinations with transacting banks, customers, suppliers, and Company employees are also done by their respective dedicated departments.	In line with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
<p>VI. Has the Company designated a professional shareholder service agency to deal with matters of the shareholders' meeting?</p>	V		The Company has engaged Grand Fortune Securities Co., Ltd. To handle matters related to convening the shareholders' meeting.	In line with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies

Item	Operating status			Compliance with Best Practice Principles and reasons for any discrepancies
	Yes	No	Summary	
<p>VII. Disclosure of Information</p> <p>(I) Has the Company established a corporate website on which to disclose information regarding the Company's financial, business and corporate governance standings?</p> <p>(II) Has the Company adopted other means of information disclosure (e.g., creating a website in English, appointing a dedicated staff to gather and disclose company information, implementing a spokesperson system, and disclosing the process of investor conferences on the Company website)?</p> <p>(III) Does the Company announce and declare the annual financial report within two months after the end of the fiscal year, and announce and declare the Q1, Q2 and Q3 financial reports and operating status of each month within the prescribed deadline?</p>	V		<p>(I) The Company has set up a website to disclose relevant information, and uploads financial business and internal control-related information to the MOPS in accordance with the time specified by the competent authority.</p> <p>(II) The Company has appointed dedicated personnel to take charge of the collection and disclosure of Company information, and we have implemented a spokesperson system in accordance with regulations.</p> <p>(III) Does the Company announce and declare the annual financial report within two months after the end of the fiscal year, and announce and declare the Q1, Q2 and Q3 financial reports and operating status of each month within the prescribed deadline?</p>	In line with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
<p>VIII. Does the Company have other information that contributes to better understanding of its corporate governance standing (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, training completed by directors, implementation of risk management policies and risk evaluation criteria, implementation of customer policies, liability insurance policies purchased for directors)?</p>	V		<ol style="list-style-type: none"> The Company has set up an Employee Welfare Committee and relevant regulations to protect the rights and interests of employees. Communications and coordinations with suppliers and other stakeholders are done by their respective dedicated departments to ensure their legal rights and interests. Directors' attendance of Board meetings is normal, and in case a director is an interested party to a proposal at a Board meeting and the Company's interests may be harmed, the director will be prohibited from voting on the matter. Directors' continuing education: Training has been carried. Status of purchase of liability insurance for directors: The Company has purchased liability insurance for its directors. 	In line with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
<p>IX. Please describe improvements in terms of the results of the Corporate Governance Evaluation System published by the Taiwan Stock Exchange Corporation in recent years and propose areas and measures to be given priority where improvement is needed. (Those who are not included in evaluation do not need to fill in the form)</p> <p>The Company was subject to changes in transactions between the evaluation data analysis period and the announcement of the evaluation results, and was not included in the evaluation and rankings.</p>				

(V) In case the Company has established a Remuneration Committee, disclose the names and responsibilities of its members and committee operations:

(1) Members of the Remuneration Committee

Criteria	Professional Qualifications and Experiences	Independence	Number of concurrent posts at other listed companies as independent director
Identity Type and Name			

Independent Director Pi-Hua Chuang	Professional and technical personnel who has had five years or more of work experience, and passed a national examination and holds a CPA or other professional certificate/license in a discipline related to the Company's needs Former: Director, First Elite CPAs & Co. Member of Remuneration Committee, Soft-World International Corporation Member of Remuneration Committee, Tainan Enterprise (Cayman) Co, Limited	Meets the criteria for independence, including but not limited to the following regulations: the individual, spouse, or relative within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliates; does not hold any of the Company's outstanding shares; not a director, or employee of a company that has special relations with the Company; and has not received compensation for business, legal, financial, or accounting services provided for the Company or its affiliates in the last two years.	2
Independent Director Litze Lee	Has five years or more of work experience and is a lecturer or higher position in a department of finance or other academic department related to the business needs of the Company in a public or private junior college, college or university Former: Associate Professor, Overseas Chinese University	Meets the criteria for independence, including but not limited to the following regulations: the individual, spouse, or relative within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliates; does not hold any of the Company's outstanding shares; not a director, or employee of a company that has special relations with the Company; and has not received compensation for business, legal, financial, or accounting services provided for the Company or its affiliates in the last two years.	0
Independent Director Lien-sheng Huang	Has at least five years of work experience in an area related to the business needs of the Company Previously: Head of Taipei Economic and Cultural Office in Spain (retired)	Meets the criteria for independence, including but not limited to the following regulations: the individual, spouse, or relative within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliates; does not hold any of the Company's outstanding shares; not a director, or employee of a company that has special relations with the Company; and has not received compensation for business, legal, financial, or accounting services provided for the Company or its affiliates in the last two years.	0
Independent Director Yaowen Lin	Has at least five years of work experience in an area related to the business needs of the Company Former: Chairman, New Culture Foundation	Meets the criteria for independence, including but not limited to the following regulations: the individual, spouse, or relative within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliates; does not hold any of the Company's outstanding shares; not a director, or employee of a company that has special relations with the Company; and has not received compensation for business, legal, financial, or accounting services provided for the Company or its affiliates in the last two years.	0
Independent Director Meng-Shiou Lee	Professional and technical personnel who has had five years or more of work experience, and passed a national examination and holds a CPA or other professional certificate/license in a discipline related to the Company's needs Former: Accountant, First Elite CPAs & Co. Member of Remuneration Committee, Topco Technologies Corp. Member of Remuneration Committee, Mechema Chemicals International Corp. Member of Remuneration Committee, PELL Bio-Med Technology Co. Ltd.	Meets the criteria for independence, including but not limited to the following regulations: the individual, spouse, or relative within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliates; does not hold any of the Company's outstanding shares; not a director, or employee of a company that has special relations with the Company; and has not received compensation for business, legal, financial, or accounting services provided for the Company or its affiliates in the last two years.	3
Independent Director Jia-Wei Chen	A professional and technical personnel who has work experience in legal capacity and has passed the national examination and received certificates required by lawyers. Former: Attorney-at-Law, Chi Sheng Law Firm Does not meet any of the conditions stated in Article 30 of the Company Act.	Meets the criteria for independence, including but not limited to the following regulations: the individual, spouse, or relative within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliates; does not hold any of the Company's outstanding shares; not a director, or employee of a company that has special relations with the Company; and has not received compensation for business, legal, financial, or accounting services provided for the Company or its affiliates in the last two years.	0

Remarks: Independent directors Pi-Hua Chuang, Litze Lee, and Lien-sheng Huang were dismissed on February 29, 2024, and Yaowen Lin, Meng-Shiou Lee, and Jia-Wei Chen were appointed on February 29, 2024.

(2) Operation of the Remuneration Committee

- I. The Company's Remuneration Committee consists of three members.
 II. The term of office of the current members: From February 29, 2024 to February 28, 2027. The Remuneration Committee held 5 meetings (A) during the past year from January 1, 2023 to March 31, 2024, and the qualifications and attendance information of each member are listed below:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance in person rate (%) (B/A)	Remarks
Convener	Pi-Hua Chuang	4	0	100	Dismissed on February 29, 2024.
Member	Litze Lee	4	0	100	Dismissed on February 29, 2024.
Member	Lien-sheng Huang	4	0	100	Dismissed on February 29, 2024.
Convener	Yaowen Lin	1	0	100	Appointed on February 29, 2024
Member	Meng-Shiou Lee	1	0	100	Appointed on February 29, 2024
Member	Jia-Wei Chen	1	0	100	Appointed on February 29, 2024

Other important information:

I. If the Board of Directors did not adopt or revise the recommendations of the Remuneration Committee, the date of the Board meeting, term of the Board, agenda item, resolutions adopted by the Board, and actions taken by the Company in response to the opinion of the Remuneration Committee shall be specified: The Remuneration Committee did not express any opinions in 2023 and as of date of publication of the Annual Report.

II. Resolutions of the Remuneration Committee: The members of the Remuneration Committee who attended the meetings did not express any opinion in 2023 and as of date of publication of the Annual Report.

(VI) Implementation status of sustainable development, deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof

Item	Operating status			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Summary	
I. Has the Company established a governance framework to promote sustainable development and a dedicated department (or have another department be responsible for related efforts) for fulfilling sustainable development, with the board of directors authorizing high-level managers to handle such efforts, and having relevant progress be supervised by the board of directors?	V		The Company has formulated relevant risk assessment and risk management policies.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
II. Does the Company perform assessments of risks in environmental, social, and corporate governance issues relevant to its business activities and devise risk management policies and strategies based on the principle of materiality?		V	The Company has not yet set up a full-time or concurrent unit to promote corporate social responsibility.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
III. Environmental topics (I) Has the Company developed an appropriate environmental management system, given its distinctive characteristics? (II) Is the Company committed to achieving efficient use of resources, and using renewable materials that produce less impact on the environment? (III) Does the Company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues? (IV) Does the Company take inventory of its greenhouse gas emissions, water consumption, and the total weight of waste in the last two years, and draw up policies on greenhouse gas reduction, water reduction, or waste management?		V	(I) At present, the Company no longer has a manufacturing division, and is mainly engaged in trading. (II) At present, the Company no longer has a manufacturing division, and is mainly engaged in trading. (III) At present, the Company no longer has a manufacturing division, and is mainly engaged in trading. (IV) At present, the Company no longer has a manufacturing division, and is mainly engaged in trading.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies

<p>IV. Social topics</p> <p>(I) Does the Company have adequate management policies and procedures in place pursuant to the applicable regulations and the International Bill of Human Rights?</p> <p>(II) Has the Company established and does it implement reasonable employee benefits (including remuneration, leave, and other benefits), and ensure business performance or results are reflected adequately in employee remuneration?</p> <p>(III) Does the Company provide a safe and healthy work environment and organize regular health and safety training for employees?</p> <p>(IV) Does the Company have in place effective tools to help employees with career planning and development?</p> <p>(V) Do the Company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection or customer rights protection and grievance procedure policies implemented?</p> <p>(VI) Does the Company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.</p>	<p>V</p> <p>V</p> <p>V</p> <p>V</p> <p>V</p> <p>V</p>	<p>(I) We participate in courses related to the Labor Standards Act from time to time and review Company management procedures afterwards.</p> <p>(II) The Company has set up an Employee Welfare Committee. In addition to organizing regular employee travel and activities that help employees develop physically and mentally, the Company also provides various subsidies and allowances for marriage, childbirth, funeral, etc., and holds regular employee health examinations.</p> <p>(III) Provides regular employee health examinations, and the workplace is also regularly audited by external agencies.</p> <p>(IV) Education and training needs are proposed by each department every year, and then compiled and organized by the Management Department.</p> <p>(V) All Company processes and products have complied with government regulations and relevant laws and regulations, and we provide customers with guaranteed product quality. In addition, the Company's sales staff all serve as channels for customer complaints, and dedicated personnel, e-mails and Company website have also been set up to ensure that complaints concerning customers rights and interests are handled in a fair and objective manner.</p> <p>(VI) Before engaging in business relations with any supplier, the Company will conduct rigorous evaluations in accordance with regulations and promote the concept of corporate social responsibility to suppliers. In addition to actively inviting suppliers to participate in charity activities and provide social relief and other services, if suppliers have any major violations of relevant regulations, the Company will immediately terminate all transactions with them.</p>	<p>In line with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies</p>
<p>V. Does the Company prepare sustainability reports and other reports that disclose non-financial information by following international reporting standards or guidelines? Does the Company obtain third-party assurance or guarantees for the reports above?</p>	<p>V</p>	<p>The Company has not obtained assurance or verification for its products or Corporate Social Responsibility Report.</p>	<p>In line with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies</p>
<p>VI. Describe the deviations, if any, between actual practice and the sustainable development regulations, if the company has formulated such principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies: The Company has not yet formulated the Sustainable Development Best Practice Principles, but has taken into consideration the Company's current situation and legal requirements to implement it accordingly.</p>			
<p>VII. Other important information to facilitate a better understanding of the Company's implementation of sustainable development: The Company makes fixed monthly donations to the hospice ward of Taichung Veterans General Hospital, the Xin An Home for Special Education Children, and the Yilan County Hong Der Nursing Home.</p>			

(VII) Ethical corporate management and measures adopted

Implementation of ethical corporate management and measures and departure from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons

Item	Operating status		Summary	Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		
<p>I. Establishment of ethical corporate management policy and approaches</p> <p>(I) Has the Company established an ethical corporate management policy and does the Company state in internal regulations and external correspondence its ethical corporate management policy and practices and the commitment of the board of directors and the senior management to enforcement of the ethical corporate management policy?</p> <p>(II) Does the Company have mechanisms in place to assess the risk of unethical conduct and perform regular analysis and assessment of business activities with a higher risk of unethical conduct within the scope of business? Does the Company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?</p> <p>(III) Does the Company have measures in place against unethical conduct, and do these measures provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures, and are they enforced effectively and reviewed and revised from time to time?</p>	V	V	<p>(I) The Company has approved of the formation of the Ethical Corporate Management Policy in a Board meeting on February 25, 2015, and the policy was further amended on June 21, 2019. In addition, the Company also states in internal regulations and external correspondence its Ethical Corporate Management Policy and practices, and the commitment of the Board of Directors and the senior management to enforce the policy has also been carried out in actual practice.</p> <p>(II) The Company's relevant regulations have clearly stipulated the punishment methods and appeal channels for violators, and the Company has not had any occurrence of unethical conduct.</p> <p>(III) The Company has established standards and punishments for unethical conduct in its internal control system and management methods. In addition to routine audits and inspections, if a whistleblowing report is received and found to be true upon verification, relevant supervisors and the Board of Directors will be immediately notified. In addition, we also constantly review the system at all times to ensure the effectiveness of its design and executions.</p>	In line with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies

Item	Operating status		Summary	Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		
<p>II. Implementation of ethical corporate management</p> <p>(I) Does the Company assess business partners' records of ethics, and include a moral clause in the contracts with its business partners?</p> <p>(II) Does the Company have a unit responsible for business ethics on a full-time basis under its Board of Directors, which reports the business ethics policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?</p> <p>(III) Does the Company have a conflict of interest management policy in place, provide adequate reporting channels, and enforce rules accordingly?</p> <p>(IV) Does the Company have effective accounting and internal control systems in place to implement business ethics, and does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit systems accordingly to prevent unethical conduct, or engage CPAs to perform such audits?</p> <p>(V) Does the Company provide regular internal and external training on ethical corporate management?</p>	V	V	<p>(I) Before engaging in any business relations, the Company always evaluates and considers the legality of the counterparties and whether there is any past record of unethical conduct. Currently, the Company has not had any transactions with anyone with records of unethical conduct.</p> <p>(II) In addition to using the internal control system to implement levels of authority, executions, and supervision, the Company also has an Audit Office under the direct supervision of the Board of Directors and is responsible for supervising the implementation and reporting to the Board on a regular basis.</p> <p>(III) If an employee of the Company has any concerns about the possibility of conflict of interest regarding the nature of his or her responsibilities and work, pursuant to Company regulations, the employee's regular deputy will perform the work instead.</p> <p>(IV) The Company has established an effective accounting system and internal control system, and internal auditors have implemented inspections in accordance with the annual audit plan and submitted reports in accordance with regulations.</p> <p>(V) The Company has regularly held advocacy and education training to implement ethical corporate management.</p>	In line with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies

Item	Operating status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
<p>III. Implementation of the Company's whistleblowing system</p> <p>(I) Does the Company provide incentives and means for employees to report malpractices? Does the Company assign dedicated personnel to investigate the reported malpractices?</p> <p>(II) Does the Company have in place standard operating procedures for investigating and processing reports, as well as follow-up actions and relevant post-investigation confidentiality measures?</p> <p>(III) Has the Company provided proper whistleblower protection?</p>	V		<p>(I) If any employee of the Company discovers a suspected situation that violates our ethical corporate management practices, he or she can report it to his/her supervisor at any time (verbally, in writing, email, etc.). If necessary, they can also report the incident to a higher rank for handling. The identity of the whistleblower will be kept confidential and will be included in the performance evaluation to give incentives. Suppliers or contractors can also make reports through the "Stakeholders" section of the Company's website, and the identity of the whistleblower will be kept confidential.</p> <p>(II) The Company handles investigations of reported matters in a confidential and careful manner. If the investigation proves to be true, penalties will be carried out in accordance with the Company's internal management system.</p> <p>(III) The Company strictly prohibits any form of retaliation against anyone who reports or assists in an investigation in good faith.</p>	In line with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
<p>IV. Enhancing information disclosure</p> <p>Has the Company disclosed the contents or its ethical corporate management principles as well as relevant implementation results on its website and on the Market Observation Post System?</p>	V		The Company has published relevant information in the MOPS and its Annual Report in accordance with regulations.	In line with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
<p>V. Describe the deviations, if any, between actual practice and the ethical corporate management principles, if the company has formulated such principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies:</p> <p>The Company has not yet formulated the Ethical Corporate Management Best Practice Principles, but has taken into consideration the Company's current situation and legal requirements to implement it accordingly.</p>				
<p>VI. Other important information to facilitate a better understanding of the Company's implementation of ethical corporate management: (such as review and amendment of ethical management rules): None.</p> <ol style="list-style-type: none"> The Company's ethical corporate management and measures adopted: The Company has approved the formulation of the Ethical Corporate Management Operating Procedures and Code of Conduct at the general shareholders' meeting on June 22, 2015, and they have been enacted as of that day. The Company shall disclose the ways to make inquiries if it has implemented a set of corporate governance principles or related rules: The Company has approved the formulation of the Corporate Governance Best Practice Principles at the general shareholders' meeting on June 26, 2014, and they have been enacted as of that day. The Company's website: http://www.fu-ta.com.tw Other significant information which may improve the understanding of corporate governance: Relevant information is disclosed on the Market Observation Post System in accordance with regulations. The Company assigns a dedicated person to be responsible for collecting and disclosing Company information, and uses the MOPS to disclose it on a regular basis. A spokesperson system has been established to ensure that information that may affect shareholders is disclosed promptly and appropriately. 				

(VIII) Status of implementation of the internal control system

1. Statement of Internal Control System

福大材料科技 股份有限公司

內部控制制度聲明書

日期：一一三年三月十四日

- 本公司民國一一二年度之內部控制制度，依據自行檢查的結果，謹聲明如下：
- 一、本公司確知建立、實施和維護內部控制制度係本公司董事會及經理人之責任，本公司業已建立此一制度。其目的係在對營運之效果及效率(含獲利、績效及保障資產安全等)、財務報導之可靠性及相關法令之遵循等目標之達成，提供合理的確保。
 - 二、內部控制制度有其先天限制，不論設計如何完善，有效之內部控制制度亦僅能對上述三項目標之達成提供合理的確保；而且，由於環境、情況之改變，內部控制制度之有效性可能隨之改變。惟本公司之內部控制制度設有自我監督之機制，缺失一經辨認，本公司即採取更正之行動。
 - 三、本公司係依據「公開發行公司建立內部控制制度處理準則」(以下簡稱「處理準則」)規定之內部控制制度有效性之判斷項目，判斷內部控制制度之設計及執行是否有效。該「處理準則」所採用之內部控制制度判斷項目，係為依管理控制之過程，將內部控制制度劃分為五個組成要素：1.控制環境，2.風險評估，3.控制作業，4.資訊及溝通，及5.監督。每個組成要素又包括若干項目。前述項目請參見「處理準則」之規定。
 - 四、本公司業已採用上述內部控制制度判斷項目，檢查內部控制制度之設計及執行的有效性。
 - 五、本公司基於前項檢查結果，認為本公司於民國一一二年十二月三十一日的內部控制制度(含對子公司之監督與管理)，包括知悉營運之效果及效率目標達成之程度、財務報導之可靠性及相關法令之遵循有關的內部控制制度等之設計及執行係屬有效，其能合理確保上述目標之達成。
 - 六、本聲明書將成為本公司年報及公開說明書之主要內容，並對外公開。上述公開之內容如有虛偽、隱匿等不法情事，將涉及證券交易法第二十條、第三十二條、第一百七十一條及第一百七十四條等之法律責任。
 - 七、本聲明書業經本公司民國一一三年三月十四日董事會通過，出席董事九人中，零人持反對意見，餘均同意本聲明書之內容，併此聲明。

福大材料科技股份有限公司

董事長：唐承  簽章

總經理：唐銘  簽章

2. Those who entrust an accountant to review the control system must disclose the accountant's review report: None.

(IX) Disciplinary actions imposed by law on the Company or its employees, disciplinary actions imposed by the company on its employees for violation of internal control regulations, and deficiencies and improvements in the

most recent year and up to the publication date of this Annual Report: None.

(X) Important resolutions made during shareholders' meetings and Board of Directors' meetings in the past year and up to the publication date of this Annual Report:

1. Important resolutions of general shareholders' meetings and extraordinary shareholders' meetings

Date	Important resolutions
2023.06.21 (Shareholders' Meeting)	<ol style="list-style-type: none"> 1. Approved the Company's 2022 profit and loss appropriation statement. 2. Approved the Company's 2022 financial statements. 3. Approved the Company's proposal for private placement.
2024.02.29 (Extraordinary Shareholders' Meeting)	<ol style="list-style-type: none"> 1. Approved the evaluation opinions on the necessity and rationality of the private placement issued by the securities underwriter in regards to the Company's private placement of securities in 2023. 2. Approved the general re-elections of the Company's directors (including independent directors). 3. Approved the proposal to release the prohibition on directors from participation in competitive business.

2. Important Board resolutions:

Date	Important resolutions
2023.03.24	<ol style="list-style-type: none"> 1. Approved the Company's 2022 Business Report and Financial Statements. 2. Approved the Company's 2022 profit and loss appropriation plan. 3. Approved the 2022 "Internal Control System Validity Assessment" and "Statement of Internal Control System". 4. Approved the time, location, agenda, and other relevant matters regarding the convening of the 2023 general shareholders' meeting. 5. Approved the the period and place for accepting shareholder proposals in accordance with Article 172-1 of the Company Act. 6. Approved the formulation of the company's "Risk Management Code of Practice". 7. Approved the Company's proposal to appoint a Corporate Governance Officer. 8. Approved the proposed loan application to Qingshui Branch, Chang Hwa Bank. 9. Approved the evaluation of the independence and competence of the certifying CPAs. 10. Approved the appointment of the Company's CPAs for 2023. 11. Approved the Report on the Losses of Important Subsidiary Fu Tai Textile Having Reached One-Half of its Paid-in Capital.
2023.05.11	<ol style="list-style-type: none"> 1. Approved the Company's 2023 Q1 consolidated financial statements. 2. Approved the Report on the Losses of the Company Having Reached One-Half of its Paid-in Capital. 3. Approved the Company's proposal to appoint a Corporate Governance Officer. 4. Approved the appointment of the Company's audit supervisor. 5. Approved the time, location, agenda, and other relevant matters regarding the 2021 shareholders' meeting. 6. Approved the suspension of production business from important subsidiary Fu Tai Textile Co., Ltd. 7. Approved the Company's proposal for private placement. 8. Approved the proposal for offsetting losses through the Company's capital reserves.
2023.08.11	<ol style="list-style-type: none"> 1. Approved the Company's 2023 Q2 consolidated financial statements. 2. Approved the proposal to engage a consultant. 3. Approved the handling measures for employees who meet the retirement age of 65. 4. Approved the Company's personnel adjustments, changes, and layoff planning.
2023.11.10	<ol style="list-style-type: none"> 1. Approved the Company's 2024 audit plan. 2. Approved the Company's 2023 Q3 consolidated financial statements. 3. Approved the Company's proposal to adjust honorarium for directors. 4. Approved the credit line limit that the Company intends to apply from Qingshui Branch, Chang Hwa Bank.
2023.12.26	<ol style="list-style-type: none"> 1. Approved the Company's proposal for private placement. 2. Approved the formulation of subscription price, base date, and inquiry of subscribers for the first private placement for cash capital increase in 2023.

2024.01.09	<ol style="list-style-type: none"> 1. Approved general re-elections of the Company's directors (including independent directors). 2. Approved the the period and place for accepting shareholder nominations in accordance with Article 192-1 of the Company Act. 3. Approved the time, location, agenda, and other relevant matters regarding the convening of the first extraordinary shareholders' meeting in 2024.
2024.02.02	<ol style="list-style-type: none"> 1. Approved the list of nominees for director candidates (including independent directors). 2. Approved the proposal to release the prohibition on directors from participation in competitive business. 3. Approved the general principle for the Company's non-assurance service policy. 4. Approved the amount of year-end bonus distributions for managers and consultants in 2023.
2024.02.26	<ol style="list-style-type: none"> 1. Approved the subsequent handling procedures for the land belonging to the National Property Administration, Ministry of Finance.
2024.02.29	<ol style="list-style-type: none"> 1. Approved the re-election of Chairman. 2. Approved the appointment of President by the Chairman. 3. Approved the appointment of members of the Audit Committee. 4. Approved the appointment of members of the Remuneration Committee. 5. Approved of the replacement of the Company's spokesperson.
2024.03.14	<ol style="list-style-type: none"> 1. Approved the Company's 2023 Business Report and Financial Statements. 2. Approved the Company's 2023 profit and loss appropriation plan. 3. Approved the 2023 "Internal Control System Validity Assessment" and "Statement of Internal Control System". 4. Approved the report on the status of private placement. 5. Approved the time, location, agenda, and other relevant matters regarding the convening of the 2024 general shareholders' meeting. 6. Approved the the period and place for accepting shareholder proposals in accordance with Article 172-1 of the Company Act. 7. Approved the evaluation of the independence and competence of the certifying CPAs. 8. Approved the amendments to the Company's "Articles of Incorporation". 9. Approved the proposal to replace the Company's share transfer agency. 10. Approved the appointment of the Company's CPAs for 2024. 11. Approved the Report on the Losses of Important Subsidiary Having Reached One-Half of its Paid-in Capital. 12. Approved the appointment of directors at subsidiary Fu Tai Textile.
2024.04.25	<ol style="list-style-type: none"> 1. Approved the change case of the company's accounting manager. 2. Pass the change case of the company's corporate governance manager. 3. Pass the company's internal audit supervisor's change case. 4. Pass the company's business address change case. 5. Change the company name through our company. 6. Approved the revision of the company's "Procedures for Acquisition or Disposal of Assets". 7. Approved the revision of the company's "Operating Procedures for Fund Loans to Others". 8. Approved the revision of the company's "Endorsement and Guarantee Operating Procedures". 9. Approved the revision of the company's "Standards of Procedure for Board of Directors" and "Rules of Procedure for Shareholders' Meetings". 10. Approved the revision of the company's "Integrity Management Operating Procedures and Conduct Guidelines" and "Ethical Code of Conduct". 11. Approved the addition of the company's "Integrity Business Code". 12. Adopted the formulation of the company's "Code of Practice for Sustainable Development". 13. Approved the revision of the company's "Approval Authority Table". 14. Approved the update of the reasons for shareholder convening in 2024.

Date	Important resolutions
2024.05.07	<ol style="list-style-type: none"> 1. Approved the company's financial statements for the first quarter of 2024. 2. Pass the company's change of accounting firm and certification accountant and suitability and independence assessment case.

(XI) The main content of different opinions expressed by directors or supervisors on important resolutions passed by the Board of Directors for which there exist records or written statements, in the most recent year and up

to the date of publication of the Annual Report: As of the date of publication of the Annual Report, the Company's directors or supervisors did not have any dissenting or qualified opinions against an important resolution passed by the Board of Directors.

- (XII) Summary table of the resignation and dismissal of persons relevant to the Company, in the most recent year and up to the date of publication of the Annual Report:

Title	Name	Date of appointment	Date of dismissal	Reason for resignation or dismissal
Head of Management Department	Chian-Feng Yang	2009.11.16	2023.12.15	Dismissal
Finance/Accounting Manager	Tzu-Long He	2019.04.01	2024.04.25	Dismissal
Audit supervisor	Shuhua Cai	2023.05.11	2024.04.25	Dismissal

V. Information on CPA Fees

- (I) Range of CPA fees

Name of accounting firm	Name of CPAs		Audit period	Remarks
Weyong International CPAs & Co.	Jim-Chen Ko	Tzu-Yang Wang	2023.10.01~2023.12.31	N/A

Unit: Thousand NTD

Accounting fee item		Audit fee	Non-audit fee	Total
1	NT\$2,000 thousand	1,940	35	1,975
2	NT\$2,000 thousand (incl.) ~ NT\$4,000 thousand			
3	NT\$4,000 thousand (incl.) ~ NT\$6,000 thousand			
4	NT\$6,000 thousand (incl.) ~ NT\$8,000 thousand			
5	NT\$8,000 thousand (incl.) ~ NT\$10,000 thousand			
6	More than NT\$10,000 thousand			

- (II) Where non-audit fees paid to the certified public accountants, the CPA's affiliated accounting firms, and their affiliates exceed 25% of the audit fees, then the amount of the audit and non-audit fees should be disclosed along with the nature of the non-audit service: N/A.

(III) Information on CPA Fees

Unit: Thousand NTD

Name of accounting firm	Name of CPAs	Audit fee	Non-audit fee					CPA audit period	Remarks
			System design	Business registration	Human resources	Other	Subtotal		
Weyong International CPAs & Co.	Jim-Chen Ko	1,940	0	0	0	35	35	2023.01.01~2023.12.31	N/A
	Tzu-Yang Wang								

(IV) If the accounting firm has been changed and the annual audit fees were lower for the year of the firm change compared to that of the previous year, audit fees before and after the changes and the reason for such changes should be disclosed:

N/A.

(V) If the audit fees have decreased by more than 10% compared to the previous year, the amount, ratio, and reason for the reduction in audit expense should be disclosed: N/A.

VI. Information on CPA replacement: The Company did not change its CPAs in 2023.

VII. The Chairman, General Manager and Financial or Accounting Managerial Officer of the Company who has worked for CPAs' firm or its affiliate in the past year: The Company's Chairman, President and Financial or Accounting Manager of the Company did not work for CPAs' firm or its affiliate in the past year.

VIII. Share transfers and share pledging by directors, supervisors, managers and shareholders holding more than 10% equity in the past year and up to the printing date of this Annual Report: There were no share transfers or share pledging by directors, supervisors, managers and shareholders holding more than 10% equity in the past year and up to the printing date of this Annual Report.

IX. Information disclosing relationships among the top ten shareholders as stipulated by ROC GAAP No.6

Name	Shareholding by the individual in question		Shares held by spouse and underage children		Total shares held in the name of others		Shareholders with the top 10 shareholding ratios who are related, spouses, and second-degree relatives, their names, and their respective relationships as stipulated by ROC GAAP No.6.		Remarks
	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	Title (or name)	Relationship	
Zhao Tian International Investment Co., Ltd.	16,900,000	24.86	N/A	-	0	0	N/A	N/A	The Company's Corporate Director
Hui Tian Xia Investment Corp.	9,699,522	14.27	N/A	-	0	0	N/A	N/A	The Company's Corporate Director
Hsuan Feng International Investment Co. Ltd.	5,100,000	7.50	N/A	-	0	0	N/A	N/A	The Company's Corporate Director
Teng-Hsiung Yang	1,471,283	2.16	11,878	0.01	0	0	N/A	N/A	
Ching-Chia Huang	1,224,000	1.80	560,000	0.82	0	0	Yong-Chieh Lin	Spouse	
Yu-Chao Fan Chuang	1,091,000	1.61	0	0	0	0	N/A	N/A	
Feng Ching Metal Corporation	770,000	1.13	N/A	-	0	0	N/A	N/A	
Dedicated Blackrock Capital SBL/PB investment account in the custody of CitiBank, N.A.	736,000	1.08	N/A	-	0	0	N/A	N/A	
Dedicated JP Morgan account in the custody of J.P. Morgan Taiwan	604,000	0.89	N/A	-	0	0	N/A	N/A	
Yong-Chieh Lin	560,000	0.82	1,224,000	1.80	0	0	Ching-Chia Huang	Spouse	

X. The shareholding of the Company, directors, supervisors, managers, and enterprises that are directly or indirectly controlled by the Company in the same re-invested company

Investee company	Investment by the Company		Directors, supervisors, managers, and direct or indirect control investment in the business		Comprehensive investment	
	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio
Formosa Spinning Co., Ltd.(Note 1)	3,629,000	17.13%	0	0	3,629,000	17.13%
Fu Tai Textile Co., Ltd.(Note 2)	7,000,000	100.00%	0	0	7,000,000	100.00%

Note 1: It is a long-term investment of the Company.

Note 2: It is a subsidiary of the Company.

D. Fundraising

I. Capital and Issuance of Shares

(I) Source of share capital

1, Capital formulation process:

Month/Year	Issue price	Authorized capital		Paid-in capital		Remarks		
		No. of shares	Amount	No. of shares	Amount	Source of share capital	Shares acquired by non-cash assets	Other
1970.03	1,000	4,000	4,000,000	4,000	4,000,000	Startup capital	N/A	-
1971.06	1,000	30,000	30,000,000	30,000	30,000,000	Cash capital increase of NT\$16,000,000	N/A	-
1972.08	1,000	30,000	30,000,000	30,000	30,000,000	Cash capital increase of NT\$10,000,000	N/A	-
1973.03	50	45,000	45,000,000	45,000	45,000,000	Capitalization of profits of NT\$15,000,000	N/A	-
1973.09	50	1,125,000	56,250,000	1,125,000	56,250,000	Cash capital increase of NT\$11,250,000	N/A	-
1974.09	50	1,980,000	99,000,000	1,980,000	99,000,000	Shareholders' capital increase of NT\$32,625,000 Capitalization of profits of NT\$10,125,000	N/A	-
1975.12	50	2,970,000	148,500,000	2,970,000	148,500,000	Capitalization of capital surplus of NT\$29,700,000 Shareholders' capital increase of NT\$19,800,000	N/A	-
1982.08	10	8,850,000	88,500,000	8,850,000	88,500,000	Capital reduction NT\$60,000,000	N/A	-
1982.10	10	14,850,000	148,500,000	14,850,000	148,500,000	Capitalization of capital surplus of NT\$60,000,000	N/A	-
1987.05	10	16,335,000	163,350,000	16,335,000	163,350,000	Cash capital increase of NT\$14,850,000	N/A	-
1987.09	10	19,602,000	196,020,000	19,602,000	196,020,000	Capitalization of profits of NT\$32,670,000	N/A	-
1990.05	10	25,000,000	250,000,000	25,000,000	250,000,000	Cash capital increase of NT\$17,000,000 Capitalization of capital surplus of NT\$12,680,000 Capitalization of profits of NT\$24,300,000	N/A	-
1990.06	10	47,660,000	476,600,000	47,660,000	476,600,000	Cash capital increase of NT\$120,000,000 Capitalization of capital surplus of NT\$11,350,000 Merged Yang Fang's share capital of NT\$86,400,000	N/A	-
1995.06	10	57,192,000	571,920,000	57,192,000	571,920,000	Capitalization of capital surplus of NT\$47,660,000 Capitalization of profits of NT\$47,660,000	N/A	-
1997.04	10	68,344,440	683,444,400	68,344,440	683,444,400	Capitalization of profits of NT\$111,524,400	N/A	-
1998.04	10	168,000,000	1,680,000,000	96,761,662	967,616,620	Capitalization of profits of NT\$34,172,220 Cash capital increase of NT\$3,250,000,000	N/A	-
1999.11	10	168,000,000	1,680,000,000	102,567,362	1,025,673,620	Capitalization of capital surplus of NT\$58,057,000	N/A	-
2000.07	10	168,000,000	1,680,000,000	108,721,403	1,087,214,030	Capitalization of capital surplus of NT\$61,540,410	N/A	-
2004.02	10	168,000,000	1,680,000,000	103,747,403	1,037,474,030	Reduction of expired treasury stock NT\$49,740,000	N/A	-
2009.10	10	168,000,000	1,680,000,000	53,747,403	537,474,030	Capital reduction of NT\$500,000,000	N/A	-
2011.12	10	168,000,000	1,680,000,000	68,747,403	687,474,030	Cash capital increase of NT\$150,000,000 Approval date and document number: September 2, 2011, Jin-Guan-Zheng-Fa-Zi No. 1000038055.	N/A	-

2013.03	10	168,000,000	1,680,000,000	94,991,830	949,918,300	Fu Ta's first conversion of convertible bonds into ordinary shares worth NT\$262,444,270 Approved by (103) Jing-Shou-Shang No. 10301016920 dated February 2014	N/A	-
2014.09	10	168,000,000	1,680,000,000	45,991,830	459,918,300	Capital reduction of NT\$490,000,000	N/A	-
2023.12	10	168,000,000	1,680,000,000	67,991,830	679,918,300	Private placement NT\$220,000,000	N/A	-

2. Type of Shares:

Type of Shares	Authorized capital			Remarks
	Shares issued and outstanding (Note)	Unissued shares	Total	
Ordinary shares	67,991,830	100,008,170	168,000,000	

(II) Shareholder Structure

Shareholder structure Quantity	Government agencies	Financial institutions	Other legal persons	Foreign institutions and foreigners	Individuals	Total
Number of shareholders	0	0	154	21	21,594	21,769
No. of shares held	0	0	32,945,997	2,104,013	32,941,820	67,991,830
Shareholding ratio	0.00%	0.00%	48.46%	3.09%	48.45%	100.00%

(III) Shareholding Distribution Status

1. Shares (par value of NT\$10 per share)

Monday, April 8, 2024

Shareholding range	Number of shareholders	No. of shares held	Shareholding ratio
1 to 999	19,285	377,396	0.56%
1,000 to 5,000	1,617	3,666,519	5.39%
5,001 to 10,000	369	3,105,392	4.57%
10,001 to 15,000	102	1,310,035	1.93%
15,001 to 20,000	104	1,977,957	2.91%
20,001 to 30,000	84	2,191,901	3.22%
30,001 to 40,000	52	1,864,689	2.74%
40,001 to 50,000	40	1,868,626	2.75%
50,001 to 100,000	64	4,994,225	7.35%
100,001 to 200,000	27	3,789,470	5.57%
200,001 to 400,000	13	3,739,920	5.50%
400,001 to 600,000	3	1,509,895	2.22%
600,001 to 800,000	3	2,110,000	3.10%
800,001 to 1,000,000	0	0	0.00%
Over 1,000,001	6	35,485,805	52.19%
Total	21,769	67,991,830	100.00%

2. Preferred shares: None.

(IV) List of Major Shareholders:

(2024.04.08)

Shares	No. of shares held	Shareholding ratio
Name of major shareholder		
Zhao Tian International Investment Co., Ltd.	16,900,000	24.86%
Hui Tian Xia Investment Corp.	9,699,522	14.27%
Hsuan Feng International Investment Co. Ltd.	5,100,000	7.50%
Teng-Hsiung Yang	1,471,283	2.16%
Ching-Chia Huang	1,224,000	1.80%
Yu-Chao Fan Chuang	1,091,000	1.61%
Feng Ching Metal Corporation	770,000	1.13%
Dedicated Blackrock Capital SBL/PB investment account in the custody of CitiBank, N.A.	736,000	1.08%
Dedicated JP Morgan account in the custody of J.P. Morgan Taiwan	604,000	0.89%
Yong-Chieh Lin	560,000	0.82%

(V) Share price, net worth, earnings, dividends and related information for the past two years

Item	Year		2022	2023	The current year as of May 6, 2024 (Note 8)
	Market price per share (Note 1)	Highest	Lowest	19.20	13.65
		Average	6.32	6.81	12.85
			10.75	9.86	20.37
Net worth per share (Note 2)	Before distribution	After distribution	5.97	6.98	6.88
			5.97	6.98	6.88
Earnings per share (EPS)	Weighted average shares	Earnings per share (Note 3)	45,991,830	67,991,830	67,991,830
			(0.17)	(0.43)	(0.1)
Dividends per share	Cash dividends		0	0	0
	Stock grants	Dividends from retained earnings	0	0	0
		Additional paid-in capital (APIC)	0	0	0
	Accumulated unpaid dividends (Note 4)		-	-	-
Return analysis	Price-earnings (P/E) ratio (Note 5)		-	-	-
	Price-dividend (P/D) ratio (Note 6)		-	-	-
	Cash dividend yield (Note 7)		-	-	-

*If there is an allotment of capital from surplus or capital reserve, the market price and cash dividend information retrospectively adjusted based on the number of shares issued should be disclosed.

Note 1: List the highest and lowest market prices of ordinary shares in each year, and calculate the average market price in each year based on the transaction value and trading volume in each year.

Note 2: To be provided using the number of shares outstanding at the end of the year and according to the distribution resolutions of the annual general shareholders' meeting in the following year.

Note 3: If retroactive adjustments are required due to stock dividends, the Company shall list the earnings per share before and after the adjustment.

Note 4: If there are any conditions in issuing equity securities that allow for undistributed dividends for the year to be accumulated to subsequent years in which there is profit, the Company shall separately disclose the cumulative unpaid dividends until the current

year.

Note 5: Price-earnings (P/E) ratio = Average market price / Earnings per share.

Note 6: Price-dividend (P/D) ratio = Average market price / Cash dividends per share.

Note 7: Cash dividend yield rate = Cash dividend per share / Average market price.

Note 8: The net worth per share and earnings per share should be filled in with the information audited (reviewed) by the CPAs in the most recent quarter as of the publication date of the Annual Report; the remaining fields should be filled in using the current year's information as of the date of publication of the Annual Report.

(VI) Company dividend policy and implementation

The Company's dividend distribution is in line with the current year's earnings and based on the principle of dividend stability. In order to improve the Company's financial structure and meet shareholders' needs for cash inflow, we mostly distribute dividends in cash. However, in order to consider the Company's development and capital needs, some share dividends may be distributed depending on the situation.

- A. The ratio of dividends allocated from after-tax earnings each year, in addition to the provisions of the Company's Articles of Incorporation, should also be formed after considering the current year's profits, future profitability, the Company's financial position, future development, and the Company's working capital needs, as well as the maintenance of dividends stability and other factors.
- B. The Company's net income in a year, in addition to paying income tax in accordance with the law, should first make up for the losses of previous years, and then set aside 10% of the balance as a legal reserve. Thereafter, 5% is appropriated as employee remuneration, and then the Board of Directors shall prepare a distribution proposal for any remaining balance based on the following circumstances and submit it to the shareholders' meeting for resolution on distribution.
 1. When the amount available for distribution reaches 30% or more of the paid-in capital, a cash dividend of at least 5% should be distributed.
 2. However, if one of the following circumstances occurs, it will be reserved and will not be distributed or the surplus will be transferred to capital increase to issue share dividends
 - A. When the liabilities-to-equity ratio is higher than 100%.
 - B. There are major investment plans for the following year or the existing investment plan is still in progress.
 - C. Implementation status: There were no dividend distributions in 2023.

(VII) Effect of stock grants proposed in the latest shareholders' meeting on the Company's business performance, EPS, and shareholders' ROI: No stock grants were given in the current year.

(VIII) Employee and Directors' Remuneration

A, Percentages and ranges of remuneration to employees, directors, and supervisors, as specified in the Company's Articles of Incorporation:

According to Article 25 of the Company's Articles of Incorporation: The Company's net income in a year, in addition to paying income tax in accordance with the law, should first make up for the losses of previous years, and then set aside 10% of the balance as a legal reserve. After setting aside the special reserve in accordance with the law, 5% will be allocated as employee remuneration, and then the Board of Directors shall prepare a distribution proposal for any remaining balance based on the following circumstances and submit it to the Shareholders' Meeting for resolution on distribution:

- (I) When the amount available for distribution reaches 30% or more of the paid-in capital, a cash dividend of at least 5% should be distributed.

- (II) However, if one of the following circumstances occurs, it will be reserved and will not be distributed or the surplus will be transferred to capital increase to issue share dividends.
- 1, When the liabilities-to-equity ratio is higher than 100%.
 - 2, There are major investment plans for the following year or the existing investment plan is still in progress.
- B, Basis for estimating the amount of remuneration of employees, directors and supervisors, basis for calculating the number of shares to be distributed as employee bonus, the actual distributed amount for the current period, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount
- 1, Basis for estimating the remuneration of employees, directors, and supervisors in the current period:
The Company sustained losses in 2023; hence, no remuneration for employee, director or supervisor has been estimated.
 2. The basis for calculating the number of shares for employee remuneration to be distributed in shares: N/A.
 3. Accounting treatment in case of any difference between the resolved amounts and the subsequently actual distributed amounts: N/A.
- C, The 2023 remuneration proposals passed by the Board of Directors in 2024
1. Employee, director, and supervisor remuneration will be distributed in cash or shares. If there is any discrepancy with the recognized costs for the year then the difference, reason, and response should be disclosed:
The Company sustained losses in 2023; hence, no remuneration for employee or director has been estimated or recognized.
 2. The amount of remuneration to employees to be paid in shares and its percentage out of the standalone or individual financial report for the current period in terms of the sum of net profit after tax and employee remuneration: N/A.
- D, Any discrepancy between actual remuneration distribution of employees and directors (including the number of shares, the amount and share price) and the recognized remuneration of employees and directors, and disclosure of the differences, reasons, and responses: N/A.
- (IX) Buyback of treasury shares: The Company did not repurchase shares during the year.
- II. Issuance of corporate bonds: None.
- III. Issuance of preferred stocks: None.
- IV. Issuance of global depository receipts (GDR): None.
- V. Employee Stock Options: None.
- VI. Restricted Stock Awards: None.
- VII. New Share Issue for Merger or Acquisition of other Companies: None.
- VIII. Implementation of Capital Allocation Plans
- (I) Implementation of Capital Allocation Plan:
1. Plans to expand business or plant equipment this year: None.
 2. Analysis of the previous cash capital increase, private placement of securities, issuance of corporate bonds plan, previous cash capital increase or private placement of securities or issuance of corporate bonds that have not yet been completed, and the estimated benefits of the capital utilization plan in the last three years have not yet appeared: None.

(II) Implementation status: None.

E. Business Overview

I. Business activities

(I) Business Scope:

- I. C301010 Spinning of Yarn.
- II. C302010 Weaving of Textiles.
- III. C305010 Printing, Dyeing, and Finishing.
- IV. C801990 Other Chemical Materials Manufacturing.
- V. C801120 Manufacture of Man-made Fibers.
- VI. C802990 Other Chemical Products Manufacturing.
- VII. F104110 Wholesale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories.
- VIII. H701010 Housing and Building Development and Rental.
- IX. H703100 Real Estate Leasing.
- X. G801010 Warehousing.
- XI. F108301 F108301 Wholesale of Medical Devices.
- XII. F208031 Retail Sale of Medical Devices.
- XIII. F119010 Wholesale of Electronic Materials.
- XIV. F219010 Retail Sale of Electronic Materials.
- XV. F212010 Manpower Dispatched.
- XVI. F201010 Retail Sale of Agricultural Products.
- XVII. F101100 Wholesale of Flowers.
- XVIII. F201070 Retail Sale of Flowers.
- XIX. F106040 Wholesale of Plumbing Materials.
- XX. F206040 Retail Sale of Plumbing Materials.
- XXI. F107050 Wholesale of Fertilizer.
- XXII. F207050 Retail Sale of Fertilizer.
- XXIII. F112040 Wholesale of Petroleum Products.
- XXIV. F114060 F114060 Wholesale of Ship and Component Parts.
- XXV. F114070 Wholesale of Aircraft and Component Parts Thereof.
- XXVI. F212050 Retail Sale of Petroleum Products.
- XXVII. F214070 Retail Sale of Aircraft and Component Parts Thereof.
- XXVIII. CC01010 Manufacture of Power Generation, Transmission and Distribution Machinery.
- XXIX. D101040 Non-Public Electric Power Generation.
- XXX. D101060 Self-usage Power Generation Equipment Utilizing Renewable Energy Industry.
- XXXI. E601010 Electric Appliance Construction.
- XXXII. E601020 Electric Appliance Installation.
- XXXIII. E603090 Lighting Equipments Construction.
- XXXIV. EZ05010 Instrument and Meters Installation Engineering.
- XXXV. IG03010 Energy Technical Services.
- XXXVI. ZZ99999 All business items that are not prohibited or restricted by law, except those subject to special approval.

(II) Industry Overview

(1) Current Status and Future Development of the Industry

The global textile trading is expected to recover when the market finally comes out of the post-COVID recession. The EU's sustainable recycling strategy has redefined fashion and improved competitiveness. Japan promotes the concept of Asia Zero Emissions Community (AZEC)" to achieve the carbon neutrality by 2050 goal. To urge the textile industry to develop toward digitization and green energy, the Korean government has announced the "Korean New Deal 2.0" in recent years, which includes adding or upgrading to its digital and green new policies

To address 2050 Net-Zero Emissions trend, net zero goals have been deployed by major international textile brands one by one. In the textile industry, carbon reduction technologies have been introduced to simplify the textile manufacturing process and reduce resource consumption. In terms of the garment industry, design optimizations will be carried out in addition to deploying low-carbon green materials, waste reduction, process shortening, and other technologies, into the development process. Resource cycling and sustainable design technologies are also being improved.

Going forward, Taiwan's textile companies are all faced with the urgent need for transformation, whether in terms of the supply market, labor market, or the regulatory environment. Whether it be the alteration of production structures, optimization of processes, and even the development of side businesses, all manufacturers are desperately looking for ways to stay relevant. However, a closer look at the current global positioning of Taiwan's textile industry reveals that there may be room for breakthrough and development, since more than 70% of the sports and functional fabrics in the world are already supplied by Taiwan. With its background and experiences in developing functional textiles, Taiwan may be able to rid itself of the sunset industry stereotype of textile industries and re-pave its way using functional textiles by relying its rich experiences in mass production, partnerships with major international firms, and by introducing high-tech talents and technologies to revamp the product structure throughout the industry.

In response to the preceding situation and demand, the Company is currently actively developing functional fabrics. In addition to continuing to cultivate the industrial and home furnishing fabric markets, expanding into the garment fabric market, and strengthening the expansion of channels for Taiwan's sportswear textile industry, such as recycled nylon fishing nets, recycled bag and clothing materials, and multi-functional knitwear, we will also actively develop new products and new application markets. To address the market demand for protection from the COVID-19 pandemic, the Company has cooperated with suppliers to launch recycled textile products made from recycled fishing nets, as well as graphene yarn clothing textiles to meet the need for personal protection, and sales were launched through the Company's existing channels.

In terms of solar power generation, the Company actively invests in the development of solar power stations to coordinate with the government's green energy policy. To increase the contribution from the solar energy business, our goal is to strive toward net-zero emissions through the construction of solar power stations and energy storage systems.

(2) Relationships with upstream, mid-stream, and downstream companies:

Textile industry:

Caprolactam (CPL) → nylon grains → nylon yarn → processed yarn → gray cloth → dyeing and finishing → ready-made garments

Solar industry:

Materials → Silicon wafers/silicon chips → solar cells → solar modules → solar power generation equipment/systems and system engineering → solar power plants

(3) Product development trends and competition:

The factories that are still producing in Taiwan are all competitive manufacturers, and their product quality and operation management have reached world-class standards. By adhering to its experiences in green energy and environmentally friendly fabrics, Fu Tai Textile, a subsidiary of the Company, has vertically integrated the upstream and downstream. Moreover, it consciously assumes the responsibility for environmental protection, and self-regulates its business to comply with environmental protection regulations. However, brands not only create business opportunities, but also drive innovation and quality improvement in Taiwan's yarns and fabrics, which in turn promoting integrations in supply chain and sales chain from raw materials to brand development and distribution channels, thereby maintaining competitive advantages. The global textile consumer market is already developing toward functionality and environmental protection. In order for Taiwan's industry to gradually transform and improve, innovative elements such as technology, aesthetics, new materials, and new operating models can

be used to add value to the textile industry. Coupled with the mastery of brands and channels, the domestic industry can gradually optimize R&D and brand development to acquire more values.

The Company's entry into the solar power plant construction business has already reached long-term and stable cash inflows and profits. In addition, due to the impact of COVID-19 pandemic, the global supply chain is now facing a critical time of climate change and energy transformation. In response to the trend of net-zero transformation, the demand for green and low-carbon energy development will play a key role. Taiwan's renewable energy promotional plan currently prioritizes those with more mature technologies. However, in the face of the gradually increasing demand for green energy, it should be possible to draw on foreign legal development, and to plan from a holistic and forward-looking perspective. We should plan the long-term marine energy promotions in Taiwan to gradually lay the foundation for the development of the marine energy industry.

In addition, on top of expanding renewable energy developments, in order to avoid the intermittency of renewable energy from affecting the stability of the power grid, we can also learn from foreign practices and to gradually introduce and promote solar photovoltaic energy storage solutions. Expand into other energy categories. When renewable energy is developed in large quantities and achieve grid connections when they are completed in the future, stable power supply from renewable energy will be achieved through the energy storage and deployment functions. This will improve grid stability and power operation efficiency, and enable us to gradually achieve the goal of 2050 net-zero emissions and transformation.

(III) Research and Development Overview

In recent years, competition in the nylon yarn market at home and abroad has been fierce. The inflation in oil and electricity prices and the increase in basic wages have further shrunk the profitability of the industry. Based on the premise of product profitability and industry trends, Fu Ta Material Technology is moving towards development and trading. At present, we are already actively developing the European, American and domestic markets. The popularity for functional yarn, composite yarn and fine denier imitation cotton yarn have soared in recent years. Fu Ta Material Technology has also actively engaged in R&D and process improvements in line with the garment industry's concept of achieving lightweight fabrics in a variety of colors.

(IV) Long- and short-term business plans:

Textile industry:

Short-term:

1. Continue to develop channels and brand certifications for functional fabrics.
2. Integrate with downstream fabric factories to develop new fabric varieties to improve quality and gross profit.
3. Maintain close relations with existing customers and actively reach out to customers in new markets.

Long-term:

1. Build a complete industrial supply chain to enhance product value and product competitiveness.
2. Continue to promote energy-saving industries to reduce production costs and increase product profits.
3. Continue to train personnel and to participate in large-scale trade shows to increase exposure to serve a broader and more competitive market.

Solar industry:

Short-term: Small and medium-sized power plants have the advantages of shorter development cycles and higher wholesale rates than large plants, so we will focus on these in the short-term to generate revenue.s

Long-term: In conjunction with the government's promotion of fishery and electricity symbiosis, which combines solar energy with aquaculture to boost industry transformation, the capacity of

fishery and electricity symbiosis installations will reach 14GW in 2025, Fu Ta's medium- and long-term goal will be to use the fixed revenues from small and medium-sized plants to sustain the development of all plant sizes.

- 1.
2. We will concurrently develop medium and large-scale fishery and electricity symbiosis plants. Combined with the advantages of having local aquatic cooperatives in Tainan, Fu Ta will carry out the site construction, while the aquatic cooperatives will focus on the aquaculture, cold chain channels, and other fields. This professional division of labor will improve the production and sales for the farmers, while adding value to the aquatic farms.
3. At the same time, we will penetrate the energy storage market in the field of power plant development, aiming to provide total solution in our grid connection and energy storage business, including site development, power plant installation, and power plant maintenance and operation...etc.
4. In line with the government's New Southbound Policy and the expansion of the energy storage market, the energy storage market in Southeast Asia is the business objective of the next phase of our investment.

II. Market and Sales Overview

(I) Market Analysis

Since 2023, Taiwan's textile exports have declined sharply due to the inventory adjustment of brand customers. Although the Paris 2024 Olympics will help boost the revenues of the textile industry, and new orders from brand customers have gradually returned, thereby increasing industrial exports, the weak economies of Europe and the US have not yet led to large-scale procurement. Therefore, the textile industry remains to be conservative over its outlook in 2024.

The total import/export value of the textile industry in 2023 was US\$6.615 billion, showing a decrease of 25%. The total value of imports was US\$3.652 billion, a decrease of 7%; while the trade surplus reached US\$2.963 billion, or a decrease of US\$1.930 billion, or 39%, compared with the same period in 2022. **In terms of export value analysis**, the main exports were fabrics (accounting for 71%, a slump of 26%), followed by yarn (accounting for 13%, down 25%), fibers (accounting for 6%, down 11%) and ready-to-wear garments and accessories (accounting for 13%, down 25%), and other miscellaneous textiles (5%, down 28%). **By analyzing the value of imports**, it can be seen that the main imports were garments and accessories (accounting for 60%, up 4%), followed by fabrics (accounting for 13%, down 21%), miscellaneous textiles (accounting for 11%, down 9%), yarn (8%, down 37%), and fibers (8%, down 12%).

However, the global economy has stagnated from the continued impacts of inflation and interest rate hikes. Shrinking demand, tightening monetary policy, and ongoing geopolitical conflicts have caused a sharp decline in exports of traditional goods, and even commodity trade has reached a double-digit decline. In particular, the tech competition between the US and China has added to the uncertainties, leading the international economic outlook to turn more conservative, and global consumer demand continues to be weak.

Going forward, Taiwan's textile companies are all faced with the urgent need for transformation. Whether it be the alteration of production structures, optimization of processes, and even the development of side businesses, all manufacturers are desperately looking for ways to stay relevant. However, a closer look at the current global positioning of Taiwan's textile industry reveals that there may be room for breakthrough and development, since more than 70% of the sports and functional fabrics in the world are already supplied by Taiwan. With its background and experiences in developing functional textiles, Taiwan may be able to rid itself of the sunset industry stereotype of textile industries and re-pave its way using functional textiles by relying its rich experiences in mass production, partnerships with major international firms, and by introducing high-tech talents and technologies to revamp the product structure throughout the industry.

Core products		
Name	Main market	Sales method

Silk	Asian region	Domestic/overseas	80%/ 20%
Grey cloth	Asian region	Domestic/overseas	80%/ 20%
Power station	Asian region	Domestic/overseas	100%/ 0%

(II) Major applications and manufacturing processes of core products:

Textile:

- (1) Production category: Polyester woven fabric, nylon woven fabric.
- (2) Sales status: 80% is sold domestically and 20% is sold overseas.
- (3) Product use: Bag materials, home furnishings, ready-made garments, horse gear, blackout curtains, ready-made garments - lightweight, roller blinds for outdoor home furnishing, medical fabrics.
- (4) Production process: Raw material (yarn) → weaving (water weaving) → drying → inspection → finished product (grey cloth)

(III) Supply status of primary raw materials

Item	Name of raw material	Supplier	Supply status
Long fiber yarn	Nylon masterbatch	Zhansong co., ltd.	Normal
	Polyester processed yarn	Lealea Enterprise Co., Ltd. Fung An Corp. I Jinn Industrial Co., Ltd.	Normal

(IV) Names of customers who accounted for more than 10% of the purchases/sales in the last two years, and purchases/sales amount and percentage of such purchases/sales:

1. List of major suppliers

Unit: Thousand NTD

Item	2022				2023				As of Q1 2024			
	Name	Amount	Percentage of net ratio (%) to total annual purchase	Relationship with issuer	Name	Amount	Percentage of net ratio (%) to total annual purchase	Relationship with issuer	Name	Amount	Net ratio (%) of purchases as of Q1 of the current year	Relationship with issuer
1	Chain Yarn	45,005	42.85	N/A	Chain Yarn	12,294	43.43	N/A	Hongyu	2,864	58.65	N/A
2	Li Peng	11,661	11.10	N/A	Honmyue	4,824	17.04	N/A	Yuyangge	1,588	32.52	N/A
3	Fung An	10,879	10.36	N/A	Fung An	2,565	9.06	N/A	Zhaoan	431	8.83	N/A
4	Taig Chein	7,539	7.18	N/A	Lealea	2,386	8.43	N/A				N/A
5	Der Tai	7,322	6.97	N/A	Taig Chein	1,729	6.11	N/A				N/A
6	Acelon	5,495	5.23	N/A	Yuh Yang Gir	1,721	6.08	N/A				N/A
7	Lealea	3,458	3.29	N/A	Li Peng	760	2.68	N/A				N/A
8	Ta-Cheng	3,266	3.11	N/A	I Jinn	603	2.13	N/A				N/A
9	Yuh Yang Gir	2,091	1.99	N/A	Ho Yu	507	1.79	N/A				N/A
10	I Jinn	1,365	1.30	N/A	Kingyarn	88	0.31	N/A				N/A

The changes in the suppliers from whom the Company purchases from are all due to normal operating activities and there are no changes of a special nature.

Note 1: Provide a list of any clients accounting for 10 percent or more of the company's total sales amount in the 2 most recent fiscal years, the amounts sold to each, and the percentage of total sales accounted for by each. Where the company is prohibited by contract from revealing the name of a client, or where a trading counterpart is an individual person who is not a related party, it may use a code in place of the actual name.

2. List of major customers:

Unit: Thousand NTD

	2022	2023	As of Q1 2024

Item	Name	Amount	Percentage of net ratio (%) to total annual sales	Relationship with issuer	Name	Amount	Percentage of net ratio (%) to total annual sales	Relationship with issuer	Name	Amount	Net ratio (%) sold as of Q1 in the current year	Relationship with issuer
1	Der Tai	35,495	20.67	N/A	GRANDEUR	16,132	20.95	N/A	GRANDEUR	4,461	46.32	N/A
2	Xiang Rong	15,828	9.22	N/A	Xiang Rong	15,598	20.27	N/A	NETTEX	2,863	29.72	N/A
3	GRANDEUR	14,359	8.36	N/A	Yi-Chen	4,886	6.35	N/A	Taiwan Electric Power	1,865	19.36	N/A
4	Taiwan Dyeing & Fabrics	13,797	8.04	N/A	Feng Tay	4,345	5.65	N/A	Yitong	442	4.59	N/A
5	Sinyi Tech	11,388	6.63	N/A	Sinyi Tech	4,205	5.46	N/A	-	-	-	N/A
6	E.C. outdoor	11,132	6.48	N/A	Taiwan Power Company - Pingtung	3,908	5.08	N/A	-	-	-	N/A
7	Hitex Textile Co., Ltd.	8,095	4.71	N/A	NISSHIN	3,322	4.32	N/A	-	-	-	N/A
8	U-Long	7,906	4.60	N/A	Der Tai	2,314	3.01	N/A	-	-	-	N/A
9	Taiwan Power Company	6,671	3.89	N/A	Taiwan Power Company	2,201	2.86	N/A	-	-	-	N/A
10	Guang Mao	4,857	2.83	N/A	Guang Mao	2,144	2.79	N/A	-	-	-	N/A

The changes in the customers that the Company sells to are due to normal operating activities and there are no changes of a special nature.

Note 1: Provide a list of any suppliers accounting for 10 percent or more of the company's total procurement amount in the 2 most recent fiscal years, the amounts bought from each, and the percentage of total procurement accounted for by each. Where the company is prohibited by contract from revealing the name of a supplier, or where a trading counterpart is an individual person who is not a related party, it may use a code in place of the actual name.

(V) Output volume and value for the last two years

Product name	Unit	2023			2022		
		Capacity	Quantity	Amount	Capacity	Quantity	Amount
Grey cloth	Thousand yards	18,000	3,569	41,652	18,000	14,961	66,776
Total		18,000	3,569	41,652	18,000	14,961	66,776

(VI) Sales numbers for the last two years:

Product name	Year	Unit	2023				2022			
			Export sales		Domestic sales		Export sales		Domestic sales	
			Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Nylon masterbatch		Metric tons	18	2,304	29	1,529	45	4,838	25	1,474
Grey cloth		Thousand yards	1,289	16,991	4,401	42,657	945	15,040	10,831	133,317
Nylon chips		Metric tons	0	0	3	201	0	0	0	447
Electricity sales revenue		Mwh	0	0	0	7,983	0	0	0	8,270
Processing revenue		-	0	0	372	492	0	0	0	0
PPE products		1,000 units	0	0	11	3,323	0	0	38	2,653
Other		-	46	989	33	491	0	0	0	5,664
Total			1,353	20,284	4,849	56,676	990	19,878	10,900	151,825

III. Number of employees in the past two years:

Employee information in the last two years and up to the print date of this annual report

Year		2022	2023	The current year as of Sunday, March 31, 2024
Employee count	Employees	16	11	9
	Factory worker	0	0	0
	Total	16	11	9
Average age		52.42	54.25	53.92
Average years of service		10.75	11.33	0.08
Academic qualification	Ph.D	0	0	0
	MA	0	0	0
	University/College	68.75%	72.72%	66.66%
	High school	25.00%	18.18%	22.22%
	Below high school	6.25%	9.1%	11.12%

Note: Information for the current year should be filled to the date of publication of the Annual Report.

IV. Environmental protection expenditure information: The Company's manufacturing process does not generate pollution and there is no loss due to environmental pollution.

V. Employer-employee relations:

The Company has set up an Employee Welfare Committee, which coordinates the distribution of various subsidies and allowances for weddings and funerals, and plans regular employee travel, birthday parties, and other activities. In addition, the Company has always applied for employee labor insurance in accordance with government regulations. At the same time, in order to strengthen employee cohesion, we have encouraged employees to participate in employee stock subscriptions, and formulated employee retirement measures, in which we allocate pension reserves on a monthly basis in accordance with the applicable laws. This allows employees to be free of worries, thereby helping us to achieve a harmonious employee-management relations that is free of labor disputes.

In addition, the Company handles safety and health-related tasks in accordance with the Occupational Safety and Health Act, and organizes regular health examinations for employees in accordance with regulations. All relevant costs are borne by the Company. To prevent occupational disasters and safeguard the safety and health of our workers, we have also established safety and health management units and employee safety and health management personnel in accordance with regulations to implement inspections.

In addition, when employees encounter sexual harassment in the workplace, they can lodge a complaint with the Management Department or a manager. Whistleblowing hotline: 04-26393256, dedicated fax: 04-26391759, dedicated mailbox or e-mail for grievances: futa@fu-ta.com.tw. The Company may set up another one based on management needs "Employee Grievance Handling System".

Implementation of employees' continuing education and training:

Unit: NTS

Item	No. of classes	Total number of people	Total hours	Total costs
Professional competency training	2	2	24	14,600
Supervisor capability training	4	3	60	34,400
Total	6	5	84	49,000

VI. Drafting Important Contracts: None.

VII. Litigation or Non-litigation Events: None.

VIII. Acquisition or Disposal of Assets: Acquired NT\$11,394 thousand and disposed of NT\$9,475 thousand.

F. Financial position

I. Condensed Balance Sheet and Statements of Comprehensive Income for the Last Five Years

(I) Consolidated Condensed Balance Sheet - International Financial Reporting Standards (IFRS)

Item	Year	Financial Information for the Last Five Years					The current year as of Sunday, March 31, 2024 Financial Information
		2019	2020	2021	2022	2023	
Current assets		444,766	328,260	355,763	313,295	284,133	267,804
Property, plant and equipment		137,966	144,281	193,250	180,838	181,671	182,724
Intangible assets		0	0	0	0	0	0
Other assets		3,689	44,804	54,779	47,263	41,641	40,780
Total assets		586,421	571,345	603,792	541,396	507,445	491,308
Current liabilities	Before distribution	200,033	211,738	294,725	234,142	13,510	4,271
	After distribution	200,033	211,738	294,725	234,142	13,510	4,271
Non-current liabilities		14,472	37,807	26,616	32,771	19,345	19,282
Total liabilities	Before distribution	214,505	249,545	321,341	266,913	32,855	23,553
	After distribution	214,505	249,545	321,341	266,913	32,855	23,553
Equity attributable to owners of parent		371,916	321,800	282,451	274,483	474,590	467,755
Share capital		459,918	459,918	459,918	459,918	679,918	679,918
Capital reserve		23,191	23,191	23,191	23,191	0	0
Retained earnings	Before distribution	(131,100)	(181,216)	(220,565)	(228,533)	(225,235)	(232,070)
	After distribution	(131,100)	(181,216)	(220,565)	(228,533)	(225,235)	(232,070)
Other equity		19,907	19,907	19,907	19,907	19,907	19,907
Treasury stock		—	—	—	—	—	—
Non-controlling interests		—	—	—	—	—	—
Total equity	Before distribution	371,916	321,800	282,451	274,483	474,590	467,755
	After distribution	371,916	321,800	282,451	274,483	474,590	467,755

(II) Comprehensive Condensed Consolidated Income Statement-International Financial Reporting Standards (IFRS)

Item \ Year	Financial Information for the Last Five Years					The current year as of Sunday, March 31, 2024 Financial Information
	2019	2020	2021	2022	2023	
Operating income	165,572	119,595	153,414	171,703	76,959	9,632
Operating margin	(4,195)	1,851	(42)	21,658	(1,784)	1,076
Operating profit or loss	(47,407)	(38,381)	(36,490)	(11,703)	(40,562)	(6,748)
Non-operating income and expenses	370,130	(11,735)	(13,767)	11,151	22,069	(33)
Net profit before tax	322,723	(50,116)	(50,227)	(552)	(18,493)	(6,781)
Continuing business units Net profit for the current period	322,723	(50,116)	(39,349)	(7,416)	0	(6,835)
Loss from discontinued operations	(9,249)	0	0	0	0	0
Net income (loss) for this period	313,474	(50,116)	(39,349)	(7,968)	(19,893)	(6,835)
Other comprehensive income (OCI) for this period (Net income after tax)	—	—	—	—	—	—
Total comprehensive income for this period	313,474	(50,116)	(39,349)	(7,968)	(19,893)	(6,835)
Profit attributable to owners of parent	313,474	(50,116)	(39,349)	(7,968)	0	(6,835)
Profit attributable to non-controlling interests	0	0	0	0	0	0
Total comprehensive income attributable to owners of parent	313,474	(50,116)	(39,349)	(7,968)	(19,893)	(6,835)
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0	0
Earnings per share	6.82	(1.09)	(0.86)	(0.17)	(0.43)	(0.10)

(III) Individual Condensed Balance Sheet-International Financial Reporting Standards (IFRS)

Item \ Year	Financial Information for the Last Five Years					
	2019	2020	2021	2022	2023	
Current assets	415,607	355,829	337,700	301,212	269,325	
Property, plant and equipment	7,691	21,999	76,107	61,582	57,394	
Intangible assets	-	-	-	-	-	
Other assets	142,404	173,194	196,021	192,706	292,641	
Total assets	565,702	551,022	609,828	555,500	619,360	
Current liabilities	Before distribution	188,284	198,545	287,018	234,978	12,158
	After distribution	188,284	198,545	287,018	234,978	12,158
Non-current liabilities	5,502	30,677	40,359	46,039	132,612	
Total liabilities	Before distribution	193,786	229,222	327,377	281,017	144,770
	After distribution	193,786	229,222	327,377	281,017	144,770
Equity attributable to owners of parent	371,916	321,800	282,451	274,483	474,590	

Share capital		459,918	459,918	459,918	459,918	679,918
Capital reserve		23,191	23,191	23,191	23,191	0
Retained earnings	Before distribution	(131,100)	(181,216)	(220,565)	(228,533)	225,235
	After distribution	(131,100)	(181,216)	(220,565)	(228,533)	225,235
Other equity		19,907	19,907	19,907	19,907	19,907
Treasury stock		—	—	—	—	—
Non-controlling interests		—	—	—	—	—
Total equity	Before distribution	371,916	321,800	282,451	274,483	474,590
	After distribution	371,916	321,800	282,451	274,483	474,590

(IV) Individual Condensed Consolidated Income Statement-International Financial Reporting Standards (IFRS)

Item	Year	Financial Information for the Last Five Years				
		2019	2020	2021	2022	2023
Operating income		68,750	74,145	89,204	160,962	68,898
Operating margin		(5,505)	2,703	(10,352)	5,421	(2,210)
Operating profit or loss		(42,407)	(30,077)	(39,925)	(20,168)	(32,907)
Non-operating income and expenses		359,202	(20,039)	(1,650)	19,761	33,012
Net profit before tax		316,795	(50,116)	(41,575)	(407)	105
Continuing business units						
Net profit for the current period		316,795	(50,116)	(41,575)	(407)	105
Loss from discontinued operations		3,321	—	—	—	—
Net income (loss) for this period		313,474	(50,116)	(39,349)	(7,561)	(19,893)
Other comprehensive income (OCI) for this period (Net income after tax)		—	—	—	(7,968)	—
Total comprehensive income for this period		313,474	(50,116)	(39,349)	(7,968)	(19,893)
Profit attributable to owners of parent		313,474	(50,116)	(39,349)	(7,968)	(19,893)
Profit attributable to non-controlling interests		—	—	—	—	—
Total comprehensive income attributable to owners of parent		313,474	(50,116)	(39,349)	(7,968)	(19,893)
Total comprehensive income attributable to non-controlling interests		—	—	—	—	—
Earnings per share		6.82	(1.09)	(0.86)	(0.17)	(0.43)

(V) Consolidated Condensed Balance Sheet-International Financial Reporting Standards (IFRS)

Item	Year	Financial Information for the Last Five Years				
		2019	2020	2021	2022	2023
Current assets						
Property, plant and equipment						
Intangible assets						
Other assets						
Total assets						
Current liabilities	Before distribution					
	After distribution					
Non-current liabilities						
Total liabilities	Before distribution					
	After distribution					
Equity attributable to owners of parent		N/A	N/A	N/A	N/A	N/A
Share capital						
Capital reserve						
Retained earnings	Before distribution					
	After distribution					
Other equity						
Treasury stock						
Non-controlling interests						
Total shareholders' equity	Before distribution					
	After distribution					

(VI) Comprehensive Condensed Consolidated Income Statement-ROC GAAP

Item	Year	Financial Information for the Last Five Years				
		2019	2020	2021	2022	2023
Operating income						
Operating margin						
Operating profit or loss						
Non-operating revenues and gains						
Non-operating expenses and losses						
Profit and loss before tax from continuing operations		N/A	N/A	N/A	N/A	N/A
Profit and loss from continuing operations						
Profit and loss of closed department						
Extraordinary profit and loss						
Cumulative effect of changes of accounting principles						
Income for the current period						
Earnings per share						

(VII) Individual Condensed Balance Sheet-ROC GAAP

Item	Year	Financial Information for the Last Five Years								
		2019	2020	2021	2022	2023				
Current assets										
Property, plant and equipment										
Intangible assets										
Other assets										
Total assets										
Current liabilities	Before distribution	N/A	N/A	N/A	N/A	N/A				
	After distribution									
Non-current liabilities										
Total liabilities	Before distribution									
	After distribution									
Equity attributable to owners of parent										
Share capital										
Capital reserve										
Retained earnings	Before distribution									
	After distribution									
Other equity										
Treasury stock										
Non-controlling interests										
Total shareholders' equity	Before distribution									
	After distribution									

(VIII) Individual Condensed Consolidated Income Statement-ROC GAAP

Item	Year	Financial Information for the Last Five Years				
		2019	2020	2021	2022	2023
Operating income						
Operating margin						
Operating profit or loss						
Non-operating revenues and gains						
Non-operating expenses and losses						
Profit and loss before tax from continuing operations						
Profit and loss from continuing operations						
Profit and loss of closed department						
Extraordinary profit and loss						
Cumulative effect of changes of accounting principles						
Income for the current period						
Earnings per share						

II. Names of auditing CPAs of the most recent five years and their audit opinions

1, Names of auditing CPAs of the most recent five years and their audit opinions

Year	Accounting firm	Name of accountants	Audit opinions
2019	Excellence Accounting Firm	Tsan-Tseng Yeh, You-Long Tseng	Unqualified opinions - emphasis of matter paragraph or other matters paragraph
2020	Excellence Accounting Firm	Tsan-Tseng Yeh, You-Long Tseng	Unqualified opinions - emphasis of matter paragraph or other matters paragraph
2021	Weyong International CPAs & Co.	CPA Jim-Chen Ko and CPA Tzu-Yang Wang	Unqualified opinions - emphasis of matter paragraph or other matters paragraph
2022	Weyong International CPAs & Co.	CPA Jim-Chen Ko and CPA Tzu-Yang Wang	Unqualified opinion
2023	Weyong International CPAs & Co.	CPA Jim-Chen Ko and CPA Tzu-Yang Wang	Unqualified opinion

2, Reason for replacement of CPAs within the past five years: The Company did not replace CPAs in 2023.

(I) Consolidated Financial Analysis - Using the International Financial Reporting Standards (IFRS)

Analysis item		Financial analysis for the past five years					The current year as of Sunday, March 31, 2024
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt asset ratio	36.58	43.68	53.22	49.30	6.47	4.79
	Ratio of long-term capital to property, plant and equipment	280.06	249.24	152.04	169.91	271.88	266.54
Solvency (%)	Current ratio	222.35	180.53	120.71	133.81	2103.13	6270.29
	Quick ratio	27.2	19.2	105.55	118.69	2065.02	6184.94
	Interest coverage ratio	45.46	12.64	(13.80)	0.87	(3.44)	(397.88)
Operating ability	Receivables turnover (times)	2.33	2.52	3.02	4.52	4.06	1.95
	Average collection days	156.65	144.84	120.96	80.68	89.90	187.18
	Inventory turnover (times)	2.54	2.09	2.48	4.53	4.97	11.28
	Payables turnover (times)	7.62	9.60	10.02	26.75	29.21	15.47
	Average days of sales	143.7	174.6	147.47	80.57	73.44	32.36
	Turnover of property, plant and equipment (times)	1.05	0.85	0.91	0.92	0.42	0.05
	Total asset turnover (times)	0.21	0.21	0.26	0.30	0.15	0.02
Profitability	Return on assets (%)	39.89	(8.13)	(6.23)	(0.78)	(3.16)	(0.01)
	Return on equity (%)	145.68	(14.45)	(13.02)	(2.86)	(5.31)	(1.45)
	Net income before tax to paid-in capital ratio (%) (Note 7)	70.17	(10.90)	(10.92)	(0.12)	(2.80)	(1.03)
	Net profit margin (%)	189.33	(41.90)	(25.65)	(4.64)	(25.85)	(70.96)
	Earnings per share (EPS) (NT\$)	6.82	(1.09)	(0.86)	(0.17)	(0.43)	(0.1)
Cash flow (%)	Cash flow ratio (%)	(52.7)	(20.51)	(10.47)	11.03	317.68	(261.58)
	Cash flow adequacy ratio (%)	(318.31)	(262.35)	(75.73)	(61.66)	(28.51)	(20.86)
	Cash reinvestment ratio (%)	(14.11)	(6.32)	(8.97)	7.57	8.02	(2.11)
Leverage	Operating leverage	(1.61)	(1.60)	0.22	(1.85)	0.04	(0.16)
	Financial leverage	0.87	0.91	0.91	0.73	0.91	1.00

(II) Individual Financial Analysis - Using International Financial Reporting Standards (IFRS)

Analysis item		Financial analysis for the past five years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt asset ratio	34.26	41.60	53.68	50.59	23.37
	Ratio of long-term capital to property, plant and equipment	4,907.27	1,602.24	374.79	520.48	1,057.95
Liquidity (%)	Current ratio	220.73	179.22	117.66	128.19	2,215.21
	Quick ratio	34.45	26.5	102.46	113.37	2,173.10

	Interest coverage ratio	51.3	14.00	(12.33)	0.91	1.03
Operating ability	Receivables turnover (times)	1.99	3.79	2.15	4.46	3.61
	Average collection days	183	96.00	169.48	81.91	101.06
	Inventory turnover (times)	3.42	7.32	2.89	4.75	4.08
	Payables turnover (times)	10.63	10.18	12.08	13.37	20.10
	Average days of sales	107	50.0	126.10	76.83	89.49
	Turnover of property, plant and equipment (times)	2.94	4.99	1.82	2.34	1.16
	Total asset turnover (times)	0.09	0.13	0.15	0.28	0.12
Profitability	Return on assets (%)	42.95	(8.48)	(6.35)	(0.01)	(2.82)
	Return on equity (%)	145.68	(14.45)	(13.02)	(0.03)	(5.31)
	Net income before tax to paid-in capital ratio (%) (Note 7)	68.88	(10.90)	(14.72)	0.00	0.02
	Net profit margin (%)	455.96	(67.59)	(44.11)	(4.95)	(28.87)
	Earnings per share (EPS) (NT\$)	6.82	(1.09)	(0.86)	(0.17)	(0.43)
Cash flow (%)	Cash flow ratio (%)	(68.49)	(21.04)	(18.92)	0.06	337.60
	Cash flow adequacy ratio (%)	(286.87)	(239.74)	(65.44)	(162.82)	(148.73)
	Cash reinvestment ratio (%)	(22.15)	(8.10)	(19.03)	3.43	8.22
Leverage	Operating leverage	(0.61)	(1.35)	0.42	(0.27)	0.07
	Financial leverage	0.87	0.90	0.93	0.82	0.89

Explanations for any financial ratio increase or decrease that reaches 20% in the last two years are provided as below:

Consolidated:

1. The decrease in the debt to total assets ratio was mainly due to the decrease in losses.
2. The increase in ratio of long-term capital to property, plant and equipment was mostly attributable to the decrease in losses.
3. The increase in current ratio was mainly due to the decrease in losses.
4. The increase in quick ratio was mainly due to the decrease in losses.
5. The decline in interest coverage ratio was mainly due to reduced losses.
6. The payables turnover has increased, mainly due to reduced losses.
7. The decrease in turnover of property, plant and equipment was mainly due to reduced losses.
8. The decrease in total asset turnover was mainly due to the reduced losses.
9. The increase in return on assets was mainly due to the reduced losses.
10. The increase in return on equity was mainly due to the reduced losses.
11. The increase in net income before tax to paid-in capital ratio was mainly due to the reduced losses.
12. The net profit margin has increased mainly due to the reduced losses.
13. The increase in earnings per share was mainly due to the reduced losses.
14. The increase in cash flow ratio was mainly due to the reduced losses.
15. The decrease in cash flow adequacy ratio was mainly due to the reduced losses.
16. The decrease in operating leverage was mainly due to reduced losses.
17. The increase in financial leverage was mainly due to the reduced losses.

Individual:

1. The decrease in the debt to total assets ratio was mainly due to the decrease in losses.
2. The increase in ratio of long-term capital to property, plant and equipment was mostly attributable to the decrease in losses.

3. The increase in current ratio was mainly due to the decrease in losses.
4. The increase in quick ratio was mainly due to the reduced losses.
5. The increase in average collection days was mainly due to the decrease in operating revenue.
6. The increase in payables turnover was mainly due to the decrease in losses.
7. The decrease in turnover of property, plant and equipment was mainly due to reduced losses.
8. The decrease in total asset turnover was mainly due to the reduced losses.
9. The increase in return on assets was mainly due to the reduced losses.
10. The increase in return on equity was mainly due to the reduced losses.
11. The increase in net profit margin was mainly due to the decrease in losses.
12. The increase in earnings per share was mainly due to the reduced losses.
13. The increase in cash flow ratio was mainly due to the reduced losses.
14. The decrease in cash flow adequacy ratio was mainly due to the reduced losses.
15. The increase in cash flow reinvestment ratio was mainly due to the reduced losses.
16. The decrease in operating leverage was mainly due to reduced losses.

(III) Consolidated Financial Analysis- ROC GAAP

Analysis item		Financial analysis for the past five years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt asset ratio	N/A	N/A	N/A	N/A	N/A
	Ratio of long-term capital to fixed assets					
Liquidity (%)	Current ratio (%)					
	Quick ratio (%)					
	Interest coverage ratio					
Operating ability	Receivables turnover (%)					
	Days of sales outstanding (days)					
	Inventory turnover (times)					
	Average days of sales (days)					
	Fixed asset turnover rate (times)					
	Total asset turnover (times)					
Profitability	Return on assets (%)					
	Return on equity (%)					
	Operating profits to paid-in capital (%)					
	Net income before tax					
	Net profit margin (%)					
	Earnings per share (EPS) (NT\$)					
Cash flow (%)	Cash flow ratio					
	Cash flow adequacy ratio					
	Cash reinvestment ratio					
Leverage	Operating leverage (%)					
	Financial leverage (%)					

(IV) Individual Financial Analysis- ROC GAAP

Analysis item		Financial analysis for the past five years					
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt asset ratio	N/A	N/A	N/A	N/A	N/A	
	Ratio of long-term capital to fixed assets						
Liquidity (%)	Current ratio (%)						
	Quick ratio (%)						
	Interest coverage ratio						
Operating ability	Receivables turnover (%)						
	Days of sales outstanding (days)						
	Inventory turnover (times)						
	Average days of sales (days)						
	Fixed asset turnover rate (times)						
Profitability	Total asset turnover (times)						
	Return on assets (%)						
	Return on equity (%)						
	to paid-in capital (%)						Operating profits
							Net income before tax
	Net profit margin (%)						
Earnings per share (EPS) (NT\$)							
Cash flow (%)	Cash flow ratio						
	Cash flow adequacy ratio						
	Cash reinvestment ratio						
Leverage	Operating leverage (%)						
	Financial leverage (%)						

Note 1: The above financial statement has been audited and certified by the CPAs.

Note 2: The financial information for the current year as of the quarter before the publication date of the Annual Report has been included into the analysis, it has been reviewed by a CPA, and the turnover ratios related to operating ability is calculated on an annual basis.

Note 3: The calculation formulas are as follows:

1. Financial structure

- (1) Debt asset ratio = total liabilities / total assets.
- (2) Ratio of long-term capital to property, plant and equipment = (value of equity+ non-current liabilities) / net amount of property, plant and equipment.

2. Solvency

- (1) Current ratio = current assets / current liabilities.
- (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
- (3) Interest coverage ratio = net income before income tax and interest expenses / interest expenses for this period.

3. Operating ability

- (1) Receivables (including accounts receivable and business-related notes receivable) turnover ratio = net sales / average balance of receivables for each period (including accounts receivable and business-related notes receivable).
- (2) Average collection days = 365 / receivables turnover.
- (3) Inventory turnover = cost of goods sold / average amount of inventory.
- (4) Payables (including accounts payable and business-related notes payable) turnover = cost of goods sold / average balance of payables for each period (including accounts payable and business-related notes payable).
- (5) Average days of sales = 365 / inventory turnover.
- (6) Property, plant and equipment turnover = net sales / average net amount of property, plant and equipment.

(7) Total assets turnover = net sales / total average assets.

4. Profitability

(1) Return on assets (ROA) = [profit and loss after tax + interest expenses * (1 - tax rate)] / total average assets.

(2) Return on equity (ROE) = income after tax/net average equity

(3) Net profit margin = profit and loss after tax / net sales.

(4) Earnings per share (EPS) = (Profit and loss attributable to owners of parent - stock dividends of preferred stocks) / weighted average number of outstanding shares. (Note 4)

5. Cash flows

(1) Cash flow ratio = net cash flows from operating activities / current liabilities.

(2) Net cash flow adequacy ratio = net cash flows from operating activities in the past five years / (capital expenditure + increase in inventory + cash dividends) in the past five years.

(3) Cash re-investment ratio = (net cash flows from operating activities - cash dividends) / (gross amount of property, plant and equipment + long-term investment + other non-current assets + operating capital). (Note 5)

6. Leverage:

(1) Operating leverage = (net operating income - current operating costs and expenses) / operating profit.

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

Note 4: For the calculation formula of the preceding EPS, special attention should be made to the following:

1. It shall be based on the weighted average number of common shares, rather than the number of shares outstanding at the end of the year.
2. If there is a cash capital increase or treasury share transaction, the weighted average number of shares should be calculated while taking into account its circulation period.
3. Where there is a capitalization of surplus or capital increase from capital reserve, when calculating the earnings per share of previous years and for the six-month periods, the proportion of capital increase shall be adjusted retrospectively without taking into account the period during which the capital increase was issued.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividends for the current year (whether paid or not) shall be deducted from the after-tax net profit or added to the after-tax net loss. If the preferred shares are non-cumulative in nature and there is a net profit after tax, the dividends for preferred shares shall be deducted from the net profit after tax. If it is a loss, no adjustment is necessary.

Note 5: Special attention should be paid to the following matters when measuring cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflow from capital investment.
3. The increase in inventory is only included when the closing balance is greater than the opening balance. If the inventory decreases at the end of the period, it is calculated as zero.
4. Cash dividends include cash dividends on ordinary shares and preferred shares.
5. Gross property, plant and equipment refers to the total amount of property, plant and equipment before deducting accumulated depreciation.

Note 6: The issuer should classify various operating costs and operating expenses into fixed and variable ones according to their nature. If any estimates or subjective judgments are involved, attention should be paid to its reasonability and consistency.

Note 7: If the Company's shares has no par value or the par value is not NT\$10 per share, the ratio of the preceding calculations of the paid-in capital shall be calculated using the equity attributable to the owners of the parent company on the balance sheet instead.

III. Financial Statements for the Most Recent Year and the Audit Committee's Review Report

審計委員會審查報告書

董事會造具本公司民國 112 年度營業報告書、個體財務報表、合併財務報表及盈餘分派議案等，其中個體財務報表及合併財務報表業經委託維揚聯合會計師事務所查核完竣，並出具查核報告。上述營業報告書、個體財務報表、合併財務報表及盈餘分派議案經本審計委員會審查，認為尚無不合，爰依證券交易法第十四條之四及公司法第二百一十九條之規定報告如上，敬請 鑒核。

福大材料科技股份有限公司

審計委員會召集人：李孟修



中華民國 113 年 3 月 14 日

IV. Financial reports of the most recent year – Consolidated

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as of and for the years ended December 31, 2023 and 2022, as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies as of and for the years ended December 31, 2023 and 2022. Hence, we did not prepare a separate set of consolidated financial statements of affiliates for the year ended December 31, 2023.

Very truly yours,

Fu Ta Material Technology Co., Ltd.

By

March 14, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Fu Ta Material Technology Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Fu Ta Material Technology Co., Ltd. (the "Company") and its subsidiary (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagement of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2023 was discussed as follows:

Existence of cash and Funds Management

As of December 31, 2023, the Group's cash and bank in deposit amounted to 273,059 thousand, which represented 54% of the Group's total assets, because cash and bank in deposits have highly inherent risks, and management's evaluation of investments and approval of capital utilization were significant to consolidated financial statements. Therefore, we identified cash and bank in deposit as a key audit matter as of December 31, 2023. Please refer to Notes 4(F), 4(M), 6(A), 6(C), 6(J) and 8 to the consolidated financial statements for the related accounting policies and detailed disclosures.

The main audit procedures that we performed in respect of existence of cash and funds Management were as follows:

1. We selected samples of bank receipts and withdrawals from the ledger to verify the legitimacy of bank receipt and examined the appropriateness of the approval of vouches.
2. We obtained details of the Group's bank in deposits and verified their balances to the corresponding bank statements. In addition, we issued bank confirmation to all correspondent banks and verified the reconciliation of bank in deposit balances with the responses of bank confirmations.
3. Check whether the bank in deposits that have been designated for designated purposes or subject to restrictions in the bank confirmations have been properly disclosed in the consolidated financial statements.
4. Calculated and evaluated whether the financial costs of bank borrowings and interest income from bank in deposits were reasonably used in the valuation.

Other Matter

We have also audited the consolidated financial statements of Fu Ta Material Technology Co., Ltd. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit Committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date

of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Jim Chen Ko and Tzu Yang Wang.

Weyong International CPAs & Co.
Taichung, Taiwan
Republic of China

March 14, 2024

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

FU TA MATERIAL TECHNOLOGY CO., LTD. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

In Thousands of New Taiwan Dollars

CODE	ASSETS	NOTE	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
	CURRENT ASSETS					
1100	Cash	6(A)	\$ 273,059	54	\$ 20,299	4
1136	Financial assets at amortized cost - current	6(C) and 8	-	-	223,568	41
1150	Notes receivable, net	6(D)	3,536	1	14,960	3
1170	Accounts receivable, net	6(D)	1,214	-	18,218	3
1200	Other receivables		152	-	550	-
1220	Current tax assets	6(Q)	1,023	-	314	-
130X	Inventories	6(E)	1,517	-	30,178	6
1410	Prepayments	7	3,632	1	5,206	1
1470	Other current assets		-	-	2	-
11XX	Total current assets		<u>284,133</u>	<u>56</u>	<u>313,295</u>	<u>58</u>
	NONCURRENT ASSETS					
1600	Property, plant and equipment	6(H) and 8	181,671	36	180,838	33
1755	Right-of-use assets	6(I)	38,789	7	38,210	7
1840	Deferred income tax assets	6(Q)	54	-	6,255	1
1920	Refundable deposits		2,798	1	2,798	1
15XX	Total noncurrent assets		<u>223,312</u>	<u>44</u>	<u>228,101</u>	<u>42</u>
1XXX	TOTAL ASSETS		<u>\$ 507,445</u>	<u>100</u>	<u>\$ 541,396</u>	<u>100</u>
	LIABILITIES AND EQUITY					
	CURRENT LIABILITIES					
2100	Short-term borrowings	6(J) and 7	\$ -	-	\$ 207,371	39
2130	Contract liabilities - current	6(O)	4	-	4,067	1
2150	Notes payable	6(K)	542	-	2,068	-
2170	Accounts payable	6(K)	526	-	2,255	-
2200	Other payables	6(L) and 7	10,216	2	8,898	2
2280	Lease liabilities - current	6(I)	1,188	-	6,289	1
2300	Other current liabilities		1,034	-	1,141	-
2320	Current portion of long-term borrowings	6(J) and 7	-	-	2,053	-
21XX	Total current liabilities		<u>13,510</u>	<u>2</u>	<u>234,142</u>	<u>43</u>
	NONCURRENT LIABILITIES					
2540	Long-term borrowings	6(J) and 7	-	-	9,935	2
2570	Deferred income tax liabilities	6(Q)	-	-	5,488	1
2580	Lease liabilities - non-current	6(I)	19,345	4	17,348	3
25XX	Total non-current liabilities		<u>19,345</u>	<u>4</u>	<u>32,771</u>	<u>6</u>
2XXX	Total liabilities		<u>32,855</u>	<u>6</u>	<u>266,913</u>	<u>49</u>
	EQUITY					
3110	Ordinary shares	6(N)	679,918	134	459,918	85
3200	Capital surplus	6(N)	-	-	23,191	5
3350	Accumulated deficit	6(N)	(225,235)	(44)	(228,533)	(43)
3400	Other equity		19,907	4	19,907	4
3XXX	Total equity		<u>474,590</u>	<u>94</u>	<u>274,483</u>	<u>51</u>
	TOTAL LIABILITIES AND EQUITY		<u>\$ 507,445</u>	<u>100</u>	<u>\$ 541,396</u>	<u>100</u>

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

FU TA MATERIAL TECHNOLOGY CO., LTD. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

In Thousands of New Taiwan Dollars,
Except Loss Per Share

CODE	NOTE	2023		2022	
		Amount	%	Amount	%
4000	OPERATING REVENUE 6(O) and 7	\$ 76,959	100	\$ 171,703	100
5000	OPERATING COSTS 6(E) and 6(P)	78,743	102	150,045	87
5900	GROSS (LOSS) PROFIT	(1,784)	(2)	21,658	13
	OPERATING EXPENSES 6(P) and 7				
6100	Selling and marketing expenses	3,968	5	5,725	3
6200	General and administrative expenses	34,810	45	27,636	16
6450	Expected credit loss	-	-	-	-
6000	Total operating expenses	38,778	50	33,361	19
6900	LOSS FROM OPERATIONS	(40,562)	(52)	(11,703)	(6)
	NON-OPERATING INCOME AND EXPENSES				
7010	Other income	6,651	9	609	-
7020	Other gains and losses 6(P) and 7	12,889	16	11,481	7
7050	Finance costs 6(P)	(4,165)	(6)	(4,347)	(3)
7100	Interest income 6(P)	6,694	9	3,408	2
7000	Total non-operating income and expenses	22,069	28	11,151	6
7900	LOSS BEFORE INCOME TAX	(18,493)	(24)	(552)	-
7950	INCOME TAX EXPENSE 6(Q)	(1,400)	(1)	(7,416)	(4)
8200	NET LOSS FOR THE YEAR	(19,893)	(25)	(7,968)	(4)
8300	OTHER COMPREHENSIVE INCOME	-	-	-	-
8500	TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(\$ 19,893)	(25)	(\$ 7,968)	(4)
	NET LOSS ATTRIBUTABLE TO:				
8610	Owners of the Company	(\$ 19,893)	(25)	(\$ 7,968)	(4)
8620	Non-controlling interests	-	-	-	-
		(\$ 19,893)	(25)	(\$ 7,968)	(4)
	TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:				
8710	Owners of the Company	(\$ 19,893)	(25)	(\$ 7,968)	(4)
8720	Non-controlling interests	-	-	-	-
		(\$ 19,893)	(25)	(\$ 7,968)	(4)
	LOSS PER SHARE, NT\$ 6(R)				
9710	Basic	(\$ 0.43)		(\$ 0.17)	
9810	Diluted	(\$ 0.43)		(\$ 0.17)	

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

FU TA MATERIAL TECHNOLOGY CO., LTD. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

CODE		In Thousands of New Taiwan Dollars				
		Capital Stock	Capital Surplus	Accumulated deficit	Other equity Gains on Property Revaluations	Total
A1	BALANCE AT JANUARY 1, 2022	\$ 459,918	\$ 23,191	(\$ 220,565)	\$ 19,907	\$ 282,451
D1	Net loss for the year ended December 31, 2022	-	-	(7,968)	-	(7,968)
D3	Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-
D5	Total comprehensive income (loss) for 2022	-	-	(7,968)	-	(7,968)
Z1	BALANCE AT DECEMBER 31, 2022	459,918	23,191	(228,533)	19,907	274,483
C11	Capital surplus used for offsetting deficit	-	(23,191)	23,191	-	-
D1	Net loss for the year ended December 31, 2023	-	-	(19,893)	-	(19,893)
D3	Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-
D5	Total comprehensive income (loss) for 2023	-	-	(19,893)	-	(19,893)
E1	Private placement of ordinary shares for cash capital increase	220,000	-	-	-	220,000
Z1	BALANCE AT DECEMBER 31, 2023	\$ 679,918	\$ -	(\$ 225,235)	\$ 19,907	\$ 474,590

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

FU TA MATERIAL TECHNOLOGY CO., LTD. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

In Thousands of New Taiwan Dollars

Code		2023	2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Loss before income tax	(\$ 18,493)	(\$ 552)
A20010	Adjustments for		
A20100	Depreciation expense	11,724	11,553
A20900	Financial costs	4,165	4,347
A21200	Interest income	(6,694)	(3,408)
A22500	Net (gains) losses on disposal of property, plant and equipment	(1,341)	531
A23000	Net gain on disposal of non-current assets held for sale	(298)	-
A23700	Impairment loss recognized on non-current assets held for sale	-	10,024
A23800	Reversal of write-down of inventories	(10,271)	(7,014)
A24100	Unrealized gain on foreign currency exchange, net	-	(9,089)
A29900	Net gains on modifications of lease arrangement	(341)	-
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	11,424	3,849
A31150	Accounts receivable	17,004	5,700
A31180	Other receivables	26	(92)
A31200	Inventories	38,932	12,901
A31230	Prepayments	1,574	3,411
A31240	Other current assets	2	27
A32125	Contract liabilities - current	(4,063)	(2,181)
A32130	Notes payable	(1,935)	(353)
A32150	Accounts payable	(1,729)	(2,221)
A32180	Other payables	1,326	(332)
A32230	Other current liabilities	(107)	(398)
A33000	Cash generated from operations	40,905	26,703
A33100	Interest received	7,066	3,172
A33300	Interest paid	(4,343)	(4,337)
A33500	Income taxes paid	(709)	(224)
A33500	Income taxes refund	-	514
AAAA	Net cash generated from operating activities	<u>42,919</u>	<u>25,828</u>
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00040	Purchase of financial assets at amortized cost	(4,306)	(225,240)
B00050	Proceeds from sale of financial assets at amortized cost	227,874	247,010
B02600	Proceeds from disposal of non-current assets held for sale	298	-

(Continued on next page)

<u>Code</u>		<u>2023</u>	<u>2022</u>
B02700	Payments for property, plant and equipment	(\$ 10,815)	(\$ 1,828)
B02800	Proceeds from disposal of property, plant and equipment	3,281	4,498
B07700	Income tax paid	(687)	(284)
BBBB	Net cash generated from investing activities	<u>215,645</u>	<u>24,156</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
C00100	Proceeds from short-term borrowings	530,723	781,468
C00200	Repayments of short-term borrowings	(738,094)	(831,130)
C01600	Proceeds from long-term borrowings	12,000	12,170
C01700	Repayments of long-term borrowings	(23,988)	(7,312)
C04020	Repayment of the principal portion of lease liabilities	(6,445)	(6,107)
C04600	Proceeds from issuing shares by private placement	<u>220,000</u>	-
CCCC	Net cash used in financing activities	(<u>5,804</u>)	(<u>50,911</u>)
EEEE	NET INCREASE (DECREASE) IN CASH	252,760	(927)
E00100	CASH, BEGINNING OF THE YEAR	<u>20,299</u>	<u>21,226</u>
E00200	CASH, END OF THE YEAR	<u>\$ 273,059</u>	<u>\$ 20,299</u>

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

V. Financial reports of the most recent year – Individual

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Fu Ta Material Technology Co., Ltd.

Opinion

We have audited the accompanying parent company only financial statements of Fu Ta Material Technology Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the "parent company only financial statements").

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Company's parent company only financial statements for the year ended December 31, 2023 was discussed as follows:

Existence of cash and Funds Management

As of December 31, 2023, the Company's cash and bank in deposit amounted to 258,200 thousand, which represented 42% of the Company's total assets, because cash and bank in deposits have highly inherent risks, and management's evaluation of investments and approval of capital utilization were significant to parent company only financial statements. Therefore, we identified cash and bank in deposit as a key audit matter as of December 31, 2023. Please refer to Notes 4(E), 4(N), 6(A), 6(K) and 8 to the parent company only financial statements for the related accounting policies and detailed disclosures.

The main audit procedures that we performed in respect of existence of cash and funds Management were as follows:

1. We selected samples of bank receipts and withdrawals from the ledger to verify the legitimacy of bank receipt and examined the appropriateness of the approval of vouches.
2. We obtained details of the Company's bank in deposits and verified their balances to the corresponding bank statements. In addition, we issued bank confirmation to all correspondent banks and verified the reconciliation of bank in deposit balances with the responses of bank confirmations.
3. Check whether the bank in deposits that have been designated for designated purposes or subject to restrictions in the bank confirmations have been properly disclosed in the parent company only financial statements.
4. Calculated and evaluated whether the financial costs of bank borrowings and interest income from bank in deposits were reasonableness used in the valuation.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit Committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Jim Chen Ko and Tzu Yang Wang.

Weyong International CPAs & Co.
Taichung, Taiwan
Republic of China

March 14, 2024

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and parent company only financial statements shall prevail.

FU TA MATERIAL TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

In Thousands of New Taiwan Dollars

CODE	ASSETS	NOTE	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
	CURRENT ASSETS					
1100	Cash	6(A)	\$ 258,200	42	\$ 7,163	1
1136	Financial assets at amortized cost - current	6(C) and 8	-	-	223,568	42
1150	Notes receivable, net	6(D)	3,536	1	14,817	3
1160	Notes receivable from related parties, net	6(D) and 7	-	-	677	-
1170	Accounts receivable, net	6(D)	1,099	-	18,023	3
1200	Other receivables	7	353	-	1,841	-
1220	Current tax assets	6(R)	1,017	-	314	-
130X	Inventories	6(E)	1,517	-	30,134	5
1410	Prepayments	7	3,603	1	4,675	1
11XX	Total current assets		<u>269,325</u>	<u>44</u>	<u>301,212</u>	<u>55</u>
	NONCURRENT ASSETS					
1600	Property, plant and equipment	6(H), 7 and 8	57,394	9	61,582	11
1755	Right-of-use assets	6(I)	38,789	6	38,210	7
1760	Investment properties	6(J) and 8	251,000	41	146,040	26
1840	Deferred income tax assets	6(R)	54	-	5,754	1
1920	Refundable deposits		2,798	-	2,702	-
15XX	Total noncurrent assets		<u>350,035</u>	<u>56</u>	<u>254,288</u>	<u>45</u>
1XXX	TOTAL ASSETS		<u>\$ 619,360</u>	<u>100</u>	<u>\$ 555,500</u>	<u>100</u>
	LIABILITIES AND EQUITY					
	CURRENT LIABILITIES					
2100	Short-term borrowings	6(K) and 8	\$ -	-	\$ 207,371	37
2130	Contract liabilities - current	6(P)	4	-	4,067	1
2150	Notes payable	6(L)	542	-	1,059	-
2160	Notes payable to related parties	6(L) and 7	-	-	4,246	1
2170	Accounts payable	6(L)	526	-	2,255	-
2180	Accounts payable to related parties	6(L) and 7	188	-	3,454	1
2200	Other payables	6(M) and 7	9,686	2	4,178	1
2280	Lease liabilities - current	6(I)	1,188	-	6,289	1
2300	Other current liabilities		24	-	6	-
2320	Current portion of long-term borrowings	6(K) and 8	-	-	2,053	-
21XX	Total current liabilities		<u>12,158</u>	<u>2</u>	<u>234,978</u>	<u>42</u>
	NONCURRENT LIABILITIES					
2540	Long-term borrowings	6(K) and 8	-	-	9,935	2
2570	Deferred income tax liabilities	6(R)	27,395	4	13,784	2
2580	Lease liabilities - non-current	6(I)	19,345	3	17,348	3
2650	Credit balance on the carrying amounts of investments accounted for using the equity method and reclassified to other liabilities	6(C)	85,872	14	4,972	1
25XX	Total non-current liabilities		<u>132,612</u>	<u>21</u>	<u>46,039</u>	<u>8</u>
2XXX	Total liabilities		<u>144,770</u>	<u>23</u>	<u>281,017</u>	<u>50</u>
	EQUITY					
3110	Ordinary shares	6(O)	679,918	110	459,918	83
3200	Capital surplus	6(O)	-	-	23,191	4
3350	Accumulated deficit	6(O)	(225,235)	(36)	(228,533)	(41)
3400	Other equity		19,907	3	19,907	4
3XXX	Total equity		<u>474,590</u>	<u>77</u>	<u>274,483</u>	<u>50</u>
	TOTAL LIABILITIES AND EQUITY		<u>\$ 619,360</u>	<u>100</u>	<u>\$ 555,500</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.

FU TA MATERIAL TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

		In Thousands of New Taiwan Dollars, Except Loss Per Share			
CODE	NOTE	2023		2022	
		Amount	%	Amount	%
4000	OPERATING REVENUE	\$ 68,898	100	\$ 160,962	100
5000	OPERATING COSTS	<u>71,108</u>	<u>103</u>	<u>155,541</u>	<u>97</u>
5900	GROSS (LOSS) PROFIT	(<u>2,210</u>)	(<u>3</u>)	<u>5,421</u>	<u>3</u>
	OPERATING EXPENSES				
6100	Selling and marketing expenses	3,541	5	3,921	2
6200	General and administrative expenses	27,156	40	21,668	13
6450	Expected credit loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
6000	Total operating expenses	<u>30,697</u>	<u>45</u>	<u>25,589</u>	<u>15</u>
6900	LOSS FROM OPERATIONS	(<u>32,907</u>)	(<u>48</u>)	(<u>20,168</u>)	(<u>12</u>)
	NON-OPERATING INCOME AND EXPENSES				
7010	Other income	3,090	4	4,423	3
7020	Other gains and losses	108,356	157	15,081	9
7050	Finance costs	(4,165)	(6)	(4,344)	(3)
7070	Share of the (losses) gains of subsidiary accounted for using the equity method	(80,900)	(117)	1,215	1
7100	Interest income	<u>6,631</u>	<u>10</u>	<u>3,386</u>	<u>2</u>
7000	Total non-operating income and expenses	<u>33,012</u>	<u>48</u>	<u>19,761</u>	<u>12</u>
7900	PROFIT (LOSS) BEFORE INCOME TAX	105	-	(407)	-
7950	INCOME TAX EXPENSE	(<u>19,998</u>)	(<u>29</u>)	(<u>7,561</u>)	(<u>5</u>)
8200	NET LOSS FOR THE YEAR	(<u>19,893</u>)	(<u>29</u>)	(<u>7,968</u>)	(<u>5</u>)
8300	OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8500	TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(<u>\$ 19,893</u>)	(<u>29</u>)	(<u>\$ 7,968</u>)	(<u>5</u>)
	LOSS PER SHARE, NT\$				
9710	Basic	(<u>\$ 0.43</u>)		(<u>\$ 0.17</u>)	
9810	Diluted	(<u>\$ 0.43</u>)		(<u>\$ 0.17</u>)	

The accompanying notes are an integral part of the parent company only financial statements.

FU TA MATERIAL TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

CODE		In Thousands of New Taiwan Dollars				
		Capital Stock	Capital Surplus	Accumulated deficit	Other equity Gains on Property Revaluations	Total
A1	BALANCE AT JANUARY 1, 2022	\$ 459,918	\$ 23,191	(\$ 220,565)	\$ 19,907	\$ 282,451
D1	Net loss for the year ended December 31, 2022	-	-	(7,968)	-	(7,968)
D3	Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-
D5	Total comprehensive income (loss) for 2022	-	-	(7,968)	-	(7,968)
Z1	BALANCE AT DECEMBER 31, 2022	459,918	23,191	(228,533)	19,907	274,483
C11	Capital surplus used for offsetting deficit	-	(23,191)	23,191	-	-
D1	Net loss for the year ended December 31, 2023	-	-	(19,893)	-	(19,893)
D3	Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-
D5	Total comprehensive income (loss) for 2023	-	-	(19,893)	-	(19,893)
E1	Private placement of ordinary shares for cash capital increase	220,000	-	-	-	220,000
Z1	BALANCE AT DECEMBER 31, 2023	\$ 679,918	\$ -	(\$ 225,235)	\$ 19,907	\$ 474,590

The accompanying notes are an integral part of the parent company only financial statements.

FU TA MATERIAL TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

In Thousands of New Taiwan Dollars

Code		2023	2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Profit (loss) before income tax	\$ 105	(\$ 407)
A20010	Adjustments for		
A20100	Depreciation expense	7,786	7,598
A20900	Financial costs	4,165	4,344
A21200	Interest income	(6,631)	(3,386)
A22400	Share of the losses (gains) of subsidiary	80,900	(1,215)
A22500	Net (gains) losses on disposal of property, plant and equipment	(1,250)	608
A23000	Net gain on disposal of non-current assets held for sale	(298)	-
A23700	Impairment loss recognized on non-current assets held for sale	-	10,024
A23800	Reversal of write-down of inventories	(8,252)	(4,064)
A24100	Unrealized gain on foreign currency exchange, net	-	(9,089)
A24600	Net gains on changes in fair value of investment properties	(95,498)	(3,702)
A29900	Net gains on modifications of lease arrangement	(341)	-
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	11,281	1,257
A31140	Notes receivable from related parties	677	28
A31150	Accounts receivable	16,924	3,572
A31160	Accounts receivable from related parties	-	355
A31180	Other receivables	275	(542)
A31200	Inventories	36,869	9,279
A31230	Prepayments	1,072	3,595
A31240	Other current assets	-	26
A32125	Contract liabilities - current	(4,063)	(2,181)
A32130	Notes payable	(926)	599
A32140	Notes payable to related parties	(4,246)	(326)
A32150	Accounts payable	(1,729)	(1,711)
A32160	Accounts payable to related parties	(3,266)	197
A32180	Other payables	5,516	(276)
A32230	Other current liabilities	18	(386)
A33000	Cash generated from operations	39,088	14,197
A33100	Interest received	7,003	3,150
A33300	Interest paid	(4,343)	(4,322)
A33500	Income taxes paid	(703)	(224)
A33500	Income taxes refund	-	514
AAAA	Net cash generated from operating activities	<u>41,045</u>	<u>13,315</u>

(Continued on next page)

<u>Code</u>		<u>2023</u>	<u>2022</u>
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00040	Purchase of financial assets at amortized cost	(\$ 4,306)	(\$ 225,240)
B00050	Proceeds from sale of financial assets at amortized cost	227,874	246,680
B02600	Proceeds from disposal of non-current assets held for sale	298	-
B02700	Payments for property, plant and equipment	(1,626)	(1,323)
B02800	Proceeds from disposal of property, plant and equipment	3,631	9,143
B03700	Increase in refundable deposits	(96)	-
B03800	Decrease in refundable deposits	-	96
B05400	Payments for investment properties	(9,292)	-
B07700	Income tax paid	(687)	(284)
BBBB	Net cash generated from investing activities	<u>215,796</u>	<u>29,072</u>
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Proceeds from short-term borrowings	530,723	781,468
C00200	Repayments of short-term borrowings	(738,094)	(831,130)
C01600	Proceeds from long-term borrowings	12,000	12,170
C01700	Repayments of long-term borrowings	(23,988)	(182)
C04020	Repayment of the principal portion of lease liabilities	(6,445)	(6,107)
C04600	Proceeds from issuing shares by private placement	<u>220,000</u>	<u>-</u>
CCCC	Net cash used in financing activities	<u>(5,804)</u>	<u>(43,781)</u>
EEEE	NET INCREASE (DECREASE) IN CASH	251,037	(1,394)
E00100	CASH, BEGINNING OF THE YEAR	<u>7,163</u>	<u>8,557</u>
E00200	CASH, END OF THE YEAR	<u>\$ 258,200</u>	<u>\$ 7,163</u>

The accompanying notes are an integral part of the parent company only financial statements.

G. Discussion and Analysis of Financial Position and Business Performance and Risk Analysis

I. Financial position analysis

Financial Status Comparison Analysis Sheet

Item \ Year	2022	2023	Difference		Remarks
			Amount	%	
Current assets	313,295	284,133	-29,162	-9.31%	
Fixed assets	180,838	181,671	833	0.46%	
Other assets	47,263	41,641	-5,622	-11.90%	
Total assets	541,396	507,445	-33,951	-6.27%	
Current liabilities	234,142	13,510	-220,632	-94.23%	Note 1
Long-term liabilities	9,935	0	-9,935	-100.00%	
Other liabilities	22,836	19,345	-3,491	-15.28%	
Total liabilities	266,913	32,855	-234,058	-87.69%	
Share capital	459,918	679,918	-	-	Note 2
Capital reserve	23,191	0	-23,191	-100.00%	
Retained earnings	(228,533)	(225,235)	3,298	-1.44%	
Other equity	19,907	19,907	0	0.00%	
Total shareholders' equity	274,483	474,590	200,107	72.90%	

Note 1: Mainly attributable to the loan repayment in 2023.

Note 2: Mainly due to the private placement of 22,000 thousand shares with a specific person in 2023.

II. Financial performance analysis

Financial Performance Comparison Analysis Sheet

	2022	2023	Increase (decrease)	Ratio of change %
	Total	Total		
Total operating	171,703	76,959	-94,744	-55.18%
Operating costs	150,045	78,743	-71,302	-47.52%
Gross profit (loss)	21,658	(1,784)	-23,442	-108.24%
Operating expenses	33,361	38,778	5,417	16.24%
Operating loss	(11,703)	(40,562)	-28,859	246.59%
Non-operating	11,151	22,069	10,918	97.91%
Pre-tax profit (loss)	(552)	(18,493)	-17,941	3250.18%
Profit and loss of	0	0	0	0%
Income tax benefit	(7,416)	(1,400)	6,016	-81.12%
Net income (loss) for this period	\$(7,968)	\$(19,893)		

Analysis and explanation of the increase or decrease of ratio:

1. Net operating revenues: Mainly due to the decrease in operating revenue in 2023.
2. Gross profit (loss): Mainly due to the valuation loss of inventory products sold in 2023.
3. Net operating (loss) profit: Mainly due to the valuation loss of inventory products sold in 2023.
4. Total non-operating revenues and expenses: Mainly due to reversal of translation loss in 2023.

1, Analysis on the cash flow changes for the last two years

Item \ Year	2022	2023	Increase or decrease ratio (%)
Cash flow ratio	11.03	317.68	2780.14
Cash flow adequacy ratio	(61.66)	(25.52)	-58.61
Cash reinvestment ratio	7.57	8.02	5.94
Analysis and explanation of the increase or decrease of ratio: This is mostly due to the reduced losses.			

- 2, Expected sales volume and its basis, the possible impact on the Company's future financial business and the response plan:
The Company has not disclosed financial forecasts for 2024, so it does not plan to disclose expected sales numbers.

III. Cash flows

1, Cash flow analysis for the coming year

Cash balance at beginning of period	Cash flow from operating activities over the entire year	Annual cash flow	Cash balance (Deficit) amount	Remedial measures for expected cash deficit	
				Investment plan	Financing plans
273,059	100,000	90,000	283,059	0	0

- 2, Analysis of change in cash flow for current year:
- (1) Operating activities: For next year, the trading of nylon masterbatch and gray cloth is expected to generate net cash inflow.
 - (2) Investing activities: We will invest in the construction of power stations in next year; therefore, investment activities are expected to generate net cash outflows.
- 3, Remedial measures for expected cash deficit and liquidity analysis: N/A.

IV. Effect of major capital expenditures on finance and business in the past year:
The Company has no significant capital expenditures and sources of funds.

V. Investment policy in the most recent fiscal year, profit/loss analysis, improvement plan, and investment plan for the coming year:

- (I) Cease nylon masterbatch production and shift toward trading
Mainland China's textile technology is gradually maturing, production is expanding rapidly, and price competition has posed a threat to Taiwan's textile products. The Company will change its past business model of mainly producing yarn for making clothing materials. In the future, our operations will be geared towards taking orders and outsourcing the nylon masterbatch to large domestic OEM factories to increase profits and to reduce losses.
- (II) Expanding into the construction of solar power plants
In order to cooperate with the government's solar energy (green energy) policy, the Company is actively seeking to build solar power stations, and the expected progress is optimistic.

(III) The impact of financial turnover events on financial status

The Company's financial forecast for 2023 was sufficient and there was no gap in our working capital needs. TO achieve sustainable operations, we have convened an extraordinary Board of Directors' meeting on December 26, 2023 and raised NT\$220 million through private placement and brought in strategic partners.

VI. Risk Analysis and Assessment in Last Year and Up to the Print Date of this Annual Report

- (1) The effects that interest rates, exchange rate fluctuations, and inflation have on earnings and losses of the Company in the most recent year as well as response measures:

As the interest rate for the NTD has not experienced dramatic changes in the most recent year and the current year since Taiwan's financial environment has been relatively stable, the Company was able to enjoy more favorable credit conditions from financial institutions thanks to our good credit record. This allowed the Company to enjoy more favorable terms for borrowing costs. The borrowings are divided into short-term borrowings and medium- and long-term borrowings based on actual capital needs, and our borrowing evaluation basis is mostly focused on the cost of capital and repayment conditions. Although in the short term, affected by the appreciation of the NTD, we were able to recognize fewer foreign currency translation benefits, but in the long run, this will not present net outflow of capital for the Company.

- (2) Policies of engaging in high-risk, high-leverage investments, lending to others, providing endorsement and guarantee, and derivatives transactions in the most recent year, profit/loss analysis, and future response measures:

No. the Company's policy for engaging in high-risk, high-leverage investments, lending to others, providing endorsement and guarantee, and derivatives transactions has not generated profits or led to losses.

- (3) Future R&D projects and estimated R&D expenditure: None. The Company has not yet formulated future R&D plans and estimated investment.

- (4) Major changes in government policies and laws at home and broad and the impact on finance and business of the Company and response measures: No, the Company has not experienced any changes in government policies and laws at home or abroad.

- (5) Impact of recent technological and market changes on finance and business of the Company, and response measures: None, the Company has not experienced any incidents were changes in recent technology and market conditions have had impacts on the Company's finance or business.

- (6) Impact of change in corporate image on risk management and response measures: No, the Company has not changed our corporate image.

- (7) Expected benefits and potential risks of mergers and acquisitions, and response measures: None, the Company has no expected benefits or possible risks from mergers and acquisitions.

- (8) Expected benefits and potential risks of capacity expansion, and response measures: None, the Company has no expected benefits or possible risks from plant expansions.
- (9) Risks associated with over-concentration in purchases or sales, and response measures:
- ①The Company has ceased the production of nylon masterbatch in 2014 and has switched to buying and selling nylon masterbatch and grey cloth. Therefore, the main sources of purchase are nylon masterbatch production plants such as FCFC, Acelon, and Chain Yarn. In addition, most of our polyester fiber is supplied by Lealea, Far Eastern, and NPC, while grey cloth is mostly procured from fabrics plants including Honmyue and Fu Tai. Therefore, there is no concentration or risk in purchasing and sales.
- ②The Company started the development and construction of solar power plants in 2017.
- (10) The effects and risks of large-scale share transfers or conversions by directors, supervisors, or major shareholders holding more than 10% of the Company's shares, and response measures:
- No, there has been no substantial transfer or conversion of equity since the general re-election of the Company's directors on February 29, 2024.
- (11) The impact and risk of a change in ownership on the Company, and response measures: None.
- (12) Litigious and non-litigious matters: list major litigious, non-litigious or administrative disputes that: (1) involve the Company and/or any Company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the Company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the Company's securities, disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the Annual Report: None.
- (13) Other significant risks and countermeasures:
- Information security risk assessment and analysis: In network environments such as information applications and IT tool use, the Company will engage in the following as needed: Use Hinet enterprise security services on external networks and build firewalls for software and hardware to manage users' use of corporate internal and external networks, as well as to prevent external hackers from intruding and causing damages. Exchange Online Protection is also set up to protect emails from spam, malicious programs and known threats. Endpoint prevention, detection, and response are provided on both servers and PCs to provide complete monitoring and security management.
- In the management of internal network data and shared information use, the enterprise O&M information security management system has been deployed. The system detects malicious attacks, updates the threat database in real time, protects against ransomware viruses, blocks malicious intrusions, understands attack behaviors, proactively follows-up and issues warnings. It also engages in unified access management of devices and network resources for users to reduce large amounts of data being taken out; in addition, shared file permissions control have also been set up. This helps to

prevent intentional deletion or tampering. The information application system is controlled with a single sign-in method to limit the access from external connections, and server and PC data are also regularly backed up to reduce the risk of theft or loss.

The preceding solutions are only applicable to existing network applications. However, as network attacks and technologies continue to emerge, no matter how many precautions are taken, they cannot be guaranteed to be 100% effective and can only achieve effective goals within a limited scope. Although the extent of the Company's current use of cloud application solutions to engage in relevant management is limited, it can still effectively prevent attacks given the existing information security environment structure, and risk is limited.

However, intentional and continuous attacks can only be prevented passively. Internally, personnel are still required to be more careful when dealing with unknown websites and emails. They should refrain from opening and unless necessary, and should delete them directly instead. There have been no major risks in data breach in recent years, and individual risks caused by personal behavior have not occurred. Therefore, the Company has not had information risks.

Recently, with the rapid changes in cloud technology and network applications and the demand for information applications, it will become increasingly difficult to define communication between internal and external networks. In addition to strengthening the advocacy to personnel to be more cautious in their usage, the Company will also engage in a renewed inventory and assessment of our IT technology applications accordingly, application of IT technology, and to update operating standards to better meet the management needs and to provide guidelines to personnel. Therefore, it has been determined that currently, information security has not yet posed major risks to the Company's operations.

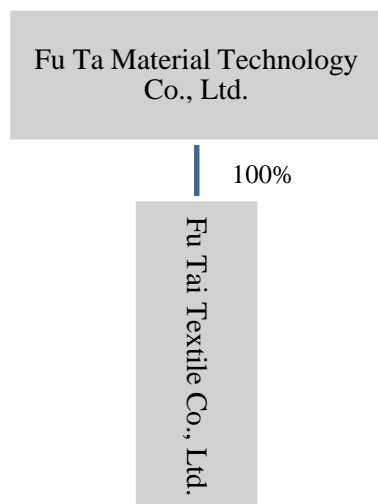
VII. Other important matters:

- (1) The Company's Ethical Corporate Management Operating Procedures and Code of Conduct: As of the date of publication of this Annual Report, the Company has not amended its articles.
- (2) Information on the Company's engagement in trading of derivatives: None, as of the date of publication of this Annual Report, the Company has engaged in derivative trading.
- (3) Resignation and dismissal of the Company's finance manager and R&D manager: Zilong He, the company's financial director and accounting director, was dismissed on April 25, 2024.

H. Special Disclosures

I. Information on Affiliates

(I) Organization chart of affiliates:



(II) Basic information of each affiliate:

Unit: Unless otherwise stated, the amount is expressed in NT\$1,000.

Name of affiliate	Date of establishment	Address	Paid-in capital	Main business activities
Fu Tai Textile Co., Ltd.	2012.7.13	1F., No. 1, Ln. 157, Siwei Central Rd., Wuqi Dist., Taichung City	70,000	Production and sales of polyester woven fabrics and nylon woven fabrics

(III) Controlling and subordinate companies with identical shareholders: None.

(IV) Overall businesses covered by affiliates:

1. Nylon masterbatch, nylon chips and grey cloth business.
2. Trading and wholesale of agricultural and livestock products, etc.
3. Solar power plant development and construction.

(V) Information on directors, supervisors and president of affiliates

Name of affiliate	Title	Name Corporate shareholder representative:	Shareholding	
			No. of shares	Shareholding ratio %
Fu Tai Textile Co., Ltd.	Chairperson	Teng-Hsiung Yang (dismissed on February 29, 2024) Fu Ta Material Technology Co., Ltd.	7,000,000	100
		Cheng Tang (appointed on February 29, 2024) Fu Ta Material Technology Co., Ltd.		

(VI) Operational overview of each affiliate

Unit: Expressed in NT\$1,000 except where New Taiwan Dollar is used for earnings per share

Name of affiliate	Capital	Total assets	Total liabilities	Net worth	Operating income	Operating profit (loss)	Profit or loss for the current period (after tax)	Earnings per share (NT\$) (after tax)
Fu Tai Textile Co., Ltd.	70,000	27,912	731	27,181	20,080	-8,604	-2,381	-0.34

(VII) Statement on consolidated financial statements of affiliated enterprises

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2023 are the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as of and for the years ended December 31, 2023 and 2022, as provided in International Financial Reporting Standard 10 "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies as of and for the years ended December 31, 2023 and 2022. Hence, we did not prepare a separate set of consolidated financial statements of affiliates for the year ended December 31, 2023.

Very truly yours,

Fu Ta Material Technology Co., Ltd.

By

March 14, 2024

- II. Private placement of securities in the last year up to the date of this Annual Report: To replenish the working capital and improve financial structure, the Company has passed the resolution to conduct a private placement of ordinary shares, with a limit of no more than 45,000 shares, in the 2023 General Shareholders' Meeting on June 21, 2023. On December 26, 2023, the Board of Directors resolved to handle the cash capital increase through private placement, and issued 22,000 ordinary shares at the par of NT\$10 per share. All shares issued were subscribed by specific persons, and the base date for the cash capital increase through private placement was December 29, 2023. The Company has received the full capital increase on December 27, 2023, and completed the changes to its registered capital on January 22, 2024.
- III. Holding or disposal of stocks of the Company by subsidiaries in the past year and up to the date of this Annual Report: No, the Company has not experienced any holding or disposal of Company shares from subsidiaries.
- IV. Information on investments in Mainland China in the most recent year and as of the printing date of the Annual Report: The Company has not invested in Mainland China.
- V. Information on investments in overseas subsidiaries in the most recent year and as of the printing date of the Annual Report: The Company does not have overseas investments.
- VI. Instances of financial difficulties experienced by the Company and its affiliated companies in the most recent year and up to the publication date of this Annual Report: No, the Company and its affiliates have not had difficulties with financial turnover.
- VII. Any outstanding TPEX commitments unfulfilled in the most recent year and as of the printing date of the Annual Report: No, the Company has no outstanding TPEX commitments.
- VIII. Names and acquisition status of managerial officers who have acquired new restricted employee shares and of employees who rank among the top ten in the number of new restricted employee shares acquired, and its effects on shareholders' equity, as of the date of publication of the Annual Report: None, the Company has not had any managers who have acquired new restricted employee shares, or employees who rank among the top ten in the number of new restricted employee shares who have affected shareholders' equity.
- IX. Other supplemental information: None, the Company has not had any other necessary supplemental information in the most recent year and as of the printing date of the Annual Report.

I. Other Disclosures

- I. If corporate events with material impact on shareholders' equity or stock prices set forth in Article 36, Paragraph 3, Subparagraph 2 of Securities and Exchange Act have occurred in the most recent year and up to the publication date of this Annual Report, they should be listed individually: None, the Company has not had any corporate events with material impact on shareholders' equity or stock prices set forth in Article 36, Paragraph 3, Subparagraph 2 of Securities and Exchange Act in the most recent year and up to the publication date of this Annual Report.

**Fu Ta Material Technology Co., Ltd.
And Subsidiary**

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

Address : 1F., No.1, Ln. 157, Siwei Central Rd., Wuqi Dist., Taichung City, Taiwan

Telephone : (04) 2639-3256

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as of and for the years ended December 31, 2023 and 2022, as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies as of and for the years ended December 31, 2023 and 2022. Hence, we did not prepare a separate set of consolidated financial statements of affiliates for the year ended December 31, 2023.

Very truly yours,

Fu Ta Material Technology Co., Ltd.

By

March 14, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Fu Ta Material Technology Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Fu Ta Material Technology Co., Ltd. (the “Company”) and its subsidiary (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagement of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group’s consolidated financial statements for the year ended December 31, 2023 was discussed as follows:

Existence of cash and Funds Management

As of December 31, 2023, the Group’s cash and bank in deposit amounted to 273,059 thousand, which represented 54% of the Group’s total assets, because cash and bank in deposits have highly inherent risks, and management’s evaluation of investments and approval of capital utilization were significant to consolidated financial statements. Therefore, we identified cash and bank in deposit as

a key audit matter as of December 31, 2023. Please refer to Notes 4(F), 4(M), 6(A), 6(C), 6(J) and 8 to the consolidated financial statements for the related accounting policies and detailed disclosures.

The main audit procedures that we performed in respect of existence of cash and funds Management were as follows:

1. We selected samples of bank receipts and withdrawals from the ledger to verify the legitimacy of bank receipt and examined the appropriateness of the approval of vouches.
2. We obtained details of the Group's bank in deposits and verified their balances to the corresponding bank statements. In addition, we issued bank confirmation to all correspondent banks and verified the reconciliation of bank in deposit balances with the responses of bank confirmations.
3. Check whether the bank in deposits that have been designated for designated purposes or subject to restrictions in the bank confirmations have been properly disclosed in the consolidated financial statements.
4. Calculated and evaluated whether the financial costs of bank borrowings and interest income from bank in deposits were reasonableness used in the valuation.

Other Matter

We have also audited the consolidated financial statements of Fu Ta Material Technology Co., Ltd. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit Committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the

adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Jim Chen Ko and Tzu Yang Wang.

Weyong International CPAs & Co.
Taichung, Taiwan
Republic of China

March 14, 2024

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

FU TA MATERIAL TECHNOLOGY CO., LTD. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

In Thousands of New Taiwan Dollars

CODE	ASSETS	NOTE	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
	CURRENT ASSETS					
1100	Cash	6(A)	\$ 273,059	54	\$ 20,299	4
1136	Financial assets at amortized cost - current	6(C) and 8	-	-	223,568	41
1150	Notes receivable, net	6(D)	3,536	1	14,960	3
1170	Accounts receivable, net	6(D)	1,214	-	18,218	3
1200	Other receivables		152	-	550	-
1220	Current tax assets	6(Q)	1,023	-	314	-
130X	Inventories	6(E)	1,517	-	30,178	6
1410	Prepayments	7	3,632	1	5,206	1
1470	Other current assets		-	-	2	-
11XX	Total current assets		<u>284,133</u>	<u>56</u>	<u>313,295</u>	<u>58</u>
	NONCURRENT ASSETS					
1600	Property, plant and equipment	6(H) and 8	181,671	36	180,838	33
1755	Right-of-use assets	6(I)	38,789	7	38,210	7
1840	Deferred income tax assets	6(Q)	54	-	6,255	1
1920	Refundable deposits		<u>2,798</u>	<u>1</u>	<u>2,798</u>	<u>1</u>
15XX	Total noncurrent assets		<u>223,312</u>	<u>44</u>	<u>228,101</u>	<u>42</u>
1XXX	TOTAL ASSETS		<u>\$ 507,445</u>	<u>100</u>	<u>\$ 541,396</u>	<u>100</u>
	LIABILITIES AND EQUITY					
	CURRENT LIABILITIES					
2100	Short-term borrowings	6(J) and 7	\$ -	-	\$ 207,371	39
2130	Contract liabilities - current	6(O)	4	-	4,067	1
2150	Notes payable	6(K)	542	-	2,068	-
2170	Accounts payable	6(K)	526	-	2,255	-
2200	Other payables	6(L) and 7	10,216	2	8,898	2
2280	Lease liabilities - current	6(I)	1,188	-	6,289	1
2300	Other current liabilities		1,034	-	1,141	-
2320	Current portion of long-term borrowings	6(J) and 7	-	-	2,053	-
21XX	Total current liabilities		<u>13,510</u>	<u>2</u>	<u>234,142</u>	<u>43</u>
	NONCURRENT LIABILITIES					
2540	Long-term borrowings	6(J) and 7	-	-	9,935	2
2570	Deferred income tax liabilities	6(Q)	-	-	5,488	1
2580	Lease liabilities – non-current	6(I)	<u>19,345</u>	<u>4</u>	<u>17,348</u>	<u>3</u>
25XX	Total non-current liabilities		<u>19,345</u>	<u>4</u>	<u>32,771</u>	<u>6</u>
2XXX	Total liabilities		<u>32,855</u>	<u>6</u>	<u>266,913</u>	<u>49</u>
	EQUITY					
3110	Ordinary shares	6(N)	679,918	134	459,918	85
3200	Capital surplus	6(N)	-	-	23,191	5
3350	Accumulated deficit	6(N)	(225,235)	(44)	(228,533)	(43)
3400	Other equity		<u>19,907</u>	<u>4</u>	<u>19,907</u>	<u>4</u>
3XXX	Total equity		<u>474,590</u>	<u>94</u>	<u>274,483</u>	<u>51</u>
	TOTAL LIABILITIES AND EQUITY		<u>\$ 507,445</u>	<u>100</u>	<u>\$ 541,396</u>	<u>100</u>

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

FU TA MATERIAL TECHNOLOGY CO., LTD. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

In Thousands of New Taiwan Dollars,
Except Loss Per Share

CODE		NOTE	2023		2022	
			Amount	%	Amount	%
4000	OPERATING REVENUE	6(O) and 7	\$ 76,959	100	\$ 171,703	100
5000	OPERATING COSTS	6(E) and 6(P)	<u>78,743</u>	<u>102</u>	<u>150,045</u>	<u>87</u>
5900	GROSS (LOSS) PROFIT		(<u>1,784</u>)	(<u>2</u>)	<u>21,658</u>	<u>13</u>
	OPERATING EXPENSES	6(P) and 7				
6100	Selling and marketing expenses		3,968	5	5,725	3
6200	General and administrative expenses		34,810	45	27,636	16
6450	Expected credit loss		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
6000	Total operating expenses		<u>38,778</u>	<u>50</u>	<u>33,361</u>	<u>19</u>
6900	LOSS FROM OPERATIONS		(<u>40,562</u>)	(<u>52</u>)	(<u>11,703</u>)	(<u>6</u>)
	NON-OPERATING INCOME AND EXPENSES					
7010	Other income		6,651	9	609	-
7020	Other gains and losses	6(P) and 7	12,889	16	11,481	7
7050	Finance costs	6(P)	(4,165)	(6)	(4,347)	(3)
7100	Interest income	6(P)	<u>6,694</u>	<u>9</u>	<u>3,408</u>	<u>2</u>
7000	Total non-operating income and expenses		<u>22,069</u>	<u>28</u>	<u>11,151</u>	<u>6</u>
7900	LOSS BEFORE INCOME TAX		(18,493)	(24)	(552)	-
7950	INCOME TAX EXPENSE	6(Q)	(<u>1,400</u>)	(<u>1</u>)	(<u>7,416</u>)	(<u>4</u>)
8200	NET LOSS FOR THE YEAR		(<u>19,893</u>)	(<u>25</u>)	(<u>7,968</u>)	(<u>4</u>)
8300	OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8500	TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(<u>\$ 19,893</u>)	(<u>25</u>)	(<u>\$ 7,968</u>)	(<u>4</u>)
	NET LOSS ATTRIBUTABLE TO:					
8610	Owners of the Company		(\$ 19,893)	(25)	(\$ 7,968)	(4)
8620	Non-controlling interests		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
			(<u>\$ 19,893</u>)	(<u>25</u>)	(<u>\$ 7,968</u>)	(<u>4</u>)
	TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:					
8710	Owners of the Company		(\$ 19,893)	(25)	(\$ 7,968)	(4)
8720	Non-controlling interests		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
			(<u>\$ 19,893</u>)	(<u>25</u>)	(<u>\$ 7,968</u>)	(<u>4</u>)
	LOSS PER SHARE, NT\$	6(R)				
9710	Basic		(<u>\$ 0.43</u>)		(<u>\$ 0.17</u>)	
9810	Diluted		(<u>\$ 0.43</u>)		(<u>\$ 0.17</u>)	

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

FU TA MATERIAL TECHNOLOGY CO., LTD. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

In Thousands of New Taiwan Dollars

CODE		<u>Capital Stock</u>	<u>Capital Surplus</u>	<u>Accumulated deficit</u>	<u>Other equity Gains on Property Revaluations</u>	<u>Total</u>
A1	BALANCE AT JANUARY 1, 2022	\$ 459,918	\$ 23,191	(\$ 220,565)	\$ 19,907	\$ 282,451
D1	Net loss for the year ended December 31, 2022	-	-	(7,968)	-	(7,968)
D3	Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-
D5	Total comprehensive income (loss) for 2022	-	-	(7,968)	-	(7,968)
Z1	BALANCE AT DECEMBER 31, 2022	459,918	23,191	(228,533)	19,907	274,483
C11	Capital surplus used for offsetting deficit	-	(23,191)	23,191	-	-
D1	Net loss for the year ended December 31, 2023	-	-	(19,893)	-	(19,893)
D3	Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-
D5	Total comprehensive income (loss) for 2023	-	-	(19,893)	-	(19,893)
E1	Private placement of ordinary shares for cash capital increase	220,000	-	-	-	220,000
Z1	BALANCE AT DECEMBER 31, 2023	\$ 679,918	\$ -	(\$ 225,235)	\$ 19,907	\$ 474,590

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

FU TA MATERIAL TECHNOLOGY CO., LTD. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

		In Thousands of New Taiwan Dollars	
<u>Code</u>		<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
A10000	Loss before income tax	(\$ 18,493)	(\$ 552)
A20010	Adjustments for		
A20100	Depreciation expense	11,724	11,553
A20900	Financial costs	4,165	4,347
A21200	Interest income	(6,694)	(3,408)
A22500	Net (gains) losses on disposal of property, plant and equipment	(1,341)	531
A23000	Net gain on disposal of non-current assets held for sale	(298)	-
A23700	Impairment loss recognized on non-current assets held for sale	-	10,024
A23800	Reversal of write-down of inventories	(10,271)	(7,014)
A24100	Unrealized gain on foreign currency exchange, net	-	(9,089)
A29900	Net gains on modifications of lease arrangement	(341)	-
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	11,424	3,849
A31150	Accounts receivable	17,004	5,700
A31180	Other receivables	26	(92)
A31200	Inventories	38,932	12,901
A31230	Prepayments	1,574	3,411
A31240	Other current assets	2	27
A32125	Contract liabilities - current	(4,063)	(2,181)
A32130	Notes payable	(1,935)	(353)
A32150	Accounts payable	(1,729)	(2,221)
A32180	Other payables	1,326	(332)
A32230	Other current liabilities	(107)	(398)
A33000	Cash generated from operations	40,905	26,703
A33100	Interest received	7,066	3,172
A33300	Interest paid	(4,343)	(4,337)
A33500	Income taxes paid	(709)	(224)
A33500	Income taxes refund	-	514
AAAA	Net cash generated from operating activities	<u>42,919</u>	<u>25,828</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
B00040	Purchase of financial assets at amortized cost	(4,306)	(225,240)
B00050	Proceeds from sale of financial assets at amortized cost	227,874	247,010
B02600	Proceeds from disposal of non-current assets held for sale	298	-
(Continued on next page)			
<u>Code</u>		<u>2023</u>	<u>2022</u>
B02700	Payments for property, plant and equipment	(\$ 10,815)	(\$ 1,828)
B02800	Proceeds from disposal of property, plant and equipment	3,281	4,498
B07700	Income tax paid	(687)	(284)
BBBB	Net cash generated from investing activities	<u>215,645</u>	<u>24,156</u>

CASH FLOWS FROM FINANCING ACTIVITIES			
C00100	Proceeds from short-term borrowings	530,723	781,468
C00200	Repayments of short-term borrowings	(738,094)	(831,130)
C01600	Proceeds from long-term borrowings	12,000	12,170
C01700	Repayments of long-term borrowings	(23,988)	(7,312)
C04020	Repayment of the principal portion of lease liabilities	(6,445)	(6,107)
C04600	Proceeds from issuing shares by private placement	<u>220,000</u>	<u>-</u>
CCCC	Net cash used in financing activities	(<u>5,804</u>)	(<u>50,911</u>)
EEEE	NET INCREASE (DECREASE) IN CASH	252,760	(927)
E00100	CASH, BEGINNING OF THE YEAR	<u>20,299</u>	<u>21,226</u>
E00200	CASH, END OF THE YEAR	<u>\$ 273,059</u>	<u>\$ 20,299</u>

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

FU TA MATERIAL TECHNOLOGY CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL INFORMATION

Fu Ta Material Technology Co., Ltd. (the "Company") was incorporated in the Republic of China (R.O.C.) on April 3, 1970 and mainly manufactures and sells cotton woven fabric, silk weaving, linen weaving, cotton weaving, woolen fabric wholesale texts and renewable energy power generate, etc. The Company's shares have been listed on the Taipei Exchange since July 23, 1997.

On June 5, 2012, the shareholders resolved to change the Company's name from its former name, Fu Ta Textile Co., Ltd. to Fu Ta Material Technology Co., Ltd. and the alteration registration was completed on July 23, 2012.

The consolidated financial statements of the Company and its subsidiary, hereinafter collectively referred to as the Group, are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issue by the Company's board of directors on March 14, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATION

A. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Group's accounting policies.

B. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless specified otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group’s financial position and financial performance.

C. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless specified otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the

cumulative amount of translation differences in equity.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

A. Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS Accounting Standards as endorsed and issued into effect by the FSC.

B. Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- c) Level 3 inputs are unobservable inputs for the asset or liability.

C. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with those of the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests.

See Note 6(G) and Table 3 for detailed information on subsidiary (including the percentages of ownership and main businesses).

D. Foreign Currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

E. Classification of Current and Noncurrent Assets and Liabilities

Current assets include:

- a) Assets held primarily for the purpose of trading;
- b) Assets expected to be realized within 12 months after the reporting period; and
- c) Cash unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- a) Liabilities held primarily for the purpose of trading;
- b) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- c) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

F. Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of

financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

a) Financial assets

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

1) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

I) Financial assets at FVTPL

Financial assets mandatorily classified as at FVTPL is investments in equity instruments which are not designated as at FVTOCI. Fair value is determined in the manner described in Note 6(U).

II) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash, notes receivable and accounts receivable at amortized cost, other receivables and refundable deposits, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss and interest income are calculated by applying the effective interest rate to the gross carrying amount of such a financial asset .

Cash, for the purpose of meeting short-term cash commitments, consist of highly liquid time deposits and investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

3) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

b) Equity instruments

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

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

c) Financial liabilities

1) Subsequent measurement

Financial liabilities are measured at amortized cost using the effective interest method.

2) Derecognition of financial liabilities

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

G. Inventories

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

H. Non-current Assets Held for Sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Such assets classified as held for sale are not depreciated.

I. Property, Plant and Equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss. Original cost shall include the purchase price deduct discount and any costs incurred directly attributable to bringing the asset to the site and working condition for its intended use.

Some items of property, plant and equipment may require certain parts to be replaced at regular intervals, the cost of the replacement part would be capitalized, once the replaced item is probable that future economic benefits associated with the item will flow to the Group, and the cost of the item can be measured reliably. Any remaining carrying amount of the part which had been replaced would be derecognized.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

J. Impairment of property, plant and equipment and right-of-use assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

K. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are

satisfied.

a) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of fabric, textile goods, and personal protective equipment. Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Transaction price received is recognized as a contract liability until performance obligations are satisfied.

Revenue is measured at the fair value, which is the discounted present value of the price (net of commercial discounts and quantity discounts) agreed on by the Group with its customers. For a contract where the period between the date the Group transfers a promised good or service to a customer and the date the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for any effect of a significant financing component.

The Group does not recognize revenue on materials delivered to subcontractors because this processing does not involve a transfer of control.

b) Sale of electricity

Sales of electricity comes from solar power stations are recognized when the electricity generated is transmitted to a substation of Taiwan Power Company.

L. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

a) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

b) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset

leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented separately in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

M. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets were substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

N. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the

undiscounted amount of the benefits expected to be paid in exchange for the related services.

O. Taxation

Income tax expense represents the sum of the tax currently payable and deferred income tax.

a) Current income tax

According to the Income Tax Act in the Republic of China, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b) Deferred income tax

Deferred income tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred income tax liabilities are generally recognized for all taxable temporary differences. Deferred income tax assets are generally recognized for all deductible temporary differences and net operating loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred income tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred income tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. If investment properties measured using the fair value model, the carrying amounts of such assets are presumed to be recovered entirely through sale.

c) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty - Realization of Deferred Income Tax Assets

Deferred income tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred income tax assets can be utilized. Assessment of the realization of the deferred income tax assets requires subjective judgment and estimate, including the future revenue growth and profitability, tax holidays and feasible tax planning strategies. Any changes in the industry trends and relevant laws and regulations could result in significant adjustments to the deferred income tax assets.

6. DESCRIPTION OF MAJOR ACCOUNTING ITEMS

A. CASH

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and petty cash	\$ 44	\$ 14
Checking accounts and demand deposits in banks	<u>273,015</u>	<u>20,285</u>
	<u>\$ 273,059</u>	<u>\$ 20,299</u>

The market rate intervals of cash in bank at the end of the reporting period were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deposits in bank	0.475%- 1.450%	0.200%- 1.050%

B. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL) - NON-CURRENT

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic unlisted shares	\$ -	\$ -

Based on the assessment, the carrying amount of the above domestic unlisted share were higher than fair value, and therefore recognized as accumulated impairment losses of 36,455 thousand.

C. FINANCIAL ASSETS AT AMORTIZED COST - CURRENT

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Pledged deposits	\$ -	\$ 223,507
Restricted deposits in bank	-	61
	<u>\$ -</u>	<u>\$ 223,568</u>
Gross carrying amount	\$ -	\$ 223,568
Less : Allowance for impairment loss	-	-
Amortized cost	<u>\$ -</u>	<u>\$ 223,568</u>

- a) The interest rate interval of the financial assets measured at amortized cost as of December 31, 2022 was 0.455%-4.000%.
- b) The credit risk of financial instruments such as bank deposits is measured and monitored by the accounting department. The counterparties are creditworthy banks and financial institutions with good credit rating.
- c) Refer to Note 8 for information relating to financial assets at amortized cost pledged as security.

D. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 3,536	\$ 14,960
Less : Allowance for impairment loss	-	-
	<u>\$ 3,536</u>	<u>\$ 14,960</u>
Operating	\$ 3,221	\$ 14,957
Non-operating	315	3
	<u>\$ 3,536</u>	<u>\$ 14,960</u>
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	\$ 1,214	\$ 18,218
Less : Allowance for impairment loss	-	-

\$ 1,214

\$ 18,218

The average credit period of sales of goods is 30-95 days. No interest is charged on trade receivables from the date of the invoice. In accordance with the Group's internal credit policy, each new client must be managed and credit risk analyzed before setting their terms and conditions for payment and delivery. The Group's internal risk control system assesses the credit quality of clients by considering their financial status, past transaction experience and other factors. The risk assessment of an individual client is based on a comprehensive consideration of the client's financial situation, credit limit assessment, historical transaction records, current economic conditions and other factors that may affect the client's ability to pay.

In addition, the Group reviews the recoverable amount of each individual trade receivables at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The lifetime ECLs are estimated using a provision matrix approach considering the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the historical experience and the economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off trade receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes receivable and trade receivables based on the Group's provision matrix.

December 31, 2023

	Not Past Due	Past Due Days		Total
		1 - 180 Days	Over 180 Days	
Expected credit loss rate	-	-	100%	
Gross carrying amount	\$ 4,750	\$ -	\$ -	\$ 4,750
Loss allowance (Lifetime ECLs)	-	-	-	-
	<u>\$ 4,750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,750</u>

December 31, 2022

	Not Past Due	Past Due Days		Total
		1 - 180 Days	Over 180 Days	

Expected credit loss rate	-	0%-94.76%	100%	
Gross carrying amount	\$ 33,172	\$ 6	\$ -	\$ 33,178
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 33,172</u>	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ 33,178</u>

The movements of the loss allowance of notes receivable and accounts receivable were as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Balance at January 1	\$ -	\$ 17,263
Less : Amounts written off	<u>-</u>	<u>(17,263)</u>
Balance at December 31	<u>\$ -</u>	<u>\$ -</u>

E. INVENTORIES

	December 31, 2023	December 31, 2022
Finished goods	\$ 957	\$ 19,759
Merchandise	560	1,002
Work in process	-	4,889
Raw materials	<u>-</u>	<u>4,528</u>
	<u>\$ 1,517</u>	<u>\$ 30,178</u>

The cost of goods sold related to inventories for the years ended December 31, 2023 and 2022 were 70,861 thousand and 142,945 thousand, respectively.

The cost of goods sold for the years ended December 31, 2023 and 2022 included reversals of inventories write-downs of 10,271 thousand and 7,014 thousand, respectively. Previous write-downs were as a result in increased consumption of inventory.

F. NON-CURRENT ASSETS HELD FOR SALE

	December 31, 2023	December 31, 2022
Solar power generating equipment	<u>\$ -</u>	<u>\$ -</u>

On August 10, 2018, the board of directors resolved to dispose of the Group's solar power generating equipment and classification of these equipment as held for sale. The equipment held for sale were measured at their fair value less costs to sell, and the differences from the previous carrying amounts were recognized as impairment losses. However, the actual loss shall be identified by the actual sale price.

Based on the assessment, the recoverable amounts of these equipment were lower than the related carrying amounts, the Group were recognized all the impairment losses in 2022.

The Group Completed the disposal of assets held for sale and recognized net gain on non-current assets held for sale of 298 thousand, under other gains and losses in December 2023 .

G. SUBSIDIARY

The consolidated entity were as follows and there is no entity excluded form consolidate financial statements as of December 31, 2023 and 2022.

Investor	Investee	Main Business	Percentage of ownership		Note
			December 31, 2023	December 31, 2022	
The Company	Fu Tai Textile Co., Ltd.	Production and sales of various types of cotton yarn and blended yarn	100%	100%	1

- 1) The subsidiary Fu Tai Textile Co., Ltd.'s business has shrunk rapidly due to the general environment and prosperity. There is a huge gap between the order volume and the start-up utilization rate. For several months, the factory has been shut down and suffered serious losses every month. The board of directors resolved on May 11, 2023. Production operations are suspended. In the future, we will actively seek partners, OEMs and traders to cooperate with us in developing export business.

Information about the investment in subsidiary, please see Table 3.

H. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery Equipment	Transportation Equipment	Other Equipment	Leasehold Improvements	Property under Construction	Total
Cost								
Balance at January 1, 2023	\$ 76,475	\$ 48,246	\$ 7,492	\$ 1,298	\$ 86,161	\$ 1,331	\$ -	\$ 221,003
Additions	-	9,462	-	-	524	-	1,408	11,394
Disposals	(1,540)	-	(7,492)	-	(443)	-	-	(9,475)
Reclassifications	-	-	-	-	1,037	-	(1,037)	-
Balance at December 31, 2023	<u>\$ 74,935</u>	<u>\$ 57,708</u>	<u>\$ -</u>	<u>\$ 1,298</u>	<u>\$ 87,279</u>	<u>\$ 1,331</u>	<u>\$ 371</u>	<u>\$ 222,922</u>
Accumulated depreciation and impairment								
Balance at January 1, 2023	\$ -	\$ 17,399	\$ 6,958	\$ 507	\$ 14,488	\$ 813	\$ -	\$ 40,165
Depreciation expense	-	2,139	230	194	5,836	222	-	8,621
Disposals	-	-	(7,188)	-	(347)	-	-	(7,535)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 19,538</u>	<u>\$ -</u>	<u>\$ 701</u>	<u>\$ 19,977</u>	<u>\$ 1,035</u>	<u>\$ -</u>	<u>\$ 41,251</u>
Carrying amount at December 31, 2023	<u>\$ 74,935</u>	<u>\$ 38,170</u>	<u>\$ -</u>	<u>\$ 597</u>	<u>\$ 67,302</u>	<u>\$ 296</u>	<u>\$ 371</u>	<u>\$ 181,671</u>
Cost								
Balance at January 1, 2022	\$ 77,114	\$ 48,083	\$ 40,739	\$ 3,328	\$ 86,798	\$ 1,331	\$ 10,358	\$ 267,751
Additions	-	163	-	260	434	-	420	1,277
Disposals	(639)	-	(33,247)	(2,290)	(7,756)	-	(4,093)	(48,025)
Reclassifications	-	-	-	-	6,685	-	(6,685)	-
Balance at December 31, 2022	<u>\$ 76,475</u>	<u>\$ 48,246</u>	<u>\$ 7,492</u>	<u>\$ 1,298</u>	<u>\$ 86,161</u>	<u>\$ 1,331</u>	<u>\$ -</u>	<u>\$ 221,003</u>
Accumulated depreciation and impairment								
Balance at January 1, 2022	\$ -	\$ 15,492	\$ 40,106	\$ 2,429	\$ 15,883	\$ 591	\$ -	\$ 74,501
Depreciation expense	-	1,907	99	368	6,064	222	-	8,660
Disposals	-	-	(33,247)	(2,290)	(7,459)	-	-	(42,996)

Balance at December 31, 2022	\$ -	\$ 17,399	\$ 6,958	\$ 507	\$ 14,488	\$ 813	\$ -	\$ 40,165
Carrying amount at December 31, 2022	\$ 76,475	\$ 30,847	\$ 534	\$ 791	\$ 71,673	\$ 518	\$ -	\$ 180,838

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives were as follows:

Buildings	8 -25 years
Machinery Equipment	2 - 8 years
Transportation Equipment	5 - 8 years
Other Equipment	5 -15 years
Leasehold Improvements	2 - 5 years

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 8.

I. LEASE ARRANGEMENTS

a) Right-of-use assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amounts		
Land	\$ 33,871	\$ 32,236
Buildings	<u>4,918</u>	<u>5,974</u>
	<u>\$ 38,789</u>	<u>\$ 38,210</u>
	For the years ended December 31, 2023	For the years ended December 31, 2022
Additions to right-of-use assets	<u>\$ 3,682</u>	<u>\$ -</u>
Depreciation of right-of- use assets		
Land	\$ 2,047	\$ 1,838
Buildings	<u>1,056</u>	<u>1,055</u>
	<u>\$ 3,103</u>	<u>\$ 2,893</u>

b) Lease liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amounts		
Current	<u>\$ 1,188</u>	<u>\$ 6,289</u>
Non-current	<u>\$ 19,345</u>	<u>\$ 17,348</u>

Range of discount rates for lease liabilities were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Land	1.450%-2.000%	1.450%-2.000%
Buildings	1.340%-2.000%	1.340%-2.000%

c) Material leasing activities and terms

The Group leases certain buildings and roofs mainly for the use of offices and solar power stations with lease terms of 5 to 20 years. The Group does not have purchase options to acquire the leasehold buildings and roofs at the end of the lease terms and prohibited from subleasing or transferring all or any portion of the underlying assets, changing their use.

d) Other lease information

	For the year ended December 31, 2023	For the year ended December 31, 2022
Expenses relating to:		
Short-term leases	<u>\$ 309</u>	<u>\$ 193</u>
Low-value asset leases	<u>\$ 22</u>	<u>\$ 15</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 326</u>	<u>\$ 199</u>
Total cash outflow for leases	<u>\$ 7,584</u>	<u>\$ 7,112</u>

The Group's leases of certain equipment qualify as short-term leases and low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

J. BORROWINGS

a) Short-term borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Bank loans</u>		
Secured borrowings (Note 8)	<u>\$ -</u>	<u>\$ 207,371</u>
<u>Interest rates interval</u>		
Secured borrowings	-	1.800%-2.945%

The line of credit is secured by the deposits in bank (recognized as financial assets at amortized cost – current), investment properties and property, plant and equipment owned by the Group, and the chairman Teng Hsiung Yang served as the joint guarantor for the borrowings. The Group settled the borrowings in advance in September 2023.

b) Long-term borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Bank loans</u>		
Secured borrowings (Note 8)	<u>\$ -</u>	<u>\$ 11,988</u>

Less: Current portion	-	(2,053)
	<u>\$ -</u>	<u>\$ 9,935</u>

Maturity Date

Secured borrowings	—	Maturity before March, 2031
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Interest rates interval

Secured borrowings	-	1.505%-2.475%
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The line of credit is secured by the solar power generating equipment owned by the Group, Small and Medium Enterprise Credit Guarantee Fund of Taiwan (TSMEG), and the chairman Teng Hsiung Yang served as the joint guarantor for the borrowings. The Group settled the borrowings in advance in September 2023.

K. NOTES PAYABLE AND ACCOUNTS PAYABLE

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Notes payable</u>		
Operating	\$ -	\$ 942
Non-operating	<u>542</u>	<u>1,126</u>
	<u>\$ 542</u>	<u>\$ 2,068</u>
<u>Accounts payable</u>	<u>\$ 526</u>	<u>\$ 2,255</u>

L. OTHER PAYABLES

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Severance payment	\$ 4,654	\$ -
Payables for salaries or bonuses	2,023	3,232
Payable for professional service fee	1,686	1,423
Payable for annual leave	282	915
Payables for insurance fee	197	611
Payables for purchases of equipment	178	-
Payable for utilities	49	658
Others	<u>1,147</u>	<u>2,059</u>
	<u>\$ 10,216</u>	<u>\$ 8,898</u>

M. RETIREMENT BENEFIT PLANS - DEFINED CONTRIBUTION PLANS

The Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

N. EQUITY

- a) Ordinary shares

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Number of shares authorized (in thousands)	<u>168,000</u>	<u>168,000</u>
Amounts of shares authorized	<u>\$ 1,680,000</u>	<u>\$ 1,680,000</u>
Number of shares issued and fully paid (in thousands)	<u>67,992</u>	<u>45,992</u>
Ordinary shares publicly offered	\$ 459,918	\$ 459,918
Ordinary shares in private placement	<u>220,000</u>	<u>-</u>
Ordinary shares issued	<u>\$ 679,918</u>	<u>\$ 459,918</u>

Fully paid ordinary shares, which have a par value of 10, are entitled to one vote and a right to receive dividends per share.

Due to replenish the Company's working capital and improve financial structure, the shareholders' regular meeting convened by the Company resolved to issue less than 45,000 thousand ordinary shares in private placement for capital increase in cash through private placement on June 21, 2023.

On December 26, 2023, the board of directors resolved to the specific subscriber for the offering of 22,000 thousand new shares with a private price of 10 per share, with the record date of the share increase set as December 29, 2023.

The private placement has been completed on December 27, 2023, and legally registered on January 22, 2024.

The rights and obligations of the ordinary shares in the private placement are the same as those of the Company's ordinary shares issued. However, in accordance with Article 43-8 of the Securities and Exchange Act, the above ordinary shares of the private placement should not be resold to other parties except for the transferees specified in the Securities and Exchange Act within three years from the date of delivery.

After 3 years from the acquisition date and applying for the public offering, the shares in the above private placement can be publicly traded before completed the public offering procedures.

On March 14, 2024, the board of directors resolved to the remaining 23,000 thousand shares in above case will not continue to be raised and issued due to the expiration of the time limit and will be reported on annual shareholders' regular meeting on June 6, 2024.

b) Capital surplus

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Treasury share transactions	\$ -	\$ 19,547

May only be used to offset a deficit

Employee share options - expired	-	3,644
	<u>\$ -</u>	<u>\$ 23,191</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

A capital surplus of 23,191 thousand to offset losses were approved by the shareholders' regular meeting on June 21, 2023.

c) Accumulated deficit and dividends policy

Under the dividends policy as set forth in the Company's Articles of Incorporation, the Company's net income in a year, in addition to paying income tax in accordance with the law, should first make up for the losses of previous years, and then set aside 10% of the balance as a legal reserve. After setting aside the special reserve in accordance with the law, the Board of Directors shall prepare a distribution proposal for any remaining balance based on the following circumstances and submit it to the Shareholders' regular meeting for resolution on distribution:

- 1) When the amount available for distribution reaches 30% or more of the paid-in capital, a cash dividend of at least 5% should be distributed.
- 2) However, if one of the following circumstances occurs, it will be reserved and will not be distributed or the surplus will be transferred to capital increase to issue share dividends.
 - i) When the liabilities-to-equity ratio is higher than 100%.
 - ii) There are major investment plans for the following year or the existing investment plan is still in progress.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The proposal for 2021 deficit compensation was approved by the shareholders' regular meeting on June 21, 2022.

The deficit compensation for 2023 was proposed by the Company's board of directors on March 14, 2024 and is subject to the resolution by the shareholders' regular meeting to be held on June 6, 2024.

O. OPERATING REVENUE

a) Revenue from contracts with customers

	For the year ended December 31, 2023	For the year ended December 31, 2022
Sale of goods	\$ 68,484	\$ 157,876
Sale of electricity	7,983	8,270
Sale of processing	492	5,557
	<u>\$ 76,959</u>	<u>\$ 171,703</u>

b) Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable	<u>\$ 3,221</u>	<u>\$ 14,957</u>	<u>\$ 18,809</u>
Accounts receivable	<u>\$ 1,214</u>	<u>\$ 18,218</u>	<u>\$ 23,918</u>
Contract liabilities			
Sale of goods	<u>\$ 4</u>	<u>\$ 4,067</u>	<u>\$ 6,248</u>

The changes in the balance of contract liabilities primarily result from the timing difference between the Group's performance and the respective customer's payment.

Revenue in the years of 2023 and 2022 that were recognized from the contract liability balance at the beginning of year were 4,067 thousand and 2,751 thousand, respectively.

P. NET LOSS FOR THE YEAR

Net loss for the year includes the following items:

a) Interest income

	For the year ended December 31, 2023	For the year ended December 31, 2022
Bank in deposits	\$ 154	\$ 49
Financial assets at amortized cost	6,540	3,359
	<u>\$ 6,694</u>	<u>\$ 3,408</u>

b) Other gains and losses

	For the year ended December 31, 2023	For the year ended December 31, 2022
Net gains on foreign currency exchange	\$ 10,969	\$ 22,036
Gain (loss) on disposal of property, plant and equipment	1,341	(531)
Gain on disposal of non-current assets held for sale (Note 6(F))	298	-

Impairment loss recognized on non-current assets held for sale (Note 6(F))	-	(10,024)
Gain on lease modification	341	-
Other losses	(<u>60</u>)	<u>-</u>
	<u>\$ 12,889</u>	<u>\$ 11,481</u>

c) Finance costs

	For the year ended December 31, 2023	For the year ended December 31, 2022
Interest on bank loans	\$ 3,683	\$ 3,749
Interest on lease liabilities	<u>482</u>	<u>598</u>
	<u>\$ 4,165</u>	<u>\$ 4,347</u>

d) Depreciation

	For the year ended December 31, 2023	For the year ended December 31, 2022
Property, plant and equipment	\$ 8,621	\$ 8,660
Right-of-use assets	<u>3,103</u>	<u>2,893</u>
	<u>\$ 11,724</u>	<u>\$ 11,553</u>
An analysis of depreciation by function		
Operating costs	\$ 6,266	\$ 6,389
Operating expenses	<u>5,458</u>	<u>5,164</u>
	<u>\$ 11,724</u>	<u>\$ 11,553</u>

e) Employees' benefits expenses

	For the year ended December 31, 2023	For the year ended December 31, 2022
Post-employment benefits		
Defined contribution plan	<u>\$ 999</u>	<u>\$ 1,152</u>
Employees' benefits expenses		
Salary and bonus	24,549	25,462
Labor and health insurance	1,973	2,638
Director remuneration	2,945	1,923
Others	<u>1,535</u>	<u>3,079</u>
	<u>31,002</u>	<u>33,102</u>

	<u>\$ 32,001</u>	<u>\$ 34,254</u>
An analysis of employees' benefits expenses by function		
Operating costs	10,757	18,229
Operating expenses	<u>21,244</u>	<u>16,025</u>
	<u>\$ 32,001</u>	<u>\$ 34,254</u>

f) Compensation of employees

In compliance with the Company's Articles of Incorporation, if the Company has annual profits, 5% shall be allocated as employee remuneration. However, profits must first be taken to offset cumulative losses if any. For the years ended December 31, 2023 and 2022, the Company had no earnings available for distribution, so the compensation of employees were not estimated.

Information on the compensation of employees resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

Q. INCOME TAX EXPENSE

a) Income tax expense recognized in profit or loss

Major components of income tax expense were as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Current income tax		
Land value increment tax	\$ 687	\$ 284
Deferred income tax		
In respect of the current year	3,692	7,132
Adjustments for the prior year	(<u>2,979</u>)	<u>-</u>
	<u>713</u>	<u>7,132</u>
Income tax expense recognized in profit or loss	<u>\$ 1,400</u>	<u>\$ 7,416</u>

A reconciliation of accounting profit and income tax expenses were as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Loss before income tax	(<u>\$ 18,493</u>)	(<u>\$ 552</u>)
Income tax benefit calculated at the statutory rate	(\$ 3,698)	(\$ 110)
Tax-exempt income	(250)	(983)
Nondeductible expenses in determining taxable income	412	1,433
Land value increment tax	687	284

Unrecognized loss carryforwards	7,250	3,345
Adjustments for prior years' deferred income tax	(2,979)	-
Adjustments item in determining taxable income	(22)	-
Unrecognized deductible temporary differences	<u>-</u>	<u>3,447</u>
Income tax expense recognized in profit or loss	<u>\$ 1,400</u>	<u>\$ 7,416</u>

b) Current tax assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current tax assets		
Tax refund receivable	<u>\$ 1,023</u>	<u>\$ 314</u>

c) Deferred income tax assets and liabilities

The movements of deferred income tax assets and liabilities were as follows:

For the year ended December 31, 2023

	<u>Opening Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Closing Balance</u>
<u>Deferred income tax assets</u>			
Temporary differences			
Inventories	\$ 2,055	(\$ 2,054)	\$ 1
Unrealized foreign exchange losses	343	(343)	-
Impairment loss	3,645	(3,645)	-
Unrealized gross profit	30	(30)	-
Payable for annual leave	<u>182</u>	<u>(129)</u>	<u>53</u>
	<u>\$ 6,255</u>	<u>(\$ 6,201)</u>	<u>\$ 54</u>

Deferred income tax liabilities

Temporary differences			
Reserve for land revaluation increment tax	\$ 2,979	(\$ 2,979)	\$ -
Unrealized foreign exchange gains	<u>2,509</u>	<u>(2,509)</u>	<u>-</u>
	<u>\$ 5,488</u>	<u>(\$ 5,488)</u>	<u>\$ -</u>

For the year ended December 31, 2022

	<u>Opening Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Closing Balance</u>
<u>Deferred income tax assets</u>			
Temporary differences			

Allowance for impairment loss	\$ 3,335	(\$ 3,335)	\$ -
Inventories	3,458	(1,403)	2,055
Unrealized foreign exchange losses	2,204	(1,861)	343
Impairment loss	1,686	1,959	3,645
Unrealized gross profit	-	30	30
Payable for annual leave	195	(13)	182
	<u>\$ 10,878</u>	<u>(\$ 4,623)</u>	<u>\$ 6,255</u>

(Continued on next page)

	<u>Opening Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Closing Balance</u>
<u>Deferred income tax liabilities</u>			
Temporary differences			
Reserve for land revaluation increment tax	\$ 2,979	\$ -	\$ 2,979
Unrealized foreign exchange gains	-	2,509	2,509
	<u>\$ 2,979</u>	<u>\$ 2,509</u>	<u>\$ 5,488</u>

- d) Deductible temporary differences and unused loss carryforwards for which no deferred income tax assets have been recognized in the consolidated balance sheets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deductible temporary differences	<u>\$ -</u>	<u>\$ 17,234</u>
Loss carryforwards		
Expiry in 2023	\$ -	\$ 153,745
Expiry in 2024	105,922	105,922
Expiry in 2025	158,626	158,626
Expiry in 2026	237,956	237,956
Expiry in 2027	106,048	106,048
Expiry in 2028	152,022	152,022
Expiry in 2029	100,909	100,909
Expiry in 2030	83,818	83,818
Expiry in 2031	53,902	53,902
Expiry in 2032	19,923	19,923
Expiry in 2033	34,137	-
	<u>\$ 1,053,263</u>	<u>\$ 1,172,871</u>

- e) Income tax assessments

Income tax returns through 2020 of the Company and 2021 of the Fu Tai Textile Co., Ltd. have been assessed by the tax authorities, respectively.

R. LOSS PER SHARE

	For the year ended December 31, 2023	For the year ended December 31, 2022
Basic and diluted loss per share		
Loss for the year attributable to owners of the Company	(\$ <u>19,893</u>)	(\$ <u>7,968</u>)
Weighted average number of ordinary shares outstanding in computation of basic and diluted loss per share (In thousand shares)	<u>46,173</u> (\$ <u>0.43</u>)	<u>45,992</u> (\$ <u>0.17</u>)

S. CASH FLOW INFORMATION

a) Non-cash transactions

In addition to those disclosed in other notes, the Group entered into the following non-cash investing and financing activities which were not reflected in the consolidated financial statements of cash flows for the years ended December 31, 2023 and 2022.

	For the year ended December 31, 2023	For the year ended December 31, 2022
Acquisition of property, plant and equipment	(\$ 11,394)	(\$ 1,277)
Increase in notes payable	409	-
Increase (decrease) in payables for equipment	<u>170</u>	(<u>551</u>)
Payments for property, plant and equipment	(\$ <u>10,815</u>)	(\$ <u>1,828</u>)

b) Changes in liabilities arising from financing activities - For the year ended December 31, 2023

	Opening Balance	Cash Flows	Non-cash Changes	Closing Balance
Short-term borrowings	\$ 207,371	(\$ 207,371)	\$ -	\$ -
Long-term borrowings (including current portion)	11,988	(11,988)	-	-
Lease liabilities	<u>23,637</u>	(<u>6,445</u>)	<u>3,341</u>	<u>20,533</u>

\$ 242,996 (\$ 225,804) \$ 3,341 \$ 20,533

c) Total taxes paid

	For the year ended December 31, 2023	For the year ended December 31, 2022
Operating activities	\$ 709	\$ 224
Investing activities	<u>687</u>	<u>284</u>
	<u>\$ 1,396</u>	<u>\$ 508</u>

T. CAPITAL MANAGEMENT

The Group manages its capital to ensure it can continue to operate as a going concern while maximizing the credit limits of bank and disposal the idle assets to optimization the working capital. And reviews the Group 's capital structure from time to time in line with the economic environment and business considerations to ensure that the Group can operate smoothly.

U. FINANCIAL INSTRUMENTS

a) Fair value of financial instruments not measured at fair value

The Group's management believes the carrying amounts of the financial assets and financial liabilities not carried at fair value are approximately at their fair values.

b) Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

The Group 's financial assets classified FVTPL were measured at Level 3 fair value. As of December 31, 2023 and 2022, the balance of FVTPL were both zero.

2) Valuation techniques and inputs applied for Level 3 fair value measurements

The fair value of domestic unlisted shares was determined using the asset-based approach. This approach is used for evaluation based on the total value of individual assets and individual liabilities to show the overall value of the investment target. Significant unobservable inputs are discounted by considering market liquidity.

c) Categories of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at amortized costs (1)	\$ 280,759	\$ 280,393
<u>Financial liabilities</u>		
Financial assets at amortized costs (2)	11,284	232,580

- 1) The balances included financial assets measured at amortized cost, which comprise cash, notes receivable, accounts receivable, other receivables and refundable deposits.
- 2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, notes payable, accounts payable, other payables and long-term borrowings (including current portion).

d) Financial risk management objectives and policies

The purpose of the Group's financial risk management is to manage market risk (including exchange rate risk and interest rate risk), credit risk, liquidity risk, and other financial risks related to operating activities. To lower the relative financial risks, the Group seeks to identify, evaluate, and avoid market uncertainty, to minimize the potential unfavorable impact on the Group due to market volatility.

The Group's important financial activities are reviewed by the board of directors in accordance with related regulations and internal control systems.

During the implementation of the financial plan, internal auditors continuously reviewing whether relevant personnel were following relevant financial operating procedures regarding overall financial risk management and division of responsibilities, and also report to the board of directors on a quarterly basis.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

I) Foreign currency risk

The Group's had foreign currency sales and holding financial assets , which exposed the Group to foreign currency risk.

The following information was aggregated by the foreign currencies other than the Group's functional currency and the exchange rates between the foreign currencies and the functional currency were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2023

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
<u>Financial assets</u>			
Monetary items			
USD (USD:NTD)	\$ -	30.705	\$ 3

December 31, 2022

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
<u>Financial assets</u>			
Monetary items			
USD (USD:NTD)	\$ 7,437	30.710	\$ 228,398

Sensitivity analysis

The Group was mainly exposed to the U.S. dollar (USD). For a 1% strengthening of NTD against USD and all other variables were held constant, pre-tax losses for the years ended December 2023, and 2022 would decrease by zero dollar and 2,284 thousand, respectively. For a 1% weakening of NTD against USD, there would be an equal and opposite impact on pre-tax losses.

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gains of the Group were 10,969 thousand and 22,036 thousand, respectively.

II) Interest rate risk

The Group's had deposits in bank and borrowed funds at floating interest rates, which exposed the Group to interest rate risk.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash flow interest rate risk		
Financial assets	<u>\$ 272,535</u>	<u>\$ 243,852</u>
Financial liabilities	<u>\$ -</u>	<u>\$ 219,359</u>

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for financial assets and financial liabilities at the end of the reporting period.

For floating rate assets and liabilities, the analysis was prepared assuming the amount of each asset and liability outstanding at the end of the year was outstanding for the whole year.

If interest rates had been 0.25% higher/lower and all other variables were held constant, the Group's pre-tax loss for the years ended December 31, 2023 and 2022 would have decreased/increased by 681 thousand and 61 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation could arise from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

In addition, the Group reviews the recoverable amount of each individual trade receivables at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. Accordingly, the Group's management believes that the credit risk were significantly reduced.

The Group's concentration of credit risk of total trade receivables was attributable to the Group's major customer. The following information shows the individual customers each of which represents more than 10% of the ending balance of the trade receivable at the end of fiscal years ended December 31, 2023 and 2022.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Client A	\$ 3,221	N/A(Note)
Client B	725	\$ 9,599
Client C	489	N/A(Note)
Client D	N/A(Note)	7,160

Note: The amount of individual client does not exceed 10% of the account balance.

3) Liquidity risk

Cash flow forecasts are executed by individual operating department within the Group and summarized by the finance department. The Group's financial department is responsible for monitoring the forecast of the Group's liquidity needs, ensuring that it has sufficient funds to meet operational needs, and maintaining sufficient unused bank financing lines at all times so that the

Group will not violate relevant borrowing limits or terms. As of December 31, 2023 and 2022, the Group's unused bank financing lines were 10,000 thousand and 108,083 thousand respectively.

The analysis of the remaining contractual maturities of non-derivative financial liabilities has been prepared based on the undiscounted cash flows (including principal and estimated interest) of the financial liabilities based on the earliest possible date on which the Group could be required to make repayment. Therefore, bank loans that the Group may be required to repay immediately are shown in the earliest period of the below table, without regard to the probability that the bank will enforce the right immediately; the maturity analysis of other non-derivative financial liabilities is prepared based on the contractual repayment dates.

December 31, 2023

	<u>Less than 1 Year</u>	<u>1-2 Years</u>	<u>2-5 Years</u>	<u>5+ Years</u>	<u>Total</u>
<u>Non-derivative financial liabilities</u>					
Notes payable	\$ 542	\$ -	\$ -	\$ -	\$ 542
Accounts payable	526	-	-	-	526
Other payables	10,216	-	-	-	10,216
Lease liabilities	1,559	1,422	4,266	16,663	23,910
	<u>\$ 12,843</u>	<u>\$ 1,422</u>	<u>\$ 4,266</u>	<u>\$ 16,663</u>	<u>\$ 35,194</u>

December 31, 2022

	<u>Less than 1 Year</u>	<u>1-2 Years</u>	<u>2-5 Years</u>	<u>5+ Years</u>	<u>Total</u>
<u>Non-derivative financial liabilities</u>					
Notes payable	\$ 2,068	\$ -	\$ -	\$ -	\$ 2,068
Accounts payable	2,255	-	-	-	2,255
Other payables	8,898	-	-	-	8,898
Lease liabilities	6,704	1,337	3,600	15,310	26,951
Short-term borrowings	207,371	-	-	-	207,371
Long-term borrowings (including current portion)	2,053	2,740	6,408	787	11,988
	<u>\$ 229,349</u>	<u>\$ 4,077</u>	<u>\$ 10,008</u>	<u>\$ 16,097</u>	<u>\$ 259,531</u>

The amounts included above for variable interest rate instruments under non-derivative financial liabilities are subject to change if changes in variable interest rates differ from the interest rates estimated at the end of the reporting period.

7. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiary, which were related parties of the Company, had been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties were disclosed as follows:

A. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Teng Hsiung Yang (Note 1)	Key executives (The term ends on February 28, 2024)
Kuo Hua Yang (Note 2)	Key executives (The term ends on February 28, 2024)
Tzu Lung He	Key executives
Chein Feng Yang	Key executives
Teng Lin Yang	Related party in substance
Hao Wei Yang	Related party in substance
Chia Wei Yang	Related party in substance
Win Yang Co., Ltd.	Related party in substance

- 1) The company re-elected directors at the extraordinary shareholders' meeting on February 29, 2024. After the re-election, Teng Hsiung Yang is no longer the chairman and general manager of the company.
- 2) The company re-elected directors at the extraordinary shareholders' meeting on February 29, 2024. After the re-election, Kuo Hua Yang is no longer a director of the company.

B. Operating revenue

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>For the year ended December 31, 2023</u>	<u>For the year ended December 31, 2022</u>
Sales of goods	Key executives	\$ -	\$ 6

C. Trade payables to related parties

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other payables	Key executives	630	140
	Related party in substance	270	130
		<u>\$ 900</u>	<u>\$ 270</u>

The outstanding trade payables to related parties are unsecured.

D. Other assets

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Prepayments	Key executives	\$ 23	\$ 22

E. Disposal of property, plant and equipment

<u>Proceeds</u>	<u>Gain (Loss) on Disposal</u>
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Related Party Category/Name	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2023	For the year ended December 31, 2022
Related party in substance	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

F. Lease arrangements

Line Item	Related Party Category/Name	For the year ended December 31, 2023	For the year ended December 31, 2022
Operating expenses	Related party in substance	<u>\$ 57</u>	<u>\$ -</u>

The Group leased a building as a warehouse from a related party in substance in April 2023, with a lease period of one year. The rent is agreed upon by both parties and is calculated based on the number of square meters used and is a fixed monthly payment. The Group terminated the aforementioned lease agreement in advance in December 2023.

G. Other transactions with related parties

Line Item	Related Party Category/Name	For the year ended December 31, 2023	For the year ended December 31, 2022
Operating expenses	Related party in substance	<u>\$ 1,798</u>	<u>\$ 1,560</u>

H. Endorsements and guarantees

Related Party Category/Name	December 31, 2023	December 31, 2022
Key management personnel		
Amount endorsed	<u>\$ 10,000</u>	<u>\$332,000</u>
Amount utilized (reported as secured borrowings)	<u>\$ -</u>	<u>\$219,359</u>

I. Remuneration of key management personnel

Related Party Category/Name	For the year ended December 31, 2023	For the year ended December 31, 2022
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Short-term employee benefits \$ 8,854 \$ 6,447
The remuneration of directors and key executives, as determined based on the performance of individuals and market trends.

8. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The Group's assets pledged as collateral for borrowings were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Financial assets at amortized cost	\$ -	\$ 223,568
Property, plant and equipment	-	<u>153,482</u>
	<u>\$ -</u>	<u>\$ 377,050</u>

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group at December 31, 2023 and 2022 were as follows:

- A. As of December 31, 2023 and 2022, the amount of the notes used for refundable deposits issued for borrowings were 10,000 thousand and 99,000 thousand, respectively.
- B. As of December 31, 2022, unused letters of credit for purchases of raw materials amounted to approximately 4,558 thousand.
- C. As of December 31, 2022, the Group entered into a contract with others for a total contract price were 7 thousand.
- D. The Group has signed a power purchase contract with Taiwan Power Company. The contract will be terminated on the day of 20 years from the day when the generator sets are connected in parallel for the first time. Except for the sale of electricity to the Taiwan Power Company in bulk according to the regulations, The Company shall not privately sell the electricity generated by its renewable energy system to others.

10. SIGNIFICANT LOSSES FROM DISASTERS: NONE

11. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In addition to those disclosed in other notes, significant event after the reporting period were as follows:

- A. The Company implemented a private placement of ordinary shares for cash capital increase on December 27, 2023. Zhao Tian International Investment Co., Ltd. and Hsuan Feng International Investment Co. Ltd. had subscribed for 16,900 thousand

ordinary shares and 5,100 thousand ordinary shares, respectively, shareholding ratios were 24.86% and 7.50% respectively.

- B. Hui Tian Xia Investment Corp. acquired 3,762 thousand ordinary shares of the Company in 2024. As of February 29, 2024 (book closure date at the extraordinary shareholders' meeting), the shareholding ratio was 5.53%.
- C. In response to future operating plans, the Company held an extraordinary meeting of shareholders on February 29, 2024 to re-elect directors in advance. After the re-election, all directors have changed, causing the previous management to lose control of the Group. The Group has been announced in accordance with the regulations of the competent authority. For declaration-related information, as of the date of approval and release of the consolidated financial report, there has been no change in the Group's main business scope.

Information on the changes in managerial control and material changes in the scope of business is available at the Market Observation Post System website of the Taiwan Stock Exchange.

12. SEPARATELY DISCLOSED ITEMS

- A. Information on significant transactions:
 - a) Financing provided to others: None.
 - b) Endorsements/guarantees provided: None.
 - c) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Table 1.
 - d) Marketable securities acquired or disposed of at costs or prices of at least 300 million or 20% of the paid-in capital: None.
 - e) Acquisition of individual real estate at costs of at least 300 million or 20% of the paid-in capital: None.
 - f) Disposal of individual real estate at prices of at least 300 million or 20% of the paid-in capital: None.
 - g) Total purchases from or sales to related parties amounting to at least 100 million or 20% of the paid-in capital: None.
 - h) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
 - i) Trading in derivative instruments: None.

- j) Others: Intercompany relationships and significant intercompany transactions: Table 2.
- B. Information on investees: Table 3.
- C. Information on investments in mainland China: None.
- D. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 4.

13. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group's reportable segments were as follows: textile segment and solar power segment.

A. Segment revenue and results

The following were an analysis of the Group's revenue and results from continuing operations by reportable segments:

	Revenue from External Customers		Segments Loss	
	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Textile segment	\$ 68,976	\$163,433	(\$ 40,663)	(\$ 12,873)
Solar power segment	7,983	8,270	101	1,170
Operating revenue from continuing operations	<u>\$ 76,959</u>	<u>\$171,703</u>	(40,562)	(11,703)
Other income			6,651	609
Other gains and losses			12,889	11,481
Finance costs			(4,165)	(4,347)
Interest income			<u>6,694</u>	<u>3,408</u>

Loss before income tax (\$ 18,493) (\$ 552)

Segment loss represents the loss before tax earned by each segment without allocation of interest income, impairment loss, net gains (losses) on disposal of property, plant and equipment, gains on disposal of non-current assets held for sale, net gain on foreign currency exchange, gain on lease modification, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

B. Total segment assets and liabilities

The measured amounts of segment assets and liabilities are not provided to the chief operating decision maker. Thus, total segment assets and liabilities were not disclosed.

C. Geographical information

The geographic information is presented by geographical areas.

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Taiwan	\$ 53,338	\$ 148,648
Asia	23,621	21,563
America	<u>-</u>	<u>1,492</u>
	<u>\$ 76,959</u>	<u>\$ 171,703</u>

D. Information on major customers

Single customers contributing 10% or more to the Group's operating revenue in 2023 and 2022 were as follows:

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Client A	\$ 16,133	N/A(Note)
Client B	15,598	N/A(Note)
Client C	7,983	N/A(Note)
Client D	N/A(Note)	\$ 35,495

Note: The amount of individual client does not exceed 10% of the account balance.

Table 1

FU TA MATERIAL TECHNOLOGY CO., LTD. AND SUBSIDIARY
MARKETABLE SECURITIES HELD
DECEMBER 31, 2023

**In Thousands of New Taiwan Dollars,
Unless Specified Otherwise**

Holding Company Name	Type and Name of Marketable Securities	Relationship with Issuer of Securities	Financial Statement Account	December 31, 2023				Note
				Number of Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Fu Ta Material Technology Co., Ltd.	<u>Stock</u> Formosa Spinning Co., Ltd.	-	Financial assets at FVTPL – non-current	3,629	\$ -	17.13	\$ -	a

a) The original investment cost 36,455 thousand of Formosa Spinning Co., Ltd. has been fully recognized as a fair value loss.

Table 2

FU TA MATERIAL TECHNOLOGY CO., LTD. AND SUBSIDIARY
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

**In Thousands of New Taiwan Dollars,
Unless Specified Otherwise**

No.	Company Name	Counterparty	Nature of Relationship (Note 1)	Intercompany Transaction				Note
				Financial Statements Item	Amount	Terms	% of Consolidated Net Revenue or Total Assets	
0	Fu Ta Material Technology Co., Ltd	Fu Tai Textile Co., Ltd.	(a)	Other receivables	200	-	-	2
			(a)	Property, plant and equipment	103	-	-	2
			(a)	Accounts payable	188	48 days EOM	-	2
			(a)	Sale of goods	220	60 days EOM	-	2
			(a)	Purchase	1,660	48 days EOM	2%	2
			(a)	Manufacturing expenses – outsourcing fee	10,139	Note 3	13%	2
			(a)	Rental income	2,287	-	3%	2
			(a)	Other income	781	-	1%	2

Note 1: Relationship with transaction counterparties were classified as following:

- a) The parent company to subsidiary.
- b) From subsidiary to parent company.
- c) Subsidiaries to subsidiaries.

Note 2: The accounts were eliminated when the consolidated financial statements were prepared.

Note 3: Collection of receivables was based on the related parties' cash requirements.

Table 3

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023

**In Thousands of New Taiwan Dollars,
Unless Specified Otherwise**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balances as of December 31, 2023			Net Loss of the Investee	Share of Loss of Investee	Note
				December 31, 2023	December 31, 2022	Number of Shares (In thousands)	Ownership Interest %	Carrying Amount			
Fu Ta Material Technology Co., Ltd.	Fu Tai Textile Co., Ltd.	Taiwan	Production and sales of various types of cotton yarn and blended yarn	\$ 70,000	\$ 70,000	7,000	100%	(\$ 85,872)	(\$ 2,381)	(\$ 80,900)	Subsidiary

Table 4

FU TA MATERIAL TECHNOLOGY CO., LTD.
INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Zhao Tian International Investment Co., Ltd.	16,900,000	24.86
Hsuan Feng International Investment Co. Ltd.	5,100,000	7.50
Ching Tsung Yang (Note)	2,403,000	5.22

Note : The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Fu Ta Material Technology Co., Ltd.

**Parent Company Only Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

Address : 1F., No.1, Ln. 157, Siwei Central Rd., Wuqi Dist., Taichung City, Taiwan

Telephone : (04) 2639-3256

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Fu Ta Material Technology Co., Ltd.

Opinion

We have audited the accompanying parent company only financial statements of Fu Ta Material Technology Co., Ltd. (the “Company”), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the “parent company only financial statements”).

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Company’s parent company only financial statements for the year ended December 31, 2023 was discussed as follows:

Existence of cash and Funds Management

As of December 31, 2023, the Company’s cash and bank in deposit amounted to 258,200 thousand, which represented 42% of the Company’s total assets, because cash and bank in deposits have highly

inherent risks, and management's evaluation of investments and approval of capital utilization were significant to parent company only financial statements. Therefore, we identified cash and bank in deposit as a key audit matter as of December 31, 2023. Please refer to Notes 4(E), 4(N), 6(A), 6(K) and 8 to the parent company only financial statements for the related accounting policies and detailed disclosures.

The main audit procedures that we performed in respect of existence of cash and funds Management were as follows:

1. We selected samples of bank receipts and withdrawals from the ledger to verify the legitimacy of bank receipt and examined the appropriateness of the approval of vouches.
2. We obtained details of the Company's bank in deposits and verified their balances to the corresponding bank statements. In addition, we issued bank confirmation to all correspondent banks and verified the reconciliation of bank in deposit balances with the responses of bank confirmations.
3. Check whether the bank in deposits that have been designated for designated purposes or subject to restrictions in the bank confirmations have been properly disclosed in the parent company only financial statements.
4. Calculated and evaluated whether the financial costs of bank borrowings and interest income from bank in deposits were reasonableness used in the valuation.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit Committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report

because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Jim Chen Ko and Tzu Yang Wang.

Weyong International CPAs & Co.
Taichung, Taiwan
Republic of China

March 14, 2024

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and parent company only financial statements shall prevail.

FU TA MATERIAL TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

In Thousands of New Taiwan Dollars

CODE	ASSETS	NOTE	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
	CURRENT ASSETS					
1100	Cash	6(A)	\$ 258,200	42	\$ 7,163	1
1136	Financial assets at amortized cost - current	6(C) and 8	-	-	223,568	42
1150	Notes receivable, net	6(D)	3,536	1	14,817	3
1160	Notes receivable from related parties, net	6(D) and 7	-	-	677	-
1170	Accounts receivable, net	6(D)	1,099	-	18,023	3
1200	Other receivables	7	353	-	1,841	-
1220	Current tax assets	6(R)	1,017	-	314	-
130X	Inventories	6(E)	1,517	-	30,134	5
1410	Prepayments	7	3,603	1	4,675	1
11XX	Total current assets		<u>269,325</u>	<u>44</u>	<u>301,212</u>	<u>55</u>
	NONCURRENT ASSETS					
1600	Property, plant and equipment	6(H), 7 and 8	57,394	9	61,582	11
1755	Right-of-use assets	6(I)	38,789	6	38,210	7
1760	Investment properties	6(J) and 8	251,000	41	146,040	26
1840	Deferred income tax assets	6(R)	54	-	5,754	1
1920	Refundable deposits		2,798	-	2,702	-
15XX	Total noncurrent assets		<u>350,035</u>	<u>56</u>	<u>254,288</u>	<u>45</u>
1XXX	TOTAL ASSETS		<u>\$ 619,360</u>	<u>100</u>	<u>\$ 555,500</u>	<u>100</u>
	LIABILITIES AND EQUITY					
	CURRENT LIABILITIES					
2100	Short-term borrowings	6(K) and 8	\$ -	-	\$ 207,371	37
2130	Contract liabilities - current	6(P)	4	-	4,067	1
2150	Notes payable	6(L)	542	-	1,059	-
2160	Notes payable to related parties	6(L) and 7	-	-	4,246	1
2170	Accounts payable	6(L)	526	-	2,255	-
2180	Accounts payable to related parties	6(L) and 7	188	-	3,454	1
2200	Other payables	6(M) and 7	9,686	2	4,178	1
2280	Lease liabilities - current	6(I)	1,188	-	6,289	1
2300	Other current liabilities		24	-	6	-
2320	Current portion of long-term borrowings	6(K) and 8	-	-	2,053	-
21XX	Total current liabilities		<u>12,158</u>	<u>2</u>	<u>234,978</u>	<u>42</u>
	NONCURRENT LIABILITIES					
2540	Long-term borrowings	6(K) and 8	-	-	9,935	2
2570	Deferred income tax liabilities	6(R)	27,395	4	13,784	2
2580	Lease liabilities – non-current	6(I)	19,345	3	17,348	3
2650	Credit balance on the carrying amounts of investments accounted for using the equity method and reclassified to other liabilities	6(G)	85,872	14	4,972	1
25XX	Total non-current liabilities		<u>132,612</u>	<u>21</u>	<u>46,039</u>	<u>8</u>
2XXX	Total liabilities		<u>144,770</u>	<u>23</u>	<u>281,017</u>	<u>50</u>
	EQUITY					
3110	Ordinary shares	6(O)	679,918	110	459,918	83
3200	Capital surplus	6(O)	-	-	23,191	4
3350	Accumulated deficit	6(O)	(225,235)	(36)	(228,533)	(41)
3400	Other equity		19,907	3	19,907	4
3XXX	Total equity		<u>474,590</u>	<u>77</u>	<u>274,483</u>	<u>50</u>
	TOTAL LIABILITIES AND EQUITY		<u>\$ 619,360</u>	<u>100</u>	<u>\$ 555,500</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.

FU TA MATERIAL TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

In Thousands of New Taiwan Dollars,
Except Loss Per Share

CODE		NOTE	2023		2022	
			Amount	%	Amount	%
4000	OPERATING REVENUE	6(P) and 7	\$ 68,898	100	\$ 160,962	100
5000	OPERATING COSTS	6(E), 6(Q) and 7	<u>71,108</u>	<u>103</u>	<u>155,541</u>	<u>97</u>
5900	GROSS (LOSS) PROFIT		(<u>2,210</u>)	(<u>3</u>)	<u>5,421</u>	<u>3</u>
	OPERATING EXPENSES	6(Q) and 7				
6100	Selling and marketing expenses		3,541	5	3,921	2
6200	General and administrative expenses		27,156	40	21,668	13
6450	Expected credit loss		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
6000	Total operating expenses		<u>30,697</u>	<u>45</u>	<u>25,589</u>	<u>15</u>
6900	LOSS FROM OPERATIONS		(<u>32,907</u>)	(<u>48</u>)	(<u>20,168</u>)	(<u>12</u>)
	NON-OPERATING INCOME AND EXPENSES					
7010	Other income	6(Q) and 7	3,090	4	4,423	3
7020	Other gains and losses	6(Q) and 7	108,356	157	15,081	9
7050	Finance costs	6(Q)	(4,165)	(6)	(4,344)	(3)
7070	Share of the (losses) gains of subsidiary accounted for using the equity method	6(G)	(80,900)	(117)	1,215	1
7100	Interest income	6(Q)	<u>6,631</u>	<u>10</u>	<u>3,386</u>	<u>2</u>
7000	Total non-operating income and expenses		<u>33,012</u>	<u>48</u>	<u>19,761</u>	<u>12</u>
7900	PROFIT (LOSS) BEFORE INCOME TAX		105	-	(407)	-
7950	INCOME TAX EXPENSE	6(R)	(<u>19,998</u>)	(<u>29</u>)	(<u>7,561</u>)	(<u>5</u>)
8200	NET LOSS FOR THE YEAR		(<u>19,893</u>)	(<u>29</u>)	(<u>7,968</u>)	(<u>5</u>)
8300	OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8500	TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(<u>\$ 19,893</u>)	(<u>29</u>)	(<u>\$ 7,968</u>)	(<u>5</u>)
	LOSS PER SHARE, NT\$	6(S)				
9710	Basic		(<u>\$ 0.43</u>)		(<u>\$ 0.17</u>)	
9810	Diluted		(<u>\$ 0.43</u>)		(<u>\$ 0.17</u>)	

The accompanying notes are an integral part of the parent company only financial statements.

FU TA MATERIAL TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

In Thousands of New Taiwan Dollars

CODE		<u>Capital Stock</u>	<u>Capital Surplus</u>	<u>Accumulated deficit</u>	<u>Other equity Gains on Property Revaluations</u>	<u>Total</u>
A1	BALANCE AT JANUARY 1, 2022	\$ 459,918	\$ 23,191	(\$ 220,565)	\$ 19,907	\$ 282,451
D1	Net loss for the year ended December 31, 2022	-	-	(7,968)	-	(7,968)
D3	Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-
D5	Total comprehensive income (loss) for 2022	-	-	(7,968)	-	(7,968)
Z1	BALANCE AT DECEMBER 31, 2022	459,918	23,191	(228,533)	19,907	274,483
C11	Capital surplus used for offsetting deficit	-	(23,191)	23,191	-	-
D1	Net loss for the year ended December 31, 2023	-	-	(19,893)	-	(19,893)
D3	Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-
D5	Total comprehensive income (loss) for 2023	-	-	(19,893)	-	(19,893)
E1	Private placement of ordinary shares for cash capital increase	220,000	-	-	-	220,000
Z1	BALANCE AT DECEMBER 31, 2023	\$ 679,918	\$ -	(\$ 225,235)	\$ 19,907	\$ 474,590

The accompanying notes are an integral part of the parent company only financial statements.

FU TA MATERIAL TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

		In Thousands of New Taiwan Dollars	
<u>Code</u>		<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
A10000	Profit (loss) before income tax	\$ 105	(\$ 407)
A20010	Adjustments for		
A20100	Depreciation expense	7,786	7,598
A20900	Financial costs	4,165	4,344
A21200	Interest income	(6,631)	(3,386)
A22400	Share of the losses (gains) of subsidiary	80,900	(1,215)
A22500	Net (gains) losses on disposal of property, plant and equipment	(1,250)	608
A23000	Net gain on disposal of non-current assets held for sale	(298)	-
A23700	Impairment loss recognized on non-current assets held for sale	-	10,024
A23800	Reversal of write-down of inventories	(8,252)	(4,064)
A24100	Unrealized gain on foreign currency exchange, net	-	(9,089)
A24600	Net gains on changes in fair value of investment properties	(95,498)	(3,702)
A29900	Net gains on modifications of lease arrangement	(341)	-
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	11,281	1,257
A31140	Notes receivable from related parties	677	28
A31150	Accounts receivable	16,924	3,572
A31160	Accounts receivable from related parties	-	355
A31180	Other receivables	275	(542)
A31200	Inventories	36,869	9,279
A31230	Prepayments	1,072	3,595
A31240	Other current assets	-	26
A32125	Contract liabilities - current	(4,063)	(2,181)
A32130	Notes payable	(926)	599
A32140	Notes payable to related parties	(4,246)	(326)
A32150	Accounts payable	(1,729)	(1,711)
A32160	Accounts payable to related parties	(3,266)	197
A32180	Other payables	5,516	(276)
A32230	Other current liabilities	18	(386)
A33000	Cash generated from operations	39,088	14,197
A33100	Interest received	7,003	3,150
A33300	Interest paid	(4,343)	(4,322)
A33500	Income taxes paid	(703)	(224)
A33500	Income taxes refund	-	514
AAAA	Net cash generated from operating activities	<u>41,045</u>	<u>13,315</u>

(Continued on next page)

<u>Code</u>		<u>2023</u>	<u>2022</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
B00040	Purchase of financial assets at amortized cost	(\$ 4,306)	(\$ 225,240)
B00050	Proceeds from sale of financial assets at amortized cost	227,874	246,680

B02600	Proceeds from disposal of non-current assets held for sale	298	-
B02700	Payments for property, plant and equipment	(1,626)	(1,323)
B02800	Proceeds from disposal of property, plant and equipment	3,631	9,143
B03700	Increase in refundable deposits	(96)	-
B03800	Decrease in refundable deposits	-	96
B05400	Payments for investment properties	(9,292)	-
B07700	Income tax paid	(<u>687</u>)	(<u>284</u>)
BBBB	Net cash generated from investing activities	<u>215,796</u>	<u>29,072</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
C00100	Proceeds from short-term borrowings	530,723	781,468
C00200	Repayments of short-term borrowings	(738,094)	(831,130)
C01600	Proceeds from long-term borrowings	12,000	12,170
C01700	Repayments of long-term borrowings	(23,988)	(182)
C04020	Repayment of the principal portion of lease liabilities	(6,445)	(6,107)
C04600	Proceeds from issuing shares by private placement	<u>220,000</u>	<u>-</u>
CCCC	Net cash used in financing activities	(<u>5,804</u>)	(<u>43,781</u>)
EEEE	NET INCREASE (DECREASE) IN CASH	251,037	(1,394)
E00100	CASH, BEGINNING OF THE YEAR	<u>7,163</u>	<u>8,557</u>
E00200	CASH, END OF THE YEAR	<u>\$ 258,200</u>	<u>\$ 7,163</u>

The accompanying notes are an integral part of the parent company only financial statements.

FU TA MATERIAL TECHNOLOGY CO., LTD.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL INFORMATION

Fu Ta Material Technology Co., Ltd. (the “Company”) was incorporated in the Republic of China (R.O.C.) on April 3, 1970 and mainly manufactures and sells cotton woven fabric, silk weaving, linen weaving, cotton weaving, woolen fabric wholesale texts and renewable energy power generate, etc. The Company’s shares have been listed on the Taipei Exchange since July 23, 1997.

On June 5, 2012, the shareholders resolved to change the Company’s name from its former name, Fu Ta Textile Co., Ltd. to Fu Ta Material Technology Co., Ltd. and the alteration registration was completed on July 23, 2012.

The parent company only financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The accompanying parent company only financial statements were approved and authorized for issue by the Company’s board of directors on March 14, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATION

D. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Company’s accounting policies.

E. The IFRS Accounting Standards endorsed by the FSC for application starting from

2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless specified otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the parent Company only financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company’s financial position and financial performance.

- F. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless specified otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

P. Statement of Compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Q. Basis of Preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments and investment properties. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- c) Level 3 inputs are unobservable inputs for the asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiary. In order for the amounts of the net profit or loss for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owner of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatment between the parent company only basis and the consolidated basis were made to credit balance on the carrying amounts of investments accounted for using the equity method and reclassified to other liabilities and share of the gains or losses of subsidiary, as appropriate, in these parent company only financial statements.

R. Foreign Currencies

In preparing the parent company only financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences

on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

S. Classification of Current and Noncurrent Assets and Liabilities

Current assets include:

- a) Assets held primarily for the purpose of trading;
- b) Assets expected to be realized within 12 months after the reporting period; and
- c) Cash unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- a) Liabilities held primarily for the purpose of trading;
- b) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the parent company only financial statements are authorized for issue; and
- c) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

T. Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

- a) Financial assets

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

1) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

I) Financial assets at FVTPL

Financial assets mandatorily classified as at FVTPL is investments in equity instruments which are not designated as at FVTOCI. Fair value is determined in the manner described in Note 6(V).

II) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash, notes receivable (including related parties) and accounts receivable at amortized cost, other receivables (including related parties) and refundable deposits, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss and interest income are calculated by applying the effective interest rate to the gross carrying amount of such a financial asset .

Cash, for the purpose of meeting short-term cash commitments, consist of highly liquid time deposits and investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2) Impairment of financial assets and contract assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit

risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

3) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

b) Equity instruments

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

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

c) Financial liabilities

1) Subsequent measurement

Financial liabilities are measured at amortized cost using the effective interest method.

2) Derecognition of financial liabilities

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

U. Inventories

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

V. Non-current Assets Held for Sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Such assets classified as held for sale are not depreciated.

W. Investments in Subsidiaries

The Company uses the equity method to account for its investments in subsidiaries. A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized net of amortization had no impairment loss been recognized in prior years.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream

transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

X. Property, Plant and Equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss. Original cost shall include the purchase price deduct discount and any costs incurred directly attributable to bringing the asset to the site and working condition for its intended use.

Some items of property, plant and equipment may require certain parts to be replaced at regular intervals, the cost of the replacement part would be capitalized, once the replaced item is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably. Any remaining carrying amount of the part which had been replaced would be derecognized.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

Y. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation.

All freehold investment properties are measured initially at cost, including transaction costs, and subsequently measured using the fair value model. Changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

Z. Impairment of property, plant and equipment and right-of-use assets other than

goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment and right-of-use assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

AA. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

a) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of fabric, textile goods, and personal protective equipment. Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Transaction price received is recognized as a contract liability until performance obligations are satisfied.

Revenue is measured at the fair value, which is the discounted present value of the price (net of commercial discounts and quantity discounts) agreed on by the Company with its customers. For a contract where the period between the date the Company transfers a promised good or service to a customer and the date the customer pays for that good or service is one year or less, the Company does not adjust the promised amount of consideration for any effect of a significant financing component.

The Company does not recognize revenue on materials delivered to subcontractors because this processing does not involve a transfer of control.

b) Sale of electricity

Sales of electricity comes from solar power stations are recognized when the electricity generated is transmitted to a substation of Taiwan Power Company.

BB. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

a) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

b) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms. Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented separately in the parent company only balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the

Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the parent company only balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

CC. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets were substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

DD. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

EE. Taxation

Income tax expense represents the sum of the tax currently payable and deferred income tax.

a) Current income tax

According to the Income Tax Act in the Republic of China, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b) Deferred income tax

Deferred income tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred income tax liabilities are generally recognized for all taxable temporary

differences. Deferred income tax assets are generally recognized for all deductible temporary differences and net operating loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred income tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred income tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. If investment properties measured using the fair value model, the carrying amounts of such assets are presumed to be recovered entirely through sale.

c) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty - Realization of Deferred Income Tax Assets

Deferred income tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred income tax assets can be utilized. Assessment of the realization of the deferred income tax assets requires subjective judgment and estimate, including the future revenue growth and profitability, tax holidays and feasible tax planning strategies. Any changes in the industry trends and relevant laws and regulations could result in significant adjustments to the deferred income tax assets.

6. DESCRIPTION OF MAJOR ACCOUNTING ITEMS

E. CASH

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and petty cash	\$ 44	\$ 13
Checking accounts and demand deposits in banks	<u>258,156</u>	<u>7,150</u>
	<u>\$ 258,200</u>	<u>\$ 7,163</u>

The market rate intervals of cash in bank at the end of the reporting period were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deposits in bank	0.475%-0.580%	0.200%-1.050%

F. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL) - NON-CURRENT

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic unlisted shares	<u>\$ -</u>	<u>\$ -</u>

Based on the assessment, the carrying amount of the above domestic unlisted share were higher than fair value, and therefore recognized as accumulated impairment losses of 36,455 thousand.

G. FINANCIAL ASSETS AT AMORTIZED COST - CURRENT

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Pledged deposits	\$ -	\$ 223,507
Restricted deposits in bank	<u>-</u>	<u>61</u>
	<u>\$ -</u>	<u>\$ 223,568</u>

Gross carrying amount	\$ -	\$ 223,568
Less : Allowance for impairment loss	-	-
Amortized cost	<u>\$ -</u>	<u>\$ 223,568</u>

- a) The interest rate interval of the financial assets measured at amortized cost as of December 31, 2022 was 0.455%-4.000%.
- b) The credit risk of financial instruments such as bank deposits is measured and monitored by the accounting department. The counterparties are creditworthy banks and financial institutions with good credit rating.
- c) Refer to Note 8 for information relating to financial assets at amortized cost pledged as security.

H. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 3,536	\$ 15,494
Less : Allowance for impairment loss	-	-
	<u>\$ 3,536</u>	<u>\$ 15,494</u>
Operating	\$ 3,221	\$ 14,817
Non-operating	315	677
	<u>\$ 3,536</u>	<u>\$ 15,494</u>
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	\$ 1,099	\$ 18,023
Less : Allowance for impairment loss	-	-
	<u>\$ 1,099</u>	<u>\$ 18,023</u>

The average credit period of sales of goods is 35-75 days. No interest is charged on trade receivables from the date of the invoice. In accordance with the Company's internal credit policy, each new client must be managed and credit risk analyzed before setting their terms and conditions for payment and delivery. The Company's internal risk control system assesses the credit quality of clients by considering their financial status, past transaction experience and other factors. The risk assessment of an individual client is based on a comprehensive consideration of the client's financial situation, credit limit assessment, historical transaction

records, current economic conditions and other factors that may affect the client's ability to pay.

In addition, the Company reviews the recoverable amount of each individual trade receivables at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The lifetime ECLs are estimated using a provision matrix approach considering the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the historical experience and the economic conditions at the reporting date. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a trade receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes receivable and trade receivables based on the Company's provision matrix.

December 31, 2023

	Not Past Due	Past Due Days		Total
		1 - 180 Days	Over 180 Days	
Expected credit loss rate	-	-	100%	
Gross carrying amount	\$ 4,635	\$ -	\$ -	\$ 4,635
Loss allowance (Lifetime ECLs)	-	-	-	-
	<u>\$ 4,635</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,635</u>

December 31, 2022

	Not Past Due	Past Due Days		Total
		1 - 180 Days	Over 180 Days	
Expected credit loss rate	-	0%-94.76%	100%	
Gross carrying amount	\$ 33,511	\$ 6	\$ -	\$ 33,517
Loss allowance (Lifetime ECLs)	-	-	-	-
	<u>\$ 33,511</u>	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ 33,517</u>

The movements of the loss allowance of notes receivable and accounts receivable were as follows:

For the year ended December 31, 2023	For the year ended December 31, 2022

Balance at January 1	\$ -	\$ 17,234
Less : Amounts written off	-	(17,234)
Balance at December 31	<u>\$ -</u>	<u>\$ -</u>

I. INVENTORIES

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Finished goods	\$ 957	\$ 19,723
Merchandise	560	1,002
Work in process – outsourced	-	9,409
	<u>\$ 1,517</u>	<u>\$ 30,134</u>

The cost of goods sold related to inventories for the years ended December 31, 2023 and 2022 were 64,548 thousand and 149,918 thousand, respectively.

The cost of goods sold for the years ended December 31, 2023 and 2022 included the reversals of inventories write-downs of 8,252 thousand and 4,064 thousand, respectively. Previous write-downs were as a result in increased consumption of inventory.

J. NON-CURRENT ASSETS HELD FOR SALE

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Solar power generating equipment	<u>\$ -</u>	<u>\$ -</u>

On August 10, 2018, the board of directors resolved to dispose of the Company's solar power generating equipment and classification of these equipment as held for sale. The equipment held for sale were measured at their fair value less costs to sell, and the differences from the previous carrying amounts were recognized as impairment losses. However, the actual loss shall be identified by the actual sale price.

Based on the assessment, the recoverable amounts of these equipment were lower than the related carrying amounts, the Group were recognized all the impairment losses in 2022.

The Group Completed the disposal of assets held for sale and recognized net gain on non-current assets held for sale of 298 thousand, under other gains and losses in December 2023.

K. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD – INVESTMENTS IN SUBSIDIARY

<u>Name of Subsidiary</u>	<u>December 31, 2023</u>		<u>December 31, 2022</u>		<u>Note</u>
	<u>Amount</u>	<u>Proportion of Ownership and Voting Rights</u>	<u>Amount</u>	<u>Proportion of Ownership and Voting Rights</u>	
<u>Domestic unlisted shares</u>					
Fu Tai Textile Co., Ltd.	(<u>\$ 85,872</u>)	100%	(\$ 4,972)	100%	1
Add : Credit balance on the carrying amounts of investments accounted for using the equity method	<u>85,872</u>		<u>4,972</u>		

and reclassified to other liabilities

\$ _____

\$ _____

- 1) The subsidiary Fu Tai Textile Co., Ltd.'s business has shrunk rapidly due to the general environment and prosperity. There is a huge gap between the order volume and the start-up utilization rate. For several months, the factory has been shut down and suffered serious losses every month. The board of directors resolved on May 11, 2023. Production operations are suspended. In the future, we will actively seek partners, OEMs and traders to cooperate with us in developing export business.

Investments accounted for using the equity method and the share of profit or loss of those investments for the years ended December 31, 2023 and 2012 were calculated based on the financial statements which have been audited.

Information about the investment in subsidiary, please see Table 2.

L. PROPERTY, PLANT AND EQUIPMENT

	<u>Land</u>	<u>Transportation Equipment</u>	<u>Other Equipment</u>	<u>Leasehold Improvements</u>	<u>Property under Construction</u>	<u>Total</u>
<u>Cost</u>						
Balance at January 1, 2023	\$ 2,948	\$ 748	\$ 63,889	\$ 1,331	\$ -	\$ 68,916
Additions	-	103	524	-	1,408	2,035
Disposals	(1,540)	-	-	-	-	(1,540)
Reclassifications	-	-	1,037	-	(1,037)	-
Balance at December 31, 2023	<u>\$ 1,408</u>	<u>\$ 851</u>	<u>\$ 65,450</u>	<u>\$ 1,331</u>	<u>\$ 371</u>	<u>\$ 69,411</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2023	\$ -	\$ 312	\$ 6,209	\$ 813	\$ -	\$ 7,334
Depreciation expense	-	136	4,325	222	-	4,683
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 448</u>	<u>\$ 10,534</u>	<u>\$ 1,035</u>	<u>\$ -</u>	<u>\$ 12,017</u>
Carrying amount at December 31, 2023	<u>\$ 1,408</u>	<u>\$ 403</u>	<u>\$ 54,916</u>	<u>\$ 296</u>	<u>\$ 371</u>	<u>\$ 57,394</u>
<u>Cost</u>						
Balance at January 1, 2022	\$ 3,587	\$ 2,368	\$ 69,303	\$ 1,331	\$ 10,358	\$ 86,947
Additions	-	-	352	-	420	772
Disposals	(639)	(1,620)	(6,889)	-	(9,655)	(18,803)
Reclassifications	-	-	1,123	-	(1,123)	-
Balance at December 31, 2022	<u>\$ 2,948</u>	<u>\$ 748</u>	<u>\$ 63,889</u>	<u>\$ 1,331</u>	<u>\$ -</u>	<u>\$ 68,916</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2022	\$ -	\$ 1,717	\$ 8,532	\$ 591	\$ -	\$ 10,840
Depreciation expense	-	215	4,268	222	-	4,705
Disposals	-	(1,620)	(6,591)	-	-	(8,211)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 312</u>	<u>\$ 6,209</u>	<u>\$ 813</u>	<u>\$ -</u>	<u>\$ 7,334</u>
Carrying amount at December 31, 2022	<u>\$ 2,948</u>	<u>\$ 436</u>	<u>\$ 57,680</u>	<u>\$ 518</u>	<u>\$ -</u>	<u>\$ 61,582</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives were as follows:

Transportation Equipment	2 - 5 years
Other Equipment	5 -15 years
Leasehold Improvements	2 - 5 years

Property, plant and equipment used by the Company and pledged as collateral for bank borrowings are set out in Note 8.

M. LEASE ARRANGEMENTS

a) Right-of-use assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amounts		
Land	\$ 33,871	\$ 32,236
Buildings	<u>4,918</u>	<u>5,974</u>
	<u>\$ 38,789</u>	<u>\$ 38,210</u>
	For the years ended December 31, 2023	For the years ended December 31, 2022
Additions to right-of-use assets	<u>\$ 3,682</u>	<u>\$ -</u>
Depreciation of right-of- use assets		
Land	\$ 2,047	\$ 1,838
Buildings	<u>1,056</u>	<u>1,055</u>
	<u>\$ 3,103</u>	<u>\$ 2,893</u>

b) Lease liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amounts		
Current	<u>\$ 1,188</u>	<u>\$ 6,289</u>
Non-current	<u>\$ 19,345</u>	<u>\$ 17,348</u>

Range of discount rates for lease liabilities were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Land	1.450%-2.000%	1.450%-2.000%
Buildings	1.340%-2.000%	1.340%-2.000%

c) Material leasing activities and terms

The Company leases certain buildings and roofs mainly for the use of offices and solar power stations with lease terms of 5 to 20 years. The Company does not have purchase options to acquire the leasehold buildings and roofs at the end of the lease terms and prohibited from subleasing or transferring all or any portion of the underlying assets, changing their use.

d) Other lease information

	<u>For the year ended December 31, 2023</u>	<u>For the year ended December 31, 2022</u>
Expenses relating to:		
Short-term leases	<u>\$ 250</u>	<u>\$ 193</u>

(Continued on next page)

	For the year ended December 31, 2023	For the year ended December 31, 2022
Low-value asset leases	<u>\$ 16</u>	<u>\$ 15</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 252</u>	<u>\$ 199</u>
Total cash outflow for leases	<u>\$ 7,445</u>	<u>\$ 7,112</u>

The Company's leases of certain equipment qualify as short-term leases and low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

N. INVESTMENT PROPERTIES

	Land	Buildings	Total
Balance at January 1, 2023	\$ 120,433	\$ 25,607	\$ 146,040
Additions	-	9,462	9,462
Gain on changes in fair value of investment properties	<u>83,713</u>	<u>11,785</u>	<u>95,498</u>
Balance at December 31, 2023	<u>\$ 204,146</u>	<u>\$ 46,854</u>	<u>\$ 251,000</u>
Balance at January 1, 2022	\$ 114,744	\$ 27,594	\$ 142,338
Gain (loss) on changes in fair value of investment properties	<u>5,689</u>	<u>(1,987)</u>	<u>3,702</u>
Balance at December 31, 2022	<u>\$ 120,433</u>	<u>\$ 25,607</u>	<u>\$ 146,040</u>

The fair values of the investment properties as of December 31, 2023 and 2022 were based on the valuations carried out at those dates, on a recurring basis by independent qualified professional valuers, Tien Ching Hsieh and Hsiang Ling Chiu from China Property Appraisers Firm and Chao Min Huang and Chung Cheng Chen from Cheng Shin Real Estate Appraisers Firm, a member of certified ROC real estate appraisers, respectively.

Except for undeveloped lands, the fair values of investment properties were measured using the income approach and the significant assumptions used are the increase in the estimated future net cash inflows, or the decrease in discount rates that would result in increases in the fair values.

	December 31, 2023	December 31, 2022
Expected future cash inflows	\$ 571,993	\$ 325,775
Expected future cash outflows	<u>(228,798)</u>	<u>(140,829)</u>
Expected future cash inflows, net	<u>\$ 343,195</u>	<u>\$ 184,946</u>
Discount rates	3.345%	2.850%

The market rentals in the area where the investment property is located were between 0.3 thousand and 0.7 thousand per ping (i.e., per 3.3 square meters). The market rentals for comparable properties were between 0.2 thousand and 0.5 thousand per ping.

The expected future cash inflows generated by investment properties referred to

rental income, interest income on rental deposits and disposal value. The rental income was extrapolated using the existing lease contracts of the Company and comparative market rentals covering 10 years, taking into account the annual rental growth rate. The interest income on rental deposits was extrapolated by the one-year average deposit interest rate, and the disposal value was determined by the direct capitalization method under the income approach. The expected future cash outflows on investment properties included expenditures such as property taxes, insurance premiums, management fees, maintenance costs and replacement allowances. These expenditures were extrapolated on the basis of the current level of expenditures, taking into account the future adjustments to the government announced land value and the tax rate promulgated under the House Tax Act.

The discount rate was determined with reference to the interest rate for two-year time deposits of Chunghwa Post Co., Ltd. plus 0.75% and the risk premium of investment properties.

The maturity analysis of lease payments receivable under operating leases of investment properties at December 31, 2023 was as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Year 1	\$ 2,520	\$ 2,280
Year 2	120	120
Year 3	120	120
Year 4	120	120
Year 5	120	120
Year 6 onwards	<u>1,040</u>	<u>1,160</u>
	<u>\$ 4,040</u>	<u>\$ 3,920</u>

The investment properties pledged as collateral for bank borrowings are set out in Note 8.

O. BORROWINGS

a) Short-term borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Bank loans</u>		
Secured borrowings (Note 8)	<u>\$ -</u>	<u>\$ 207,371</u>
<u>Interest rates interval</u>		
Secured borrowings	-	1.800%-2.945%

The line of credit is secured by the deposits in bank (recognized as financial assets at amortized cost – current), investment properties and property, plant and equipment owned by the Company, and the chairman Teng Hsiung Yang served as the joint guarantor for the borrowings. The Company settled the borrowings in advance in September 2023.

b) Long-term borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
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<u>Bank loans</u>		
Secured borrowings (Note 8)	\$ -	\$ 11,988
Less: Current portion	-	(2,053)
	<u>\$ -</u>	<u>\$ 9,935</u>

<u>Maturity Date</u>		
Secured borrowings	-	Maturity before March, 2031

<u>Interest rates interval</u>		
Secured borrowings	-	1.505%-2.475%

The line of credit is secured by the solar power generating equipment owned by the Company, Small and Medium Enterprise Credit Guarantee Fund of Taiwan (TSMEG), and the chairman Teng Hsiung Yang served as the joint guarantor for the borrowings. The Company settled the borrowings in advance in September 2023.

P. NOTES PAYABLE AND ACCOUNTS PAYABLE

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Notes payable</u>		
Operating	\$ -	\$ 5,188
Non-operating	<u>542</u>	<u>117</u>
	<u>\$ 542</u>	<u>\$ 5,305</u>
<u>Accounts payable</u>	<u>\$ 714</u>	<u>\$ 5,709</u>

Q. OTHER PAYABLES (INCLUDING RELATED PARTIES)

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Severance payment	\$ 4,453	\$ -
Payables for salaries or bonuses	1,970	1,540
Payable for professional service fee	1,516	1,179
Payable for annual leave	264	423
Payables for insurance fee	188	210
Payables for purchases of equipment	178	-
Others	<u>1,117</u>	<u>826</u>
	<u>\$ 9,686</u>	<u>\$ 4,178</u>

N. RETIREMENT BENEFIT PLANS - DEFINED CONTRIBUTION PLANS

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

O. EQUITY

a) Ordinary shares

<u>December 31, 2023</u>	<u>December 31, 2022</u>
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Number of shares authorized (in thousands)	<u>168,000</u>	<u>168,000</u>
Amounts of shares authorized	<u>\$ 1,680,000</u>	<u>\$ 1,680,000</u>
Number of shares issued and fully paid (in thousands)	<u>67,992</u>	<u>45,992</u>
Ordinary shares publicly offered	\$ 459,918	\$ 459,918
Ordinary shares in private placement	<u>220,000</u>	<u>-</u>
Ordinary shares issued	<u>\$ 679,918</u>	<u>\$ 459,918</u>

Fully paid ordinary shares, which have a par value of 10, are entitled to one vote and a right to receive dividends per share.

Due to replenish the Company's working capital and improve financial structure, the shareholders' regular meeting convened by the Company resolved to issue less than 45,000 thousand ordinary shares in private placement for capital increase in cash through private placement on June 21, 2023,

On December 26, 2023, the board of directors resolved to the specific subscriber for the offering of 22,000 thousand new shares with a private price of 10 per share, with the record date of the share increase set as December 29, 2023.

The private placement has been completed on December 27, 2023, and legally registered on January 22, 2024.

The rights and obligations of the ordinary shares in the private placement are the same as those of the Company's ordinary shares issued. However, in accordance with Article 43-8 of the Securities and Exchange Act, the above ordinary shares of the private placement should not be resold to other parties except for the transferees specified in the Securities and Exchange Act within three years from the date of delivery.

After 3 years from the acquisition date and applying for the public offering, the shares in the above private placement can be publicly traded before completed the public offering procedures.

On March 14, 2024, the board of directors resolved to the remaining 23,000 thousand shares in above case will not continue to be raised and issued due to the expiration of the time limit and will be reported on annual shareholders' regular meeting on June 6, 2024.

b) Capital surplus

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Treasury share transactions	\$ -	\$ 19,547
<u>May only be used to offset a deficit</u>		
Employee share options - expired	<u>-</u>	<u>3,644</u>
	<u>\$ -</u>	<u>\$ 23,191</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

A capital surplus of 23,191 thousand to offset losses were approved by the shareholders' regular meeting on June 21, 2023.

c) Accumulated deficit and dividends policy

Under the dividends policy as set forth in the Company's Articles of Incorporation, the Company's net income in a year, in addition to paying income tax in accordance with the law, should first make up for the losses of previous years, and then set aside 10% of the balance as a legal reserve. After setting aside the special reserve in accordance with the law, the Board of Directors shall prepare a distribution proposal for any remaining balance based on the following circumstances and submit it to the Shareholders' regular meeting for resolution on distribution:

- 1) When the amount available for distribution reaches 30% or more of the paid-in capital, a cash dividend of at least 5% should be distributed.
- 2) However, if one of the following circumstances occurs, it will be reserved and will not be distributed or the surplus will be transferred to capital increase to issue share dividends.
 - i) When the liabilities-to-equity ratio is higher than 100%.
 - ii) There are major investment plans for the following year or the existing investment plan is still in progress.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The proposal for 2021 deficit compensation was approved by the shareholders' regular meeting on June 21, 2022.

The deficit compensation for 2023 was proposed by the Company's board of directors on March 14, 2024 and is subject to the resolution by the shareholders' regular meeting to be held on June 6, 2024.

P. OPERATING REVENUE

c) Revenue from contracts with customers

	For the year ended December 31, 2023	For the year ended December 31, 2022
Sale of goods	\$ 63,116	\$ 155,246
Sale of electricity	<u>5,782</u>	<u>5,716</u>
	<u>\$ 68,898</u>	<u>\$ 160,962</u>

d) Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable (including related parties)	<u>\$ 3,221</u>	<u>\$ 15,494</u>	<u>\$ 16,779</u>
Accounts receivable (including related parties)	<u>\$ 1,099</u>	<u>\$ 18,023</u>	<u>\$ 21,950</u>
Contract liabilities			
Sale of goods	<u>\$ 4</u>	<u>\$ 4,067</u>	<u>\$ 6,248</u>

The changes in the balance of contract liabilities primarily result from the timing difference between the Company's performance and the respective customer's payment.

Revenue in the years of 2023 and 2022 that were recognized from the contract liability balance at the beginning of year were 4,067 thousand and 2,751 thousand, respectively.

Q. NET LOSS FOR THE YEAR

Net loss for the year includes the following items:

g) Interest income

	For the year ended December 31, 2023	For the year ended December 31, 2022
Bank in deposits	\$ 91	\$ 27
Financial assets at amortized cost	<u>6,540</u>	<u>3,359</u>
	<u>\$ 6,631</u>	<u>\$ 3,386</u>

h) Other income

	For the year ended December 31, 2023	For the year ended December 31, 2022
Rental income	\$ 2,287	\$ 2,287
Others	<u>803</u>	<u>2,136</u>
	<u>\$ 3,090</u>	<u>\$ 4,423</u>

i) Other gains and losses

	For the year ended December 31, 2023	For the year ended December 31, 2022
Gain arising from the changes in fair value of investment properties	\$ 95,498	\$ 3,702
Net gains on foreign currency exchange	10,969	22,011
Gain (loss) on disposal of property, plant and equipment	1,250	(608)
Gain on lease modification	341	-
Gain on disposal of non-current assets held for sale (Note 6(F))	298	-
Impairment loss recognized on non-current assets held for sale (Note 6(F))	<u>-</u>	<u>(10,024)</u>
	<u>\$ 108,356</u>	<u>\$ 15,081</u>

j) Finance costs

	For the year ended December 31, 2023	For the year ended December 31, 2022
Interest on bank loans	\$ 3,683	\$ 3,746
Interest on lease liabilities	<u>482</u>	<u>598</u>
	<u>\$ 4,165</u>	<u>\$ 4,344</u>

k) Depreciation

	For the year ended December 31, 2023	For the year ended December 31, 2022
Property, plant and equipment	\$ 4,683	\$ 4,705
Right-of-use assets	<u>3,103</u>	<u>2,893</u>
	<u>\$ 7,786</u>	<u>\$ 7,598</u>
An analysis of depreciation by function		
Operating costs	\$ 4,566	\$ 4,523
Operating expenses	<u>3,220</u>	<u>3,075</u>
	<u>\$ 7,786</u>	<u>\$ 7,598</u>

l) Employees' benefits expenses

	For the year ended December 31, 2023	For the year ended December 31, 2022
Post-employment benefits		
Defined contribution plan	<u>\$ 638</u>	<u>\$ 506</u>
Employees' benefits expenses		
Salary and bonus	14,199	10,305
Director remuneration	2,945	1,923
Labor and health insurance	964	983
Others	<u>341</u>	<u>463</u>

<u>18,449</u>	<u>13,674</u>
<u>\$ 19,087</u>	<u>\$ 14,180</u>

An analysis of employees' benefits expenses by function

Operating costs	\$ 3,033	\$ 1,954
Operating expenses	<u>16,054</u>	<u>12,226</u>
	<u>\$ 19,087</u>	<u>\$ 14,180</u>

m) Operating expenses directly related to investment properties

	For the year ended December 31, 2023	For the year ended December 31, 2022
Direct operating expenses from investment properties generating rental income	<u>\$ 733</u>	<u>\$ 849</u>

n) Compensation of employees

In compliance with the Company's Articles of Incorporation, if the Company has annual profits, 5% shall be allocated as employee remuneration. However, profits must first be taken to offset cumulative losses if any. For the years ended December 31, 2023 and 2022, the Company had no earnings available for distribution, so the compensation of employees were not estimated.

Information on the compensation of employees resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

R. INCOME TAX EXPENSE

f) Income tax expense recognized in profit or loss

Major components of income tax expense were as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Current income tax		
Land value increment tax	<u>\$ 687</u>	<u>\$ 284</u>
Deferred income tax		
In respect of the current year	22,290	7,277
Adjustments for the prior year	(<u>2,979</u>)	<u>-</u>
	<u>19,311</u>	<u>7,277</u>
Income tax expense recognized in profit or loss	<u>\$ 19,998</u>	<u>\$ 7,561</u>

A reconciliation of accounting profit and income tax expenses were as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Profit (loss) before income tax	<u>\$ 105</u>	<u>(\$ 407)</u>
Income tax expense (benefit) calculated at the statutory rate	\$ 21	(\$ 81)
Tax-exempt income	(250)	(983)
Land value increment tax	687	284
Nondeductible expenses in determining taxable income	16,580	910
Unrecognized loss carryforwards	5,939	3,984
Unrecognized deductible temporary differences	-	3,447
Adjustments for prior years' deferred income tax	(<u>2,979</u>)	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 19,998</u>	<u>\$ 7,561</u>

g) Current tax assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current tax assets		
Tax refund receivable	<u>\$ 1,017</u>	<u>\$ 314</u>

h) Deferred income tax assets and liabilities

The movements of deferred income tax assets and liabilities were as follows:

For the year ended December 31, 2023

	<u>Opening Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Closing Balance</u>
<u>Deferred income tax assets</u>			
Temporary differences			
Inventories	\$ 1,651	(\$ 1,650)	\$ 1
Unrealized foreign exchange losses	343	(343)	-
Impairment loss	3,645	(3,645)	-
Payable for annual leave	85	(32)	53
Unrealized gross profit	<u>30</u>	<u>(30)</u>	<u>-</u>
	<u>\$ 5,754</u>	<u>(\$ 5,700)</u>	<u>\$ 54</u>
<u>Deferred income tax liabilities</u>			
Temporary differences			
Reserve for land revaluation increment tax	\$ 2,979	(\$ 2,979)	\$ -
Investment properties	8,296	19,099	27,395
Unrealized foreign exchange gains	<u>2,509</u>	<u>(2,509)</u>	<u>-</u>
	<u>\$ 13,784</u>	<u>\$ 13,611</u>	<u>\$ 27,395</u>

For the year ended December 31, 2022

	<u>Opening Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Closing Balance</u>
<u>Deferred income tax assets</u>			
Temporary differences			
Allowance for impairment loss	\$ 3,335	(\$ 3,335)	\$ -
Inventories	2,464	(813)	1,651
Unrealized foreign exchange losses	2,204	(1,861)	343
Impairment loss	1,686	1,959	3,645

(Continued on next page)

	<u>Opening Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Closing Balance</u>
Payable for annual leave	\$ 93	(\$ 8)	\$ 85
Unrealized gross profit	-	30	30
	<u>\$ 9,782</u>	<u>(\$ 4,028)</u>	<u>\$ 5,754</u>

Deferred income tax liabilities

Temporary differences			
Reserve for land revaluation increment tax	\$ 2,979	\$ -	\$ 2,979
Investment properties	7,556	740	8,296
Unrealized foreign exchange gains	-	2,509	2,509
	<u>\$ 10,535</u>	<u>\$ 3,249</u>	<u>\$ 13,784</u>

- i) Deductible temporary differences and unused loss carryforwards for which no deferred income tax assets have been recognized in the parent Company only balance sheets.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deductible temporary differences	<u>\$ -</u>	<u>\$ 17,234</u>
Loss carryforwards		
Expiry in 2023	\$ -	\$ 153,745
Expiry in 2024	80,902	80,902
Expiry in 2025	151,786	151,786
Expiry in 2026	223,459	223,459
Expiry in 2027	106,048	106,048
Expiry in 2028	141,424	141,424
Expiry in 2029	93,103	93,103
Expiry in 2030	75,161	75,161
Expiry in 2031	49,468	49,468
Expiry in 2032	19,923	19,923
Expiry in 2033	29,696	-
	<u>\$ 970,970</u>	<u>\$ 1,095,019</u>

j) Income tax assessments

The Company's income tax returns through 2020 have been assessed by the tax authorities.

S. LOSS PER SHARE

	For the year ended December 31, 2023	For the year ended December 31, 2022
Basic and diluted loss per share		
Loss for the year attributable to owners of the Company	(\$ <u>19,893</u>)	(\$ <u>7,968</u>)
Weighted average number of ordinary shares outstanding in computation of basic and diluted loss per share (In thousand shares)	<u>46,173</u> (\$ <u>0.43</u>)	<u>45,992</u> (\$ <u>0.17</u>)

T. CASH FLOW INFORMATION

d) Non-cash transactions

In addition to those disclosed in other notes, the Company entered into the following non-cash investing and financing activities which were not reflected in the parent company only financial statements of cash flows for the years ended December 31, 2023 and 2022.

1) Non-cash investing activities in property plant and equipment

	For the year ended December 31, 2023	For the year ended December 31, 2022
Acquisition of property, plant and equipment	(\$ 2,035)	(\$ 772)
Increase in notes payable	409	-
Decrease in payables for equipment	<u>-</u>	(<u>551</u>)
Payments for property, plant and equipment	(\$ <u>1,626</u>)	(\$ <u>1,323</u>)
Net disposal proceeds	\$ 2,790	\$ 9,984
Other receivables decrease (increase)	<u>841</u>	(<u>841</u>)
Proceeds from disposal of property, plant and equipment	<u>\$ 3,631</u>	<u>\$ 9,143</u>

2) Non-cash investing activities in investment properties

	For the year ended December 31, 2023	For the year ended December 31, 2022
Acquisition of investment properties	(\$ 9,462)	\$ -
Increase in payables for equipment	<u>170</u>	<u>-</u>
Payments for investment properties	(<u>\$ 9,292</u>)	<u>\$ -</u>
e) Changes in liabilities arising from financing activities - For the year ended December 31, 2023		

	<u>Opening Balance</u>	<u>Cash Flows</u>	<u>Non-cash Changes</u>	<u>Closing Balance</u>
Short-term borrowings	\$ 207,371	(\$ 207,371)	\$ -	\$ -
Long-term borrowings (including current portion)	11,988	(11,988)	-	-
Lease liabilities	<u>23,637</u>	<u>(6,445)</u>	<u>3,341</u>	<u>20,533</u>
	<u>\$ 242,996</u>	<u>(\$ 225,804)</u>	<u>\$ 3,341</u>	<u>\$ 20,533</u>

f) Total taxes paid

	For the year ended December 31, 2023	For the year ended December 31, 2022
Operating activities	\$ 703	\$ 224
Investing activities	<u>687</u>	<u>284</u>
	<u>\$ 1,390</u>	<u>\$ 508</u>

U. CAPITAL MANAGEMENT

The Company manages its capital to ensure it can continue to operate as a going concern while maximizing the credit limits of bank and disposal the idle assets to optimization the working capital. And reviews the company's capital structure from time to time in line with the economic environment and business considerations to ensure that the company can operate smoothly.

V. FINANCIAL INSTRUMENTS

e) Fair value of financial instruments not measured at fair value

The Company's management believes the carrying amounts of the financial assets and financial liabilities not carried at fair value are approximately at their fair values.

f) Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

The Company's financial assets classified FVTPL were measured at Level 3 fair value. As of December 31, 2023 and 2022, the balance of FVTPL were both zero.

2) Valuation techniques and inputs applied for Level 3 fair value measurements

The fair value of domestic unlisted shares was determined using the asset-based approach. This approach is used for evaluation based on the total value of individual assets and individual liabilities to show the overall value of the investment target. Significant unobservable inputs are discounted by considering market liquidity.

g) Categories of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at amortized costs (1)	\$ 266,019	\$ 268,791
<u>Financial liabilities</u>		
Financial assets at amortized costs (2)	10,942	234,551

- 1) The balances included financial assets measured at amortized cost, which comprise cash, notes receivable (including related parties), accounts receivable, other receivables (including related parties) and refundable deposits.
- 2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, notes payable (including related parties), accounts payable (including related parties), other payables (including related parties) and long-term borrowings (including current portion).

h) Financial risk management objectives and policies

The purpose of the Company's financial risk management is to manage market risk (including exchange rate risk and interest rate risk), credit risk, liquidity risk, and other financial risks related to operating activities. To lower the relative financial risks, the Company seeks to identify, evaluate, and avoid market uncertainty, to minimize the potential unfavorable impact on the Company due to market volatility.

The Company's important financial activities are reviewed by the board of directors in accordance with related regulations and internal control systems.

During the implementation of the financial plan, internal auditors continuously reviewing whether relevant personnel were following relevant financial operating procedures regarding overall financial risk management and division of responsibilities, and also report to the board of directors on a quarterly basis.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

I) Foreign currency risk

The Company's had foreign currency sales and holding financial assets ,

which exposed the Company to foreign currency risk.

The following information was aggregated by the foreign currencies other than the Company's functional currency and the exchange rates between the foreign currencies and the functional currency were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2022

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
<u>Financial assets</u>			
Monetary items			
USD (USD:NTD)	\$ 7,437	30.710	\$ 228,398

Sensitivity analysis

The Company was mainly exposed to the U.S. dollar (USD). For a 1% strengthening of NTD against USD and all other variables were held constant, pre-tax losses for the years ended December 2022 would decrease by 2,284 thousand. For a 1% weakening of NTD against USD, there would be an equal and opposite impact on pre-tax losses.

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gains of the Company were 10,969 thousand and 22,011 thousand, respectively.

II) Interest rate risk

The Company's had deposits in bank and borrowed funds at floating interest rates, which exposed the Company to interest rate risk.

The carrying amount of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash flow interest rate risk		
Financial assets	<u>\$ 257,676</u>	<u>\$ 230,717</u>
Financial liabilities	<u>\$ -</u>	<u>\$ 219,359</u>

Sensitivity analysis

The sensitivity analyses below were determined based on the Company's exposure to interest rates for financial assets and financial liabilities at the

end of the reporting period.

For floating rate assets and liabilities, the analysis was prepared assuming the amount of each asset and liability outstanding at the end of the year was outstanding for the whole year.

If interest rates had been 0.25% higher/lower and all other variables were held constant, the Company's pre-tax profit (loss) for the years ended December 31, 2023 and 2022 would have increased/decreased by 644 thousand and decreased/increased 28 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. At the end of the reporting period, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure of counterparties to discharge an obligation could arise from the carrying amount of the respective recognized financial assets as stated in the parent company only balance sheets.

In addition, the Company reviews the recoverable amount of each individual trade receivables at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. Accordingly, the Company's management believes that the credit risk were significantly reduced.

The Company's concentration of credit risk of total trade receivables was attributable to the Company's major customer. The following information shows the individual customers each of which represents more than 10% of the ending balance of the trade receivable at the end of fiscal years ended December 31, 2023 and 2022.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Client A	\$ 3,221	N/A(Note)
Client B	725	\$ 9,599
Client C	N/A(Note)	7,160

Note: The amount of individual client does not exceed 10% of the account balance

3) Liquidity risk

Cash flow forecasts are executed by individual operating department within the Company and summarized by the finance department. The Company's

financial department is responsible for monitoring the forecast of the Company's liquidity needs, ensuring that it has sufficient funds to meet operational needs, and maintaining sufficient unused bank financing lines at all times so that the Company will not violate relevant borrowing limits or terms. As of December 31, 2023 and 2022, the Company's unused bank financing lines were zero and 108,083 thousand respectively.

The analysis of the remaining contractual maturities of non-derivative financial liabilities has been prepared based on the undiscounted cash flows (including principal and estimated interest) of the financial liabilities based on the earliest possible date on which the Company could be required to make repayment. Therefore, bank loans that the Company may be required to repay immediately are shown in the earliest period of the below table, without regard to the probability that the bank will enforce the right immediately; the maturity analysis of other non-derivative financial liabilities is prepared based on the contractual repayment dates.

December 31, 2023

	Less than 1 Year	1-2 Years	2-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>					
Notes payable	\$ 542	\$ -	\$ -	\$ -	\$ 542
Accounts payable	714	-	-	-	714
Other payables	9,686	-	-	-	9,686
Lease liabilities	<u>1,559</u>	<u>1,422</u>	<u>4,266</u>	<u>16,663</u>	<u>23,910</u>
	<u>\$ 12,501</u>	<u>\$ 1,422</u>	<u>\$ 4,266</u>	<u>\$ 16,663</u>	<u>\$ 34,852</u>

December 31, 2022

	Less than 1 Year	1-2 Years	2-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>					
Notes payable	\$ 5,305	\$ -	\$ -	\$ -	\$ 5,305
Accounts payable	5,709	-	-	-	5,709
Other payables	4,178	-	-	-	4,178
Lease liabilities	6,704	1,337	3,600	15,310	26,951
Short-term borrowings	207,371	-	-	-	207,371
Long-term borrowings (including current portion)	<u>2,053</u>	<u>2,740</u>	<u>6,408</u>	<u>787</u>	<u>11,988</u>
	<u>\$ 231,320</u>	<u>\$ 4,077</u>	<u>\$ 10,008</u>	<u>\$ 16,097</u>	<u>\$ 261,502</u>

The amounts included above for variable interest rate instruments under non-derivative financial liabilities are subject to change if changes in variable interest rates differ from the interest rates estimated at the end of the reporting period.

7. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties were disclosed as follows:

J. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Fu Tai Textile Co., Ltd.	Subsidiary
Teng Hsiung Yang (Note 1)	Key executives (The term ends on February 28, 2024)
Kuo Hua Yang (Note 2)	Key executives (The term ends on February 28, 2024)
Tzu Lung He	Key executives
Chein Feng Yang	Key executives
Teng Lin Yang	Related party in substance
Hao Wei Yang	Related party in substance
Chia Wei Yang	Related party in substance
Win Yang Co., Ltd.	Related party in substance

- 1) The company re-elected directors at the extraordinary shareholders' meeting on February 29, 2024. After the re-election, Teng Hsiung Yang is no longer the chairman and general manager of the company.
- 2) The company re-elected directors at the extraordinary shareholders' meeting on February 29, 2024. After the re-election, Kuo Hua Yang is no longer a director of the company.

K. Operating revenue

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>For the year ended December 31, 2023</u>	<u>For the year ended December 31, 2022</u>
Sales of goods	Fu Tai Textile Co., Ltd.	\$ 220	\$ 39
	Key executives	-	6
		<u>\$ 220</u>	<u>\$ 45</u>

The above-mentioned sales are handled according to the general sales conditions (market prices). The payment terms for sales to subsidiary is flexibly adjusted taking into account the use of funds by related companies. Generally, non-related parties agree that the payment conditions are 35 to 75 days after the monthly settlement. The sales terms between the Company and its related parties were not significantly different as those between the Company and non-related parties.

L. Purchases

<u>Related Party Category/Name</u>	<u>For the year ended December 31, 2023</u>	<u>For the year ended December 31, 2022</u>
Fu Tai Textile Co., Ltd.	<u>\$ 1,660</u>	<u>\$ -</u>

The above-mentioned purchase is handled according to the general purchase terms

(market price). The payment terms for purchasing goods from related parties are flexibly adjusted taking into account the use of funds by the related enterprise. Generally, the payment terms agreed upon by non-related parties is between 1 and 3 months.

M. Manufacturing expenses – outsourcing fee

Related Party Category/Name	For the year ended December 31, 2023	For the year ended December 31, 2022
Fu Tai Textile Co., Ltd.	<u>\$ 10,139</u>	<u>\$ 38,801</u>

N. Trade receivables from related parties

Line Item	Related Party Category/Name	December 31, 2023	December 31, 2022
Notes receivable	Fu Tai Textile Co., Ltd.	<u>\$ -</u>	<u>\$ 677</u>
Other receivables	Fu Tai Textile Co., Ltd.	<u>\$ 200</u>	<u>\$ 1,296</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2023 and 2022, no impairment losses were recognized for trade receivables from related parties.

O. Trade payables to related parties

Line Item	Related Party Category/Name	December 31, 2023	December 31, 2022
Notes payable	Fu Tai Textile Co., Ltd.	<u>\$ -</u>	<u>\$ 4,246</u>
Accounts payable	Fu Tai Textile Co., Ltd.	<u>\$ 188</u>	<u>\$ 3,454</u>
Other payables	Fu Tai Textile Co., Ltd.	\$ -	\$ 1
	Key executives	630	140
	Related party in substance	<u>270</u>	<u>130</u>
		<u>\$ 900</u>	<u>\$ 271</u>

The Company sold raw materials to Fu Tai Textile Co., Ltd., and then purchased finished goods from the company to sell to customers. As the processing is without imported materials, the related sales and cost are expressed at a net amount. In addition, after offsetting the relevant accounts receivable and payable, collection and payment will be made based on its capital status.

The outstanding trade payables to related parties are unsecured.

P. Acquisition of property, plant and equipment

<u>Related Party Category/Name</u>	<u>Purchase Price</u>	
	<u>For the year ended December 31, 2023</u>	<u>For the year ended December 31, 2022</u>
Fu Tai Textile Co., Ltd.	<u>\$ 103</u>	<u>\$ -</u>

Q. Disposal of property, plant and equipment

<u>Related Party Category/Name</u>	<u>Proceeds</u>		<u>Gain (Loss) on Disposal</u>	
	<u>For the year ended December 31, 2023</u>	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2023</u>	<u>For the year ended December 31, 2022</u>
Fu Tai Textile Co., Ltd.	<u>\$ -</u>	<u>\$ 5,562</u>	<u>\$ -</u>	<u>\$ -</u>

R. Other assets

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Prepayments	Fu Tai Textile Co., Ltd.	\$ -	\$ 16
	Key executives	<u>23</u>	<u>22</u>
		<u>\$ 23</u>	<u>\$ 38</u>

S. Lease arrangements

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>For the year ended December 31, 2023</u>	<u>For the year ended December 31, 2022</u>
Operating expenses	Related party in substance	<u>\$ 57</u>	<u>\$ -</u>

The Company leased a building as a warehouse from a related party in substance in April 2023, with a lease period of one year. The rent is agreed upon by both parties and is calculated based on the number of square meters used and is a fixed monthly payment. The Company terminated the aforementioned lease agreement in advance in December 2023.

T. Other transactions with related parties

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>For the year ended December 31, 2023</u>	<u>For the year ended December 31, 2022</u>
Other income	Fu Tai Textile Co., Ltd.	<u>\$ 3,068</u>	<u>\$ 3,924</u>
Operating expenses	Related party in substance	\$ 1,798	\$ 1,560
	Fu Tai Textile Co., Ltd.	<u>-</u>	<u>2</u>
		<u>\$ 1,798</u>	<u>\$ 1,562</u>

U. Endorsements and guarantees

Related Party Category/Name	December 31, 2023	December 31, 2022
Key management personnel		
Amount endorsed	\$ <u> -</u>	\$ <u>332,000</u>
Amount utilized (reported as secured borrowings)	\$ <u> -</u>	\$ <u>219,359</u>

V. Remuneration of key management personnel

Related Party Category/Name	For the year ended December 31, 2023	For the year ended December 31, 2022
Short-term employee benefits	\$ <u>8,606</u>	\$ <u>6,161</u>

The remuneration of directors and key executives, as determined based on the performance of individuals and market trends.

8. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The Company's assets pledged as collateral for borrowings were as follows:

	December 31, 2023	December 31, 2022
Financial assets at amortized cost	\$ -	\$ 223,568
Property, plant and equipment	-	49,264
Investment properties	-	146,040
	<u>\$ -</u>	<u>\$ 418,872</u>

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Company at December 31, 2023 and 2022 were as follows:

- E. As of December 31, 2022, the amount of the notes used for refundable deposits issued for borrowings were 99,000 thousand.
- F. As of December 31, 2022, unused letters of credit for purchases of raw materials amounted to approximately 4,558 thousand.
- G. As of December 31, 2022, the Company entered into a contract with others for a total contract price were 7 thousand.

- H. The Company has signed a power purchase contract with Taiwan Power Company. The contract will be terminated on the day of 20 years from the day when the generator sets are connected in parallel for the first time. Except for the sale of electricity to the Taiwan Power Company in bulk according to the regulations, The Company shall not privately sell the electricity generated by its renewable energy system to others.

10. SIGNIFICANT LOSSES FROM DISASTERS: NONE

11. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In addition to those disclosed in other notes, significant event after the reporting period were as follows:

- D. The Company implemented a private placement of ordinary shares for cash capital increase on December 27, 2023. Zhao Tian International Investment Co., Ltd. and Hsuan Feng International Investment Co. Ltd. had subscribed for 16,900 thousand ordinary shares and 5,100 thousand ordinary shares, respectively, shareholding ratios were 24.86% and 7.50% respectively.
- E. Hui Tian Xia Investment Corp. acquired 3,762 thousand ordinary shares of the Company in 2024. As of February 29, 2024 (book closure date at the extraordinary shareholders' meeting), the shareholding ratio was 5.53%.
- F. In response to future operating plans, the Company held an extraordinary meeting of shareholders on February 29, 2024 to re-elect directors in advance. After the re-election, all directors have changed, causing the previous management to lose control of the Company. The Company has been announced in accordance with the regulations of the competent authority. For declaration-related information, as of the date of approval and release of the parent Company only financial report, there has been no change in the company's main business scope. Information on the changes in managerial control and material changes in the scope of business is available at the Market Observation Post System website of the Taiwan Stock Exchange.

12. SEPARATELY DISCLOSED ITEMS

- E. Information on significant transactions:
- a) Financing provided to others: None.
 - b) Endorsements/guarantees provided: None.
 - c) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Table 1.
 - d) Marketable securities acquired or disposed of at costs or prices of at least 300

million or 20% of the paid-in capital: None.

- e) Acquisition of individual real estate at costs of at least 300 million or 20% of the paid-in capital: None.
- f) Disposal of individual real estate at prices of at least 300 million or 20% of the paid-in capital: None.
- g) Total purchases from or sales to related parties amounting to at least 100 million or 20% of the paid-in capital: None.
- h) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- i) Trading in derivative instruments: None.

F. Information on investees: Table 2.

G. Information on investments in mainland China: None.

H. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 3.

13. SEGMENT INFORMATION

The Company has provided the operating segments disclosure in the consolidated financial statements.

Table 1

FU TA MATERIAL TECHNOLOGY CO., LTD.
MARKETABLE SECURITIES HELD
DECEMBER 31, 2023

**In Thousands of New Taiwan Dollars,
Unless Specified Otherwise**

Holding Company Name	Type and Name of Marketable Securities	Relationship with Issuer of Securities	Financial Statement Account	December 31, 2023				Note
				Number of Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Fu Ta Material Technology Co., Ltd.	<u>Stock</u> Formosa Spinning Co., Ltd.	-	Financial assets at FVTPL – non-current	3,629	\$ -	17.13	\$ -	a

a) The original investment cost 36,455 thousand of Formosa Spinning Co., Ltd. has been fully recognized as a fair value loss.

Table 2

FU TA MATERIAL TECHNOLOGY CO., LTD.
INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2023

**In Thousands of New Taiwan Dollars,
Unless Specified Otherwise**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balances as of December 31, 2023			Net Loss of the Investee	Share of Loss of Investee	Note
				December 31, 2023	December 31, 2022	Number of Shares (In thousands)	Ownership Interest %	Carrying Amount			
Fu Ta Material Technology Co., Ltd.	Fu Tai Textile Co., Ltd.	Taiwan	Production and sales of various types of cotton yarn and blended yarn	\$ 70,000	\$ 70,000	7,000	100%	(\$ 85,872)	(\$ 2,381)	(\$ 80,900)	Subsidiary

Table 3

FU TA MATERIAL TECHNOLOGY CO., LTD.
INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Zhao Tian International Investment Co., Ltd.	16,900,000	24.86
Hsuan Feng International Investment Co. Ltd.	5,100,000	7.50
Ching Tsung Yang (Note)	2,403,000	5.22

Note : The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the parent company only financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

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Statement of inventories	3
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Statement of changes in accumulated depreciation of property, plant and equipment	Note 6(H)
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Statement of changes in right-of-use assets	5
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Statement 1

FU TA MATERIAL TECHNOLOGY CO., LTD.

STATEMENT OF NOTES RECEIVABLE

DECEMBER 31, 2023

In Thousands of New Taiwan Dollars

<u>Client Name</u>	<u>Amount</u>
Non-related parties	
GRANDEUR	\$ 3,221
Yong Yang Green Energy Co., Ltd.	<u>315</u>
	3,536
Less: Allowance for impairment loss	<u>-</u>
	<u>3,536</u>
Total	<u>\$ 3,536</u>

Statement 2

**FU TA MATERIAL TECHNOLOGY CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2023**

In Thousands of New Taiwan Dollars

<u>Client Name</u>	<u>Amount</u>
Non-related parties	
Der Tai Textile Co., Ltd.	\$ 725
Taiwan Power Company	<u>374</u>
	1,099
Less: Allowance for impairment loss	<u>-</u>
Total	<u>\$ 1,099</u>

Statement 3

FU TA MATERIAL TECHNOLOGY CO., LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2023

In Thousands of New Taiwan Dollars

<u>Item</u>	<u>Amount</u>	
	<u>Cost</u>	<u>Net Realizable Value (Note)</u>
Merchandise	\$ 560	\$ 726

Finished goods	<u>957</u>	<u>1,097</u>
Total	<u>\$ 1,517</u>	<u>\$ 1,823</u>

Note: Net realizable value represents the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.

FU TA MATERIAL TECHNOLOGY CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023

In Thousands of New Taiwan Dollars,
Unless Specified Otherwise

Investees	Par Value Per Share	Balance, January 1, 2023		Decrease / Increase in Investment		Share of Loss of Subsidiary	Balance, December 31, 2023			Net Assets Value	Collateral or Pledge
		Number of Shares (In thousands)	Amount	Number of Shares (In thousands)	Amount		Number of Shares (In thousands)	Ownership Interest %	Amount		
Fu Tai Textile Co., Ltd.	\$ 10	7,000	(\$ 4,972)	-	\$ _____-	(\$ 80,900)	7,000	100	(\$ 85,872)	\$ 27,181	None
Add : Credit balance on the carrying amounts of investments accounted for using the equity method and reclassified to other liabilities				4,972					85,872		
Total				\$ _____-					\$ _____-		

FU TA MATERIAL TECHNOLOGY CO., LTD.
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

In Thousands of New Taiwan Dollars

Item	Balance at January 1, 2023	Additions	Deductions	Balance at December 31, 2023	Note
Cost					
Land	\$ 36,748	\$ 3,682	\$ -	\$ 40,430	None
Buildings	<u>9,383</u>	<u>-</u>	<u>-</u>	<u>9,383</u>	None
	<u>46,131</u>	<u>\$ 3,682</u>	<u>\$ -</u>	<u>49,813</u>	
Accumulated depreciation					
Land	(4,512)	(\$ 2,047)	\$ -	(6,559)	
Buildings	<u>(3,409)</u>	<u>(1,056)</u>	<u>-</u>	<u>(4,465)</u>	
	<u>(7,921)</u>	<u>(\$ 3,103)</u>	<u>\$ -</u>	<u>(11,024)</u>	
	<u>\$ 38,210</u>			<u>\$ 38,789</u>	

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2023

In Thousands of New Taiwan Dollars

Item	Lease Period	Discount Rates (%)	Balance at December 31, 2023	Note
Land	2020/08/01-2040/07/31	1.450-2.000	\$ 15,532	None
Buildings	2019/03/01-2041/05/13	1.340-2.000	<u>5,001</u> 20,533	None
Less: Current portion			(<u>1,188</u>)	
Total			<u>\$ 19,345</u>	

Statement 7

FU TA MATERIAL TECHNOLOGY CO., LTD.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023

**In Thousands of New Taiwan Dollars,
Unless Specified Otherwise**

Item	Quantity (In Thousand Units)	Amount
Sale of goods		
Textile	129 Kilograms	\$ 5,569
Fabric	5,199 Yards	54,222
Personal protective equipment	11 Pieces	3,323
Electronic Materials	-	<u>2</u>
		63,116
Sale of electricity		<u>5,782</u>
Total		<u>\$ 68,898</u>

Statement 8

FU TA MATERIAL TECHNOLOGY CO., LTD.

**STATEMENT OF OPERATING COST
FOR THE YEAR ENDED DECEMBER 31, 2023**

In Thousands of New Taiwan Dollars

Item	Amount
Merchandise	
Balance, beginning of year	\$ 7,142
Additions: merchandise purchased	9,328
Additions: adjustment	1,863
Deductions: merchandise, end of year	(560)
Deductions: transferred to manufacturing or expenses	(<u>2,132</u>)
	15,641
Raw materials used	
Balance, beginning of year	-
Additions: raw material purchased	15,051
Deductions: raw materials, end of year	-
Deductions: adjustment	(<u>1,784</u>)
	13,267
Manufacturing expenses	<u>12,739</u>
Manufacturing cost	26,006
Additions: work in progress - outsourcing, beginning of year	9,644
Deductions: work in progress - outsourcing, end of year	-
Deductions: adjustment	(<u>92</u>)
Cost of finished goods	35,558
Additions: finished goods, beginning of year	21,603
Deductions: finished goods, end of year	(960)
Deductions: adjustment	(<u>1</u>)
	56,200
Others	959
Write-down (reversal of write-down) of inventories	(<u>8,252</u>)
Cost of goods sold, merchandise and finished goods	<u>64,548</u>
Cost of electricity by solar	<u>6,560</u>
Cost of goods sold	<u>\$ 71,108</u>

Statement 9

**FU TA MATERIAL TECHNOLOGY CO., LTD.
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023**

In Thousands of New Taiwan Dollars

<u>Item</u>	<u>Selling and Marketing Expenses</u>	<u>General and Administrative Expenses</u>	<u>Total</u>
Payroll (including remuneration of directors)	\$ 2,039	\$ 12,391	\$ 14,430
Depreciation expense	-	3,220	3,220
Professional service fees	-	2,320	2,320
Miscellaneous expense	119	2,172	2,291
Donation expense	-	1,947	1,947
Consulting fee	-	1,682	1,682
Commission expense	358	-	358
Export fee	289	-	289
Pension	237	314	551
Insurance expense	183	829	1,012
Others (Note)	<u>316</u>	<u>2,281</u>	<u>2,597</u>
Total	<u>\$ 3,541</u>	<u>\$ 27,156</u>	<u>\$ 30,697</u>

Note: The balance amount of each item does not exceed 5% of the respective account balance.

Statement 10

**FU TA MATERIAL TECHNOLOGY CO., LTD.
STATEMENT OF EMPLOYEE BENEFIT, DEPRECIATION AND AMORTIZATION
BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

In Thousands of New Taiwan Dollars

	Year Ended December 31, 2023			Year Ended December 31, 2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit						
Salaries and bonus	\$ 2,714	\$ 11,485	\$ 14,199	\$ 1,618	\$ 8,687	\$ 10,305
Labor and health insurance	208	756	964	209	774	983
Pension	87	551	638	95	411	506
Remuneration of directors	-	2,945	2,945	-	1,923	1,923
Others	24	317	341	32	431	463
	<u>\$ 3,033</u>	<u>\$ 16,054</u>	<u>\$ 19,087</u>	<u>\$ 1,954</u>	<u>\$ 12,226</u>	<u>\$ 14,180</u>
Depreciation expense	<u>\$ 4,566</u>	<u>\$ 3,220</u>	<u>\$ 7,786</u>	<u>\$ 4,523</u>	<u>\$ 3,075</u>	<u>\$ 7,598</u>

Note 1: The average number of employees of the Company were 23 and 25, respectively, of which include 8 board of directors, not serving concurrently as employees, for the years ended 2023 and 2022.

Note 2: The average employee benefit expenses were 1,076 thousand and 721 thousand for the years ended December 31, 2023 and 2022

Note 3: The average salaries and bonuses were 947 thousand and 606 thousand for the years ended December 31, 2023 and 2022

Note 4: The average change in salaries and bonuses was 56.27%.

Note 5: The Company did not have supervisor, therefore, there was no remuneration to supervisors.

Note 6: The Company's employee salary, bonus and remuneration policy is committed to providing employees with salary and benefits that are at the average level in the industry. Employee remuneration includes monthly salary and remuneration paid by the Company based on annual profits. The Company determines the total amount of remuneration based on the Company's operating results and with reference to the payment level of the domestic industry. The amount and distribution method are recommended by the remuneration committee for approval by the board of directors; the amount allocated to each employee is determined based on the position, contribution, and performance.

The Company has one general manager and several managers, and their remuneration is handled in accordance with Company's Articles of Incorporation No.29. If the Company makes a profit during the year, 5% should be allocated as employee compensation. However, if the Company still has accumulated losses, it should first reserve the amount to make up for it. The objects to which the Company distributes employee remuneration include employees of controlling or subordinate Companies that are eligible for two-way payment by group companies. According to the Company's articles of association: the remuneration of the chairman and directors is authorized to be determined by the board of directors based on the extent of their participation in the Company's operations and the value of their contribution, taking into account the usual standards of the industry.