Stock Code: 1470

2023

Annual Report

Annual report inquiry URL:

http://mops.twse.com.tw

http://www.evertex.tw

May 24, 2024

1. The name, title, telephone number, and e-mail address of the spokesman:

   Name: Shian-Jung Hung
   Title: Vice President
   Tel: (03)322-2241
   e-mail:alan.hung@evertex.tw

   The name, title, telephone number, and e-mail address of the acting spokesman:
   Name: Chao-Nan Hsu
   Title: Assistant Manager of Finance and Accounting Department
   Tel: (03)322-2241
   e-mail:nick.hsu@evertex.tw

2. The address and telephone number of the Company's headquarter, and factory:

   Address of Headquarter: 4F, No. 64, Tacheng St., Datong Dist., Taipei City 103605
   Tel: (02)2550-3266
   Address of Factory: No. 9, Rong'an Rd., Luzhu Dist., Taoyuan City 33852
   Tel: (03)322-2241

3. The name, address, e-mail address, and telephone number of the Stock Transfer Agency:

   Name: Fubon Securities
   Address: 2F, No. 17, Xuchang St., Zhongzheng Dist., Taipei City 100008
   Website: www.fbs.com.tw
   Tel: (02)2361-1300

4. Name, firm name, address, website and telephone number of the CPAs for the most recent financial report:

   CPAs: Keng-Shi Chang and Chung-Chen Chen
   Accounting Firm: Deloitte Taiwan
   Address: 20F, No. 100, Songren Rd., Xinyi Dist., Taipei City 11073
   Website: www.deloitte.com.tw
   Tel: 02)2725-9988

5. Name of the trading place where overseas securities are listed for trading, and inquiry method of the information of overseas securities: NA

6. Website of the Company: http://www.evertex.tw

Notice to readers

This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the Englishversion and Chinese version, the Chinese version shall prevail.

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I. Report to Shareholders

Ladies and Gentlemen:

I. Preface

The Company has been in operation for more than 30 years. We have been upholding the philosophy of sustainability to face the challenges from external competition and to define our own market position. We have gradually transformed from an OEM dyeing and finishing company to a diversified and high value-added supplier in functional knitted fabrics for sportswear. We will continue to introduce high automated, energy-saving and carbon-reducing equipment in response to future consumer demand and competition in the industry, implement more eco-friendly process standards and smarter management, and gather a team that is willing to keep up with the changes and to face future challenges together through innovations and R&D.

II. 2023 Business Report

The Company’s revenue from dyeing and finishing OEM was NT$143,426 thousand, accounting for 22% of the Company’s total revenue; revenue from fabric sales was NT$500,407 thousand, accounting for 76% of the Company’s total revenue; and revenue from electricity sales was NT$11,388 thousand, accounting for 2% of the Company’s total revenue. The Company’s total net operating revenue for 2023 was NT$655,221 thousand, decreased by NT$189,931 thousand, or 22.5%, as compared to the same period last year.

Operating income for 2023 was NT$34,444 thousand, an decrease of NT$33,933 thousand as compared to 2022; net income for 2023 was NT$49,346 thousand, an increase of NT$16,503 thousand as compared to 2022; and earnings per share after tax for 2023 was NT$0.58.

III. 2022 Budget Implementation Status

The Company did not prepare the 2022 financial budget, so this is not applicable.

IV. Analysis of Receipts and Expenditures

Unit: NT$ thousand

Item \ Year	2023	2022
Operating income	655,221	845,152
Operating cost	525,403	670,834
Operating margin	129,818	174,318
Operating expenses	96,468	105,941
Other income and expense	1,094	0
Net Operating income	34,444	68,377
Non-operating income and expenditure	22,734	(18,376)
Net profit before tax	57,178	50,001
Income tax expense	(7,832)	(17,158)
Net profit after tax for the current period	49,346	32,843
Basic earnings per share (NT$) (after tax)	0.58	0.38

V. Profitability Analysis

Item \ Year		2023	2022
Return on assets (%)		4.37	2.77
Return on shareholders’ equity (%)		5.04	3.32
Percentage of paid-in capital (%)	Operating profit	4.02	7.97
	Net profit before tax	6.67	5.83
Net Margin (%)		7.53	3.89
Earnings per share (NT$)			0.38

VI. R&D Status

Our research and development include weaving, dyeing, finishing and coating, etc. In addition to enhancing the quality and scope of application for our dyeing and finishing processes to meet the changing requirements from our customers, we also develop various kinds of high functional fabrics for outdoor sportswear to effectively enhance the wear comfort and to meet the diversification of the textile demands in modern society.

VII. Future Business Plan

(I) Business policy and production and marketing policy

1. We continue to improve our manufacturing process and quality control equipment to ensure stable quality with hardware upgrades.
2. We will continue to enhance the R&D capabilities and improve the overall operational performance by developing new processes and products.
3. Develop more business opportunities with international brand customers.
4. In addition to upgrading more energy-efficient machines and building standard laboratories, the following improvements have been made to enhance our competitiveness:
   ① Continue to purchase after-finishing processing equipment to enhance product diversification.
   ② Continue to replace with eco-friendly equipment to protect the environment.
   ③ Introduce into textile intelligent inspection system, it can reduce inspection time, labor costs significantly, and shorten the lead time.
   ④ Continue to develop products with low carbon footprints and strengthen business relationships with new cooperative brands.
5. We continue to plan for the succession of officers in each unit to train outstanding employees and ensure that there is no shortage of talent in the Company.

(II) Production Plan

1. We continue to establish a work order process and a standardized database for process conditions to ensure consistent product quality with standardized data production.
2. We analyze and track abnormalities by project management to prevent the same abnormality from happening in the future.
3. Increase the turnover ratio in each processing stage to accelerate the supply capacity, shorten the delivery time, and improve the quality of customer service.
4. We discuss with dyeing auxiliaries and equipment suppliers to break through production bottlenecks, improve dyeing reproducibility and reduce deficiencies.
5. Continue to purchase polyester recycled yarn to develop recycled polyester fiber fabrics, and require suppliers to provide RCS or GRS certification to ensure the traceability and sustainability of the yarn; approximately 157 metric tons of recycled polyester will be collected in 2023, accounting for the total procurement volume 17%.

(III) The effect of external competition, the legal environment, and the overall business environment:

1. Effect of external competition

   Given that the textile industry is becoming extremely competitive, the Company has been optimizing its production processes, developing new products and improving the quality of its marketing services in order to establish product differentiation, while at the same time strengthening its foundation through product restructuring, replacing old equipment and improving the quality of its human resources in order to differentiate itself from its competitors.

2. Effect of legal environment

   (1) The Company's operating costs will definitely continue to rise due to the rising awareness of environmental protection and related regulations in these days. At present, we have passed the Swiss bluesign® standard, the highest environmental protection standard for textile products, and we produce products that meet this standard. The greenhouse gas emission standards have been adjusted downward year by year due to the global warming, there will levy carbon fee in the future. In

recent years, we have been adding or replacing various eco-friendly equipment and improving the process to ensure that we can achieve the goal of energy saving and carbon reduction while meeting the requirements of environmental regulations.

(2) The basic wage increase and the amendment of labor laws significantly increase the operating cost of the Company, but the Company still fully complies with the laws and regulations by appropriately adjusting the employees’ working hours, not only to maintain the production capacity in the production line, but also to take care of the employees’ life quality.

(3) In order to continue to deepen corporate governance, the competent authorities promote "Corporate Governance 3.0-Sustainable Development Blueprint". The Company also actively cooperates and continues to improve the strengthening of the functions of the Board of Directors, the improvement of information transparency, and effective communication with stakeholders, in order to achieve Promote sustainable development of enterprises.

3. Effect of overall business environment

After experiencing stagnant inflation in 2023, the market expects the economy to slowly pick up in 2024. However, there are still confrontations between the United States and China, wars and conflicts, net-zero carbon emissions, etc., which are all causing persistent inflation and are also key factors affecting economic recovery. Facing such a volatile and complex external environment, our company not only attaches great importance to execution, but also has the ability to adapt to changes in elasticity, and we still insist on our business beliefs to keep up with the latest development, innovation, environmental protection and sustainability, to provide a better working environment for our employees and to be a high-quality company that investors and consumers can trust.

Best wishes to all our shareholders

Stay healthy and all the best!

EVERTEX FABRINOLOGY LTD

Chairman Chung-Fa Yeh

President Anthony Poliang Yeh

Accounting Supervisor Chao-Nan Hsu

II. Company Profile

I. Date of Establishment: December 9, 1986

II. Company History:

(I) The Company was established in December, 1986 by the textile dyeing and finishing professionals, Mr. Chung-Fa Yeh, Mr. Chin-Chih Hsu, Mr. Cheng-Chin Lien, and Mr. A-Lin Su, with a registered capital of NT$160,000,000 and a paid-in capital of NT$56,000, and the Company purchased land and built a factory in Lu-Chu District, Taoyuan City.

(II) In March 1987, the Company increased its capital by NT$56,000,000 in cash, resulting in a paid-in capital of NT$112,000,000.

(III) In May 1987, the Company increased its capital by NT$48,000,000 in cash, resulting in a paid-in capital of NT$160,000,000.

(IV) In March 1988, the Company successfully built the factory and completed the trial run, and officially started the operation in April; at the same time, the Company also increased its capital by NT $37,600,000 in cash, completed the capital increase registration in May in the same year, and the paid-in capital was NT$197,600,000.

(V) In April 1991, the Company made a capitalization of retained earnings of NT$39,520,000 and a cash capital increase of NT$116,365,000, and filed an initial public offering in December of the same year, resulting in a paid-in capital of NT$353,485,000.

(VI) In April 1992, the Company made a capitalization of retained earnings of NT$53,022,750 and a capitalization of capital reserves of NT$19,492,250, and completed the registration of capital increase in June of the same year, resulting in a paid-in capital of NT$426,000,000.

(VII) In May of 1993, the Company made a capitalization of retained earnings of NT$25,560,000 and a capitalization of capital reserves of NT$8,440,000, and completed the registration of capital increase in July of the same year, resulting in a paid-in capital of NT$460,000,000.

(VIII) In April 1994, the Company's directors and supervisors were re-elected upon the expiration of the terms of office, and nine directors and three supervisors, including Mr. Chung-Fa Yeh and Mr. Sou-Tsun Yeh, were elected as directors and supervisors, respectively; at the same time, the Company increased its capital by $36,800,000 from its retained earnings and completed the capital increase registration in July of the same year; therefore, the total paid-in capital was NT $496,800,000.

(IX) In April 1995, Mr. Fulin Yeh, the supervisor of the Company, resigned and was replaced by Mr. Ching-Tse Yeh. The Company also increased its capital by NT $37,200,000 from its retained earnings and completed the registration of the capital increase in August of the same year, resulting in a paid-in capital of NT $534,000,000.

(X) In May 1996, the Company was certified with ISO 9002 international quality management system by SGS. In September, the Company established a Trade Business Division to sell finished fabrics, so that the Company was able to expand its business scope from contract dyeing and finishing to selling fabrics.

(XI) In May 1997, the Company's directors and supervisors were re-elected upon the expiration of the terms of office, and five directors and two supervisors, including Mr. Chung-Fa Yeh and Mr. Sou-Tsun Yeh, were elected as directors and supervisors, respectively; at the same time, the Company increased its capital by NT $66,000,000 from its retained earnings and completed the capital increase registration in July of the same year; therefore, the total paid-in capital was NT $600,000,000.

(XII) In September 1997, a warp knitting factory was established to provide knitted fabric weaving services, allowing the Company to operate in the textile weaving, dyeing and finishing, and marketing sectors.

(XIII) In April 1998, we added a supervisor position, Mr. Hsien-Chung Lien was elected.

(XIV) In June 1998, the Company was certified with ISO 14001 international environmental management system by SGS.

(XV) In August of 1998, the Company made a capitalization of retained earnings of NT$60,000,000 and a capitalization of capital reserves of NT$30,000,000, and completed the registration of capital increase in October of the same year, resulting in a paid-in capital of NT$690,000,000.

(XVI) In February 1999, the Company was approved by the Securities and Futures Institute and was officially listed on the TWSE in May.

(XVII) In May 1999, the Company re-elected its directors and supervisors. Seven directors, including Mr. Chung-Fa Yeh, and three supervisors, including Mr. Sou-Tsun Yeh, were elected as directors and supervisors, respectively; the Company increased its capital by NT $89,700,000 from its retained earnings in May and completed the capital increase registration in July; therefore, the total paid-in capital of the Company was NT $779,700,000.

(XVIII) In June 2000, the Company increased its capital by $77,970,000 from its retained earnings, and completed the capital registration in July of the same year, with the total paid-in capital of NT $857,670,000.

(XXIV) In June 2002, the Company re-elected its directors and supervisors. Seven directors, including Mr. Chung-Fa Yeh, and three supervisors, including Mr. Sou-Tsun Yeh, were elected as directors and supervisors, respectively.

(XX) In April 2004, Mr. Chin-Chi Hsu, resigned from the Board of Directors due to his busy business schedule. In June 2014, the shareholders' meeting elected Mr. Rung-Shin Shu as a director.

(XXI) In June 2005, the Company re-elected its directors and supervisors. Seven directors, including Mr. Chung-Fa Yeh, and three supervisors, including Mr. Sou-Tsun Yeh, were elected as directors and supervisors, respectively.

(XXII) In May 2007, the Company was certified with the Oeko-Tex Standard 100 International Association for Research and Testing in the Field of Textile and Leather Ecology.

(XXIII) In June 2008, the Company re-elected its directors and supervisors. Seven directors, including Mr. Chung-Fa Yeh, and three supervisors, including Mr. Sou-Tsun Yeh, were elected as directors and supervisors, respectively.

(XXIV) In January 2010, the Company was certified with ISO 9001:2008 international quality management system by BellCERT International Inspection and Certification Group in France.

(XXV) In June 2011, the Company re-elected its directors and supervisors. Seven directors, including Mr. Chung-Fa Yeh, and three supervisors, including Mr. Sou-Tsun Yeh, were elected as directors and supervisors, respectively.

(XXVI) In December 2011, the Company established the Compensation Committee and elected Hsien-Yi Wu and other two persons as members of the Compensation Committee.

(XXVII) In June 2014, the Company re-elected its directors and supervisors. Seven directors, including Mr. Chung-Fa Yeh, and three supervisors, including Mr. Sou-Tsun Yeh, were elected as directors and supervisors, respectively.

(XXVIII) In December 2014, the Company was certified by bluesign® , an international environmental certification body in Switzerland.

(XXIV) The Company was certified with ISO-14064 for GHG inventory in May 2015.

(XXX) The Company reelected its directors and supervisors in June 2017. Seven directors, including Mr. Chung-Fa Yeh, and three supervisors, including Mr. Sou-Tsun Yeh, were elected as directors and supervisors respectively, and two independent directors were also elected

(XXXI) The Company invested NT $36,000,000 in July 2017 to establish a subsidiary, Tong Fa Green Energy Corp. to provide solar power generation, electricity sales and professional consultation services.

(XXXII) In December 2017, the Company was certified with the RWS (Responsible Wool Standard) and ISO:9001 2015 quality management system.

(XXXIII) In March 2018, a grand opening ceremony was held for the solar energy demonstration and promotion center of Tong Fa Green Energy Corp.

(XXXIV) In May 2018, the subsidiary Tong Fa Green Energy Corp. increased its capital by NT $10,000,000 in cash, resulting in a paid-in capital of $46,000,000.

(XXXV) In July 2018, the Company changed its name to EVERTEX FABRINOLOGY LTD.

(XXXVI) In July 2018, the fourth solar power plant of Tong Fa Green Energy Corp., the subsidiary of the Company started the operation.

(XXXVII) In August 2019, the Company was certified with the Recycling Claim Standard (RCS).

(XXXVIII) In June 2020, the Company re-elected its directors. Eight directors, including Mr. Chung-Fa Yeh, and three independent directors, including Mr. Fu-Nan Chou, were elected.

(XXXIX) The Company established an Audit Committee in June 2020 with three members, including Mr. Fu-Nan Chou, an independent director of the Board.

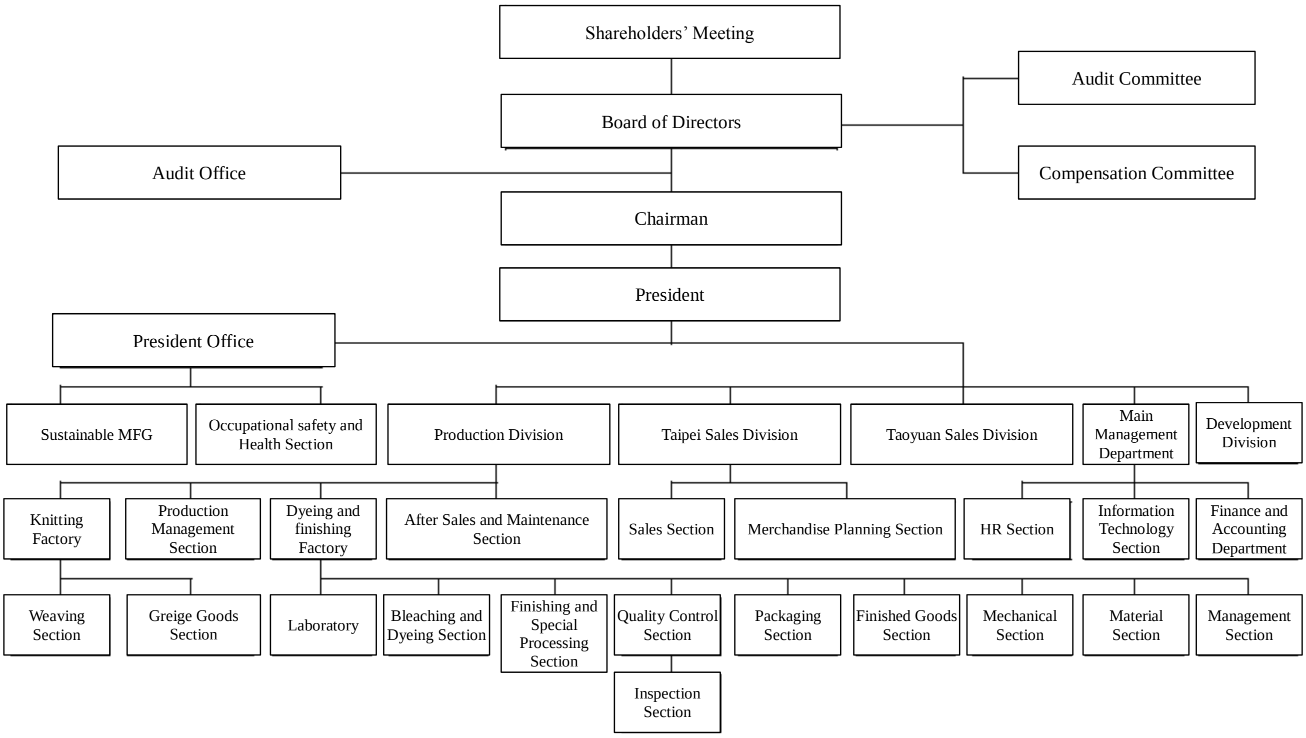
(XXXX) In March 2023, Executive Yuan dean-Chien-Jen CHEN led the relevant team of the Ministry of Economic Affairs, visited to the company on-site about energy-saving and carbon-reduction transformation status and effectiveness.

(XXXXI) In June 2023, the Company re-elected its directors. Seven directors, including Mr. Chung-Fa Yeh, and four independent directors, including Mr. Fu-Nan Chou, were elected.

III. Corporate Governance Report

I. Organizational System

(I) Company's Structure



(II) Tasks of the principal divisions

1. Chairman of the Board of Directors: The Chairman of the Board of Directors shall represent the Company externally in exercising all rights and duties in accordance with the resolutions of the shareholders' meeting and the Board of Directors.
2. President: The President is responsible for the management of the Company's production and sales operations, management policies, and business objectives in accordance with the business plans and operating policies resolved by the Board of Directors, and reports the operating results to the Board of Directors.
3. President's Office: The President's Office is responsible for planning and promoting the annual objectives, operating policies and management set by the President.
4. Audit Office: Establish, promote and audit all management and internal control systems; prepare, execute and report on internal audit plans; and conduct audits on other projects from time to time.
5. Occupational safety and Health Section: Responsible for the planning and implementation of the company's occupational safety, employee health management policies.
6. Sustainable MFG: Responsible for promoting intelligent production and the operation and refinement of the environmental management system to achieve the goal of sustainable corporate processes.
7. Main Management Department: Responsible for finance, accounting, general affairs, information, human resources and general administration, including the Finance and Accounting Department, Information Technology Section and Human Resources Section.
   (1) Finance and Accounting Department: Responsible for financial reconciliation, stock transactions, tax reporting, investment evaluation and execution, accounts processing, budget review and compilation, and production cost calculation and control for the Company.

(2) Information Technology Section: Responsible for computer hardware maintenance, software program use, and electronic data processing control.

(3) Human Resources Section: Establish and implement the Company’s human resources strategies, policies, plans and objectives, and recruit, hire, deploy, change and promote the Company’s personnel, and determine and manage related regulations to ensure that the human resources meet the Company’s needs.

8. Production Division: In charge of the production process of the Company, including the dyeing and finishing plant, knitting plant, production management division, and the sales service and after Sales & maintenance section.

(1) Dyeing and Finishing Factory: Responsible for dyeing and finishing production related operations, including management, laboratory, bleaching and dyeing, finishing and special processing, quality control, packaging, mechanical, material, finished product, brushing and inspection.

(2) Knitting Factory: The factory is responsible for weaving related operations, and consists of a Weaving Section and Greige Goods Section.

(3) Production Management Section: Responsible for the scheduling and progress control of the Company’s production related operations.

(4) After Sales and Maintenance Section: Communicate and maintain technical relationship with OEMs, provide after-sales service and handle ad hoc customer complaints.

9. Taoyuan Sales Office: Responsible for the business development of the Company’s dyeing and finishing OEM and fabric sales, domestic and international market research and market development.

10. Taipei Sales Office: Responsible for the business development of the Company’s fabric business, domestic and international market research and market development, with a sales section and a product planning section.

11. Development Division: Responsible for the development and design of new products and the upgrading and improvement of the functionality of existing products

II. Information of Directors, Supervisors, President, Vice Presidents, Assistant Vice President and Heads of Various Departments and Branches

(I) Information of Directors and Supervisors

1. Information of Directors and Supervisors

April 27, 2024

Title	Nationality or place of registration	Name	Gender/ Age	Date of election (taking office)	Term of office	Date of first appointment	Shareholding at the time of appointment		Current shareholding		Shareholding of spouse and minor children		Shareholdings in the names of other people		Major work experience (education background)	Positions at the company and other companies concurrently held	Other managers, directors or supervisors with a spouse or second degree of kinship			Remarks (Note 1)
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Chairman	Taiwan	Chung-Fa Yeh	Male 71~80	2023.06.27	3 years	1997.05.30	1,550,424	1.81	1,450,424	1.69	-	-	-	-	Chairman, TA TUNG DYEING & FINISHING CO., LTD.	Chairman of the Company and TA TUNG DYEING & FINISHING CO., LTD.	Director Director Director	Ching-Tse Yeh Anthony Poliang Yeh Chih-Ming Yeh	Brother Father and son Father and son	
Director	Taiwan	Anthony Poliang Yeh	Male 51~60	2023.06.27	3 years	2008.06.25	4,120,832	4.80	4,012,832	4.68	-	-	-	-	Director of LAN FA TEXTILE CO., LTD.	President of the Company and Chairman of Da Fa Investment Co., Ltd.	Chairman Director	Chung-Fa Yeh Chih-Ming Yeh	Father and son Brother	
Director	Taiwan	Ching-Tse Yeh	Male 71~80	2023.06.27	3 years	1997.05.30	1,892,618	2.21	1,892,618	2.21	4,972	0.01	-	-	Chairman of LAN FA TEXTILE CO., LTD.	Chairman of LAN FA TEXTILE CO., LTD.	Chairman	Chung-Fa Yeh	Brother	
Director	Taiwan	Koi-Hui Yeh	Male 51~60	2023.06.27	3 years	2005.06.23	258,723	0.30	258,723	0.30	-	-	-	-	Director of LAN FA TEXTILE CO., LTD.	Director of LAN FA TEXTILE CO., LTD.	(None)	(None)	(None)	
Director	Taiwan	Yao-Chou Yang	Male 61~70	2023.06.27	3 years	2005.06.23	2,775,013	3.24	2,775,013	3.24	407,982	0.48	-	-	The Company Business	Senior Chief of Management Section	(None)	(None)	(None)	
Director	Taiwan	Sou-Tsun Yeh	Male 81~90	2023.06.27	3 years	2020.06.30	1,244,258	1.45	1,244,258	1.45	660,284	0.77	-	-	Chairman of ZIG SHENG INDUSTRIAL CO., LTD.	Chairman of ZIG SHENG INDUSTRIAL CO., LTD.	(None)	(None)	(None)	
Director	Taiwan	Rung-Shin Shu	Male 61~70	2023.06.27	3 years	2020.06.30	1,925,108	2.24	1,925,108	2.24	556,197	0.65	-	-	Director TA TUNG DYEING & FINISHING CO., LTD.	Sales Manager of TA TUNG DYEING & FINISHING CO., LTD.	(None)	(None)	(None)	

Title	Nationality or place of registration	Name	Gender/ Age	Date of election (taking office)	Term of office	Date of first appointment	Shareholding at the time of appointment		Current shareholding		Shareholding of spouse and minor children		Shareholdings in the names of other people		Major work experience (education background)	Positions at the company and other companies concurrently held	Other managers, directors or supervisors with a spouse or second degree of kinship			Remarks (Note 1)
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Independent Director	Taiwan	Fu-Nan Chou	Male 81~90	2023.06.27	3 years	2017.06.28	-	-	-	-	-	-	-	-	Chairman of SINGHOTEX CO., LTD.	(None)	(None)	(None)	(None)	
Independent Director	Taiwan	Wu-Zhong Liao	Male 71~80	2023.06.27	3 years	2020.06.30	-	-	-	-	-	-	-	-	Chairman of FONG WEI FIBERS CORPORATION	(None)	(None)	(None)	(None)	
Independent Director	Taiwan	Sìn-Yì Huang	Male 71~80	2023.06.27	3 years	2023.06.27									Vice President,of NAN YA PLASTICS CORPORATION	(None)	(None)	(None)	(None)	
Independent Director	Taiwan	Cóng-Wén Shi	Male 41~50	2023.06.27	3 years	2023.06.27	-	-	-	-	-	-	-	-	Adviser of NAN YA PLASTICS CORPORATION	(None)	(None)	(None)	(None)	

Note 1: Where the general manager or person of an equivalent post (the highest level manager) of a company are the same person as the Chairman of the Board of Directors, spouses or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures (such as adding more independent directors and having more than half of the directors who are neither employees nor managers) adopted in response thereto.

(1) The Company is transformed from the traditional textile supplier to high performance textile fabric for sportswear supplier. Mr. Chung-Fa Yeh is the founder of the Company and Mr. Anthony Poliang Yeh, the President, is the eldest son of the Chairman, who has been involved in the industry for more than ten years with great achievements in management and transformation for the Company. He has possessed professional knowledge and industrial experiences and is the successor of the Company in the future.

(2) The Company has established an Audit Committee in 2020, which not only defines its duties and responsibilities, but also provides a sound and supervised management function of the Board of Directors. The directors who concurrently serve as managers or employees of the Company are Anthony Poliang Yeh and Yao-Chou Yang, who are the President and Senior Chief of the Management Department, respectively; therefore, more than half of the directors do not concurrently serve as managers or employees. An additional independent director has been added at the 2023 shareholders' meeting in accordance with the regulations of the competent authority.

2. Major Shareholders of Corporate Shareholders: Not applicable.
3. Major Shareholders of Major Shareholders That Are Corporates: Not applicable.
4. Professional knowledge and independence of directors:

April 29, 2023

Criteria / Name	Professional Qualification and Experience	Independence status	Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
Chairman Chung-Fa Yeh	Founder of the Company; a professional in the textile industry, with management and leadership skills and has been in the business for decades.	Not been a person of any conditions defined in Article 30 of the Company Act.	0
Director Anthony Poliang Yeh	President of the Company over ten years; a professional in the textile industry, with management and leadership skills. EMBA of Fu Jen Catholic University.	Not been a person of any conditions defined in Article 30 of the Company Act.	0
Director Ching-Tse Yeh	He is a professional in the textile industry, with management and leadership and decision-making capabilities, and has been in the industry for several decades, had been director of the National Federation of Industry Executive, director of the Taiwan Man-made Fiber Industries Association. He is the Chairman of LAN FA TEXTILE CO., LTD.	Not been a person of any conditions defined in Article 30 of the Company Act.	0
Director Yao-Chou Yang	He has been in the business for more than 10 years and holds an MBA from AZUSA PACIFIC University,and has been in the business for decades.	Not been a person of any conditions defined in Article 30 of the Company Act.	0

Criteria Name	Professional Qualification and Experience	Independence status	Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
Director Koi-Hui Yeh	He is a management professional with an MBA from SHENANDOAH, USA, and is also a director of LAN FA TEXTILE CO., LTD, and has been in the business for decades.	Not been a person of any conditions defined in Article 30 of the Company Act.	0
Director Sou-Tsun Yeh	He is a professional in the textile industry, and has been in the industry for several decades, graduated from Department of Accounting, National Chengchi University, with management and leadership and decision-making capabilities,had been the 1st Executive Director of the Taiwan Man-made Fiber Manufacturing Industry Association. He is the Chairman of ZIG SHENG INDUSTRIAL CO., LTD.	Not been a person of any conditions defined in Article 30 of the Company Act.	0
Director Rung-Shin Shu	He is a professional in the textile industry and has been in the industry for decades. He graduated from the Department of Industrial Management of National Cheng Kung University and is also a director of Ta Tung Dyeing and Finishing Co. Ltd.	Not been a person of any conditions defined in Article 30 of the Company Act.	0
Independent Director Fu-Nan Chou	He is a professional in the textile industry and has been in the industry for decades. He graduated from National Chengchi University with a degree in International Trade and is the Chairman of SINGHOTEX CO., LTD. He has not been a person of any conditions defined in Article 30 of the Company Act.	Conform to the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” during the two years prior to be elected or during the term of office. 1. Including himself, none of his spouse, relatives within the second degree of kinship is a director, supervisor or manager of the Company or its affiliates. 2. No shares of the Company are held by him, his spouse or relatives within the second degree of kinship. 3. Not a director, supervisor or employee of any company engaged in specific relationship with the Company 4. No remuneration received for business, legal, financial or accounting services provided by the Company or its affiliates in the last two years.	0
Independent Director Wu-Zhong Liao	He is a professional in the textile industry and has been in the industry for several decades. He is the Chairman of FONG WEI FIBERS CORPORATION. He has not been a person of any conditions defined in Article 30 of the Company Act.		0
Independent Director Sìn-Yì Huang	He is a professional in the textile and chemical industry. He graduated from Ming Chi Institute of Technology with a degree in Chemical Engineering and has been the director and Vice President of NAN YA PLASTICS CORPORATION, The 4th Executive Director of the Taiwan Man-made Fiber Manufacturing Industry Association. He is currently a adviser for NAN YA PLASTICS CORPORATION and has been in the industry for decades.He has not been a person of any conditions defined in Article 30 of the Company Act.		0
Independent Director Cóng-Wén Shi	He is a professional in the textile and chemical industry. He graduated from National Taiwan University MBA. He is the founder and chairman of Ruisi Consulting (Inc.), and also serves as a adviser to NAN YA PLASTICS CORPORATION. He has been in the industry for nearly ten years.He has not been a person of any conditions defined in Article 30 of the Company Act.		0

Note: Article 30 of Company Act

A person who is under any of the following circumstances shall not act as a managerial person nel of a company. If he has been appointed as such, he shall certainly be discharged :

(1) Having committed an offence as specified in the Statute for Preventi on of Organizational Crimes and subsequently convicted of a crime, and has not started serving the sentence, has not completed serving the sentence, or five years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon.

(2) Having committed the offence in terms of fraud, breach of trust or misappropriation and subsequently convicted with imprisonment for a term of more than one year, and has not started serving the sentence, has not completed serving

the sentence , or two years have not elapsedsince completion of serving th e sentence, expiration of the probation, or pardon.

(3) Having committed the offense as specified in the Anti -corruption Act and subsequently convicted of a crime, and has not started serving the sentence , has not completed serving the sentence, or two years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon.

(4) Having been adjudicated bankrupt or adjudicated of the commencement of liquidation process by acourt, and having not been reinstated to his rights and privileges.

(5) Having been dishonored for unlawful use of credit instruments, and the term of such sanction has not expired yet.

(6) Having no or only limited di sposing capacity.

(7) Having been adjudicated of the commencement of assistantship and such assistantship having not been revoked yet.

5. Diversification and Independence of Board of Directors

(1) Diversification of Board of Directors

The Company has implemented a diversification policy for the Board of Directors, which includes, but is not limited to, the following two standards in the "Corporate Governance Best Practice Principles": Basic requirements and values: Gender, age, nationality, and culture; professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

The implementation status of the diversity policy for board members is as follows:

Board Members	Year of first appointment	Composition							Core Competencies				
		Work Experience	Gender	Employed by the Company	Age			Term of office for independent directors					
					41 ~ 50	51 ~ 60	61 years old and above	under nine years	Operational management	Business judgment	Finance and Accounting	Business	Risk management
Chung-Fa Yeh	1986	Chairman of TA TUNG DYEING & FINISHING CO., LTD. Chairman of LANG WANG CO., LTD.	Male				✓		✓	✓		✓	✓
Anthony Poliang Yeh	2008	President of the Company Director of LAN FA TEXTILE CO., LTD.	Male	✓		✓			✓	✓		✓	✓
Ching-Tse Yeh	1997	Chairman of LAN FA TEXTILE CO., LTD. Chairman of Hangzhou Lan Fa Textile Limited	Male				✓		✓	✓		✓	✓
Koi-Hui Yeh	2005	Director of LAN FA TEXTILE CO., LTD.	Ma			✓			✓			✓	✓
Yao-Chou Yang	2005	Senior Chief of Management Section	M	✓			✓			✓			✓
Sou-Tsun Yeh	2020	Chairman of ZIG SHENG INDUSTRIAL CO., LTD.	Ma				✓		✓	✓	✓	✓	✓
Rung-Shin Shu	2020	Director TA TUNG DYEING & FINISHING CO., LTD.	M				✓		✓	✓		✓	✓
Fu-Nan Chou	2017	Chairman of SINGHOTEX CO., LTD.	M				✓	✓	✓	✓	✓	✓	✓
Wu-Zhong Liao	2020	Chairman of FONG WEI FIBERS CORPORATION	Mal				✓	✓	✓	✓		✓	✓

Board Members	Year of first appointment	Composition: Work Experience	Gender	Employed by the Company	Age: 41～50	Age: 51～60	Age: 61 years old and above	Term of office for independent directors: under nine years	Core Competencies: Operational management	Business judgment	Finance and Accounting	Business	Risk management
Sìn-Yì Huang	2023	Vice President,of NAN YA PLASTICS CORPORATION	Mal				✓	✓	✓	✓		✓	✓
Cóng-Wén Shi	2023	Adviser of NAN YA PLASTICS CORPORATION	Mal		✓			✓	✓	✓		✓	

(2) Independence of the Board of Directors:

The Company currently has 11 members on its Board of Directors, of which 4 are independent directors (accounted for 36.4% of total directors). As of 2023, all of the independent directors have adhered to the policies set by the Securities and Futures Bureau of the Financial Supervisory Commission. The Chairman of the Board of Directors, Mr. Chung-Fa Yeh, is father of the Director Anthony Poliang Yeh; Mr. Chung-Fa Yeh is brother of the Director Ching-Tse Yeh. Eight other directors are not related to each other as spouses and relatives within 2nd degree of kinship (accounted for 72.7% of total directors). Also, the directors and the independent directors do not violate Paragraph 3 and 4 of Article 26 of the Securities and Exchange Act. (Please refer to page 9~10 of this annual report for the professional knowledge and the independence status of the directors).

The Company currently has 11 members on its Board of Directors. The specific management objectives and achievement status of the diversification of the Board of Director are as follows:

Management Objective	Achievement Status
The board includes at least one female director.	Not achieved
The number of independent directors exceeds one-third of the director seats.	Achieved
The number of directors who are related to each other as spous and relatives within 2nd degree of kinship of the Company should not exceed one-third of the number of director seats.	Achieved
The number of directors who are also employees or managers the Company should not exceed one-third of the number of director seats.	Achieved
Independent directors have not served more than three terms.	Achieved
Operational management, Business judgment, Risk Management are the three core projects, more than 80% of the members have core competencies.	Achieved
Complementarity of directors (Basic conditions, Professional background)	Not achieved

(II) Information of President, Vice Presidents, Assistant Vice Presidents, and Heads of Various Departments and Branches

April 27, 2024

Job title	Nationality	Name	Gender	Date of Engaged:	Shareholding		Shareholdings of spouse and minor children		Shareholdings in the names of other people		Major work experience (education background)	Concurrent positions at other companies	Managers with a spouse or relative within the second degree of kinship			Remarks (Note 1)
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relationship	
President	Taiwan	Anthony Poliang Yeh	Male	2013.07.01	4,012,832	4.68	-	-	-	-	Director of LAN FA TEXTILE CO., LTD.	Chairman of Da Fa Investment Co., Ltd.	Vice President	Shian-Jung Hung	Brother-in-law	
Senior Vice President and Chief Factory Manager	Taiwan	Bao-Hong Lin	Male	2011.06.01	89,274	0.1	13,700	0.02	-	-	Department of Industrial Management, China University of Technology	None	None	None	None	
Vice President of Main Management Department	Taiwan	Shian-Jung Hung	Male	2018.09.10	30,090	0.04	200,910	0.23	-	-	Georgia State University USA Ms. In Finance	Chairman of Bo Liang Investment Co., Ltd.	President	Anthony Poliang Yeh	Brother-in-law	
Taipei Sales Division Assistant Vice President	Taiwan	Ying Xiao	Female	2023.02.01	31,000	0.04	-	-	-	-	HuafanUniversity In Foreign Languages and Literature	None	None	None	None	

Note 1: Where the general manager or person of an equivalent post (the highest level manager) of a company are the same person as the Chairman of the Board of Directors, spouses or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures (such as adding more independent directors and having more than half of the directors who are neither employees nor managers) adopted in response thereto.

(1) The Company is engaged in the traditional textile business. Mr. Chung-Fa Yeh, the Chairman of the Board, is the founder of the Company and Mr. Anthony Poliang Yeh, the President, is the eldest son of the Chairman, who has been involved in the industry for more than ten years with great achievements in management and transformation for the Company. He has possessed professional knowledge and industrial experiences and is the successor of the Company in the future.

(2) The Company has established an Audit Committee in 2020, which not only defines its duties and responsibilities, but also provides a sound and supervised management function of the Board of Directors. The directors who concurrently serve as managers or employees of the Company are Anthony Poliang Yeh and Yao-Chou Yang, who are the President and Senior Chief of the Management Department, respectively; therefore, more than half of the directors do not concurrently serve as managers or employees. An additional independent director has been added at the 2023 shareholders' meeting in accordance with the regulations of the competent authority.

III. Remuneration paid to Directors, Supervisors, President and Vice Presidents in the Last Year

(I) Remuneration of General and Independent Directors (The company opts to disclose aggregate remuneration information, with the name(s) indicated for each remuneration range)

Unit: NT$ thousand

Job title	Name	Remuneration of directors								A, B, C, and D and their proportion to net income after tax (Note 7)		Remuneration received for concurrent employee positions								A, B, C, D, E, F and G and their proportion to net income after tax (Note 7)		Compensation paid to directors from non-consolidated affiliates or parent company (Note 8)
		Remuneration (A) (Note 1)		Retirement pension (B)		Directors' remuneration (C) (Note 2)		Business execution fee (D) (Note 3)				Salary, bonus and special fee (E) (Note 4)		Retirement pension (F)		Employee's remuneration (G) (Note 5)						
																The Company		From all consolidated entities (Note 6)				
		The Company	From all consolidated entities (Note 6)	The Company	From all consolidated entities (Note 6)	The Company	From all consolidated entities (Note 6)	The Company	From all consolidated entities (Note 6)	The Company	From all consolidated entities (Note 6)	The Company	From all consolidated entities (Note 6)	The Company	From all consolidated entities (Note 6)	Cash	Stock (fair market value)	Cash	Stock (fair market value)	The Company	From all consolidated entities (Note 6)	
Director	Chung-Fa Yeh Anthony Poliang Yeh Ching-Tse Yeh Yao-Chou Yang Koi-Hui Yeh Sou-Tsun Yeh Chih-Ming Yeh(Note 9) Rung-Shin Shu	900	960	-	-	1,168	1,337	160	160	2,228 4.52%	2,457 4.98%	6,699	6,699	172	172	156	-	196	-	9,255 18.76%	9,524 19.30%	None
Independent Director	Fu-Nan Chou Bin-Huang Lin(Note 9) Wu-Zhong Liao Sìn-Yì Huang Cóng-Wén Shi	420	420	-	-	623	623	380	380	1,423 2.88%	1,423 2.88%	-	-	-	-	-	-	-	-	1,423 2.88%	1,423 2.88%	None

1. Please provide in detail the policy, system, standards and structure of remuneration to independent directors, and describe the relevance to the amount of remuneration according to the responsibilities, risks, time invested and other factors:
   The board of directors shall be authorized to determine the remuneration and fees for all directors, in accordance with the Company's Articles of Incorporation while also taking reference from the standards of peer industries no matter the Company makes the profit or losses; the independent directors shall be paid separately for participating in the functional committee.
2. In addition to the disclosure in the table above, in the most recent fiscal year, remuneration received by directors (e.g., serving as a consultant for a non-employee of the parent company/companies in the financial statements/investment businesses): NA.

Remuneration Range Table

<table>
<tr><td rowspan="3">Remuneration Paid to Each Director of the Company</td><td colspan="4">Director’s name</td></tr>
<tr><td colspan="2">The total amount of the first four remuneration amounts (A+B+C+D)</td><td colspan="2">The total amount of the first seven remuneration amounts (A+B+C+D+E+F+G)</td></tr>
<tr><td>The Company (Note 8)</td><td>From all consolidated entities (Note 9) H</td><td>The Company (Note 8)</td><td>From all consolidated entities (Note 9) I</td></tr>
<tr><td>Less than NT$1,000,000</td><td colspan="2">Chung-Fa Yeh, Anthony Poliang Yeh, Ching-Tse Yeh, Koi-Hui Yeh, Yao-Chou Yang, Sou-Tsun Yeh, Chih-Ming Yeh, Rung-Shin Shu, Fu-Nan Chou, Bin-Huang Lin ,Wu-Zhong Liao, Sìn-Yì Huang, Cóng-Wén Shi</td><td colspan="2">Ching-Tse Yeh, Koi-Hui Yeh, Sou-Tsun Yeh, Chih-Ming Yeh, Rung-Shin Shu, Fu-Nan Chou, Bin-Huang Lin, Wu-Zhong Liao, Sìn-Yì Huang, Cóng-Wén Shi</td></tr>
<tr><td>NT$1,000,000 (inclusive) - NT$2,000,000 (exclusive)</td><td colspan="2">-</td><td colspan="2">Yao-Chou Yang</td></tr>
<tr><td>NT$2,000,000 (inclusive) - NT$3,500,000 (exclusive)</td><td colspan="2">-</td><td colspan="2">Chung-Fa Yeh,
Anthony Poliang Yeh</td></tr>
<tr><td>NT$3,500,000 (inclusive) - NT$5,000,000 (exclusive)</td><td colspan="2">-</td><td colspan="2">-</td></tr>
<tr><td>NT$5,000,000 (inclusive) - NT$10,000,000 (exclusive)</td><td colspan="2">-</td><td colspan="2">-</td></tr>
<tr><td>NT$10,000,000 (inclusive) - NT$15,000,000 (exclusive)</td><td colspan="2">-</td><td colspan="2">-</td></tr>
<tr><td>NT$15,000,000 (inclusive) - NT$30,000,000 (exclusive)</td><td colspan="2">-</td><td colspan="2">-</td></tr>
<tr><td>NT$30,000,000 (inclusive) - NT$50,000,000 (exclusive)</td><td colspan="2">-</td><td colspan="2">-</td></tr>
<tr><td>NT$50,000,000 (inclusive) - NT$100,000,000 (exclusive)</td><td colspan="2">-</td><td colspan="2">-</td></tr>
<tr><td>More than NT$100,000,000</td><td colspan="2">-</td><td colspan="2">-</td></tr>
<tr><td>Total</td><td colspan="2">13 persons</td><td colspan="2">13persons</td></tr>
</table>

Note 1: Refers to the remuneration of directors for the most recent year (including the directors’ salary, allowance, severance pay, various bonuses, rewards etc.)

Note 2: This refers to filling in director’s profit sharing of the latest fiscal year proposed and resolved by the Board.

Note 3: Payments to the director to cover business expenses (including transportation fee, special allowances, various subsidies, accommodation, company cars, in-kind supplies, etc.) If residences, cars (or other transportations) or personal expenses are provided, information about the assets (including classification, cost, actual or fair market values of the rent, gasoline expenses, other perks) must be disclosed but not included in the remuneration. Compensation paid to personal drivers must be noted, when applicable, but not accumulated under the remuneration received.

Note 4: Payments to the director, who is also a president, executive vice president, manager, or employee, to cover business expenses (including transportation fee, special allowances, various subsidies, allowances, reimbursements, accommodation, company cars, in-kind supplies, etc.) If residences, cars (or other transportations) or personal expenses are provided, information about the assets (including classification, cost, actual or fair market values of the rent, gasoline expenses, other perks) must be disclosed and included in the remuneration. Compensation paid to personal drivers must be noted, when applicable, but not accumulated under the remuneration received. Salary expenses recognized in accordance with IFRS 2, “Share-based Payment,” including the acquisition of employee stock options, new shares with restricted employee rights and participation in cash capital increase to subscribe for shares, should also be included in remuneration.

Note 5: A person receiving employee remuneration (stock and cash bonus) to the director, (including concurrently serving as a president, executive vice president, other manager, or employee) shall disclose the rewarding amount proposed and resolved by the Board (If cannot be estimated, the distribution amount of this year shall be determined by the actual distribution ratio of last year).

Note 6 Total remuneration paid by the Group companies (including the Company) in the consolidated report to the director.

Note 7: Net income disclosed from the latest financial statement of each company.

Note 8:
a. This field represents all forms of remuneration that the director received from the Company’s parent company or invested businesses other than subsidiaries (specify “None” if absent).
b. For directors who received remuneration from parent company or invested businesses other than subsidiaries, amounts received from these invested businesses or parent company have been added to column I of the remuneration brackets table. In which case, column I will be renamed “...parent company and all invested businesses...”.
c. Remuneration refers to any return, compensation (including compensations received as an employee, director and supervisor) and professional service fee that the Company’s director received for serving as director, supervisor, or manager in the parent company or invested businesses other than subsidiaries.

Note 9: On 2023/6/27, the directors were re-elected and resigned.

∗ Remuneration shown under the chart is for disclosure purpose. It is not subject to “income” under the Income Tax Act, and thereby is not taxable.

(II) Remuneration paid to President and Vice Presidents

Unit: NT$ thousand

Job title	Name	Salary (A) (Note 1)		Retirement pension (B)		Bonus and special subsidies (C) (Note 2)		Employee remuneration (D) (Note 3)				A, B, C, and D and their proportion to net income after tax (Note 5)		Compensation paid to directors from non-consolidated affiliates or parent company (Note 6)
		The Company	From all consolidated entities (Note 4)	The Company	From all consolidated entities (Note 4)	The Company	From all consolidated entities (Note 4)	The Company		From all consolidated entities (Note 4)		The Company	From all consolidated entities (Note 4)	
								Cash	Stock (fair market value)	Cash	Stock (fair market value)			
President	Anthony Poliang Yeh	4,857	4,857	339	339	2,442	2,456	416	-	466	-	8,054 16.32%	8,118 16.45%	None
Senior Vice President and Chief Factory Manager	Bao-Hong Lin													
Vice President of Main Management Department	Shian-Jung Hung													

Remuneration Range Table

Tiers of Remuneration of President and Vice Presidents of the Company	Name of President and Vice Presidents	
	The Company (Note 6)	From all consolidated entities (Note 7) E
Less than NT$1,000,000	-	-
NT$1,000,000 (inclusive) - NT$2,000,000 (exclusive)	-	-
NT$2,000,000 (inclusive) - NT$3,500,000 (exclusive)	Anthony Poliang Yeh, Bao-Hong Lin, Shian-Jung Hung	Anthony Poliang Yeh, Bao-Hong Lin, Shian-Jung Hung
NT$3,500,000 (inclusive) - NT$5,000,000 (exclusive)	-	-
NT$5,000,000 (inclusive) - NT$10,000,000 (exclusive)	-	-
NT$10,000,000 (inclusive) - NT$15,000,000 (exclusive)	-	-
NT$15,000,000 (inclusive) - NT$30,000,000 (exclusive)	-	-
NT$30,000,000 (inclusive) - NT$50,000,000 (exclusive)	-	-
NT$50,000,000 (inclusive) - NT$100,000,000 (exclusive)	-	-
More than NT$100,000,000	-	-
Total	3 persons	3 persons

Note 1: Refers to the salary, allowance, severance pay for the President and Vice Presidents in the most recent year.

Note 2: Payments to presidents or executive vice presidents to reward or cover business expenses (including transportation fees, special allowances, various subsidies, allowances, reimbursements, accommodation, company cars, in-kind supplies, etc.) If residences, cars (or other transportations) or personal expenses are provided, information about the assets (including classification, cost, actual or fair market values of the rent, gasoline expenses, other perks) must be disclosed and included in the remuneration. Compensation paid to personal drivers must be noted, when applicable, but not accumulated under the remuneration received. Salary expenses recognized in accordance with IFRS 2, "Share-based Payment," including the acquisition of employee stock options, new shares with restricted employee rights and participation in cash capital increase to subscribe for shares, should also be included in remuneration.

Note 3: Employee remuneration amount (stock and cash; if cannot be estimated, the distribution amount of this year shall be determined by the actual distribution ratio of last year) to the president or the executive vice president. The rewarding amount is proposed and resolved by the Board of the fiscal years. Table 1-3 shall be filled in.

Note 4: Aggregated amount of individual compensation paid by the Group companies (including the Company) in the consolidated statement to the president or executive vice president.

Note 5: Net income disclosed from the latest financial statement of each company

Note 6: a. This field represents all forms of remuneration that the president and vice president received from the Company's parent company or invested businesses other than subsidiaries (specify "None" if absent).

b. For president and vice president who received remuneration from parent company or invested businesses other than subsidiaries, amounts received from these invested businesses or parent company have been added to column E of the remuneration brackets table. In which case, column I will be renamed "...parent company and all invested businesses...".

c. Remuneration refers to any returns, compensation (including compensations received as an employee, director, and supervisor) and professional service fees that the Company's president/vice presidents received for serving as directors, supervisors or managers in the parent company or invested businesses other than subsidiaries.

＊Remuneration shown under the chart is for disclosure purpose. It is not subject to "income" under the Income Tax Act, and thereby is not taxable.

(III) Employees' Profit Sharing Paid to Management Team: August 7, 2023

Unit: NT$ thousand

	Job title (Note 1)	Name (Note 1)	Stock (fair market value) (Note 2)	Cash (Note 2)	Total	Percentage of net profit after tax
Managerial Officer	President	Anthony Poliang Yeh	0	574	574	1.16%
	Senior Vice President and Chief Factory Manager	Bao-Hong Lin				
	Vice President of Main Management Department	Shian-Jung Hung				
	Taipei Sales Division Assistant Vice President	Ying Xiao				
	Accounting Supervisor	Chao-Nan Hsu				

Note 1: Individual names and titles should be disclosed, but the profits distributed should be disclosed in aggregate amount.

Note 2: Employee remuneration amount (stock and cash) to managers. The rewarding amount is proposed and resolved by the Board of the fiscal years. If cannot be estimated, the distribution amount of this year shall be determined by the actual distribution ratio of last year. Net income disclosed from the latest financial statement of each company.

Note 3: Managers subject to the rewarding (according to per March 27, 2003 Letter No. Securities and Futures Bureaus-0920001301 of the Financial Supervisory Commission, Executive Yuan of the Taiwan Stock Exchange Corporation) are:
(1) General Manager and the position equivalent to the General Manager.
(2) Deputy Manager and the position equivalent to the Deputy Manager.
(3) Assistant Vice President and the position equivalent to the Assistant Vice President.
(4) Supervisor of Finance Department
(5) Supervisor of Accounting Department
(6) Other persons authorized to manage affairs and sign documents on behalf of a company.

Note 4: For directors, presidents, and executive vice presidents who received employee remuneration (including stock and cash bonus), Table 1-2 must be filled in other than this chart.

(IV) An analysis of the proportion of the total remuneration paid to the Directors, Supervisors, President and Vice Presidents to the net profit after tax, and an explanation of the policy, standard and combination of the remuneration, the procedures for setting the remuneration, and the relevance to the business performance and future risks:

1. The proportion of the total remuneration paid to the company's Directors, President and Vice Presidents to the net profit after tax in the last two years:

Job title	2022				2023			
	The Company		All Companies in the Financial Report		The Company		All Companies in the Financial Report	
	Total remuneration	as a percentage of the net profit after tax	Total remuneration	as a percentage of the net profit after tax	Total remuneration	as a percentage of the net profit after tax	Total remuneration	as a percentage of the net profit after tax
Director	7,018	21.37%	7,159	21.80%	10,678	21.64%	10,718	21.72%

Supervisor (Note)	-	-	-	-	-	-	229	0.46%
President and Vice Presidents	8,149	24.81%	8,199	24.96%	8,054	16.32%	8,118	16.45%

(Note) The Company has established the Audit Committee in June 2020, this is the subsidiary supervisor.

2. The policy, standard and combination of the remuneration, the procedures for setting the remuneration, and the relevance to the business performance and future risks:

(1) Directors' remuneration appropriation policy and the procedure for determining remuneration:

According to "Remuneration Policy for Directors and Managers" of the company, directors' remuneration is divided into remuneration, compensation and service expenses. Under Article 33-2 of the Company's Articles of Incorporation, the Company shall pay remuneration to directors regardless of the Company's operating profit or loss. When the Company has a surplus, according to Article 33, the Company may set aside up to 3% of the above-mentioned profit as compensation to directors as resolved by the Board of Directors. The company may pay business execution fees when convening functional committees, shareholders' meetings, and the board of directors to approve annual financial reports.

(2) Managerial Officers' remuneration appropriation policy and the procedure for determining remuneration:

According to "Remuneration Policy for Directors and Managers" of the company, the remuneration structure of managerial officers consists of salary, bonus, employee' compensation, retirement benefits. Salary shall be by Article 33-2 of the Company's Articles of Incorporation, when the managers of the company perform their duties, the Company shall pay remuneration to managers regardless of the Company's operating profit or loss. Its remuneration is authorized to the Board of Directors according to their individual contributions to the Company and the standards of peer industries. Managers below the assistant vice president level will be awarded based on the assessment of operating performance (items as follows) and the company's operating results.

The performance appraisal of senior managers (president and vice presidents) is divided into operating performance (operation and management capabilities, revenue target achievement rate, pre-tax profit and loss) accounting for 70%, and sustainable development performance (low-carbon transformation(10%), occupational safety and health(3%), acquisition of international environmental protection and human rights-related certifications(15%), other major sustainability topics(7%), etc., divided into long/short term) accounting for 30%, and calculate the remuneration based on the assessment results. Employee' compensation shall be not less than 3% of the Company's profit according to the Company's Articles of Association. Retirement fee are conducted pursuant to labor-related laws and regulations. Salary, bonus, employee' compensation shall be reviewed by the remuneration committee.

(3) Relations with operating performance and future risks

The remuneration to directors, managers of the Company is determined in accordance with the Company's Articles of Incorporation, their individual contributions to the Company and the standards of peer industries. It is positively correlated with the operating performance. The Company will also review the remuneration system in accordance with the actual operating status and relevant laws and regulations in order to strike a balance between sustainability and risk control, and disclose the amount of payment in the annual report each year in accordance with the laws and regulations; therefore, the risk should be minimal in the future.

IV. Corporate Governance Status:

(I) Board of Directors

(1) Operation of the board of directors

In the last year (2022), the board of directors held 5 meetings (A) and the voting and non-voting attendance of directors is as follows:

Job title	Name	Number of actual attendance (B)	Number of attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Chairman	Chung-Fa Yeh	6	-	100.00%	Re-elected (re-elected on 2023.6.27)
Director	Anthony Poliang Yeh	5	-	83.33%	Re-elected (re-elected on 2023.6.27)
Director	Ching-Tse Yeh	4	-	66.67%	Re-elected (re-elected on 2023.6.27)
Director	Yao-Chou Yang	6	-	100.00%	Re-elected (re-elected on 2023.6.27)
Director	Koi-Hui Yeh	5	-	83.33%	Re-elected (re-elected on 2023.6.27)
Director	Sou-Tsun Yeh	5	-	83.33%	Re-elected (re-elected on 2023.6.27)
Director	Chih-Ming Yeh	2	-	100.00%	Resigned (re-elected on 2023.6.27)
Director	Rung-Shin Shu	6	-	100.00%	Re-elected (re-elected on 2023.6.27)
Independent Director	Fu-Nan Chou	6	-	100.00%	Re-elected (re-elected on 2023.6.27)
Independent Director	Bin-Huang Lin	2	-	100.00%	Resigned (re-elected on 2023.6.27)
Independent Director	Wu-Zhong Liao	6	-	100.00%	Re-elected (re-elected on 2023.6.27)
Independent Director	Sìn-Yì Huang	4	-	100.00%	Newly-elected (re-elected on 2023.6.27)
Independent Director	Cóng-Wén Shi	3	-	75.00%	Newly-elected (re-elected on 2023.6.27)

Other issues to be noted:

I. In case of any of the following circumstances in the operation of the board of directors, state the date of the board meeting, the number of the meeting session, the contents of the proposal, all the opinions of the independent directors and the company's handling of such opinions of the independent directors:

(I) Matters listed in Article 14-3 of the Securities and Exchange Act

Board of Directors	Motion content and company's response	Matters listed in Article 14-3 of the	Independent directors' dissenting

			Securities and Exchange Act	opinions or qualified opinions	
	2023.03.24 17th meeting of the 14th term	1. Approved the ratio and amount of remuneration to directors and employees for 2022.	✔	None	
		2. Approved the 2022 Business Report and Financial Statements of the Company.	✔	None	
		3. Approved the proposal for the distribution of the Company's earnings for the second half of 2022.	✔	None	
		4. Approved the 2022 Statement of Internal Control System.	✔	None	
		5. Approved the amendments to the Company's internal regulations (including Procedures for Acquisition or Disposal of Assets)	✔	None	
		6. Approved the company's comprehensive re-election of directors.	✔	None	
		7. Approval of lifting of non-compete restrictions imposed for the Company's new directors.	✔	None	
		Opinions of independent directors: None.			
		Company's response toward the opinion of independent directors: None.			
		Result of Resolution: Approved by all directors present.			
	2023.05.11 18th meeting of the 14th term	1. The company sets up a corporate governance officer.	✔	None	
		2. Approval of the nomination list of candidates for the15th session of directors of the Company.	✔	None	
		Opinions of independent directors: None.			
		Company's response toward the opinion of independent directors: None.			
		Result of Resolution: Approved by all directors present.			
	2023.06.27 1st meeting of the 15th term	1. Nominate the company's chairman.	✔	None	
		2. Approval of the nomination list of candidates for the15th session of directors of the Company.	✔	None	
		Opinions of independent directors: None.			
		Company's response toward the opinion of independent directors: None.			
		Result of Resolution: Director Chung-Fa Yeh was elected as chairman with the consent of all directors present.The appointment of the Compensation Committe was approved by all directors present.			
	2023.08.09 2nd meeting of the 15th term	1. Approved that the Company would not distribute earnings for the first half of 2023.	✔	None	
		1. Revise the approval authority table of the company.	✔	None	
		Opinions of independent directors: None.			

	Company's response toward the opinion of independent directors: None.		
	Result of Resolution: Approved by all directors present.		
2023.12.25 4th meeting of the 15th term	1. Amendments to the Company's "The Management of financial report preparation process".		None
	2. Amendments to the Company's "Internal Control System" and related operations and procedures.	✔	None
	3. The "2024 Audit Plan" of the Company.	✔	None
	Opinions of independent directors: None.		
	Company's response toward the opinion of independent directors: None.		
	Result of Resolution: Approved by all directors present.		

(II) In addition to the matters above, other resolutions of the board meeting with objections or reservation of independent directors and records or written statements: None.

II. For the implementation of avoidance of motions by directors due to a conflict of interest involved, state the name of the director, the content of the motion, the reason for withdrawal from the meeting for interest avoidance and the voting results: NA.

III. Evaluation cycle, period, scope, method and content of the board of directors' self (or peer) evaluation:

Implementation status of the Board of Directors' evaluation

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method
Carried out annually	January 1, 2023 - December 31, 2023	Board of directors, individual board member,compensation committees, audit committee	Internal Self-evaluation of the Board of Directors and Self-Evaluation of Performance of Board Members
Evaluation aspect			
(1) Board performance evaluation: The items and contents of the "Questionnaire of Self-Evaluation of Performance of the Board" include the following five aspects: Participation in the operation of the company; improvement of the quality of the board of directors' decision making; composition and structure of the board of directors; election and continuing education of the directors; and internal control. (2) Performance evaluation of board members: The items and contents of the "Questionnaire of Self-Evaluation of Performance of Board Members (for Themselves or Peers)" include the following six aspects: Alignment of the goals and missions of the company; awareness of the duties of a director; participation in the operation of the company; management of internal relationship and communication; the director's professionalism and continuing education; and internal control. (3) Performance evaluation of compensation committees: The items and contents of the "Questionnaire of Self-Evaluation of Performance of the Compensation Committee" include the following five aspects: Participation in the operation of the company; awareness of the duties of the compensation committee; improvement of quality of decisions made by the compensation committee; selection of committee members and internal control.			

(4) Performance evaluation of audit committees: The items and contents of the "Questionnaire of Self-Evaluation of Performance of the Audit Committee" include the following five aspects: Participation in the operation of the company; awareness of the duties of the audit committee; improvement of quality of decisions made by the audit committee; selection of audit members and internal control.

IV. Goals to improve the functions of the Board of Directors in the current and previous fiscal years (e.g. establishing an Audit Committee, promoting financial transparency, etc.) and an assessment of the implementation:

(I) Improve the functions of the Board of Directors:

(1) In order to implement corporate governance, enhance the functions of the board of directors of the company, and establish performance goals to enhance the operational efficiency of the board of directors, the "Measures for Performance Evaluation of the Board of Directors" was formulated on March 27, 2019, and the performance evaluation of the entire board of directors and individual directors, functional committees is carried out on a regular basis every year according to these measures. Executed since 2019.

(2) The company' s 2023 annual evaluation results were submitted to the board of directors on March 8, 2024. The relevant overall evaluation results are as follows：

Assess Target		Weighted Average Score
Board of Directors as a whole		4.01
Individual directors		4.05
Functional committees	Compensation Committee	3.96
	Audit Committee	3.98

(3) In the future, the company will strengthen the diversification policy for the selection and appointment of directors, so as to make the company's measurement of business decisions more objective, and strengthen multi-faceted consideration to strengthen risk management.

(4) Promote corporate governance and sustainable development continued to strengthen the board of directors' oversight function.

(II) Improve information transparency:

The Company continuously and immediately announces major resolutions made by the Board of Directors and complies with the information disclosure requirements imposed by the competent authority, and publishes its annual report and financial statements in English simultaneously to ensure that all material information is disclosed promptly and properly; the Company's website is linked to the Market Observation Post System, so that shareholders and interested parties can refer to information related to the financial condition and business operations of the Company.

Note 1: If a director or supervisor is a legal entity, please disclose the name of the corporate shareholder and their representative.

Note 2: (1) If a director or supervisor resigns before the end of the year, the resignation date shall be indicated in the Remarks field. The actual attendance rate (%) was calculated on the basis of the number of board meetings held during each director's term and the number of meetings actually attended by that director.

(2) If there is a reelection of directors and supervisors before the end of the year, the new and former directors and supervisors must be stated in the Remarks field, and indicate if such director and supervisor is old, new or reelected, as well as the reelection date. The percentage of actual (proxy) attendance (%) will be calculated based on the number of Board of Directors' meetings held during active duty and the number of actual (proxy) attendance.

(II) Information on the Operation of the Audit Committee

In the last year (2023), the Audit Committee held 6 meetings (A) and the voting and non-voting attendance of independent directors is as follows:

Job title	Name	Number of	Number of	Actual	Remarks

		actual attendance B	attendance by proxy	attendance rate (%)(B/A) (Note 1, Note 2)	
Convener	Fu-Nan Chou	6	-	100.00%	Re-elected (re-elected on 2023.6.27)
Independent Director	Bin-Huang Lin	2	-	100.00%	Resigned (re-elected on 2023.6.27)
Independent Director	Wu-Zhong Liao	6	-	100.00%	Re-elected (re-elected on 2023.6.27)
Independent Director	Sìn-Yì Huang	4		100.00%	Newly-elected (re-elected on 2023.6.27)
Independent Director	Cóng-Wén Shi	3		75.00%	Newly-elected (re-elected on 2023.6.27)

Annual work priorities:

To assist the Board of Directors in performing its role of overseeing the quality and integrity of the Company in performing accounting, auditing, financial reporting processes and financial controls. The main reviewed matters are as follows:

(1) Review the financial statements.
(2) Evaluate Certified Public Accountants' competence and independence.
(3) Review the amendments to the Procedures for the Acquisition and Disposal of Assets
(4) Review the amendments to the Internal Control System and Statement of Internal Control System.
(5) Review the Internal audit plan.

Other issues to be noted:

I. In case of any of the following circumstances in the operation of the Audit Committee, state the date of the audit committee meeting, the meeting session, the contents of the proposal, the objections, reservations or major recommendations of the independent directors, the resolution of the Audit Committee members and the company's handling of the opinion of the Audit Committee: (Note 3)
   (I) Matters listed in Article 14-5 of the Securities and Exchange Act (Note 3)
   (II) Except for the matters previously mentioned, the other matters that have not been approved by the Audit Committee but approved by more than two-thirds of all directors: None.

II. For the implementation of avoidance of motions by independent directors due to a conflict of interest involved, the name of the independent director, the content of the motion, the reason for withdrawal from the meeting for interest avoidance and the voting results shall be stated: None.

III. Communication between independent directors and the internal audit director and the accountant (including major matters, methods and results of communication on the company's finance and business conditions).
   Explanation:
   (I) The independent directors and the internal audit manager communicate with each other at the quarterly meetings of Audit Committee. The internal audit manager reports to the independent directors at the meetings on a regular basis to discuss the audit results and the implementation status of their follow-ups.
   Summary of communication between the independent directors and the internal auditors in 2022: (Note 4)
   (II) The independent directors and the CPAs communicate with each other at the annual meeting. The independent CPAs provide explanations to the independent directors on the audit results of the financial statements, and communicate with each other on whether there are any amendments to the laws and regulations or new standards that may affect the Company's accounting practices.

	Communications between independent directors and external accountants in 2022: (Note 5)

Note 1: Where a specific independent director may be relieved from duties before the end of the fiscal year, specify the date of discharge in the "Remark" section. Actual attendance rate (%) was calculated based on the number of board meetings held during each director's term and the number of meetings actually attended by that director

Note 2: Where a reelection may be held for filling the vacancies of independent directors before the end of the fiscal year, list out both the new and the discharged independent directors, and specify if they are the former independent directors, or newly elected, re-elected and the date of the reelection in the "Remark" section. Actual attendance rate (%) was calculated on the basis of the number of meetings held by the audit committee during each independent director's term and the number of meetings actually attended by that independent director.

Note 3: Operation status

Date of meeting	Proposal Contents	Matters specified in Article 14-5 of the Taiwan Securities and Exchange Act	Resolutions rejected by the Audit Committee but approved by two thirds of directors
2023.03.24 16th session of the 1st term	1. Report on material financial and business results for 2022.	✔	None
	2. Assessment of external CPAs' competence and independence for 2023.	✔	None
	3. Endorsement and guarantee for subsidiaries	✔	None
	4. 2022 Statement of Internal Control System.	✔	None
	5. Amendments to the Company's internal regulations (including Procedures for Acquisition or Disposal of Assets).	✔	None
	Results of the resolution of the Audit Committee: All members of the Audit Committee present agreed to approve.		
	The Company's handling of the opinions of the Audit Committee (2023.03.24): All members of the Audit Committee present agreed to approve.		
2023.05.11 17th session of the 1st term	1. Report on material financial and business results for Q1 2023.	✔	None
	2. The company sets up a corporate governance officer.	✔	None
	Results of the resolution of the Audit Committee: All members of the Audit Committee present agreed to approve.		
	The Company's handling of the opinions of the Audit Committee (2023.05.11): All members of the Audit Committee present agreed to approve.		
2023.06.27 1st session of the 2nd ter	1. Selection of convener and chairman.		None
	The Company's handling of the opinions of the Audit Committee (2023.06.27): All members of the Audit Committee recommended Fu-Nan Chou as the convener and chairman.		
	The Company's handling of the opinions of the Audit Committee (2023.06.27): Not applicable		
2023.08.09 2nd session of the 2nd term	1. Report on material financial and business results for Q2 2023.	✔	None
	2. Revise the approval authority table of the company.	✔	None
	Results of the resolution of the Audit Committee: All members of the Audit Committee present agreed to approve.		
	The Company's handling of the opinions of the Audit Committee (2023.08.09): Approved by all the directors present.		
2023.11.10 3rd session of the 2nd term	1. Report on material financial and business results for Q3 2023.	✔	None
	Results of the resolution of the Audit Committee: All members of the Audit Committee present agreed to approve.		
	The Company's handling of the opinions of the Audit Committee (2023.11.10): Approved by all the directors present.		
2023.12.25 4th session of the 2nd term	1 Amendments to the Company's "The Management of financial report preparation process".	✔	None
	2 Amendments to internal control system and related operations and procedures	✔	None
	3. 2024 Audit Plan	✔	None
	Results of the resolution of the Audit Committee: All members of the Audit Committee present		

Date of meeting	Proposal Contents	Matters specified in Article 14-5 of the Taiwan Securities and Exchange Act	Resolutions rejected by the Audit Committee but approved by two thirds of directors
	agreed to approve.		
	The Company’s handling of the opinions of the Audit Committee (2023.12.25): Approved by all the directors present.		

Note 4: Communications between independent directors and the internal audit manager:

Date	Matters communicated	Recommendations and Results from Independent Directors
2023.03.24	Report on internal audit implementation in Q4 2022.	No objection
2023.05.11	Report on internal audit implementation in Q1 2023.	No objection
2023.08.09	Report on internal audit implementation in Q2 2023.	No objection
2023.11.10	Report on internal audit implementation in Q3 2023.	No objection
2023.12.25	Report on internal audit implementation in October 2023.	No objection

Note 5: Communications between independent directors and external accountants in 2023:

Date	Matters communicated	Recommendations and Results from Independent Directors
2023.12.28	Communication has been made regarding governance issues related to the review of the financial statements and found that there were no extraordinary events and no material audit adjustments, discrepancies or undisclosed matters	No opinion
	Major accounting assessment recommendations: The company began to purchase US dollar bonds in March 2023. As of November, it had purchased US dollar bonds with a face value of approximately US$1.8 million. The accountant recommended that amortization and exchange rate assessments should be conducted at the end of each month, which has been implemented month by month.	No opinion
	Self-Prepared Financial Statements: On July 13, 2023, the competent authority - TWSE issued a letter (Taiwan Securities No. 1121803236) to review the ability to prepare its own financial reports. The company completed the preparation of its own consolidated financial report in the third quarter of 2023, and sent the financial report and draft for submission on October 26, 2023. The accountant reviewed it and sent it to TWSE district for review on November 2. After confirming with the district that the requirements for self-preparation of financial statements have been completed, it was reported to the board of directors on December 25, 2023.	No opinion

(III) Corporate Governance Implementation as Required by Taiwan Financial Supervisory Commission:

Item	Implementation status			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Explanation	
I. Does the Company establish and disclose the Corporate Governance Best Practice Principles based on the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"?	✓		The Company has established the "Corporate Governance Best Practice Principles". These principles, which are related to the protection of shareholders' rights and interests, the Company, the enhancement of the board of directors' functions, the function of the Audit Committee, the respect of stakeholders' rights and interests, and the enhancement of information transparency, have been clearly defined and implemented in the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, taking into account the industry conditions, laws and regulations, and the Company's status.	No difference.
II. Equity structure and shareholders' equity of the Company				
(I) Does the Company have internal operation procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If so, have these procedures been implemented accordingly?		✓	(I) Although the Company has not yet established internal procedures to handle shareholders' suggestions, doubts, disputes and litigation matters, the Company has designated a dedicated person (spokesperson and stock affairs unit) to properly handle shareholders' suggestions, doubts and disputes, etc. If there are legal issues involved, the Company's legal counsel will handle such issues.	(I) No material difference
(II) Does the Company have a list of major shareholders and ultimate controllers of major shareholders who actually control the Company?	✓		(II) The Company's stock affairs are handled by a transfer agent, and the Company has good relations with major shareholders and keeps control of the shareholdings held by directors, managers and major shareholders holding 10% or more of the shares.	(II) No difference
(III) Has the company established and implemented risk control and firewall mechanisms with affiliated enterprises?	✓		(III) The Company has established "Rules Governing Financial and Business Matters between the Company and Its Affiliated Enterprises". The Company follows the relevant laws and	(III) No difference

Item	Implementation status			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Explanation	
			regulations to control the risks associated with investments in affiliates, lending of funds and endorsement/guarantees to others, acquisition or disposal of assets, and accounts receivable transactions among related entities.	
(IV) Does the company have internal regulations that prohibit insiders of the company from buying and selling securities using non-public information?	✓		(IV) The Company has established the “Procedures for Handling Material Inside Information” to prohibit directors, managers and employees who have access to the Company’s material inside information from disclosing such information to others. The Company’s directors are highly self-disciplined to prohibit the occurrence of misconduct. The Company has also established the “Rules of Ethical Conduct for Employees”, the “Ethical Corporate Management Best Practice Principles” and the “Procedures for Ethical Management and Guidelines for Conduct”, which prohibit directors, managers, employees, appointees or persons with substantial control over the Company from engaging in unethical conduct for improper gain.	(IV) No difference
III. Composition and Responsibilities of the Board of Directors (I) Has the Board of Directors established a diversity policy, set goals, and implemented them accordingly?	✓		(I) The Company has established a “Corporate Governance Best Practice Principles” and a “Policy on the Diversification of the Board of Directors” to formulate an appropriate policy on the board of directors’ diversity with respect to the Company’s operations, business structure and development needs (please refer to pages 9~12 of this annual report - Diversification and Independence of the Board of Directors). The Company plans to add	(I) No difference.

Item	Implementation status			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Explanation	
			one additional independent director to the Board when the Board is re-elected in 2023.	
(II) In addition to setting up the Compensation Committee and the Audit Committee according to law, has the Company voluntarily set up other functional committees?		✓	(II) The Company does not have other functional committees at present. In the future, the President's Office will assign the head of each unit to be responsible for managing each function according to their responsibilities.	(II) The Company will set it up in the future as necessary.
(III) Has the Company established a methodology for evaluating the performance of its Board of Directors, on an annual basis, reported the results of the performance to the Board of Directors, and used the results as reference for directors' remuneration and renewal?	✓		(III) The Company has established the Board of Directors' performance evaluation policy on March 27, 2019, which stipulates that annual evaluation will be conducted and the evaluation results will be completed by the end of the first quarter of the following year. The evaluation is conducted by distributing the "Questionnaire of Self-Evaluation of Performance of the Board", "Questionnaire of Self-Evaluation of Performance of Board Members (for Themselves or Peers)" and "Questionnaire of Self-Evaluation of Performance of the Functional Committee" to each director before the end of each year. After receiving the questionnaires, the evaluation results are recorded and submitted to the Board of Directors. The measurement items of the performance evaluation of the board of directors of the Company cover the following five aspects: 1. Participation in the operation of the company; 2. Improvement of the quality of the board of directors' decision making; 3. Composition and structure of the board of directors; 4. Election and continuing education of the directors. 5. Internal control.	(III) No difference

Item	Implementation status			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Explanation	
			The measurement items of the performance evaluation of the board members of the Company cover the following six aspects: 1. Alignment of the goals and mission of the company; 2. Awareness of the duties of a director; 3. Participation in the operation of the company; 4. Management of internal relationship and communication; 5. The director's professionalism and continuing education; and 6. Internal control. The measurement items of the performance evaluation of the compensation committees of the Company cover the following five aspects: 1. Participation in the operation of the Company; 2. Awareness of the compensation committee's duties. 3. Enhancement of the quality of the compensation committee's decision-making 4. Selection of committee members. 5. Internal control. The measurement items of the performance evaluation of the audit committees of the Company cover the following five aspects: 1. Participation in the operation of the Company; 2. Awareness of the audit committee's duties. 3. Enhancement of the quality of the audit committee's decision-making 4. Selection of audit members. 5. Internal control. The results of 2023 performance evaluation of the Board of Directors were finalized at the end of 2023 and	

Item	Implementation status			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Explanation	
(IV) Does the Company regularly evaluate the independence of CPAs?	✓		reported in the Board of Directors' Meeting on March 8, 2024: the results of the performance evaluation of the Board of Directors as a whole, the individual board members and the compensation committees and the audit committees were assessed to be "in compliance with the standards". The results of the performance evaluation as a whole are effective. (IV) The Company's Finance and Accounting Department has conduct annual evaluation to assess the independence of the external CPAs and submitted the evaluation results to the Audit Committee and the Board of Directors for approval on March 24, 2023. The CPAs of the Company, Keng-Shi Chang and Chung-Chen Chen from Deloitte Touche, have met the independence criteria of the Company (Note 1) and were qualified to serve as the Company's independent CPAs , and the Company also obtained the "CPAs' Statement of Independence" issued by them.	(IV) No difference
IV. Is the Company equipped with a competent and appropriate number of corporate governance officer, and has it designated a corporate governance director to be responsible for corporate governance related matters (including but not limited to providing information required by directors and supervisors to carry out business, assisting directors and supervisors in complying with laws and regulations, managing related matters	✓		On May 11, 2023, the company set up the position of Corporate Governance Director in the board of director which was assumed by the Vice President of the Main Management Department, and leads the staff in the Main Management Office to execute the corporate governance operations with the following main responsibilities: 1. Develop an appropriate corporate system and organizational structure to maintain the independence of the board of directors, the transparency of the company, and the compliance and enforcement of laws. 2. Consult the directors before the board meeting to plan and prepare the agenda, notify all directors to attend	No difference.

Item	Implementation status			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Explanation	
of the board meeting and shareholders' meeting in accordance with laws, taking minutes of the board meeting and shareholders' meeting, etc.)?			the meeting at least 7 days in advance and provide them with adequate information for the meeting, and invite the person in charge of the subject matter to attend the meeting so that the directors can understand the content of the relevant motions, and remind the relevant parties if the subject matter has conflict of interest that should be appropriately recused. 3. Register the shareholders' meeting date every year by the deadline set by the law, prepare and file the notice of meeting, meeting handbook and meeting minutes before the deadline, and register the changes after the amendment of the articles of incorporation or the election of directors and supervisors.	
V. Has the Company established a communication channel with stakeholders (including but not limited to shareholders, employees, customers and suppliers), set up a stakeholder area on the company's website, and properly responded to major corporate social responsibility issues of concern to stakeholders?	✓		The Company has a spokesperson to communicate with its stakeholders. In addition to the spokesperson, the Company also provides the stakeholders with the opportunity to contact the Company by telephone or fax on the Company's website to address their questions and concerns, then the Company will respond to them appropriately.	No difference.
VI. Has the Company appointed a professional agency to handle the affairs of the shareholders' meeting?	✓		The Company appointed Fubon Securities Co., Ltd. to handle all the matter related to the shareholders' meeting on its behalf.	No difference.

Item	Implementation status			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Explanation	
VII. Information Disclosure (I) Has the Company set up a website to disclose financial and corporate governance information? (II) Does the Company adopt other ways of information disclosure (such as setting up an English website, appointing a dedicated person to be responsible for the collection and disclosure of the company's information, implementing the spokesperson system, and placing on the company's website the process of the seminar for institutional investors)?	✓		The Company has set up a website (http://www.evertex.tw) to disclose financial information on a regular basis, and has designated a person responsible for the collection and disclosure of corporate information and the implementation of an external spokesperson system. The Company also discloses relevant information through the Market Observation Post System in accordance with relevant regulations to ensure that information that may affect shareholders and stakeholders is disclosed immediately.	No material difference
(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 first, second and third quarter financial report and the operation of each month ahead of the required time limit?		✓	Although the Company did not publicly announce and report the annual financial report and the first, second and third quarter financial reports in advance, the Company did announce and report them before the deadline as stipulated by the law.	

Item	Implementation status			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Explanation	
VIII. Does the Company have other important information to help understand the operation of corporate governance (including but not limited to employee rights and interests, employee care, investor relations, supplier relations, rights of interested parties, the status of directors' and supervisors' further education, the implementation of risk management policies and risk measurement standards, the implementation of customer policies, the company's purchase of liability insurance policy for directors and supervisors, etc.)?	✓		1. Employee rights and interests: The Company treats its employees like partners. Besides complying with the Labor Standards Act to protect the rights and interests of employees, the Company has also established an Employee Welfare Committee to communicate with employees in a two-way manner to promote policies, listen to their opinions and provide counseling. The implementation of all employee rights and interests and welfare systems are governed by laws and regulations. 2. Employee Care: The Company cares about the safety and physical and mental health of its employees. In addition to providing them with a safe and comfortable working environment, the Company also promotes the welfare system and provides them with good education and training to establish a good relationship with employees. These include medical subsidies, free health checkups, bonuses for holidays, grants for weddings and funerals, residential care for employees, and free parking.	No difference.

IX. Please explain the improvement of the corporate governance evaluation results according to the findings issued by the Corporate Governance Center of the Taiwan Stock Exchange for the latest year, and put forward the priorities and measures for those that have not been improved: The Company has made improvements in 2023 to address the deficiencies listed in the 9th Corporate Governance Evaluation System, as described below:

Number	Items not yet improved in 2022	Improvement in 2023
1.11	Has the company uploaded the English version of annual report 16 days before the shareholders' meeting?	The company's shareholders' meeting has been held on June 27, 2023, and the English version of annual report has been uploaded on May 23, 2023.
2.2	Has the company formulated a policy on diversity of board members and disclosed the specific management goals and implementation status of the diversity policy on the company's website and annual report?	The company has disclosed the specific management objectives and implementation status of the diversity policy on the company's website and annual report.
2.7	Whether the number of independent	The company re-elected directors at the 2023

Item			Implementation status			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
			Yes	No	Explanation	
		directors in the company reaches more than one-third of the number of directors?			shareholders meeting, and four of the 11 directors were independent directors.	
	2.11	Whether the company's interim financial report has been approved by the audit committee and submitted to the board of directors for discussion and resolution?			The Company's interim financial reports were approved by the Audit Committee and the Board of Directors.	
	3.5	Has the company uploaded the English version of financial report 16 days before the shareholders' meeting?			The company's shareholders' meeting has been held on June 27, 2023, and the English version of financial report has been uploaded on May 23, 2023.	
	3.20	Has the company been invited (by itself) to hold Investor Conference at least twice, and the interval between the two Investor Conference at the beginning and end of the year is more than three months?			The company was invited by Yuanta Securities and E.SUN Securities to hold Investor Conference on Sptember 20, and December 20 2023, and the two Investor Conference were separated by more than three months.	
	4.1	Does the Company set up governance structure for sustainability development, and follow materiality principle to conduct risk assessment for environment, social and corporate governance topics related to company operation, and establish risk management related policy or strategy, which is reviewed by the Board of Directors and disclosed on the company website and annual report ?			The board of directors of the company was granted (approved) the general manager as the Chief Responsible Person on December 21, 2022, and President's Office is as sustainable development integrated unit, assign personnel mandate sustainable development goals. Relevant information has been disclosed on the company website and annual report.	
	4.18	Does the company disclose the framework of Task force on Climate-related Financial Disclosures(TCFD) on its governance of climate-related risks and opportunities, strategies, risk management, indicators and goals in accordance with the proposed ?			The company has disclosed the Task force on Climate-related financial disclosure (TCFD) framework in its annual report.	

Note 1: Assessment of external CPAs' independence and competence:

Assessment items	Outcome of assessment	Whether to comply with the independence criteria
1. The external CPAs perform professional services with dignity and integrity.	Yes	Yes
2. The external CPAs are impartial and objective when performing professional services, while avoiding conflicts of interest that may affect their independence.	Yes	Yes
3. The external auditors shall have independence of mind and in appearance, to express an opinion on financial statements for the work of auditing and review.	Yes	Yes

Assessment items	Outcome of assessment	Whether to comply with the independence criteria
4. When they have a direct or indirect material financial interest in the Company.	No	Yes
5. When they have a financing or guarantee relationship with the Company or its directors.	No	Yes
6. When they have a close business relationship with the Company	No	Yes
7. When they have a potential employment relationship with the Company	No	Yes
8. When there are contingency fees in the audit	No	Yes
9. Members of the audit service team have served as directors and supervisors, managers of clients or positions within the past two years that have a significant impact on audit cases	No	Yes
10. Non-audit services provided to clients will directly affect important items in an audit case	No	Yes
11. Promote or be a sales agent of shares or other securities issued by the Company	No	Yes
12. Acting as a defender of audit clients or representing the Company in a conflict with another third party, except for those permitted by law.	No	Yes
13. When there is a relationship with the Company's directors, supervisors, managers or those who have a significant influence on an audit case	No	Yes
14. Co-working accountants within one year before dismissal serving as the clients' directors, supervisors or managers, or positions that have a significant influence on an audit case	No	Yes
15. Receiving gifts or gifts of great value from clients, their directors and managers	No	Yes
16. The Company requires the accountants to improperly reduce accounting policies that should be performed.	No	Yes
17. In order to reduce audit fees, pressure is put on accountants to improperly reduce the audit work that should be performed.	No	Yes
18. The Company has been appointed the same external auditor for more than seven consecutive years.	No	Yes

Assessment items	Outcome of assessment	Whether to comply with the competence evaluation
1. Complete the attestation report on the financial statements of the Company for each period punctually.	Yes	Yes
2. Complete the audit on the financial statements of the investees of each period punctually.	Yes	Yes
3. Provide the Company with financial and tax consultative services from time to time.	Yes	Yes

Assessment items	Outcome of assessment	AQI report provided by CPAs
1. Professionalism: Do the accounting firm and CPAs possess expertise and management capacity for implementing the audit operations?	Yes	Yes
2. Quality control: Do the accounting firm and CPAs possess the quality control capacity for audits?	Yes	Yes
3. Independence: When the accounting firm and CPAs are implementing the audits, do they maintain the substantial and formal position of independence and impartially express their opinions?	Yes	Yes
4. Supervision: Is there any deficiency found regarding the implementation of the accounting firm and CPAs under the supervision of the supervisory agent?	Yes	Yes
5. Innovation capacity: Does the accounting firm possess plans for improving the audit quality or innovation capacity?	Yes	Yes

(IV) Compensation Committee Meeting Status

1. Information of Compensation Committee members

<table>
<tr><th>Title (Note 1)</th><th>Qualification
Name</th><th>Professional Qualification and Experience (Note 2)</th><th>Independence Status (Note 3)</th><th>Number of compensation committee member position concurrently held at other public offering companies</th></tr>
<tr><td>Independent Director Convener</td><td>Fu-Nan Chou</td><td>He is a professional in the textile industry and has been in the industry for decades. He graduated from National Chengchi University with a degree in International Trade and is the Chairman of SINGHOTEX CO., LTD. He has not been a person of any conditions defined in Article 30 of the Company Act.</td><td rowspan="2">1. None of his spouse, relatives within the second degree of kinship is a director, supervisor or manager of the Company or its affiliates.
2. No shares of the Company are held by him, his spouse or relatives within the second degree of kinship.
3. Not a director, supervisor or employee of any company engaged in specific relationship with the Company.
4. No remuneration received for business, legal, financial or accounting services provided by the</td><td>0</td></tr>
<tr><td>Independent Director</td><td>Wu-Zhong Liao</td><td>He is a professional in the textile industry and has been in the industry for several decades. He is the Chairman of FONG WEI FIBERS CORPORATION. He has not been a person of any conditions defined in Article 30 of the Company Act.</td><td>0</td></tr>
</table>

Independent Director	Sìn-Yì Huang	He is a professional in the textile and chemical industry. He graduated from Ming Chi Institute of Technology with a degree in Chemical Engineering and has been the director and Vice President of NAN YA PLASTICS (Co., Ltd.) , The 4th Executive Director of the Taiwan Man-made Fiber Manufacturing Industry Association. He is currently a adviser for NAN YA PLASTICS (Co., Ltd.) and has been in the industry for decades.He has not been a person of any conditions defined in Article 30 of the Company Act.	Company or its affiliates in the last two years.	
Independent Director	Cóng-Wén Shi	He is a professional in the textile and chemical industry. He graduated from National Taiwan University MBA. He is the founder and chairman of Ruisi Consulting (Inc.), and also serves as a adviser to NAN YA PLASTICS (Co., Ltd.). He has been in the industry for nearly ten years.He has not been a person of any conditions defined in Article 30 of the Company Act.		

Note 1: Please specify the related seniority, professional qualifications, experiences, and independence of each Compensation Committee member in the Table. For members who are also independent directors, please refer to pages 9~12 of this annual report - Diversification and Independence of the Board of Directors. In the Title field, each member is specified either as independent director or other (please mark the role of convener, if any)

Note 2: Professional qualifications and experience: Please specify the professional qualifications and experience for each member of the Compensation Committee.

Note 3: Compliance with the independence requirements: Please specify the Compensation Committee members' compliance of independence, including but not limited to, whether they or their spouses or relatives within the second degree of kinship serve as directors, supervisors, supervisors or employees in the Company or any of its affiliates; the number and percentage of the Company's shares held in their own names or names of the spouses, relatives within the second degree of kinship (or under the name of others); whether they serve as directors, supervisors, or employees in any company engaged in specific relationship with the Company (please refer to the subparagraphs 5–8, Paragraph 1 of Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Compensation Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); and the amount of remuneration received in the last two years for providing commercial, legal, financial, accounting or other professional services to the Company and its affiliates.

2. Status of Compensation Committee meetings
   (1) There are four members on the Compensation Committee of the Company.
   (2) The current term of the Compensation Committee members is from June 27, 2023 to June 26, 2026. The Compensation Committee held two meetings (A) in the most recent year and the qualifications and attendance record of members are as follows:

Job title	Name	Number of actual attendance (B)	Number of attendance by proxy	Actual attendance rate (%) (B/A) (Note 1, Note 2)	Remarks
Convener	Fu-Nan Chou	3	-	100%	Re-elected (re-elected on 2023.6.27)
Member	Bin-Huang Lin	1	-	100%	Resigned (re-elected on 2023.6.27)
Member	Wu-Zhong	3	-	100%	Re-elected (re-elected

	Liao				on 2023.6.27)
Member	Sìn-Yì Huang	2		100%	Newly-elected (re-elected on 2023.6.27)
Member	Cóng-Wén Shi	1		50%	Newly-elected (re-elected on 2023.6.27)
Other issues to be noted: I. If the board meeting does not adopt or amends the recommendation of the Compensation Committee, state the date, period, content of the proposal, resolution results of the board meeting, and the Company's handling of the opinions of the Compensation Committee (if the compensation adopted by the board meeting is better than the proposal of the Compensation Committee, state the difference and reason): None. II. In case of any objection or reservation of any member to the resolution of the Compensation Committee with a record or written statement in place, please state the date, period, proposal content, opinions of all members and the handling of the opinions of the members: None.					

Note 1: Where a specific member of the Compensation Committee may be relieved from duties before the end of the fiscal year, specify the date of discharge in the "Remark" section. Actual attendance rate (%) was calculated based on the number of board meetings held during each director's term and the number of meetings actually attended by that director.

Note 2: Where a reelection may be held for filling the vacancies of member of Compensation Committee before the end of the fiscal year, list out both the new and the discharged member of Compensation Committee, and specify if they are the former member, or newly elected, re-elected and the date of the reelection in the "Remark" section. Actual attendance rate (%) was calculated on the basis of the number of meetings held by the compensation committee during each member's term and the number of meetings actually attended by that member.

3. The contents and results of the motions and resolutions recently discussed by the Compensation Committee of the Company

Meeting date	Motion content and company's response
2023.01.16 7th session of the 4th term	1. The 2022 remuneration to directors and managers of the Company were paid accordingly.
	2. The applicable compensation policy for directors and officers of the Company for the year 2023.
	3. The 2022 year-end bonus for managers of the Company.
	4. The ratio and amount of remuneration to directors, supervisors and employees for 2022.
	Result of Resolution: Approved by all member of Compensation Committee present.
2023.06.27 1st session of the 5th term	Selection of convener
	Result of Resolution: All members of the Compensation Committee recommended Fu-Nan Chou as the convener.
2023.12.25 2nd session of the 5th term	1. The remuneration to directors and managers of the Company Up to Q3 of 2023 were paid accordingly.
	2. The implementation status of the Company's remuneration to directors for the year 2022.
	3. The directors and managers covered by the Company's 2023 compensation review.
	4. Review the performance evaluation items for the Board of Directors
	5. The 2024 annual work plan for the Compensation Committee.
	Result of Resolution: Approved by all member of Compensation Committee present. The items of the board performance evaluation questionnaire remain unchanged for this year.

(V) Sustainable Development Implementation Status and differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons:

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation status (Note 1)</th><th rowspan="2">Difference from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Explanation</th></tr>
<tr><td>I. Does the Company have a governance structure for sustainability development and a dedicated (or ad-hoc) sustainable development organization with Board of Directors authorization for senior management, which is reviewed by the Board of Directors?</td><td>✓</td><td></td><td>The board of directors of the company was granted the general manager as the Chief Responsible Person, and President's Office is as sustainable development integrated unit, assign personnel mandate sustainable development goals.
Composition of executive members: Main Management Department is responsible for corporate governance, HR section is responsible for human rights, talent recruitment and employee welfare, Occupational Safety and Health section responsibilities environmental Issues and occupational safety and health.
Board report content:
1. March 24 2023: Reported subsidiary company-Tong Fa Green Energy Co., Ltd. amount of electric power was 1.98 million kWh last year.
2. May 11 2023: Reported energy saving and carbon reduction last year, GHG volume certificate of external organization, and company statistics for water consumption and waste volume.
3. December 25 2023: Report the exctute status of sustainable development items in this year.
Exctute status of sustainable development items in 2023:
1. Extra hire handicapped workers and continue hire middle and high older workers.Renewal of international certification: include bluesign® expires in April 2026 (renewal every 3 years)、Oeko Tex 100、RCS & Higg Index-FEM & FSLM etc.(updated every year)。
2. Other environmental and social issues</td><td>No difference.</td></tr>
</table>

Item	Implementation status (Note 1)			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Explanation	
			such as climate change, reduced energy efficiency, human rights, employee safety and welfare, and other social contributions, public interests, etc., please refer to page 39-58. Board of Directors Directive (December 25, 2023) 1. The Company use natural gas in 2023, GHG volume recude less than 20,000 tons should not be a problem. Carbon fees will be levied in 2025, and they should not be the first wave of levies by then. Please continue to fight for the government's low-carbon subsidy plan. 2. Due to the EU ban on zinc ion chemicals, we have replaced all zinc ion additives with silver ion antibacterial agents to reduce environmental pollution. In the future, we will also use refining agents recycled from olive oil, which are biodegradable and natural, prepare for future customer needs.	
II. Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy? (Note 2)	✓		This information covers the Company's sustainable development performance in 2023. The risk assessment boundary is the Company, and the subsidiary, Tong Fa Green Energy Co., Ltd, is included in the scope. The Company conducts risk assessment related to important issues on the materiality principle, and establishes relevant risk management strategies based on the assessed risks. (Note 3)	No difference.
III. Environmental Issues (I) Has the Company established an appropriate environmental management system according to its industrial characteristics?	✓		(I) Establish a proper environmental management system. 1. We have developed an "environmental management system" based on the characteristics of our industry,	(I) No difference.

Item	Implementation status (Note 1)			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Explanation	
			and we will continue to improve it by devoting efforts to pollution prevention, waste reduction, environmental cleaning, resource recycling, and resource utilization to create a harmless environment. 2. The Company has been certified by bluesign® , a Swiss international environmental certification body, which includes the five major certification principles - resource productivity, consumer safety, wastewater and exhaust emissions, and occupational health - into a single standard accreditation. The recognition indicates that the Company's manufacturing processes and products are in line with ecological and environmental protection, health and safety, and above all, resources are utilized in the most efficient way, and the concept of harmless production is applied. The certification is the latest global environmental standard that guarantees the consumers' safety in using our products. 3. We have completed the Oeko-Tex Standard 100 accreditation which focuses on controlling the production process without causing harm to the environment and workers in the industry, and effectively preventing the use of harmful substances in order to provide consumers with safe textiles and	

Item	Implementation status (Note 1)			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Explanation	
			protect the environment. 4. The Company has been certified with the RWS (Responsible Wool Standard) for the quality of the raw material source. The wool we use is raised and obtained in a humane manner to fulfill the animal protection policy. 5. In August 2019, we were certified with the Recycled Claim Standard (RCS), which provides further source identification and end-product protection for recycled fiber products.	
(II) Is the Company committed to improving energy use efficiency and using renewable materials with low impact on the environment?	✓		(II) We are aware of the importance of environmental protection, so we operate our business with environmental protection in mind and use the Higg Index as a management framework: 1. The wastewater we generate is treated with wastewater treatment and then reused. 2. Recycled fibers are used as raw materials for production. 3. We have appointed qualified vendors to handle solvent and waste recycling. 4. Of the 11 eco-friendly additives used in the factory, 7 have been changed to bio-based additives, which will help reduce the carbon emissions of the fabric. 5. C_6 water-repellent agent has been completely replaced by C_0 fluorine-free water-repellent agent, which has a more harmless impact on the environment.	(II) No difference

Item	Implementation status (Note 1)			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Explanation	
			6. In June 2023, zinc ion-related additives have been completely replaced with silver ion antibacterial agents to reduce pollution to soil and groundwater. 7. We recycle and reuse the heat from the molding machines and boilers. 8. We have adopted a plant-wide air pressure system improvement and energy saving plan. 9. We have reinforced and reused the package materials. 10. We have changed the temperature control setting that cools down the dye machine with hot water. 11. All equipment is installed with inverter. 12. Increase the use of recycled hot water to reduce the soft water consumption. 13. We set up a charging station for electric scooters at our factory in response to the government's policy of energy saving and carbon reduction. 14. We replaced old dyeing machines with new machines that have low carbon emission function. 15. The Company has installed a 1.98 megawatts (MW) solar power plant on the roof of its Taoyuan factory through a subsidiary to implement green energy and environmental protection.	
(III) Does the Company assess	✓		(III) In response to the government's	(III) No

Item	Implementation status (Note 1)			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Explanation	
the potential risks and opportunities of climate change for the enterprise now and in the future and take measures to deal with climate-related issues?			"2050 Net Zero Emissions" action, the company formulated the "Climate Change Response Policy" in June 2022, took response measures to climate-related issues, prepared issue assessment and response action form (Note 4), and introduced the TCFD framework.	difference
(IV) Does the Company prepare statistics of greenhouse gas emissions, water consumption and the total weight of waste in the past two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management?	✓		(IV) Energy saving and carbon reduction implementation items: 1. Sustainable MFG of the Company is responsible for the voluntary GHG reduction platform and ISO-14064-1 GHG inventory implementation and certification. In addition to following the competent authority to promote GHG inventory, the Company plans to establish GHG internal audits, information management systems, inventory reports and related procedural documents in the future to gradually enhance the Company’s ability to self-manage and reduce carbon emissions in response to climate change. 2. The replacement of coal-fired boilers with natural gas boilers from 2022 will significantly reduce GHG emissions. The company's GHG emissions are based on 2021, and the company aims to reduce carbon emissions by 52.5% by 2030, annual emissions of lower than 20,000 GHG volume , from 2021 to 2023, it's reduction of	(IV) No difference

Item	Implementation status (Note 1)			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Explanation	
			GHG 67%, and incorporate the acquisition of carbon rights into carbon reduction strategic planning. The Company has appointed an external organization, AFNOR Asia, to conduct the verification. Reduce water consumption by introducing low liquor ratio dyeing machines, optimizing processes and additives, and recycling waste water. The company's water consumption are based on 2021, and the company aims to reduce water consumption by 30% by 2030., water consumption has been reduced by 56% from 2021 to 2023. Although the reduction target has been achieved in GHG emissions and water consumption, mainly due to the poor economic climate, the factory's production capacity has decreased by more than 50% compared with the base year. In the future, we will strive to achieve the standard even if the production capacity is saturated. In addition, the Company uses eco-friendly dye, which can significantly reduce the COD concentration in water and the wastewater treatment load. Greenhouse gas emissions, water use and waste volume for the past two years (data boundaries are the Company’s Taoyuan plant and its	

<table>
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<tr><th>Yes</th><th>No</th><th>Explanation</th></tr>
<tr><td></td><td></td><td></td><td>subsidiary - Tong Fa Green Energy Co., Ltd.):
<table>
<tr><th>Item \ Year</th><th>2022</th><th>2023</th></tr>
<tr><td>GHG (Scope 1)</td><td>19,645t CO_2e</td><td>9,785t CO_2e</td></tr>
<tr><td>GHG (Scope 2)</td><td>5,151t CO2e</td><td>4,106t CO2e</td></tr>
<tr><td>Greenhouse gas emissions per 1 ton dyed</td><td>4.6t CO_2e</td><td>4.1t CO_2e</td></tr>
<tr><td>Water Consumption</td><td>937,715 m^3</td><td>537,382 m^3</td></tr>
<tr><td>Water consumption per 1 ton dyed</td><td>172m^3</td><td>158m^3</td></tr>
<tr><td>Hazardous waste</td><td>0t</td><td>0t</td></tr>
<tr><td>Non-hazardous waste</td><td>1,281t</td><td>801t</td></tr>
<tr><td>Waste generated per 1 ton dyed</td><td>0.24t</td><td>0.23t</td></tr>
</table>
3. Sustainable MFG files reports on the scheduled improvement projects, investment amounts and the reduction data every year.</td><td></td></tr>
<tr><td>IV. Social Issues
(I) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and International Human Rights Conventions?</td><td>✓</td><td></td><td>(I) We support and follow the principle and spirit of the “Universal Declaration of Human Rights” and the “International Labour Organization Convention” to protect human rights and to eliminate any act that violates or infringes on human rights, and we believe that respecting and protecting human rights is an important foundation for the sustainability of the Company. Based on this, we raise awareness of human rights among employees and stakeholders for continuous improvement and propose the following declaration:</td><td>(I) No difference.</td></tr>
</table>

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation status (Note 1)</th><th rowspan="2">Difference from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Explanation</th></tr>
<tr><td></td><td></td><td></td><td>1. We prohibit any kind of discrimination and harassment in the workplace and recognize all races, nationalities, ages, genders, marital status, political affiliations, religious beliefs, etc.
2. We do not allow forced labor and we prohibit child labor.
3. We provide employees with wages and benefits that meet or exceed the minimum requirements of the law.
4. We respect privacy and the employees’ right to freely join the organization.
5. We are committed to providing a safe and healthy working environment for our employees, complying with relevant laws and regulations, continuously improving the safety and sanitation of the working environment, preventing incidents, reducing the risk of occupational accidents, protecting the safety of our employees and promoting their physical and mental health.
6. We provide a variety of learning opportunities, resources and subsidies to encourage employees to keep learning.
7. To protect the rights and interests of employees, we provide a two-way communication channel between the Company and employees and set up a grievance mechanism.</td><td></td></tr>
</table>

Item	Implementation status (Note 1)			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Explanation	
(II) Has the Company established and implemented reasonable employee welfare measures (including compensation, vacation and other benefits) and properly reflected the operating performance or results in employee compensation?	✓		(II) 1. Employees' salary includes basic salary (including basic salary and meal subsidy), duty allowance, personal performance bonus and year-end bonus. Salaries are determined by reference to the standards of the peer industry, job category, academic background, professional knowledge and skills, and years of experience, which are better than the average of the peer industry. Compensation to employees is calculated in accordance with the Company's Articles of Incorporation and is subject to an appropriation of at least 3% of the pre-tax profit for the period in which it is distributed. 2. The company's year-end bonus is allocated to all employees based on 1% to 2% of the revenue, taking into account the annual performance evaluation; in addition, quarterly bonuses will be paid according to the individual's work performance, depending on the quarterly operational performance of the Company. Bonuses for long-term employees upon reaching a certain seniority level. 3. The Company has set up an Employee Welfare Committee. Each year, the Company contributes welfare funds in order to provide employees with various welfare measures,	(II) No difference

Item	Implementation status (Note 1)			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Explanation	
			including employee travel subsidies, year-end gifts, gifts for the three holidays, birthday gifts, wedding gifts, maternity allowances, funeral subsidies, hospitalization subsidies, departmental dinners, etc. The leave system is handled in accordance with the Labor Standards Act. 4. The Company provides gender equality and a diversified work environment for all employees, and offers equal pay and promotion opportunities for both male and female employees. Workforce diversity information in 2023: There are 87 female employees, accounting for 36% of all employees, 20 female supervisors, accounting for 33% of the total number of supervisors. There are 40 middle-aged and senior male employees, and 23 middle -aged and senior female employees, accounting for 40% of native employees.	
(III) Does the Company provide a safe and healthy work environment for employees and regularly provide health and safety training for employees?	✓		(III) In order to provide a safe and healthy working environment for all employees, the Company has established an Occupational Safety and Health Committee in March 2020. We not only comply with domestic safety and health regulations and other requirements, but also raise the safety and health awareness and knowledge for all employees and related stakeholders	(III) No difference

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation status (Note 1)</th><th rowspan="2">Difference from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Explanation</th></tr>
<tr><td></td><td></td><td></td><td>by promoting the workplace safety and sanitation, and maintaining the occupational safety and health management system to constantly review and improve the workplace safety.
1. We provide annual health checkups for employees. We also schedule monthly on-site health services provided by physicians and nurses to raise employees' awareness on correct health precautions and implement personal health management.
2. Establish 6S management system to communicate with employees on a regular basis to understand their needs and to review the improvements that are required in the factory in order to reduce the risk of occupational accidents.
3. We provide employees with protective gears and safety boots needed for their work, and set up medical kits in each factory in case of emergency.
4. The implementation status of occupational safety and health education and training in the past two years
<table><tr><th>Year</th><th>Total attendance of education training</th><th>Total hours of education training</th></tr><tr><td>2022</td><td>501</td><td>1,447</td></tr><tr><td>2023</td><td>408</td><td>1,142</td></tr></table>5. The Company's occupational safety and health management is based on ISO 45001, but it has not been verified; no major occupational accidents and fire have occurred in recent years.
6. The company passed the SLCP (Social and Labor Convergence</td><td></td></tr>
</table>

Item	Implementation status (Note 1)			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Explanation	
			Project) audit in April 2024.	
(IV) Has the Company established an effective career development training program for its employees?	✓		(IV) We provide great working environment and offer internal and external education and training according to our business needs to enhance the employees' capabilities. We also organize consensus camps periodically to let employees understand the future direction of the Company and to strengthen the connection between different departments to work together towards the Company's vision. The Company properly shares its business achievements and results with its employees in the compensation and benefit policies, and integrates employee career planning with the Company's development vision to ensure the recruitment, retention and incentive of human resources to achieve the goal of sustainable management.	(IV) No difference
(V) Does the Company follow relevant laws and regulations and international standards for customer health and safety, customer privacy, marketing and labeling of products and services, and formulate relevant policies and grievance procedures to protect the rights and interests of consumers?	✓		(V) Our products are in compliance with the EU Oeko-Tex standard 100 and bluesign and the RSL (restricted substance list) requirements. There is no hazardous substances in our products in order to ensure the health and safety of consumers.	(V) No material difference
(VI) Does the Company have a supplier management policy that requires suppliers to follow relevant specifications and their	✓		(VI) The company signs a chemical/basic chemical supplier letter of commitment with dyeing auxiliaries suppliers, requiring the chemical/basic chemical products provided by the supplier to comply	(VI) No material difference

Item	Implementation status (Note 1)			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Explanation	
implementation in environmental protection, occupational safety and health or labor human rights issues?			with bluesign specifications; it also signs an anti-corruption and social compliance letter of commitment, requiring the suppliers to the environment, employee recruitment and management comply with social responsibility standards. If a supplier is found to have violated and caused significant impact on the Company during the transaction, the Company may suspend or terminate the contract.	
V. Does the Company prepare the sustainability report and other reports that disclose the company's non-financial information in accordance with the international reporting standards or guidelines? Is the aforesaid report confirmed or guaranteed by a third-party verification unit?		✓	In the future, the sustainability report for 2024 will be issued in 2025 in accordance with the regulations of the competent authority.	No material difference
VI. If the company has established sustainable development principles based on Sustainable Development Best Practice Principles for TWSE/ TPEx Listed Companies, please describe any discrepancy between the policies and their implementation: The Company has established the "Sustainable Development Best Practice Principles" in accordance with the "Sustainable Development Best Practice Principles for TWSE/ TPEx Listed Companies", taking into account the industrial environment, laws and regulations, and actual conditions of the Company, and has operated in accordance with the contents of the Best Practice Principles with no material differences.				
VII. Any other important information that may help to understand the operation of sustainable development: 1. Social Contribution: While other textile companies moved overseas to set up factories to make profits, the Company has always stayed in Taiwan. Since 1988, we have continued to create local job opportunities in Datong District, Taipei City and Luzhu District, Taoyuan City. There are 15 people employed near the location of the Taoyuan factory, accounting for 11% of the factory's local employees. In addition, we have provided 11 students with internship opportunities in the Company by collaborating with Chin-Yi University of				

Item	Implementation status (Note 1)			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Explanation	

Technology, Oriental Institute of Technology to share our practical experience with the students through various seminars and courses conducted by the management of the Company. In addition, it has cooperated with Takming University of Technology, and Fu Jen Catholic University to provide internship opportunities for 4 students for about one year to allow them to gain experience in the design and marketing business, providing them with a better environment to learn and present their results.

2. Environmental protection: The Company implements energy conservation and industrial waste reduction by strengthening reduction, recycling and reuse solutions to improve the utilization of resources. In addition to purchasing eco-friendly and energy-saving equipment or raw materials, the Company also actively encourages employees to bring their own tableware in order to cut down on the use of disposable tableware. We have replaced old lighting fixtures, increased the reuse of single-sided waste paper, set up charging stations for electric bicycles in the factory, and replaced the traditional worship method of burning incense and paper money with fresh flowers and fruits. In addition, we have installed a solar power plant on the roof of the Taoyuan factory and become a solar power demonstration plant in conjunction with the government’s green energy policy. By sharing the experience on the installation of solar panels, the Company can contribute to sustainable environmental development.
3. We donated 250 sweat-wicking wool-sweatshirts to the New Taipei City Fire Department and the Taiwan Leshan Association in march 2024. We also provide care to families that need assistance and respond to governmental policies by employing workers with physical and mental disabilities in accordance with the People with Disabilities Rights Protection Act to fulfill our corporate social responsibility.
4. Consumer rights: The Company serves its customers with honesty and integrity, and has a dedicated customer service staff and a quality control department to handle customer complaints and after-sales services promptly and effectively.
5. The company was selected as the outstanding manufacturer of "Industrial Greenhouse Gas Reduction" in 2023 by the Industrial Development Administration, Ministry of Economic Affairs, and participated in the "Ministry of Economics Affairs Carbon Neutrality Alliance (1+N)", Evertex is seen as group pioneer by the Industrial Development Bureau of the Ministry of Economic Affairs, leading the small ones through the big model, we will use our own carbon reduction experience to assist 17 other alliance manufacturers to move towards net-zero transformation, with a view to contributing more to the carbon reduction of the entire textile industry chain.
6. Equality in the workplace & Diversity: The Company is committed to provision of a working environment of dignity and safety for employees. We practice employment diversity as well as equality in remuneration and promotion opportunities, making sure that employees are not subject to discrimination, harassment, unfair treatment arising from ethnicity, gender, religion, age, political leanings, sexual orientation or otherwise protected by applicable laws and regulations. We have established internal management rules such as the “Rules for Gender Equality at Work”, “Regulations on the Prevention and Punishment of

Item	Implementation status (Note 1)			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Explanation	

Sexual Harassment in the Workplace", and "Regulations on the Protection of Personal Data" to protect the equality in the workplace.

Distribution of multi-ethnic employees in 2023:

Nationality /Ethnicity	Taiwan		Aborigine		Philippines		Thailand		Indonesia	
Gender / Age	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
＜30 years old	8	12	0	0	10	1	8	2	0	0
Age 30~49	39	34	2	1	35	11	10	3	2	0
≧50 years old	39	23	1	0	0	0	2	0	0	0

7. Internal training: The Company organizes mountain climbing, bicycle riding and internal courses to strengthen the team spirit through these activities and to improve employees' literacy and physical and mental health.

Note 1: If "Yes" is checked under implementation, please describe the key policies, strategies, and measures and results adopted. If "No" is checked under implementation, please give reasons and describe relevant strategies and measures to be adopted in the future.However, related items 1 and 2, Listed & OTC companies should explain management and guidance structure of sustainable development, including, but not limited to management policy, strategy and target formulation, review measures, etc. In addition, the environmental, social and corporate governance issues of the company's conflicts, climate management policies and strategies, and their evaluation forms.

Note 2: The materiality principle refers to environmental, social, or corporate governance issues that have a material impact on the investors or other stakeholders of the company.

Note 3: The Company has formulated the following risk management strategies after evaluating the risks with respect to the materiality principle of sustainable development:

Major Issues	Risk Types	Risk Items	Risk Management Strategies	Risk Management Unit
Environment	Other Risks	Climate Change	We collect and analyze information related to the climate change annually, and identify and evaluate the risks associated with climate change in order to reduce the negative impact that climate change may have on the Company.	President Office Sustainable MFG
	Strategic Risk	Energy Management	We purchase energy-saving and high-efficiency equipment and set energy-saving targets to continuously reduce electricity consumption. We promote energy-saving improvement measures including reduction in energy consumption in manufacturing processes, waste heat recovery technology, equipment efficiency improvement and energy management.	President Office Sustainable MFG
	Strategic Risk	Air Pollutant Management	Replace coal-fired boilers with natural gas boilers to reduce greenhouse gas emissions and air pollutant emissions, and to improve boiler operating efficiency. Install additional air pollution prevention equipment and on-line monitoring equipment to prevent pollutants from accidentally leaking.	Sustainable MFG
Society	Other	Human	The Company's sustainable development policy is in line	President Office

Major Issues	Risk Types	Risk Items	Risk Management Strategies	Risk Management Unit
	Risks	Rights	with international human rights norms and labor laws and regulations, and is committed to creating a working environment that provides equal employment and is free from discrimination and harassment, while respecting individual privacy and establishing various communication channels and grievance mechanisms to protect the employees' rights and interests. Permanent transmission survey tool (Higg Index-FSLM/SLCP) reliance on internal maintenance improvement every year.	
	Operating Risks	Recruitment and Career Development	By providing a diverse and open recruiting platform, and offering cooperative education programs, we are able to recruit talent and improve recruiting efficiency. We provide stable and favorable salary and welfare, as well as a comprehensive career development plan to employees, and encourage them to further study and strengthen their professional capabilities. Hire people near where the factory operates, currently there are 15 people, accounting for 11% of the factory's local employees, to enhance community recognition.	HR Section
	Operating Risks	Occupational Safety and Health	Identify hazards, conduct risk assessment, carry out risk reduction measures and emergency response drills for employees to reduce the risk arising from workplace accidents. We continue to offer special health checkups for employees engaged in high-risk operations, and conduct health classification management and tracking according to the health checkup results. In case of epidemic infectious diseases (especially during the period of COVID-19), we have planned a comprehensive contingency protection measure to take care of employees' health and ensure business running smoothly. Permanent transmission survey tool (Higg Index-FSLM/SLCP) reliance on internal maintenance improvement every year.	Occupational Safety and health Section Management Section
Corporate Governance	Operating Risks	Ethics and Business Conduct	156 local employees signed the Letter of Integrity Commitment, a rate of 100%.	President Office
	Strategic Risks	Legal Compliance	The Company amended the management system and set up specific guidelines to implement internal control in line with the related laws and regulations stipulated by the competent authority, and conducted education and training on a regular/occasional basis. Signed a contract with an external law firm to handle all legal matters of the Company.	President Office
	Other Risks	Information Security	We have backed up the data, set up a security network mechanism, controlled access to the server room, and continued to enhance information security awareness to all employees.	Information Technology Section
	Financial risk	Financial risk	The Company does not engage in highly leverage investments and has established the "Procedures for the Lending of Funds and Endorsement/ Guarantee to Others" and "Procedures for the Acquisition or Disposal of Assets" to handle financial related activities.	Finance and Accounting Department

Note 4: Issue Assessment & Response Action form in 2023

Issues	Risk /Opportunity	Risk and Opportunity Assessment						Impact period	Level of Risk /Opportunity	Quantitative target 2023~2024	Create a course of action or supplementary instructions
		Attention/ Incidence rate	Financial impact								
			Sales	Costs	Capital Expenditure	Impairment of Assets	Impact level				
Carbon fee and Laws	Transformation risk	Middle to High		↑			Concerned	Middle	High	Comply with the emission standards of the new air pollution regulations. The annual carbon reduction exceeds 6,000 t/CO_2e, change to green production gradually	Heat transfer oils is heated by natural gas boiler, and made “Planning Form of Management Action Plan”
Industry stigmatization	Transformation risk	Middle to High	↓				Very concerned	Short	Middle		
Low-Carbon transformation	Opportunity	Middle to High		↓	↑		Very concerned	Middle	High		
Customers' behavior change	Transformation risk	Middle	↓				Concerned	Middle	Middle		
Eextreme weather	Physical risk	Low		↑		↑	Moderate	Middle	Low	N/A	1. Disaster prevention mechanism and notification mechanism. 2. Establish a crisis management team
Rise in average temperatures	Physical risk	Middle to Low		↑			Moderate	Long	Middle		
Power saving measures	Opportunity	Middle		↓	↑		Concerned	Middle	Middle	Reduce annual emissions by about 1.2 million kWh	Heat transfer oils natural gas boiler install frequency converter
Other energy saving measures	Opportunity	Middle		↓	↑		Concerned	Middle	Middle	Reduce annual emissions by about 2,350 t/CO_2e	Heat transfer oils natural gas boiler install economizer, recycling steam condensation water and dyeing machine cooling water.
Water saving measures	Opportunity	Middle		↓	↑		Moderate	Middle	Low	Water consumption per kilogram of fabric reduced by 20% from 153 m^3	Manufacturing process, dyeing machine and auxiliary optimization
Participate in renewable energy resources	Opportunity	Middle	↑		↑		Moderate	Long	Low	(Electric power generation continuous and stable every year)	Tong Fa Green Energy Co., Ltd. , (Subsidiary) engage in solar power plant generated with an average annual power generation of 2 million kWh

Attention/ Incidence rate	High：Attention monthly / High probability of occurrence
	Middle：Attention quarterly (half a year) /Medium probability of occurrence
	Low：Attention annual / Low probability of occurrence

Financial impact level	Very concerned：Cause the loss of customers' random orders, or have a high risk of financial loss
	Concerned：Reduce customer order declines or have no significant financial impact
	Moderate：It doesn't affect customer orders, or has limited impact on financial losses

Impact period	Long term：three to five years
	Middle term：one to three years
	Short term：less than one year

Note 5:TCFD

Category	Index	Corporate management action
Governance	Describe the board of directors' supervision on risks and opportunities regarding climate.	The risks regarding climate change have been included inthe scope of corporate risk management, and formulate "Climate Change Risk Management Operational Procedures", report the corporate risks and corresponding measures to the board of directors every year.
	Describe the role of management in assessing and managing risks and opportunities regarding climate.	Led by The President Office and convened to jointly execute with relevant departments of climate change risk, opportunity and financial impact assessment. Review the promotion status of climate change-related issues every year.
Strategy	Describe the short-term, medium-term, and longterm risks and opportunities regarding climate identifed by the organization.	According to the existing internal objective management timeline, we define the short-term (less than one year), medium-term (one to three years), and long-term (three to five years) risks and opportunities of climate.
	Describe the risks and opportunities regarding climate that will result in a signicant impact on the organization’s business, strategy, and fnancial planning.	Identify major risks and opportunities according to the issue evaluation form, evaluate the potential impacts on operations and finance they will bring to the Company.
	Describe the organization’s strategic resilience and taking into consideration of climate change with different scenarios, including a scenario of 2℃ or a scenario that is even more severe.	Evertex takes the scenarios of climate change into consideration and stipulates strategies and goals for major risks and opportunities.
Risk Management	Describe the organization's process of identifying and evaluating the risks regarding climate.	Use the TCFD framework to identify the risks and opportunities of climate, convene respective departments, and relevant factories to discuss and reach a consensus on major climate risks for the year, which will be verified by senior management. Use the TCFD framework to identify the risks and opportunities of climate, convene respective departments, and relevant factories to discuss and reach a consensus on major climate risks for the year, which will be verified by senior management. Please refer to Evertex's official website➔Investment➔the article 8 of "Climate Change Risk Management Operational Procedures".
	Describe the organization's process of managing the risks regarding climate.	Review control results of risk and opportunity of the level , please refer to the "Issue Assessment and Response Action Form".
	Describe the organization's process of identifying, evaluating, and managing risks regarding climate, and how it can be integrated into the overall risk management.	Evertex stipulated "Risk Management Measures" in 2021, the risk management of climate change was incorporated in the scope of corporate risk management.
Goal of indicators	Disclose the indicators used by the organization for assessing risks and opportunities regarding climate in accordance with the strategies and risk management processes.	Reduce the total greenhouse gas emissions, electricity consumption, and water consumption per unit of product.
	Disclosure of emissions and related risks in Scope 1, 2,and 3.	We inspect the inventory of greenhouse gas emissions data in Scope 1, and 2 according to the "ISO 14064-1 Standard" every year and accept verification by external institutions.
	Describe the organization's goals of managing risks and opportunities regarding climate and the performance of relevant goals.	Evertex has stipulated strategies, management approaches, and goals for respective identified major risks and opportunities regarding climate. Please refer to the "Planning Form of Management Action Plan". (note 6)。

Note 6: Planning Form of Management Action Plan"

Plan content: The oil boilers change to natural gas boiler, the annual carbon reduction exceeds 6,000t CO_2e	Executive unit	Year of 2023										Regulatory focus	Review time
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct		
Heat transfer oils oil chain furnace denitrification, dust removal and desulfurization	Firm	V	V									Project schedule	Equipment Installation Review Meeting
Natural gas pipeline extension	Occupational safety and Health Section	V										Project schedule	Equipment Installation Review Meeting
Set up natural gas boiler and piped for gas.	Firm			V	V							Project schedule	Equipment Installation Review Meeting
Heat transfer oils is heated by natural gas boiler test	Firm			V	V							Project schedule	Equipment Installation Review Meeting
Natural gas steam boiler inspection, whether it meets the emission standards of the new air pollution regulations	Occupational safety and Health Section					V						Test Report	Equipment Installation Review Meeting
Gas consumption statistics	Occupational safety and Health Section				V	V	V	V	V	V		Statistical Table of Natural Gas Consumption	Equipment Installation Review Meeting
Implementation effectiveness	Occupational safety and Health Section										V	Implementation effectiveness	Equipment Installation Review Meeting

(VI) Climate information about TWSE/TPEx listed companies

1. Climate information implementation status

Item	Implementation status
1.Describe the oversight and governance of climate-related and opportunities by the board of directors and management.	1. The risks regarding climate change have been included inthe scope of corporate risk management, and formulate "Climate Change Risk Management Operational Procedures", and introduced the TCFD framework to reveal the risks and opportunities caused by climate change. The President Office convenes relevant units to prepared Issue Assessment & Response Action form (Note 4), report regularly to the Board of Directors annually.
2.Describe how the identified climate-related risks and opportunities affect the enterprise's business, strategies and finance (short-, mid- ,and long-term)	2. Please refer to Issue Assessment & Response Action form (Note 4).
3.Describe the impact of extreme climate events and transformation on finance	3. Extreme weather events such as typhoons and floods may cause increased costs and damage to assets.The company has established disaster prevention mechanism and notification mechanism, and establish a crisis management team, and increased capital expenditures related to environmental protection.
4.Describe how the processes for identifying, assessing and managing clmited-related risks are integrated into the organization's overall risk	4. The company stipulated "Risk Management Measures" in 2021, the risk management of climate change was incorporated in the scope of corporate risk management, and integrate its identification, measurement and management processes into the company's overall risk procedures.

management	The company's climate risk management process is mainly divided into five major steps, including risk identification, measurement, monitoring, response, reporting and disclosure, as follows: <table><tr><td>Management procedure</td><td>Contents</td></tr><tr><td>Risk identification</td><td>Climate risks and opportunities are identified annually based on business characteristics and integrated by The President Office.</td></tr><tr><td>Risk measurement</td><td>Assess the impact and scale of each risk, including impact time, value chain and financial impact, and set quantitative or feasible qualitative standards.</td></tr><tr><td>Risk monitoring</td><td>Each responsible unit should monitor the risks of its own business. When the risk exposure exceeds its risk limit, countermeasures should be developed and submitted to The President Office.</td></tr><tr><td>Risk respond</td><td>After assessing and summarizing the risks, business units should take appropriate response measures to the risks they face.</td></tr><tr><td>Reporting & disclosure</td><td>Report risk management execution results to the board of directors on a regular basis every year, and disclose the implementation status in accordance with the regulations of the competent authority.</td></tr></table>
5.If scenario analysis is used to assess organization's resilience in the face of climate change risks, describe the scenarios, parameters, assumptions, and analytical factors used, as well as the main financial impact.	5. The sixth Assessment Report (AR6) of the IPCC pointed out the link between air pollution and global warming, and that as global warming becomes more severe, air pollution indicators will deteriorate. The company uses the report SSP1-2.6 and SSP5-8.5 for analysis to 2050: <table><tr><td>Scenario</td><td>SSP1-2.6</td><td>SSP5-8.5</td></tr><tr><td>Hypothetical state</td><td>Air pollution is less severe and global warming is within 2℃</td><td>The air pollution increases contribute to global warming of 2℃</td></tr><tr><td>Response Measures</td><td colspan="2">Reduce the impact on the atmosphere during the operation process, set up relevant prevention equipment for each pollution source, and introduce new boiler equipment. (It will increased in capital expenditure on fincial).</td></tr></table>
6.If there is transition plan to adress climate-related risk, describe the contents of the plan, and metrics and targets used to identify and manage physical riska and transittion risk	6. Considering the impact of government regulations on climate change, future carbon fee collection, and industry stigmatization, the company has introduced natural gas boilers(include heat transfer oils is heated by natural gas boiler) since 2022 to 2023, transforming the boiler's thermal energy source from coal to natural gas, which is expected to reduce 15,970 tons of CO_2e /year. ◦
7.If internal carbon is used as a planning tool, describe the pricing basis.	7. Internal carbon pricing was not implemented in 2023
8.If climate targets are set, describe the activities and scope of GHG emissions covered, planned schedule and annual progress achievd; If carbon offsets or renewable energy(RCEs) are used to achieve related targets, describe the sources and quantity of carbon reduction limit, or quantity of RECs.	8. For the goals in 2023, please refer to the management action plan planning table (Note 6); the goal in 2022 is to install and activate natural gas tubular boilers and reduce greenhouse gases by 9,970 tons of CO_2e annually. The above annual targets have been achieved. The Company does not use carbon offsets or renewable energy certificates.

9.GHG accounting and assurance status, reduction goals, strategies and specific action plans (fill in 1-1 and 1-2 separately)。	9. Please refer to 1-1 and 1-2.

1-1 GHG accounting and assurance status in the past two years.

1-1-1 GHG accounting

Describe greenhouse gas emissions in the past two years (t CO_2e)、intensity (t CO_2e/million)and data coverage.

The scope of data coverage is consistent with the scope of the company's consolidated financial statements: the company's Taoyuan Plant and Tong Fa Green Energy (Co., Ltd.) (which are 100% subsidiaries)

Item \ Year	2022	2023
Direct emissions (tCO_2e)	19,645	9,785
Energy indirect emissions (tCO_2e)	5,151	4,106
Total (tCO_2e)	24,796	13,891
Emission intensity (tCO_2e/million)	29.34	21.20

Note 1：The company's Taipei business office is only an operating office. It is estimated that its emissions in the past two years will be less than 100 tons of CO2e, which does not reach 1% of the total emissions and it is not included.

Note 2：Standard of GHG: Greenhouse Gas Protocol, GHG Protocol or International Organization for Standard-ization, ISO 14064-1.

Note 3：The intensity of greenhouse gas emissions is calculated based on turnover (NT$ million).

1-1-2 GHG assurance

Describe the assurance situation in the past two years as of the publication date of the annual report, including the scope of the assurance, Certification Body, the standard and the opinion for the assurance.

The company's GHG assurance range in 2023 and 2022 is the company's Taoyuan plant and Tong Fa Green Energy Co., Ltd. (a 100% subsidiary); both of them have been verified by AFNOR Asia.

The standard for the assurance: ISO/CNS 14604-1：2006、GHG Verify Guidelines (2010.12), Measures for the Management of GHG Emissions Inventory and Registration (2016.1.5), GHG Emissions Inventory Registration Operation Guidelines (2022.5.18), Environmental Protection Administration relevant regulations.

The opinion for the assurance: In 2023, based on the inspection process and procedures performed by the verifier, there is sufficient evidence to show that the GHG claims of the Certification Body are not materially different, are prepared in accordance with the international standards for GHG quantification, monitoring and reporting specified in the agreed inspection criteria, and GHG data and related information are fair in manner.

The verification work in 2023 is still in progress, complete confidence in 2023 will be disclosed on the "MOPS", and will be disclosed in the next annual report.

Additional information: The company's Taoyuan plant is an emission source controlled by the TEPA, so it directly follows the regulations of the EPA for greenhouse gas inventory and assurance.

1-2 GHG reduction goals, strategies and specific action plans

Describe the GHG reduction base year and its data, reduction targets, strategies, specific action plans and achievement of reduction targets.

GHG reduction base year and its data: With 2021 as the base year, GHG emissions are 42,148 tons of CO_2e.

Reduction targets : Reduce GHG emissions to within 20,000 tons CO_2e by 2030, a reduction of 52.55%.

Strategies, specific action plans：Mainly using natural gas to replace coal as the source of heat

energy, the Company enable natural gas once-through steam boilers to replace the coal-fired steam boilers in 2022, and heat transfer oils is heated by natural gas boiler in 2023, significantly reducing GHG emissions. Achievement of reduction targets: Greenhouse gas emissions of 13,891 tons CO_2e in 2023. Although the reduction target has been achieved, mainly due to the poor economic climate, the factory's production capacity has decreased by more than 50% compared with the base year. In the future, we will strive to achieve the standard even if the production capacity is saturated.

(VII) Performance of ethical corporate management and differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons:

Item	Implementation status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Explanation	
I. Establishment of ethical corporate management policy and plans (I) Does the Company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	✓		(I) The Company has established the “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct “, which have been resolved by the Board of Directors to regulate the Company’s directors, managers, employees, appointees or persons with substantial control over the Company to uphold the ethical management principles and actively implement the ethical management philosophy.	(I) No difference.
(II) Whether the Company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in	✓		(II) The “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct” stipulate the operating procedures, behavior guidelines, and disciplinary and grievance systems in Company’s unethical behavior prevention plan and have been implement them.	(II) No difference

Item	Implementation status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Explanation	
paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies? (III) Does the Company stipulate the operating procedures, behavior guidelines, and disciplinary and grievance systems in its unethical behavior prevention plan and implement them, and regularly review and revise the plan?	 ✓		 (III) Under the “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct”, the Company has established effective accounting and internal control systems for the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies or in other business scopes. The internal auditors check the compliance of the systems on a regular basis.	 (III) No difference
II. Implementation of ethical corporate management (I) Does the Company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?		 ✓	 (I) Before the Company builds up a business relationship with another party, the Company will take into account the truthfulness, negative news, and illegal records of the party it deals with in order to evaluate its business integrity, and will include an ethical conduct clause in the contract signed with the party as appropriate; in addition, the Company’s business activities shall avoid dealing with parties with poor ethical records, and if any dishonest conduct is discovered in the course of the transaction and has a significant impact on the Company, the	 (I) No material difference

Item	Implementation status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Explanation	
			Company may suspend or terminate the transaction at any time.	
(II) Has the Company set up a dedicated unit under the board of directors to promote ethical corporate management, and regularly (at least once a year) report to the board of directors its ethical corporate management policy and plan to prevent unethical behavior as well as its supervision of the implementation?	✓		(II) The Company currently designates the President's Office as a dedicated unit to assist the Board of Directors and executives in reviewing and evaluating the effective operation of the preventive measures established to implement ethical practices, and to report annually to the Board of Directors. Latest report date December 25, 2023, Execution form: 1. Responsible person and accounting manager publish "Unauthorized False Statement" for financial report. 2. Employee Integrity Letter of Acceptance Signature in 2023 ,156 local employees signed the Letter of Integrity Commitment, a rate of 99%. 3. Established externally/inter a box for accusation letters & special-line, it didn't happen in 2023. (Cases filed: 0, Report box: 0, Covetous and greedy cases)	(II) No material difference
(III) Does the Company have a conflict of interest prevention policy to provide appropriate channels for explanation and implement it?	✓		(III) The Company has established the "Procedures for Ethical Management and Guidelines for Conduct" and the "Rules for the Ethical Conduct for Employees" to restrict employees from engaging in any business, investment or related activities that may constitute a conflict of interest between the employee and the	(III) No difference

Item	Implementation status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Explanation	
(IV) Has the Company established an effective accounting system and internal control system for the implementation of ethical corporate management, and has the internal audit unit, according to the assessment results of the risk of unethical behavior, drawn up relevant audit plans to check the status of unethical behavior prevention accordingly, or entrusted an independent auditor to carry out the audit? (V) Does the Company regularly conduct internal and external educational training on ethical corporate management?	✓ ✓		Company. The Company also provides a number of communication channels to encourage employees to participate in Company activities and to report to supervisors in order to prevent conflicts of interest or dishonest behavior. (IV) To ensure the implementation of ethical management, the Company has established an effective accounting system and internal control system. The Company's internal auditors periodically audit the compliance with the rules and regulations and report the audit status to the Board of Directors. (V) The Company educates all employees internally on the importance of ethical behavior on a regular basis so that they are fully aware of the Company's commitment to ethical management and the consequences of violating ethical behavior; the Company also provides external training as needed.	(IV) No difference (V) No material difference
III. Operation of the company's accusation system (I) Does the Company establish specific complaint	✓		(I) The Company's "Rules of Ethical Conduct for Employees" set forth a	(I) No difference.

Item	Implementation status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Explanation	
and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?			specific whistleblowing and rewarding system. Employees who wish to file a complaint or file a whistleblowing report, they can file a complaint with their immediate supervisor, the Company also has a comment mailbox, a	
(II) Has the Company established the standard operating procedures for the investigation of accused matters, follow-up measures after investigation and the relevant confidentiality mechanism?	✓		whistleblowing hotline and a Line account to receive complaints from employees. All complaints made by employees of the Company are handled fairly and confidentially. The Company provides appropriate rewards and punishments to both the whistleblower and the person being reported, depending on the severity of the complaint. (II) The Company's "Procedures for Ethical Management and Guidelines for Conduct" and "Rules of Ethical Conduct for Employees" specify the standard procedures for investigating and handling whistleblowing reports and the confidentiality mechanism. In case of misconduct or breach of ethics, employees can report to their immediate supervisor anonymously. The Company also has a comment mailbox, a whistleblowing hotline, a Line account, and a stakeholder zone on the Company's website for employees to choose to report anonymously or non-anonymously. In case of violation of laws and regulations or fraud, the staff who have been received the complaints shall immediately report to the President, who shall designate the	(II) No difference

Item	Implementation status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Explanation	
			right person to handle the complaints and keep the information confidential. The whistleblowing case that is material, actions taken, and subsequent reviews and corrective measures must be notified in writing to the independent directors and reported to the Board of Directors.	
(III) Does the Company take measures to protect the accuser from improper treatment due to the accusation?	✓		(III) The Company upholds the ethical management principles and is committed to keeping the cases confidential in order to prevent the whistleblowers from being improperly treated as a result of the whistleblowing. The Company will also provide necessary protective measures to whistleblowers as necessary.	(III) No difference
IV. Enhancement of information disclosure (I) Does the company disclose the content and promotion effect of its ethical corporate management best practice principles on its website and MOPS?	✓		(I) The Company discloses its sustainable development performance in this annual report. We also disclose the Company's Annual Report to Shareholders and Sustainable Development Best Practice Principles and other relevant information on the Company's website and the Market Observation Post System.	No difference.
V. If the company has established corporate governance policies based on Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation: The Company has established the "Ethical Corporate Management Best Practice Principles" and the "Procedures for Ethical Management and Guidelines for Conduct" in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies", taking into account the industrial environment, laws and regulations, and actual conditions of the Company, and has				

Item	Implementation status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Explanation	
operated in accordance with the contents of the Best Practice Principles with no material differences.				
VI. Other important information to facilitate better understanding of the company's corporate conduct and ethics compliance practices (e.g., the Company's commitment to ethical management, policies and invitations to education and training for its business partners, and the review the of company's corporate conduct and ethics policy). 1. The Company complies with the Company Act, the Securities and Exchange Act, the Business Accounting Act, the regulations governing the public listed companies, and other laws and regulations related to business practices, and operates with integrity and honesty. 2. The Company's board of directors has resolved to amend the "Ethical Corporate Management Best Practice Principles" on November 8, 2019 in line with the amendments to the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" by the competent authority to make the relevant procedures more comprehensive. 3. In order to demonstrate the Company's attitude on ethical management, directors re-elected by the shareholders' meeting in 2023 and new independent directors have signed the "Declaration of Integrity in Business Operations", and all key customers and manufacturers of the Company are negotiated and handled by the company's executives and professional team, in order to confirm the fair and honest operating spirit and to stabilize long-term relationships with them. 4. The Company has an internal control system, an internal audit system, and other management procedures in place to ensure the ethical management of the Company. The Company's auditors and external professionals (accounting firm) conduct random checks on the implementation of these procedures from time to time. The Company also cares about the transparency of business information and has set up a website to provide information about the Company to the general public. Major financial and business information is disclosed on the Market Observation Post System (MOPS) promptly in accordance with laws and regulations for stakeholders to review, and the implementation status of these business information is also disclosed in the annual report.				

(VIII)Disclose the inquiry method if the company has formulated the code of corporate governance and relevant rules and regulations:

The Company has established a Corporate Governance Best Practice Principles and relevant regulations, which have been approved by the Board of Directors. In addition to disclosing them on the Market Observation Post System, the Company also uploads these documents on the Company's website under "Investor Services" for stakeholders' reference at the following URL: https://www.evertex. tw/tw/ir/related.

(IV) Other important information which may improve the understanding of the operation of the company's corporate governance:

1. Ethics and Code of Conduct for Employees: The Company has established the rules of ethical conduct for its employees. These rules are based on the spirit of responsibility, enthusiasm and cohesiveness, as well as the core values of human beings. We hope to

lead our employees to the goals of steady transformation, continuous innovation and sustainability.

2. Certification of Employees Whose Jobs are Related to the Release of the Company's Financial Information:

License	Number of Employees
Certified Internal Auditor(CIA)	2

3. Managers' ongoing education:

Title		Course title	Host by	Training hours
Corporate Governance Officer	Shian-Jung Hung	1. Cathay Sustainable Finance and Climate Change Summit Forum 2. The 14th Taipei Corporate Governance Forum 3. Insider Trading Prevention Promotion Conference 4. Insight the derivative financial markets,Towards Corporate Sustainability Seminar	1.TWSE 2.Financial Supervisory Commission 3.Securities & Futures Institute 4. Securities & Futures Institute	18 hours
Accounting Supervisor	Chao-Nan Hsu	Ongoing Education for Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	Accounting Research and Development Foundation of the Republic of China	12 hours

(X) Implementation status of internal control system:

1. Internal Control System Statement

EVERTEX FABRINOLOGY LTD
Internal Control System Statement

Date: March 8, 2024

Based on the results of the self-assessment of the Company's internal control system in 2023, the Company hereby states the following:

I. The Company's Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Internal control system is designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency and regulatory compliance of our reporting, and compliance with applicable rulings, laws and regulations.

II. The internal control system has its inherent limitations. No matter how well designed, an effective internal control system can only provide reasonable assurance for the achievement of the above three objectives. Moreover, due to the change of environment and situation, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system has a self-monitoring mechanism. Once a shortcoming is identified, the Company will immediately take corrective action.

III. The Company judges the effectiveness of the design and implementation of the internal control system in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the Regulations). The judgment items of the internal control system adopted in the "Regulations" are the process of management control, and the internal control system is divided into the following five components: 1. control environment, 2. risk assessment, 3. control operation, 4. information and communication, and 5. supervision operation. Each component includes several items. Please refer to the "Regulations" for these items.

IV. The Company has adopted the aforesaid internal control system judgment items to assess the effectiveness of the design and implementation of the internal control system.

V. Based on the findings of such evaluation, TSMC believes that, on December 31, 2023, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency and regulatory compliance of reporting, and compliance with applicable rulings, laws and regulations

VI. This Statement will be the company's annual report and prospectus' main content and will be made public. If the above-mentioned contents are false or concealing, the legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act shall be involved.

VII. This Statement has been approved by the board meeting of the company on March 8, 2024. Of the eleven directors present, there was no objection, and the rest agreed with the contents of this Statement.

EVERTEX FABRINOLOGY LTD

Chairman: Chung-Fa Yeh

President: Anthony Poliang Yeh

2. If an independent auditor is entrusted with auditing the internal control system, the independent auditor’s report shall be disclosed: None.

(XI) During the most recent year and up to the date of printing of the annual report, the punishment of the company and its insiders in accordance with the law, the company’s punishment on its insiders for violating the provisions of the internal control system, and the major deficiencies and improvement: None.

(XII) Important resolutions and implementation status of shareholders’ meetings and board meetings in the most recent year and as of the date of printing of the annual report:

1. Important resolutions adopted at the shareholders’ meeting held on June 27, 2023 and their implementation status:

Resolution	Implementation Status
1. Adoption of the 2022 Business Report and Financial Statements	-
2. Amendments to the Procedures for the Acquisition or Disposal of Assets	In response to the replacement of the supervisor by the audit committee and the textual revision of the content, some articles have been revised.
3. Election of the Company’s directors	Re-elected Eleven directors (four independent directors) on June 27, 2023 Directors: Chung-Fa Yeh, Anthony Poliang Yeh, Ching-Tse Yeh, Koi-Hui Yeh, Yao-Chou Yang, Sou-Tsun Yeh, Rung-Shin Shu Independent directors: Fu-Nan Chou, Wu-Zhong Liao, Sìn-Yì Huang, Cóng-Wén Shi
4. Approval of lifting of non-compete restrictions imposed for the Company’s new directors.	According to the result of the resolution

2. Important resolutions of board meetings:

Date	Important resolutions approved
March 24, 2023	1. Approved the 2022 Business Report and Financial Statements. 2. Approved the proposal for the distribution of the Company’s earnings for the second half of 2022. 3. Approved the 2022 Statement of Internal Control System of the Company. 4. Adopted the ratio and amount of remuneration to directors and employees for 2022. 5. Assessment of external CPAs’ competence and independence for 2022. 6. Amendments to the Company’s internal regulations. 7. Approved the company's comprehensive re-election of directors. 8. Approval of the processing period, review standards and operating procedures for shareholder nominations for directors. 9. Approval of lifting of non-compete restrictions imposed for the Company’s new directors. 10. The agenda for the 2023 Annual General Meeting of Shareholders and its related matters.

Date	Important resolutions approved
May 11, 2023	1. Approved the material financial and business report for Q1 2023. 2. Report on the renewal of the Company's directors' liability insurance with South China Insurance Co., Ltd. 3. Approved the renewal of the loan from Taipei Fubon Bank with the original credit limit and amount. 4. Approved the 2023 ex-dividend date of the Company. 5. Set up the corporate governance officer. 6. Nomination of candidates for the 15th term of directors of the company.
June 27, 2023	1. Elected Mr. Chung-Fa Yeh as the 15th Chairman of the board. 2. Approval of the nomination list of candidates for the15th session of directors of the Company.
August 9, 2023	1. Approved the material financial and business report for Q2 2023. 2. Approved that the Company would not distribute earnings for the first half of 2023. 3. Revise the approval authority table of the company.
November 9, 2023	1. Approved the material financial and business report for Q3 2023.
December 25, 2023	1. Amendments to the Company's "The Management of financial report preparation process". 2. Approved the amendments to the Company's "Internal Control System" and related operations and procedures. 3. Approved the "2024 Audit Plan" of the Company.
March 8, 2024	1. Approved the 2023 Business Report and Financial Statements. 2. Approved the proposal for the distribution of the Company's earnings for the second half of 2023. 3. Approved the 2023 Statement of Internal Control System of the Company. 4. Adopted the ratio and amount of remuneration to directors and employees for 2023. 5. Assessment of external CPAs' competence and independence for 2024. 6. Amendments to the Company's internal regulations. 7. The agenda for the 2024 Annual General Meeting of Shareholders and its related matters.
May 10, 2024	1. Approved the material financial and business report for Q1 2024. 2. Report on the renewal of the Company's directors' liability insurance with South China Insurance Co., Ltd. 3. Approved the renewal of the loan from Taipei Fubon Bank with the original credit limit and amount. 4. Approved the 2024 ex-dividend date of the Company. 5. Set up the corporate governance officer. 6. Approve the Proposal for amendments to the "Standard Operating Procedures for Processing Requests Made by the Directors of the Board".

(XIII)Major issues of record or written statements made by any director or supervisor dissenting to important resolutions passed by the Board of Directors during 2022 and as of the date of this annual report: NA.

(XIV) Resignation or dismissal of the Company's chairman, general manager, accounting director, finance director, internal audit director, and other personnel related to financial reporting during 2022 and as of the date of this annual report: NA.

V. Information Regarding the Company's CPAs

Unit: NT$ thousand

Accounting Firm	Name of CPA	Audit period	Audit fee	Non-audit fee	Total	Remarks
Deloitte Taiwan	Keng-Shi Chang	January 01, 2023 to December 31, 2023	2,030	-	2,030	
	Chung-Chen Chen					

Note: If the CPAs or public accounting firms for the Company were replaced during the year, the duration of their audit engagement should be separately disclosed, and the reason for replacement should be explained in the remark section, and information such as audit and non-audit fees paid should be disclosed in said sequence. Detailed explanations to non-audit service should be provided.

(I) If the accounting firm is changed and the audit fee paid in the year of change is less than that in the year before the change, disclose the amount reduced, and reason: None.

(II) If the audit fee is reduced by more than 10% compared with the previous year, disclose the amount reduced, percentage and reason: None.

VI. Change of Independent Auditor: NA.

VII. Whether the chairman, president, or manager in charge of financial or accounting affairs of the company has worked in the firm of the independent auditor or its affiliated enterprises in the past year: None.

VIII. For the year 2023 and as of April 27, 2024, equity transfer and equity pledge by directors, managers, and shareholders with a shareholding ratio of more than 10%:

(I) Changes in Shareholding:

Job title (Note 1)	Name	2023		For the current year as of April 27	
		Increase (decrease) of shares held	Increase (decrease) of shares pledged	Increase (decrease) of shares held	Increase (decrease) of shares pledged
Chairman	Chung-Fa Yeh	(100,000)	-	-	-
Director	Anthony Poliang Yeh	(433,000)	-	-	-
Director	Ching-Tse Yeh	-	-	-	-
Director	Koi-Hui Yeh	-	-	-	-
Director	Yao-Chou Yang	-	-	-	-
Director	Sou-Tsun Yeh	-	-	-	-
Director	Rung-Shin Shu	-	-	-	-
Independent Director	Fu-Nan Chou	-	-	-	-

Job title (Note 1)	Name	2023		For the current year as of April 27	
		Increase (decrease) of shares held	Increase (decrease) of shares pledged	Increase (decrease) of shares held	Increase (decrease) of shares pledged
Independent Director	Bin-Huang Lin	-	-	-	-
Independent Director	Wu-Zhong Liao	-	-	-	-
Senior Vice President and Chief Factory Manager	Bao-Hong Lin	-	-	-	-
Vice President of Main Management Department	Shian-Jung Hung	-	-	-	-
Taipei Sales Division Assistant Vice President	Ying Xiao				
Major Shareholders	Chuan-Fa Investment Co., Ltd.	-	-		-

Note 1: Shareholders holding 10% or more of the total shares of the Company should be indicated as major shareholders and listed separately

Note 2: All the shares held during current period were acquired or disposed in the public market, no related party is involved.

(II) Information of change in equity: There is no transfer of shares to related parties from the directors, managers and major shareholders of the Company.

(III) Information of equity pledge: There is no equity pledge to related parties from the directors, managers and major shareholders of the Company.

IX. Information of Related Parties of the top ten shareholders:

April 27, 2024

Name (Note 1)	The shareholder's own shareholding		Shareholdings of spouse and minor children		Shareholdings in the names of others		Names and relationships of the top ten shareholders who are related persons, spouses or relatives with 2nd degree of kinship. (Note 3)		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
Cheng-Fa Investment Co., Ltd.	9,055,566	10.56	-	-	-	-	Da-Fa International Investment Co., Ltd. Representative: Anthony Poliang Yeh Po-Liang Investment Co., Ltd. Representative: Shian-Jung Hung	Brother Brother-in-law	
Representative: Chih-Ming Yeh	4,417,478	5.21	300,000	0.35	-	-			
Da-Fa International Investment Co., Ltd.	8,301,179	9.68	-	-	-	-	Cheng-Fa Investment Co., Ltd. Representative: Chih-Ming Yeh Po-Liang Investment Co., Ltd. Representative: Shian-Jung Hung	Brother Brother-in-law	
Representative: Anthony Poliang Yeh	4,012,832	4.68	-	-	-	-			
Chih-Ming Yeh	4,417,478	5.21	300,000	0.35	-	-	Da-Fa International Investment Co., Ltd. Representative: Anthony Poliang Yeh Po-Liang Investment Co., Ltd. Representative: Shian-Jung Hung	Brother Brother-in-law	
Anthony Poliang Yeh	4,012,832	4.68	-	-	-	-	Cheng-Fa Investment Co., Ltd. Representative: Chih-Ming Yeh Po-Liang Investment Co., Ltd. Representative: Shian-Jung Hung	Brother Brother-in-law	
Po-Liang Investment Co., Ltd.	3,060,500	3.57	-	-	-	-	Da-Fa International Investment Co., Ltd. Representative: Anthony Poliang Yeh Cheng-Fa Investment Co., Ltd. Representative: Chih-Ming Yeh	Brother-in-law	
Representative: Shian-Jung Hung	30,090	0.04	200,910	0.23	-	-			
Yao-Chou Yang	2,775,013	3.24	407,982	0.48	-	-	None	None	

<table>
<tr><th rowspan="2">Name (Note 1)</th><th colspan="2">The shareholder's own shareholding</th><th colspan="2">Shareholdings of spouse and minor children</th><th colspan="2">Shareholdings in the names of others</th><th colspan="2">Names and relationships of the top ten shareholders who are related persons, spouses or relatives with 2nd degree of kinship. (Note 3)</th><th rowspan="2">Remarks</th></tr>
<tr><th>Number of shares</th><th>Shareholding ratio</th><th>Number of shares</th><th>Shareholding ratio</th><th>Number of shares</th><th>Shareholding ratio</th><th>Name</th><th>Relationship</th></tr>
<tr><td>TA TUNG DYEING & FINISHING CO., LTD.</td><td>3,211,175</td><td>3.74</td><td>-</td><td>-</td><td>-</td><td>-</td><td rowspan="2">Da-Fa International Investment Co., Ltd.
Representative: Anthony Poliang Yeh
Cheng-Fa Investment Co., Ltd.
Representative: Chih-Ming Yeh
Po-Liang Investment Co., Ltd.
Representative: Shian-Jung Hung</td><td rowspan="2">Father and son
Father and son
Son-in-law</td><td rowspan="2"></td></tr>
<tr><td>Representative: Chung-Fa Yeh</td><td>1,450,424</td><td>1.69</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Hui-Huang Investment Co., Ltd.</td><td>2,560,226</td><td>2.99</td><td>-</td><td>-</td><td>-</td><td>-</td><td rowspan="2">None</td><td rowspan="2">None</td><td rowspan="2"></td></tr>
<tr><td>Representative: Yu-Hsin Du</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Rung-Hsiang Shu</td><td>1,968,639</td><td>2.30</td><td>-</td><td>-</td><td>-</td><td>-</td><td>None</td><td>None</td><td></td></tr>
<tr><td>Rung-Shin Shu</td><td>1,925,108</td><td>2.24</td><td>556,197</td><td>0.65</td><td>-</td><td>-</td><td>None</td><td>None</td><td></td></tr>
</table>

Note 1: All top ten shareholders should be enumerated in full. In case of juristic (corporate) person shareholders, the names of all such juristic (corporate) person shareholders and their representatives should be enumerated respectively.

Note 2: The shareholding ratios should be calculated based on the own names, names of spouses, minor children respectively

Note 3: The shareholders listed in the previous disclosure, including legal persons and natural persons, shall disclose their relationship in accordance with the issuer's financial report preparation standards.

X. The number of shares held by the company, its directors, supervisors, managers, and the company's indirectly controlled enterprises in the same reinvested enterprise, and the consolidated shareholding ratio:

December 31, 2023

Reinvested enterprises (Note)	Investment of the company		Investment by directors, supervisors, managers and enterprises directly or indirectly controlled by the company		Total number of investments	
	Number of shares (Thousand shares)	Shareholding ratio %	Number of shares (Thousand shares)	Shareholding ratio %	Number of shares (Thousand shares)	Shareholding ratio %
TAIYEN BIOTECH CO., LTD.	301	0.15	-	-	301	0.15
Bright Wisdom Holdings Limited	150	1.15	388	2.99	538	4.14
Prince Housing & Development Corp.	900	0.06	500	0.03	1,400	0.09
United Microelectronics Corporation	350	0.00	-	-	350	0.00
Zig Sheng Industrial Co., Ltd.	1,300	0.24	19,693	3.70	20,993	3.94
Winbond Electronics Corp.	200	0.01	-	-	200	0.01
Grand Pacific Petrochemical Corporation	200	0.02	265	0.03	465	0.05
China Steel Corporation	200	0.00	-	-	200	0.00
Tong Fa Green Energy Co., Ltd.	4,600	100.00	-	-	4,600	100.00

IV. Fund Raising Status

I. Capital and shares

(I) Sources of share capital

1. Type of shares outstanding for 2022 and up to the date of publication of the Company's annual report:

April 27, 2024 Unit: Share; NT$

Year/Month	Issue price	Authorized share capital		Capital stock		Remarks		
		Number of shares	Amount	Number of shares	Amount	Capitalization	Share capital paid with assets other than cash	Others
1986.12.09	10	16,000,000	160,000,000	5,600,000	56,000,000	Founded	None	None
1987.03.23	10	16,000,000	160,000,000	11,200,000	112,000,000	Cash capital increase of NT$56,000,000	None	None
1987.05.22	10	16,000,000	160,000,000	16,000,000	160,000,000	Cash capital increase of NT$48,000,000	None	None
1988.05.19	10	19,760,000	199,600,000	19,760,000	197,600,000	Cash capital increase of NT$37,600,000	None	None
1991.12.18	12	70,000,000	700,000,000	35,348,500	353,485,000	Cash capital increase of NT$116,365,000 Capitalization of retained earnings of NT$39,520,000	None	Note 1
1992.06.23	-	70,000,000	700,000,000	42,600,000	426,000,000	Capitalization of retained earnings of NT$53,022,750 Capitalization of capital reserve of NT$19,493,250	None	Note 2
1993.07.27	-	70,000,000	700,000,000	46,000,000	460,000,000	Capitalization of retained earnings of NT$25,560,000 Capitalization of capital reserve of NT$8,440,000	None	Note 3
1994.07.29	-	70,000,000	700,000,000	49,680,000	496,800,000	Capitalization of retained earnings of NT$36,800,000	None	Note 4
1995.07.07	-	70,000,000	700,000,000	53,400,000	534,000,000	Capitalization of retained earnings of NT$37,200,000	None	Note 5
1997.10	15	70,000,000	700,000,000	60,000,000	600,000,000	Cash capital increase of NT$66,000,000	None	Note 6
1998.10	-	70,000,000	700,000,000	69,000,000	690,000,000	Capitalization of retained earnings of NT$60,000,000 Capitalization of capital reserve of NT$30,000,000	None	Note 7
1999.06.25	-	101,880,000	1,018,800,000	77,990,000	779,700,000	Capitalization of retained earnings of NT$89,700,000	None	Note 8
2000.08.02	-	101,880,000	1,018,800,000	85,767,000	857,670,000	Capitalization of retained earnings of NT$77,970,000	None	Note 9

Note 1: Approved by the Securities and Futures Institute on August 14, 1991, (80) Tai Cai Cheng (I) No. 02283
Note 2: Approved by the Securities and Futures Institute on May 22, 1992, (81) Tai Cai Cheng (I) No. 01059
Note 3: Approved by the Securities and Futures Institute on June 18, 1993, (82) Tai Cai Cheng (I) No. 01450
Note 4: Approved by the Securities and Futures Institute on June 20, 1994, (83) Tai Cai Cheng (I) No. 28445
Note 5: Approved by the Securities and Futures Institute on June 7, 1995, (84) Tai Cai Cheng (I) No. 33055
Note 6: Approved by the Securities and Futures Institute on July 8, 1997, (86) Tai Cai Cheng (I) No. 52531
Note 7: Approved by the Securities and Futures Institute on September 2, 1998, (87) Tai Cai Cheng (I) No. 75937
Note 8: Approved by the Securities and Futures Institute on May 20, 1999, (88) Tai Cai Cheng (I) No. 47536
Note 9: Approved by the Securities and Futures Institute on June 5, 2000, (89) Tai Cai Cheng (I) No. 48556

2. Type of shares issued:

Unit: share

Types of share	Authorized share capital			Remarks
	Outstanding shares	Unissued shares	Total	
Common shares	85,767,000	16,113,000	101,880,000	All outstanding shares are listed shares.

3. Information related to the blanket declaration system: NA.

(II) Shareholder structure

April 27, 2024 Unit: share

Shareholder structure / Quantity	Government agencies	Financial institutions	Other legal persons	Foreign institutions and foreigners	Individuals	Total
Number of persons	-	-	20	12	1,602	1634
Number of shares held	-	-	32,028,387	197,080	53,541,533	85,767,000
Shareholding ratio (%)	-	-	37.34%	0.23%	62.43%	100.00%

Note: All companies listing for the first time on TWSE/TPEx are required to disclose Chinese investors' holding interests. A Chinese investor refers to an individual, corporation, organization, or institution of Mainland origin, or any company owned by the above party in a foreign location, as defined in Article 3 of the "Regulations Governing Mainland Residents' Investment in Taiwan."

(III) Distribution Profile of Share Ownership:

Distribution of Shareholding
(Face value of $10 per share)

April 27, 2024

Shareholding range	Number of shareholders	Number of shares held	Shareholding ratio (%)
1 to 999	996	80,346	0.09%
1,000 to 5,000	389	726,206	0.85%
5,001 to 10,000	45	336,877	0.39%
10,001 to 15,000	21	280,069	0.33%
15,001 to 20,000	12	218,123	0.25%
20,001 to 30,000	14	345,313	0.40%
30,001 to 40,000	11	366,516	0.43%
40,001 to 50,000	11	505,547	0.59%
50,001 to 100,000	52	3,779,624	4.41%
100,001 to 200,000	16	2,507,382	2.92%
200,001 to 400,000	23	6,448,800	7.52%
400,001 to 600,000	13	6,126,174	7.14%
600,001 to 800,000	8	5,454,969	6.36%
800,001 to 1,000,000	1	977,304	1.14%
1,000,001 or more	22	57,613,750	67.18%
Total	1,634	85,767,000	100.00%

(IV) List of Major Shareholders

April 27, 2024

Name of major shareholder \ Shares	Number of shares held	Shareholding ratio (%)
Chuan-Fa Investment Co., Ltd.	9,055,566	10.56%
Da Fa International Investment Co., Ltd.	8,301,179	9.68%
Chih-Ming Yeh	4,471,478	5.21%
Anthony Poliang Yeh	4,012,832	4.68%
TA TUNG DYEING & FINISHING CO., LTD.	3,211,175	3.74%
Po-Liang Investment Co., Ltd.	3,060,500	3.57%
Yao-Chou Yang	2,775,013	3.24%
Hui-Huang Investment Co., Ltd.	2,560,226	2.99%
Rung-Hsiang Shu	1,968,639	2.30%
Rung-Shin Shu	1,925,108	2.24%

(V) Market Price, Net Worth, Earnings, and Dividends Per Ordinary Share in Recent Two Years

Unit: NT$

Item \ Year			2022	2023	As of March 31, 2024 (Note 8)
Market value per share (Note 1)	Highest		31.2	23.0	21.8
	Lowest		16.5	17.1	18.65
	Average		20.4	19.35	19.85
Net value per share (Note 2)	Before distribution		11.34	11.49	11.28
	After distribution		10.89	10.91 (Note 9)	To be resolved by the Board of Directors
Earnings per share	Weighted average number of shares		85,767,000	85,767,000	85,767,000
	Earnings per share (Note 3)		0.38	0.58	0.36
Dividend per share	Cash dividend		0.45	0.58 (Note 9)	To be resolved by the Board of Directors
	Free share allotment	Share allotment from earnings	-	-	-
		Share allotment from capital reserve	-	-	-
	Accumulated unpaid dividends (Note 4)		0	0	0
Return on investment analysis	P/E ratio (Note 5)		53.68	33.36	-
	Price/Dividend ratio (Note 6)		45.33	33.36 (Note 9)	To be resolved by the Board of Directors
	Cash dividend yield (Note 7)		2.21%	3.00% (Note 9)	To be resolved by the Board of Directors

*If there is a surplus or capital reserve to increase capitalization for distributing shares, the market price and cash dividend information adjusted retrospectively based on the number of shares to be issued shall be disclosed.

Note 1: The table lists the highest and lowest market price of common stocks for each year and the annual average market price was calculated in accordance with the annual trading value and volume of each year.

Note 2: Disclose the information based on the outstanding shares as of the end of the fiscal year and the distribution plan as approved by the Board of Directors or by the shareholders at the Annual Shareholders' Meeting from the following year

Note 3: In case of any Issuance of bonus shares such that there is a need for retroactive adjustment, the earnings per share before and after the adjustment shall be indicated.

Note 4: If the issuance criteria of equity securities specify that dividends have not been issued in the current year are accrued to the issuer of the annual surplus; the accumulated undistributed dividends of the current year should be disclosed separately.

Note 5: P/E Ratio = Average Closing Price for the Year / Earnings per Share.

Note 6: Price/Dividend Ratio = Average Closing Price for the Year / Cash Dividends per Share.

Note 7: Cash Dividends Yield = Cash Dividends per Share / Average Closing Price for the Year.

Note 8: The net value per share and earnings per share should be filled in based on the latest quarterly audited financial statements as of the publication date of the annual report; the rest of the columns should be filled in based on the information for the current year as of the publication date of the annual report.

Note 9: Includes the number of dividends for the second half of 2023 as resolved by the board of directors on March 8, 2024.

(VI) Company's dividend policy and implementation:

1. Dividend policy as stipulated in the Company's Articles of Incorporation:

(1) The Company may distribute earnings or make up losses after the end of each semi-annual fiscal year. If the distribution of earnings is made in cash, it shall be resolved by the board of directors in accordance with Article 228-1 and Article 240 of the Company Act and reported to the shareholders' meeting without being submitted to the shareholders' meeting for ratification; if the distribution of earnings is made by issuing new shares, it shall be handled in accordance with Article 240 of the Company Act.

(2) The Company's dividend policy is based on the current and future investment environment, capital requirements, and capital budget, while considering the shareholders' interest, dividend balance, and the Company's long-term financial planning as the Company is in the business development stage. The Company shall distribute dividends and bonuses to shareholders at a rate of not less than 50% of its annual earnings after deducting income tax, making up for loss, and setting aside legal reserve, and special reserve. However, when the legal reserve amounts to the authorized capital, this shall not apply. The balance shall be set aside or reversed as a special reserve in accordance with the law. The annual dividends shall be paid in cash first, but stock dividends may also be distributed, of which no less than 10% of the total dividends shall be paid in cash.

2. Distribution of dividends proposed by the shareholders' meeting:

On June 27, 2019, the shareholders' meeting resolved to amend the Company's articles of incorporation to authorize the board of directors to determine the distribution of earnings in cash at the end of each half-year. The Board of Directors approved the distribution of cash dividends of NT$0.58 per share for the second half of 2023, totaling NT$49,346 thousand, the remaining NT$6,440 thousand was not distributed.

Earnings Distribution Table
2023

Unit: NT$ thousand

Item	Sub-total	Total
Undistributed earnings at the beginning of the period Add: 2023 net profit after tax Add: Actuarial gains are recognized in the retained earnings Add: Loss on sale of securities measured at other comprehensive income	 49,346 (129) 0	10,176
Distributable earnings Less: Provision for statutory surplus reserve Add: Reversal of special reserve	 (4,922) 1,714	59,393
Total earnings available for distribution Dividend to shareholders - 1st half of 2023 Dividend to shareholders - 2nd half of 2023 (cash dividend of NT$0.58 per share)	 0 (49,745)	56,185
Undistributed earnings at the end of the period		6,440

3. There is no significant change in the dividend policy: None.

(VII) Impact of the stock dividend distribution proposed by the shareholders' meeting on the Company's operating performance and earnings per share: None.

(VIII) Remuneration of employees and directors:

1. The percentage or scope of remuneration to employees and directors stated in the Articles of Incorporation:
   Before the Company distributes earnings, no less than 3% of the profit is distributed as remuneration to employees and no more than 3% of the profit is distributed as remuneration to directors/supervisors. However, if the Company has accumulated losses (including adjustment of undistributed earnings), profit shall be set aside in advance to make up for losses. The aforementioned remuneration to employees may be distributed in stock or cash, and may be paid to the employees of subordinate companies who meet certain requirements set by the Board of Directors. The aforementioned remuneration to directors/supervisors may be paid in cash only.
2. Basis for estimating the amount of remuneration to employees and directors, basis for calculating the number of remuneration to employees distributed in shares and accounting treatment if the actual distribution is different from the estimated amount:
   If there is a difference between the amount approved in the shareholders' meeting and the amount proposed by the board of directors, the difference is recognized as a change in accounting estimate after the shareholders' meeting.
3. Remuneration distribution approved by the board meeting:
   (1) Remuneration of employees and directors distributed in cash or shares:
   ① Cash distribution: Employees' remuneration is NT$1,565,740 and directors' remuneration is NT$1,565,740.
   ② Share distribution: None.
   (2) The amount of any employee remuneration distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee remuneration: NA.
4. The actual remuneration distributed to employees and directors for the previous fiscal year:
   The 2022 employees' and directors' remuneration was NT$1,565,740 and

NT$1,565,740, respectively, which were distributed in cash. There was no difference between the actual amount distributed and the amount of employees' and directors' and remuneration recognized in the accounts.

Remuneration of employees, directors:

2022 Unit: NT

	Resolved by the shareholders' meeting	Approved by the Board of directors	difference.
Distribution:			
1. Employees' cash remuneration	1,565,740	1,565,740	-
2. Employees' share remuneration			
(1) Number of shares	-	-	-
(2) Amount	-	-	-
(3) Percentage of outstanding shares at the end of the year	-	-	-
3. Remuneration to directors and supervisors:	1,565,740	1,565,740	-

(IX) The Company's buyback of its shares:

1. Repurchases already completed: The Company shall describe, for the most recent year and the period up to the annual report publication date, the purpose of the repurchase of its own shares, the period for the repurchase, the price range of the shares to be repurchased that it reported, and the type, number, and monetary amount of the shares already repurchased, the ratio of the number of shares that were repurchased to the planned number of shares to be repurchased, the number of shares that have been canceled and that have been transferred, the cumulative number of its own shares that the company holds, and the ratio of the cumulative number of its own shares that it holds to the total number of its issued shares: None.
2. Any repurchase still in progress: The Company shall describe the purpose of the repurchase, the type of shares to be repurchased, the ceiling on the total monetary amount of the repurchase, the planned period for the repurchase, and number of shares to be repurchased, and the price range of the shares to be repurchased, and also shall specify, as of the annual report publication date, the type, number, and monetary amount of the shares already repurchased, and the ratio of the number of shares that were repurchased to the planned number of shares to be repurchased: None.

II. Issuance of corporate bonds (including overseas corporate bonds): None.

III. Handling of preferred shares: None.

IV. Issuance of Global Depositary Receipt: None.

V. Issuance of employee stock option: None.

VI. Status of employee restricted new shares: None.

VII. Handling of M&A or receiving shares of other companies for issuing new shares: None.

VIII. Implementation status of fund utilization plan:

(I) Plan: None.

(II) Implementation status: None.

V. Operation Overview

I. Business Content

(I) Business Scope:

1. The content of principal business:
   (1) Dyeing and finishing of functional textile products.
   (2) Weaving and sales of warp knitted and circular knitted greige goods.
   (3) Weaving and sales of warp knitted and circular knitted finished fabrics.
   (4) Sales of electricity from solar power plants.
2. Proportion of business: In addition to OEM dyeing and finishing, the Company is actively engaged in the sale of finished fabrics.

Unit: NT$ thousand

Product Category	2023		2022		2021	
	Amount	Proportion %	Amount	Proportion %	Amount	Proportion %
Dyeing and finishing OEM	143,425	21.89	242,380	28.68	322,894	36.09
Trading of fabric	500,407	76.37	592,238	70.07	559,821	62.56
Revenue from electricity sales	11,389	1.74	10,534	1.25	12,074	1.35
Total	655,221	100.00	845,152	100.00	894,789	100.00

3. The Company's current products and services: Please refer to (I) Business Scope.
4. New products and services planned for development:
   (1) Wool and Tencel cotton blended single-sided fabric: The combination of wool and TENCEL can be easily decomposed in the soil and has minimal impact on the environment. The fabric has a soft feel, effective moisture wicking and odor control, providing the wearer with an excellent wearing experience, two-tone visual effect that combines functionality and leisure.
   (2) Polyester fiber double-sided fabric: a new development of bicycle trousers. Compared with virgin polyester, the carbon emissions produced by recycled polyester components are reduced by 23% and the impact on water is reduced by 17%. It has excellent elasticity and will also be used in the future. Expanded use of new colors.
   (3) Wet printed single-sided fabric: The fabric combines urban-style printing on the front and short velvet on the back, perfectly blending fashion and functionality. It has excellent moisture absorption and quick-drying functions, warmth-to-weight ratio, and first-class durability. It is ideal for outdoor mountaineering and outdoor sports. Fabric suitable for all casual occasions.

(II) Industry overview

1. Industry Status and Development

Since the 1950s, Taiwan's textile industry has experienced nearly 70 years of growth and development, and has progressively emphasized innovation, research and development, and design to strengthen the ability in self-development, design, and own-brand operation, in order to overcome the dramatic changes in the domestic business environment and international competition, and to be more cost-effective. From the labor-intensive garment industry in the early days, Taiwan's textile industry has gradually developed into a complete upstream, midstream and downstream textile production system, including man-made fiber manufacturing, spinning, weaving, dyeing and finishing, garment and apparel industries, etc. So far, Taiwan's textile products have become one of the major sources to supply to the global market. Taiwan's textile industry plays an important role in the economic development of Taiwan, especially in the upstream and midstream industries, and serves as a major export sector. The downstream industry has already made a global deployment and played a driving role in the development of the upstream and midstream industries because it requires sufficient manpower. Furthermore, the development of the textile industry in Taiwan has gradually moved from OEM manufacturing to ODM innovation with its own R&D capabilities, and then grown into an international system that has vertical integration and horizontal labor division, making it the best partner for international brand manufacturers worldwide. In recent years, due to the impact of inflation and interest rate increases, the apparel consumer market in Europe and the United States is sluggish, and weak consumptive power affects the confidence of brand owners in placing orders, it is yet for international brands to destock and restore their purchasing power to pre-COVID levels. In addition, more than 80% of Taiwan's major textile manufacturers have set up factories in Southeast Asia, small and medium-sized textile factories are facing increased competition in the market, tariff barriers, reduction in production, and closure of factories for sale, and are facing the choice to transform and to diversify their business.

According to the statistics from the Census and Statistics Department of the Ministry of Economic Affairs, the output value of the upstream textile industry is NT$47 billion in 2023, representing an decrease of 24.51% over the same period in 2022, and accounting for 14.82% of the total output value of the textile industry; the output value of the midstream textile industry is NT$200.6 billion, representing an decrease of 20% over the same period in 2022, and accounting for 63.25% of the total output value of the textile industry; the output value of the garment and apparel industry is NT$69.5 billion, representing an decrease of 19.84% over the same period in 2022, and accounting for 21.93% of the total output value of the textile industry. The total output value of the textile industry reached NT$317.1 billion, representing a 21.93% decrease as compared to 2022.

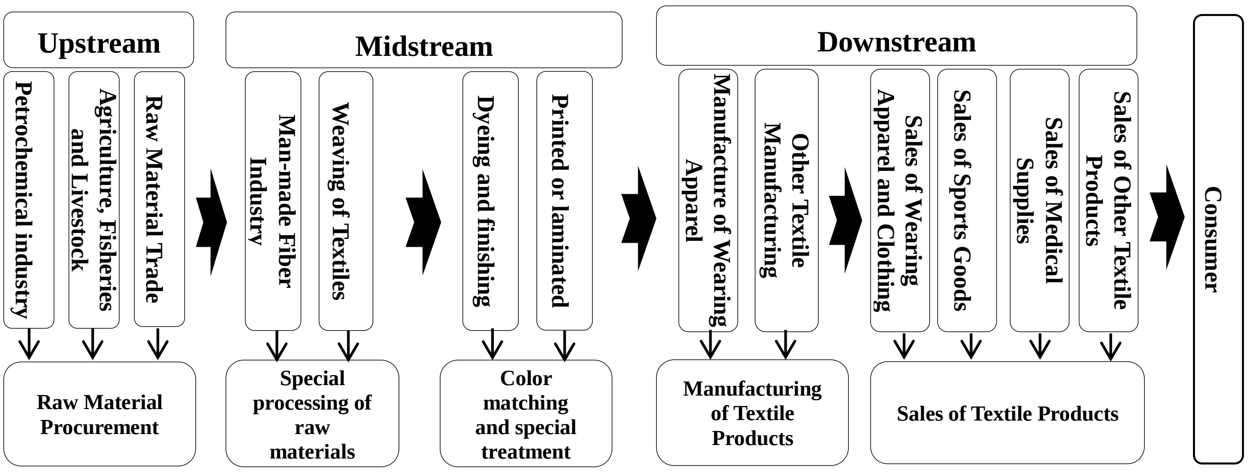
In recent years Taiwan's textile industry has experienced a trough in the business cycle. With the 2024 Olympics in Paris, France, and the 2026 FIFA World Cup by the three North American countries, the market expects that the global output value of sports and leisure apparel will reach a peak, and the textile boom can also Hope is gradually picking up. The supply chain formed by Taiwan's existing manufacturers has been the partner of world-renowned brand manufacturers for many years. Even though inflation has not yet ended, operational performance has begun to show synergistic effects.

Because the sport and leisure market are growing and e-commerce is becoming popular, it is expected that the app, Internet of Things, cloud technology and production equipment will keep up with the rapid development of Industry 4.0. These technologies will lead to the rapid rise in wearable devices, automated production lines and big data analysis and optimization, which will be used in military, sports, medical and lifestyle products. By combining Taiwan's industrial advantages in chemicals, materials, information, electronics, machinery, and healthcare, it will drive the global consumer market and international brands' demand for Taiwan's functional fabrics, encouraging the textile manufacturing industry to gradually transform itself into a "smart" manufacturing industry. According to the data from Grand View Research, the market size of functional textiles will be US$9.3 billion by 2024.Today, over 70% of the world's functional fabrics for sportswear are supplied by Taiwan.However, Taiwan's textile industry is also facing competition from emerging markets, Taiwan's inability to effectively participate in international regional integration or the signing of free trade agreements, and increasing production costs, making it even more challenging for textile companies to operate.When we face the changes in the global environment, Taiwan textile companies should focus three major themes of "continuous environmental protection, functional application, intelligent manufacturing", the core of the future development of "continuous innovation".

2. Correlation among the Industry’s Upstream, Midstream and Downstream

The Company’s main products are the dyeing and finishing process and the manufacture of breathable, moisture-absorbent, antibacterial and anti-odor functional fabrics, which are in the midstream of the textile industry and are positioned in the upstream and downstream of the textile value chain. The upstream textile industries are divided into natural fiber, synthetic fiber, recycled fiber and related agriculture, fishery, livestock, and raw material trading businesses, as well as the petrochemical industry, which is used to produce synthetic fibers. The midstream is the fiber, spinning, weaving and dyeing industry, while the downstream is the textile manufacturing and trading business that includes garments, apparel, curtains and other textile products. The supply and demand of raw materials and product distribution between the upstream, midstream and downstream textile industries are highly correlated and have a strong chain effect. Therefore, the upstream, midstream and downstream industries should vertically integrate their production and marketing structures to reduce production errors, strengthen the division of labor, and increase the value-added products to improve product quality and enhance competitiveness, thereby sharing the economic advantages derived from the integration of production and marketing systems.

Association chart of upstream, midstream and downstream of textile industry in Taiwan:



3. Development trends of products

(1) Continue to improve towards high-value, differentiated products

In recent years, the quality and added value of Taiwanese textiles have greatly improved, the market has gradually become differentiated from products from developing countries. We also achieve differentiation by developing various high value-added materials, and produce various functional fabrics and garments in line with technology and trends, creating greater business opportunities for enterprises.

(2) Developing an environmentally friendly textile raw material supply chain

Global warming poses a huge threat to human survival. Therefore, global brands are increasingly raising standards for environmentally friendly fibers and yarns, requiring supply chains to reduce carbon emissions by 30%.

Currently, many textile companies in Taiwan have invested in the development of environmentally friendly textiles, such as nylon recycling, solution dyed fiber, biomass environmentally friendly textiles, waterless dyed textiles, ocean recycled yarn, etc. Among them, PET textiles for recycled plastic bottles have established a high reputation around the world.

(3) The rise of fashionable and functional textiles

As modern people's standards for textile quality and fashion are increasingly improving, in recent years consumers have preferred a lifestyle that "combines sports, work and life", so the demand for high-performance fashionable textiles has expanded. Taiwan's textile industry has become a global hub for R&D and production of functional textiles. In addition, as major international brands are launching functional fashion apparel, Taiwan should actively find a niche.

(4) Sportswear and leisure apparel is getting popular

As people have been pursuing life quality and enjoying all kinds of sports, the demand for sportswear and leisure apparel is increasing, consumers have been demanding more and more functional products; therefore, domestic and foreign manufacturers take the initiative to innovate and develop the manufacturing technologies. For example: low resistance, abrasion resistance, light weight, warmth, UV resistance, moisture absorption and quick drying, moisture permeability and waterproof, antibacterial deodorization and other functional effects to meet consumer demand for healthy, athletic and casual lifestyle.

(5) Developing potential smart textiles

In response to the aging population, the health care field is a major development trend, so smart textiles that combine functionality, comfort, sensing and intelligent interpretation will be a key development project. Taiwan has semiconductor and biomedical industry technology, coupled with its advantages in components, how to integrate and innovate across industries is the key to driving the development of the textile industry.

(6) Labor Rights and Brand Image

The anti-sweatshop movement, which has emerged in recent years, calls for the ethical exercise in consumption and the avoidance of excessive labor exploitation (ultra-low wages, overtime work, poor and dangerous working environment, and even the hiring slave and child laborers), and has also actively or passively caused international brand makers to think carefully about regulating the labor conditions in the manufacturing chain, establishing a good brand image, and resisting products made by “faster work, longer hours, and lower wages”, which is gradually becoming one of the factors consumers consider when they shop.

4. Product Competition

The Company mainly offers high value-added functional and eco-friendly textile products and functional dyeing and finishing services. We have transformed from the traditional manufacturing to the value-added customized service industry in order to meet the rapidly evolving textile trend in the future, and are therefore well recognized and adopted by internationally renowned brands. We have been developing innovative functional and eco-friendly textile products and processes, and have been actively participating in international exhibitions in recent years to gain more visibility for the Company. In particular, we have launched Janerino wool series products, which are dyed by interweaving long and short fibers to differentiate our wool products from other competitors, and we have developed high priced products on our own to break away from the price battle in the industry, thus creating differentiation and high added value. In March and November 2023, we participated in the Performance Days, an exhibition for functional textiles in

Germany, five groups of products were awarded. In March 2024, two groups of products were awarded in the Performance Days. The products that won awards were not only highly visible, but also distinguished the Company's products from those in the same industry and helped to improve the Company's competitiveness.

(III) Technology and R&D Overview

1. Research and development expenses invested in the most recent year and up to the publication date of the annual report:

Unit: NT$ thousand; %

Year \ Expense and Income	R&D expenses invested	Net operating income for the period	R&D expenses as a percentage of net operating income
2023	5,154	655,221	0.78%
Q1 2024	1,217	190,250	0.64%

2. Overview of the company's R&D:

The Company spent 0.5% to 1.0% of its revenue on research and development, includes weaving, dyeing, finishing and coating, etc. In addition to enhancing the quality and scope of application for our dyeing and finishing processes to meet the changing requirements from our customers, we also develop various kinds of high functional fabrics, not only for outdoor sportswear but also for urban visual effects with stiff fabrics, effectively enhance the wear comfort and design and to meet the urban functional textiles demands in modern society.

The following technologies or products were successfully developed:

(1) Wool and Tencel cotton blended single-sided fabric: The combination of wool and TENCEL can be easily decomposed in the soil and has minimal impact on the environment. The fabric has a soft feel, effective moisture wicking and odor control, providing the wearer with an excellent wearing experience, two-tone visual effect that combines functionality and leisure.

(2) Polyester fiber double-sided fabric: a new development of bicycle trousers. Compared with virgin polyester, the carbon emissions produced by recycled polyester components are reduced by 23% and the impact on water is reduced by 17%. It has excellent elasticity and will also be used in the future. Expanded use of new colors.

(3) Wet printed single-sided fabric: The fabric combines urban-style printing on the front and short velvet on the back, perfectly blending fashion and functionality. It has excellent moisture absorption and quick-drying functions, warmth-to-weight ratio, and first-class durability. It is ideal for outdoor mountaineering and outdoor sports. Fabric suitable for all casual occasions

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

1. Short-term business development plans:

(1) Our dyeing and finishing OEM customers are analyzed based on order quantity, production volume and turnover, and are selected based on the operating conditions of the dyeing and finishing factories in order to find the best OEM customer portfolio.

(2) We will deepen the collaboration with international customers and increase the proportion of ODM with the advantage from our own weaving and dyeing processing equipment and technology. We will also continue to participate in trade shows to increase our exposure and to gain more market opportunities.

(3) We continue to optimize our product portfolio and expand our value-added product lines to maximize our profitability.

(4) We continue to promote all kinds of management improvement measures to enhance the overall operational efficiency internally and improve the quality of customer services externally.

(5) We are reviewing the production capacity and carbon emissions from old machines to improve manufacturing efficiency by replacing them with new ones, while taking into account our social responsibility for environmental protection.

2. Long-term business development plans:

(1) We continue to develop customers in all continents and have entered the supply chain for mass-marketing chains in the Americas, so we can expect great success in the future

(2) We will keep up with the market trend and provide products and services that meet the customer’s needs in order to add service items and improve the service quality for our existing customers. We also actively engage with new clients from well-known brands, and build up high efficiency, high quality, and fast delivery production and manufacturing capabilities to match order patterns and customer needs, in order to improve our competitiveness.

(3) We will continue to work with domestic and foreign fashion designers to build relationships with them in order to become a driving force for future business growth.

(4) The Company has gradually replaced the equipment with eco-friendly equipment in recent years. Under the self-assessment that is better than the legal standard, the Company was certified by bluesign® , a Swiss international environmental certification body, in 2014 and is under continuous audit inspection to meet the Company’s own requirement to keep up with the latest development. In the future, we will also continue to develop the eco-friendly concept for sustainability, to provide customers with eco-friendly quality products and to fulfill our international social responsibility.

(5) Promote order analysis system to improve inventory management. Properly allocate production capacity through the system in order to improve production efficiency and create high unit price and high gross margin.

(6) The Company is committed to promote and provide consultation services as a solar energy demonstration factory in response to the government’s green energy policy, with the goal that we will be able to lead the textile industry to invest in green energy generation by setting up a model factory.

II. Overview of Market, Production and Sales

(I) Market Analysis:

1. The Company’s main products (services) are sold (provided) in the following areas:

Our domestic sales include functional dyeing and finishing, weaving services and a small portion of fabrics. Our export products are mainly warp knitted and circular knitted fabrics that are exported directly to Europe, America and Southeast Asia, etc. In recent years, the proportion of export sales has exceeded domestic sales.

Unit: NT$ thousand; %

Year / Sales area	2023		2022		2021	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Domestic sales	244,935	37.4	336,859	39.9	427,991	47.8

Direct export	410,286	62.6	508,293	60.1	466,798	52.2
Total	655,221	100.00	845,152	100.00	894,789	100.00

2. Market share:

The Company's revenue from dyeing and finishing OEM was NT$143,425 thousand, accounting for 1.91% of the total domestic sales of dyeing and finishing of knitted fabric for 2022; and the revenue from direct sales of finished knitted fabric in warp knitting and circular knitting was NT$410,286 thousand, accounting for 1.43% of the total direct sales of knitted fabric for 2022.

3. Demand and supply conditions and growth for the market in the future:

Although the risk of uncertainties is high in the global economy, Taiwan is one of the few countries that has both solid production experience and R&D foundation. Therefore, it is necessary to enhance international marketing capabilities, strengthen partnerships with international buyers, and continue to innovate and research to maintain its leading position in global functional textiles. This will help boost the textile industry in Taiwan to further develop and improve its competitiveness in export and increase the sales. The future development of clothing products is expected to focus on "eco-friendly", "comfort and health", "wearable technology", "fashion and leisure", and further apply to military, sports, medical and lifestyle applications. In the post-epidemic era, not only anti-bacterial and deodorization, but also virus filtering and other protective functions are required. It is expected that the rapid development of apps, Internet of Things, cloud technology and automated production systems will drive the global consumer market and international brands' demand for functional fabrics from Taiwan, prompting the gradual transformation of Taiwan's textile manufacturing industry into a "smart" manufacturing industry. Also, Taiwan has advanced technologies in recycled polyester and functional textiles. We can even combine the industrial advantages of Taiwan in chemical, materials, information, electronics, machinery, and medical industries, which shows that Taiwan's advantages in the supply chain of functional textiles will help us compete and grow in the global market in the future.

4. Competitive niche:

Regional economies are emerging, competition in emerging markets and business models are changing.Traditional strategy to win by quantity and price and to sell more at a lower price is no longer in line with the international trend. We must move from "quantitative" to "qualitative" development. We aim to develop "full lifecycle management and service" from product development and testing to customer service in order to differentiate Taiwan's products from those of emerging countries and to make the product differentiation from those in Southeast Asia and mainland China. The Company aims to strengthen its competitiveness by training talents who possess solid financial capabilities, management skills and market sensitivity, and by utilizing the Company's integrated operations (weaving → dyeing → finished products) to actively develop functional and eco-friendly textile products to achieve high value-added and advanced processing, to differentiate our products, to improve the quality and to provide a comprehensive customized service.

5. positive and Unfavorable Factors for future development and the company's response:

(1) Favorable Factors

The Company provides diversified and customized services and products. We have been actively developing and researching on dyeing technology, various functional and environmental friendly fabrics in recent years, not only paying attention on fashion trends, but also emphasizing on ergonomics and functionality to make our customers feel more comfortable, safe, innovative and environmental friendly.

In 2014, the Company was certified by the bluesign® standard, which is considered to be an extremely strict environmental standard for textile products in Europe and even in Germany, where the concept of environmental protection is relatively widespread. We not only produce products that comply with the bluesign® standard, but also implement the spirit of environmental protection in our production process. In recent years, we have been actively participating in international exhibitions to make the Company more visible. In April and November 2022, the Company participated in the Performance Days, an online exhibition for functional textiles in Germany, where three products received awards. The products that won awards not only gained attention, but also helped to differentiate our products from those in the industry and enhance the competitiveness of the Company.

In 2024, the global market for affordable and fashionable textile garments and functional outdoor casual wear will continue to develop with high functionality and low pollution, therefore, having various certifications will be beneficial to the future expansion of the Company's operations.

(2) Unfavorable Factors

Unfavorable Factors	Countermeasures
Labor shortage and changes in labor system cause labor costs to increase.	1. To overcome the labor shortage problem, in addition to hire legal foreign workers, we also cooperate with colleges to train young students through work study to encourage the talents to work for the Company. 2. We will continue to upgrade the equipment, enhance the automation and improve the computerized process, to reduce the defective rate, and reduce the labor requirement and cost. 3. To comply with the policy of One Fixed Day Off and One Flexible Rest Day per Week, the Company provides employees with flexible day-off schedule to make sure that the employees have a good quality of life. 4. We have improved employee benefits, planned a better bonus system to recruit more young talents, and strengthened HR management in order to establish the idea that employees are the company's main asset. 5. We set up 6S management system to enhance workplace safety and work environment quality, and to strengthen the team work concept to increase production efficiency. 6. The HR Improvement Team has been able to attract more young people to join the Company by focusing on the transformation of the corporate culture to strengthen the employee's motivation and enthusiasm for their work. 7. By managing a social media and website, we can share the internal events and daily activities in the company, and change the stereotype that young people have about the traditional industry these days.
Not joining RCEP, CPTTP yet, possibility of ECFA suspension	1. Strengthen the stable product quality, accurate delivery, and cost control to ensure long-term partnership and establish good reputation of the Company. This will attract new customers and maintain customer loyalty for the Company. 2. We have vertical integration (from weaving → dyeing → finished products), which is the key to win customers'

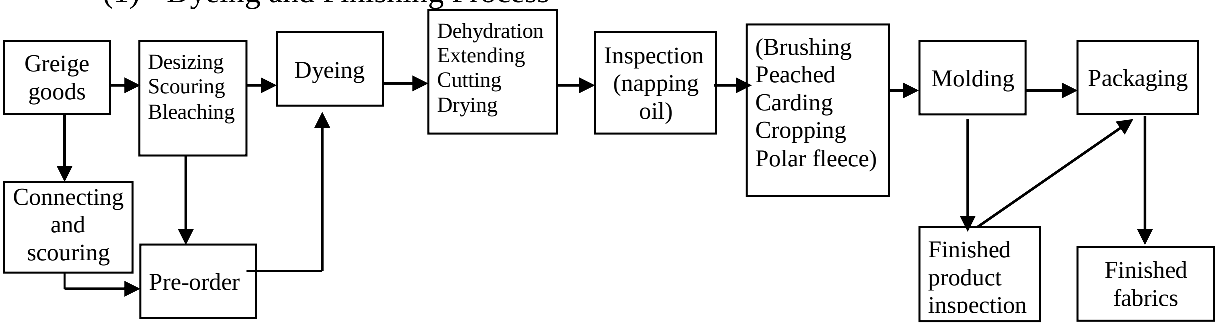
	trust. 3. We are actively strengthening our development and R&D capabilities to enhance the product quality and added value, and to better differentiate our product markets from those in the emerging countries. 4. Combined internal research and rapid response ability for external customer service, so effective in controlling product life cycle. 5. We are committed to improving our competitiveness with specialized products by expanding orders in high performance markets on all continents.
Production costs such as raw materials, labor and manufacturing costs are increasing every year.	1. We work closely with upstream suppliers to ensure the supply source and to stabilize the raw material price. 2. Strengthen HR management to build a more efficient team. 3. Continuously optimize the manufacturing process to reduce the defect rate and the additional cost. 4. Design and analyze cost control and identify the main factors of cost variation.
Cloth, dyeing and finishing work get harder, yield rate is down.	1.Establishment planning team improvement abnormalities, elimination of the rule of elimination, elimination of external demand, and analysis of rescheduling. 2. Optimized process, increased processing efficiency. 3. Set up quality monitoring points. 4. Coordinating or increasing vendor.
The cost of testing and verification has increased due to the restriction imposed by the EU and other regions for non-toxic standards and verification.	To obtain the environmental label and product traceability certification to reduce the cost and risk associated with additional testing and certification in the future 1. Oeko-Tex® standard 100 2. bluesign® 3. RWS 4. RCS
The rising awareness in environmental protection worldwide and the strict environmental standards have increased the production cost.	In order to protect the environment and the next generation, the company is committed to establish environmental protection measures despite the increase in production costs, in line with its social and ethical responsibility. 1. We have a wastewater treatment plant with a new wastewater treatment facility that is capable to handle the daily wastewater generated by our factories. 2. We have installed various water quality monitoring equipment to comply with the water discharge standards. 3. Adopt waste reduction measures in the manufacturing process, such as computerized raw material control, use of central monitoring system, optimal selection for dyeing aids, upgrading of dyeing equipment with low liquor ratio, and reuse of cooling water. 4. We conduct plant-wide energy-saving measures, building an intelligent energy management system, and actively participate in the greenhouse gas reduction program run by the Industrial Development Bureau of the Ministry of Economic Affairs. 5. Installed high efficiency air pollution prevention equipment for setting machines to meet air emission

	standards. 6. We plan to replace natural gas with coal in coal-fired boilers to reduce carbon emissions from coal combustion. 7. Replace the new dyeing machine to significantly reduce water consumption and wastewater discharge. 8. We implement the environmental protection policy by strengthening employee education and training, separate waste that should be recycled, non-combustible or uncombustible, and develop solid renewable fuels. 9. We have built a solar power plant that generates electricity from the sun. This way, we can use the power from the sun instead of the natural resources and pollution.
The textile dyeing and finishing industry relies on energy heavily	1. We evaluate the energy consuming status of the machines and continuously replace them with new ones or partially renovate them with energy-saving designs to minimize the proportion of energy consumption and to reduce the cost. 2. We have studied and learned from domestic and international peers in the textile industry to think about alternative energy solutions.

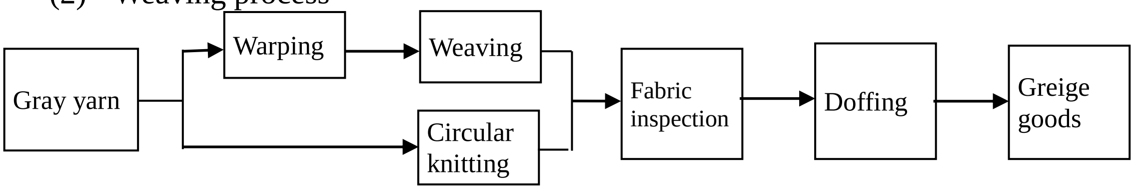
(II) Important Applications and Production Process of Main Products:

1. The textile products that we dye or sell are mainly used for casual wear, sportswear, general apparel and industrial fabrics.
2. Production Process

(1) Dyeing and Finishing Process



(2) Weaving process



(III) Supply Status of Main Raw Materials

The main raw materials required for our dyeing and finishing process are dyes, additives and resins, which are supplied as follows:

Raw material	Resource	Status
Dyes	The domestic procurement accounts for 100%. The main suppliers are San Wang, Zhengyu, and others.	Stabilizing
Additives	The domestic procurement accounts for 100%. The main suppliers are Fu Ying, Hsieh Ching, and others.	Stabilizing
Resins	The domestic procurement accounts for 100%. The main suppliers are Shang Yang, Kuo Tai, and others.	Stabilizing

(IV) Setting forth the names of any suppliers (clients) that have supplied (sold) 10 percent or more of the company's procurements (sales) in either of the preceding 2 fiscal years, and the monetary amount and the proportion of such procurements (sales) as a percentage of total procurements (sales):

1. Information of Major Suppliers in the Last Two Years

The Company is mainly engaged in dyeing and finishing OEM and fabric trading, and has long-term stable cooperative relationship with suppliers. The supply of raw materials is stable and there is no shortage, interruption or over-concentration of supply.

Unit: NT$ thousand; %

	2022				2023				2024 as of the end of the 1st quarter			
Item	Name	Amount	Percentage of Annual Net Purchase (%)	Relationship with the Issuer	Name	Amount	Percentage of Annual Net Purchase (%)	Relationship with the Issuer	Name	Amount	As % of March 31, 2023 total net procurement	Relationship with the Issuer
1	Company A	57,234	19	None	Company A	38,386	21	None	Company A	10,783	23	None
2	Company E	25,183	8	None				-	Company M	5,333	13	None
3	-			-				-				
4	-			-	-			-	-			-
	Others	226,421	73	-	Others	145,935	79	-	Others	31,050	54	-
	Net purchase amount	308,838	100	-	Net purchase amount	184,321	100	-	Net purchase amount	47,166	100	-

2. Information of Major Sales Customers in the Last Two Years

The Company's sales policy is to focus on customers with stable business structures. In the last two years, the sales amount from Company's major customers have changed due to the decrease or increase in customers' revenue and other market factors. Overall, the Company's major customers have changed in 2023: Customer E's sales increased due to orders placed by brand customers.

Unit: NT$ thousand; %

	2022				2023				2024 as of the end of the 1st quarter			
Item	Name	Amount	Percentage of Annual Net Sales (%)	Relationship with the Issuer	Name	Amount	Percentage of Annual Net Sales (%)	Relationship with the Issuer	Name	Amount	As % of March 31, 2023 total net sales:	Relationship with the Issuer
1	Customer B	159,688	19	None	Customer B	96,603	15	None	Customer L	37,185	20	None
2	Customer A	86,276	10	None	Customer E	69,475	11	None	Customer B	23,891	13	None
3	-			-				None	Customer K	21,845	11	None
	Others	599,188	71	-	Others	480,183	74	-	Others	107,329	56	-
	Net sales amount	845,152	100	-	Net sales amount	655,221	100	-	Net sales amount	190,250	100	-

(V) Production volume for the most recent two years

Unit: Tons; NT$ thousand

Year / Production Value / Major Product	2022			2023		
	Production Capacity	Production Volume	Output Value	Production Capacity	Production Volume	Output Value
Dyeing and finishing	7,000	5,441	371,628	6,925	3,410	282,441
Trading of fabric	1,780	1,717	425,399	1,475	1,106	303,630
Total	8,780	7,158	797,027	8,400	4,516	586,071

(VI) Sales Volume Value of the Last Two Years

Unit: Tons; NT$ thousand

Year / Value of Sales Volume / Major Product	2022				2023			
	Domestic sales		Export		Domestic sales		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Dyeing and finishing	3,422	242,380	-	-	1,954	143,425	-	-
Trading of fabric	398	83,945	1,131	508,293	314	90,121	770	410,286
Others	-	10,534	-	-	-	11,389	-	-
Total	3,820	336,859	1,131	508,293	2,268	244,935	770	410,286

III. Employees for the Most Recent Two Years

Year		2022	2023	As of April 30, 2024
Number of employees	Direct labor	83		72
	Indirect labor	82		79
	Total	165		151
Average age		43.77	44.96	46.15
Average years of service		11.08		12.30
Education	Master	3.03		3.97
	College	59.39		57.62
	High school	27.88		27.81
	Under high school	9.7		10.6

Note: The information does not include foreign workers; there were 84 foreign workers in 2023; 91 in 2022 and as of April 30, 2024 is 88.

IV. Environmental Protection Expenditure Information:

(I) Losses arising as a result of environment pollution in the last year up till the publication date of this annual report (including violations against environment protection law found during a inspection and the damage; explain the date of penalty, reference number, the laws violated, the violating action, and the nature of penalty). Please quantify the estimated losses and state any response actions, and state reasons if losses cannot be reasonably estimated:

Date of penalty	Reference number	Article of Regulation Violated	Content of Regulation Violated	Content of penalty
2022.02.24	Tao Huan Shih Tz No. 1110015439	Article 28, paragraph 2 of the Waste Disposal Act	Failure to have waste professional technical staff	Fine of NT$12,000
2022.06.01	Tao Huan Shih Tz	Article 28,	Failure to have waste	Fine of NT$18,000

	No. 1110047106	paragraph 2 of the Waste Disposal Act	professional technical staff	

(II) Countermeasures:

1. The proposed improvement measures are:
   The specific improvement measures and preventive measures proposed by the Company for environmental protection are as follows:
   (1) Replace old equipment: Replacing equipment that has reached the end of its useful life not only reduces the failure rate but also saves electricity, consumption and labor.
   (2) The Company made oil boilers change to natural gas boiler in April 2023, the annual carbon reduction exceeds 6,000t CO_2.
   (3) Introduce and develop new environmental protection technology: the molding machine adopts cooling electrostatic treatment and recycles waste oil, which not only reduces water consumption and waste oil emission, but also can be reused; the coal-fired boiler uses nano electrostatic treatment equipment, which not only reduces pollution emission but also improves boiler efficiency and saves energy.
   (4) Set regulations that are better than environmental standards: wastewater and air pollution standards are becoming more and more stringent. In order to continue to meet the standards and reduce the amount of investment, the Company sets improvement policies that are better than environmental standards when improving or adding new equipment. For example, the standard for air pollution particle size in molding machines is 100PPM, but the company set up electrostatic dust collection facilities can treat it below 30PPM, and the first inspection result is 8PPM. In addition, natural gas boiler is equipped with air pollution control equipment. The wastewater COD standard is 160 PPM, and our contract requires 140 PPM as the acceptance standard. The test results in 2023 were below 100PPM.
   (5) Reinforce the management system and method: We will plan a continuous monitoring system, which will not only enable effective and real-time monitoring, but also demonstrate the Company's self-discipline and determination for environmental protection.
   The annual investment amount of the Company's environmental protection (excluding daily maintenance and operation costs)

NT$:

Year of investment	Category	Investment amount	Investment content	Remarks
2020	Wastewater	350,000	Renovation of wastewater air pollution dispersal hot water tower	Completed
2020	Wastewater	180,500	Wastewater piping project	Completed
2020	Wastewater	5,079,000	Soft water improvement project (Phase I)	Completed
2021	Wastewater	5,829,000	Soft water improvement project (Phase II)	Completed
2022	Wastewater	3,376,500	Air Suspension Blower for wastewater Aeration	Completed
2022	Waste gas	1,322,041	Waste hot water, waste heat recycling and reuse project	Completed
2022	Wastewater	10,165,500	Wastewater improvement project	Completed

Year of investment	Category	Investment amount	Investment content	Remarks
2023	Waste gas	18,595,754	Installation of air pollution prevention equipment for thermal coal boilers	Completed
2023	Waste gas	9,372,000	Set up natural gas boiler	Completed
2023	Wastewater	7,235,000	Waste water improvement project	Completed
2024	Wastewater	1,500,000	Wastewater pumping station renovation project	Planning
Accumulated from 2020 to 2024		63,005,795	We will start the investment after 2024	4,000,000

(6) Adopting waste reduction measures in manufacturing process
In addition to increasing environmental protection equipment and facilities, the Company has adopted waste reduction measures in manufacturing (see the table below) to reduce the source of pollution in order to make the prevention of pollution more effective.

Serial number	Waste reduction measures in manufacturing process	Effectiveness of environmental protection
1	Use computer to control raw material	Computerized automatic dispensing equipment is used to maintain dyeing stability, reduce defective rate and rework rate, reduce water consumption, and further reduce wastewater generation.
2	Use the central monitoring system	The central control system can reduce the human errors and has the convenience for troubleshooting in order to avoid the losses caused by human beings and the higher cost and waste of energy caused by the reworking in the production process.
3	Best choice of dyes and additives	We choose non-toxic and easily decomposable low-pollution dyes and additives, and set the most suitable heating curve and holding time to improve the coloring rate, which can not only improve the product quality and reduce the amount of pollution and additives, but also reduce the water contamination and cost of wastewater treatment.
4	Upgrade the dyeing and finishing equipment	The new low liquor ratio dyeing machine not only saves dyes, additives and water, but also significantly reduces wastewater generation.
5	Waste recycling and reusing	We recycle and reuse cooling water and steam condensate, which not only saves costs but also reduces wastewater discharge and disposal costs. The production waste is sorted and screened for recycling and reuse, and established closed recycling system.
6	Use hot water to cool down the high temperature	Generally, cold water is used to cool down the temperature, but we use recycled hot water to cool down the temperature, which can reduce the water consumption and avoid the defective products caused by excessive cooling.
7	Routine machine maintenance	We regularly maintain the machines and equipment in accordance with the maintenance regulations so that

Serial number	Waste reduction measures in manufacturing process	Effectiveness of environmental protection
		the machines and equipment can function properly, to reduce the rework rate and defect rate, and to effectively prevent wastewater pollution.

(7) Implement environmental protection work and enhance employee education and training

①The Company has an “Occupational Safety and health Section”, which is responsible for coordinating pollution prevention and control businesses. Apart from the daily water quality self-inspection, we also appoint an independent contractor approved by the Environmental Protection Agency to conduct regular inspections on pollution sources, and make immediate improvements if there are any deficiencies, so that pollution prevention and control work can be carried out smoothly.

②The Company not only provides environmental protection training to its employees, but also plans to send employees to attend environmental protection training courses organized by the government’ s environmental protection agencies and obtain licenses in order to make sure the environmental protection equipment operates effectively and to avoid environmental pollution caused by human negligence. There are 2 employees at present qualified to operate according to environmental protection regulations.

(8) Conduct plant-wide energy saving plan

①We use smart energy management system to record the electricity usage of the water chiller, which not only reduces the staff’s working hours, but also provides energy-saving improvement strategies and implements the improvements through the data obtained, thus reducing the unit cost of electricity consumption.

②We are actively participating in the voluntary greenhouse gas reduction program run by the Industrial Development Bureau of the Ministry of Economic Affairs, purchasing high-efficiency equipment to reduce energy consumption, and implementing various energy-saving measures.

③The sludge is dried to 40-50% moisture by high efficiency plate and frame sludge dewatering machine, which reduces the cleaning cost and wastewater leakage during transportation, and reduces 60% of sludge weight after drying in order to save energy and protect the environment.

④We have established various recycle systems, condensate recycle system, cooling water recycle system, hot water supply system, boiler waste heat recycle system, boiler air preheat system, boiler water supply preheat system, wastewater recycle and reuse system, wastewater reduction plan; we will never waste any energy and never waste one drop of water.

⑤ In 2023, heat Transfer oil natural gas boile install frequency converter, investment amount NTD 370,000, it is estimated that electricity consumption can be reduced by 400,000 kWh per year, and GHG in scope 2 emissions can be reduced by 200t CO_2e annually. At the same time, an application has been made to Taipower to reduce the factory's power capacity from 2,000 kW to 1,700 kW to save electricity costs.

2. The budgeted environmental spending for the following 3 years:

(1) The sludge dryer has been used for a long time in the wastewater plant, it needs to replace the old with the new in the future. Reduce sludge can not only

reduce environmental pollution, but also save factory costs effectively, with an investment of approximately NT$ 4 million.

V. Labor-management relations

(I) Employee benefit plans

1. The Company provides employees with labor insurance in accordance with the law, and assists employees in applying for insurance benefits when the incident related to labor insurance occurs.
2. The Company provides employees and their dependents with national health insurance in accordance with the law.
3. Employees' leave (special leave, maternity leave, sick leave and other leave) and regular holidays are handled in accordance with the Labor Standards Act.
4. We provide four meals per day (breakfast, lunch, dinner and snack) to our employees. We also provide Southeast Asian cuisine to respect the dietary habits for foreign employees, and pay attention to their suggestions for improvement and changes in the cuisine, and review the food every year.
5. We provide summer and winter uniforms that are made of our own functional fabrics, which have a moisture-wicking and anti-odor function, so that our employees can work comfortably and without sweating.
6. We provide staff lounge, occasional recreational activities and free clubs (yoga, dance, physical fitness) to take care the physical and mental health of the employees and relieve their work stress.
7. We have a "HR Improvement Team" to reform the corporate culture and promote sports within the company, enhance the "enthusiasm, responsibility, and cohesion" concept to employees from a series of corporate culture education and training courses, and encourage employees to participate in various outdoor activities to help them develop towards a younger, more energetic, and higher quality workforce.
8. To enhance employee welfare, the Employee Welfare Committee was established in accordance with the law to handle various employee welfares and subsidies.
   (1) Subsidies for marriage, childbirth, injury and illness, new home completion, and death of employees and dependents.
   (2) Three festivals gift, birthday gift, service seniority incentive, dinner supplements, staff travel, year-end lottery, staff restaurant and staff dormitory.
9. The Company cares about the safety and physical and mental health of its employees. In addition to providing them with a safe and comfortable working environment, the Company also promotes the welfare system and provides them with good education and training to establish a good relationship with employees. For example, medical subsidies, free health checkups, residential care for employees, breastfeeding rooms, free parking spaces, and electric bicycle charging stations in the factory. When employees encounter difficulties in their work or life, the Company will also arrange direct supervisors and human resources units to serve as consultation contacts and provide relevant assistance as appropriate.

(II) Further education and training of employees:

In order to enhance the professional knowledge and technical skills of our employees, we organize training courses from time to time, including pre-employment training for new employees, in-service and external training for employees, and other further education training.

We also conduct cross-departmental and cross-discipline professional knowledge and technology sharing through various meetings for employees of different job categories. In addition to work-related instruction, we also emphasize the transmission of culture and work experience, so that each employee can perform better and create higher efficiency.

(III) Retirement plan and its implementation status:

1. Allocation of Retirement Reserves on a Monthly Basis:
   The Company adopts the Labor Standards Act and establishes the Company's employee retirement plan and the Labor Pension Supervisory Committee to enforce employee retirement matters. In accordance with the Labor Standards Act, the Company makes monthly contributions to the retirement reserve fund, which is appropriated to the Labor Retirement Reserve Fund Supervisory Committee account directly.
2. Individual Labor Pension Account:
   Since July 1, 2005, in accordance with the "Labor Pension Act (New System)," the Company is required to make monthly contributions at a rate of not less than 6% of monthly wages to the employees' individual pension accounts at the Bureau of Labor Insurance in accordance with the Labor Pension Act.

(IV) Important agreement between labor and management:

Any new or amended measures related to labor relations will be fully discussed and communicated by both employers and employees, and no major labor disputes have occurred.

(V) Protection measures for the rights of employees

We believe that our employees are the most important assets of the Company, and we believe in "people-oriented and people-led", so that we can continue to fulfill our responsibility of caring for our employees.

(VI) Work environment and employee safety protection measures:

The Company attaches great importance to workplace safety and employee health and hygiene, and has set up an Occupational Safety and Health Committee: 24-hour security guards and access control are available in the office building and factory area. The Company has also formulated safety and health management rules and regulations, which stipulate safety management rules for employees to follow. The factory manager and labor safety and health personnel promote automatic safety and health inspection plans, supervise labor safety and health management in each unit, and provide safety and health education and training, and safety and health inspection.

1. Equipment safety:
   (1) Dangerous machines (lifts) are inspected by an external professional contractor on a monthly basis. The inspection results are recorded and obtained accordingly.
   (2) The user is responsible for monthly inspection and filling in the "Monthly Automatic Inspection Form for Electric Forklifts" and the inspection is conducted annually by an external professional vendor as required by law.
   (3) We will notify the contractor of the safety and environmental precautions at the time of signing the contract and entering the factory.
   (4) On-site operators are required to wear safety gear (masks, helmets, safety boots, safety hooks, ear plugs, goggles, etc.) as required.
2. Production environment: The Company appoints an external professional contractor every six months to conduct dust and noise tests in the operating environment, as well as to conduct annual exposure tests for special chemical substances.
3. Sanitation: The Company has dedicated cleaning staff to do daily cleaning and maintenance, regular disinfection operations, regular replacement and maintenance of the drinking water supply. The Company also implements the "6S Campaign" system, with staff "safety" as the main axis, and uses the concept of "spirituality" to establish a consensual management language in the workplace, promoting all staff to do "sorting", "straightening", "sweeping" and "sanitation" voluntarily.

4. Healthcare:
   (1) We provide annual general health checks for employees.
   (2) For noisy workplace personnel, provide a special hearing examination once a year.
   (3) Our nurses and physicians are available on site to proactively care for the health of the employees and provide health consultation and advice to them.
   (4) If an occupational disaster occurs in the workplace, we will take the necessary first-aid measures and implement investigation, analysis, and make records.
5. Fire safety: A complete fire prevention system and a joint preventive system are set up in accordance with the fire prevention act. Fire prevention education and drills are implemented every six months to allow employees to be familiar with emergency response measures.

In addition, the Company provides activity zones and sports equipment to encourage employees to use their time off work to exercise and relieve work pressure.

Our company is committed to take responsibility for the work environment and employee safety and protection measures, and we keep making progress in order to achieve the goal of zero disaster in the workplace.

(VII) Employee Code of Conduct

In order to provide better and more perfect service quality, to comply with legal and ethical principles, to maintain the company's assets, rights and reputation, and to enable the company to create better performance and sustainable operation and development, the "Rules of Ethical Conduct for Employees" have been formulated and announced, and all employees shall comply with all laws and regulations during the service period, as follows.

1. Employees are required to comply with laws and regulations and corporate policies, and are committed to follow the principles of "Business Ethics" and "Corporate Ethical Conduct".
2. To maintain the Company's trade secrets and to respect the business assets and intellectual property of the Company, its customers and partners.
3. We keep internal communication open and encourage employees to participate in the company's activities and provide feedback to supervisors
4. Employees shall not engage in any business, investment or related activities that may constitute a conflict of interest between themselves and the Company.
5. All employees are prohibited from accepting gifts or giving kickbacks or taking other improper advantages from customers, suppliers or other persons related to the Company's business.
6. All employees shall not, during their employment, directly, indirectly, part-time, operate their own business or engage in any form of cooperation with others, engage in or participate in the development, manufacture, operation and sale of products and technical services that are the same as, similar to or in competition with the scope of business of the Company.

(VIII) Losses arising as a result of employment disputes in the last year up till the publication date of this annual report (including violations against Labor Standards Act found during a labor inspection; explain the date of penalty, reference number, the laws violated, the violating action, and the nature of penalty). Please quantify the estimated losses and state any response actions, and state reasons if losses cannot be reasonably estimated: None.

VI. Cyber Security Management

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

1. Set up information security dedicated unit, responsible for information security and

protection related policy formulation, implementation, risk management, etc. There is one dedicated information security supervisor and one dedicated information security staff member. Report relevant implementation status to the board of directors every year.

2. Establish an information security policy and ensure the confidentiality, integrity, availability and legality of information assets through regular internal audits, accountant information reviews, and ISO external audits every year.
3. In order to prevent various external information security threats, our company has set up various information security protection systems to prevent hackers and virus intrusions.
4. Information security meetings are held regularly every year, we also implement information security promotion and education training to enhance colleagues' information security knowledge.

(II) List any losses suffered by the securities firm in the most recent fiscal year and up to the publication date of the annual report due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

VII. Important Contracts: None.

VI. Financial Overview

I. Condensed Balance Sheet and Comprehensive Income Statement for the Last Five Years and As of March 31, 2024.

(I) Condensed Balance Sheet and Comprehensive Income Statement

1. Condensed Consolidated Balance Sheet - Adopting the International Financial Reporting Standards (Consolidated)

Unit: NT$ thousand

Item \ Year		Financial information for the last five years (Note 1) 2019	2020	2021	2022	2023	Financial Information for the current year as of March 31, 2024 (Note 3)
Current assets		730,050	695,411	799,769	702,235	655,574	672,906
Property, plant and equipment		431,963	453,314	421,894	400,331	406,012	394,843
Intangible assets		310	442	308	204	109	91
Other assets		17,873	24,246	32,910	42,063	83,730	102,553
Total assets		1,180,196	1,173,413	1,254,881	1,144,833	1,145,425	1,170,393
Current liabilities	Before distribution	182,666	198,127	244,309	204,753	148,941	191,434
	After distribution	251,280	234,149	312,923	200,465		241,179
Non-current		10,286	9,146	4,622	5,691	11,164	11,666
Total liabilities	Before distribution	192,952	207,273	248,931	171,849	160,105	203,100
	After distribution	261,566	243,295	317,545	210,444	209,850	252,845
Equity attributable to shareholders of the Company		987,244	966,140	1,005,950	972,984	985,320	967,293
Share capital		857,670	857,670	857,670	857,670	857,670	857,670
Capital surplus		6,918	6,918	6,918	7,317	7,317	7,317
Retained earnings	Before distribution	141,358	115,527	144,847	111,361	121,983	103,306
	After distribution	72,744	79,505	76,233	72,766		53,561
Other equity		(18,702)	(13,975)	(3,485)	(3,364)	(1,650)	(1,000)
Treasury stock		-	-	-	-	-	-
Non-controlling interests		-	-	-	-	-	-
Total equity	Before distribution	987,244	966,140	1,005,950	972,984	985,320	967,293
	After distribution	918,630	930,118	937,336	934,389		917,548

Note 1: Any year that has not been audited by CPA should be noted.
Note 2: If the assets have been revalued in the current year, the date of revaluation and the amount of revaluation increment should be indicated.
Note 3: As of the publication date of the annual report, financial information of companies listed or traded on the stock exchange should be disclosed if it has been audited or reviewed by CPA in the most recent period.
Note 4: The figures after distribution as mentioned above are filled in based on the resolutions of the next annual shareholders' meeting.
Note 5: If the financial information is required to be corrected or restated by the competent authority, it should be presented in the corrected or restated figures, and the circumstances and reasons should be stated.

2. Condensed Comprehensive Income Statement - Adopting the International Financial Reporting Standards (Consolidated)

Unit: NT$ thousand

Year / Item	Financial information for the last five years (Note 1)					Financial Information for the current year as of March 31, 2024 (Note 2)
	2019	2020	2021	2022	2023	
Operating income	818,166	630,757	894,789	845,152	655,221	190,250
Operating margin	214,406	113,671	191,121	174,318	129,818	48,112
Operating profit and loss	86,190	19,006	79,605	68,377	34,444	21,507
Non-operating income and expenditure	7,504	21,825	(856)	(18,376)	22,734	16,624
Net profit before tax	93,694	40,831	78,749	50,001	57,178	38,131
Current net profit of continuing business units	75,861	35,414	65,201	32,843	49,346	31,068
Losses from discontinued business units	-	-	-	-	-	-
Net profit (loss) for the period	75,861	35,414	65,201	32,843	49,346	31,068
Other comprehensive income of the current period (net after tax)	8,647	12,096	10,631	2,406	1,585	650
Total comprehensive income	84,508	47,510	75,832	35,249	50,931	31,718
Earnings per share	0.88	0.41	0.76	0.38	0.58	0.36

Note 1: Any year that has not been audited by CPA should be noted.

Note 2: Discontinued business unit gains and losses, extraordinary gains and losses, and the cumulative effect of changes in accounting principle are presented in net amounts after income taxes.

Note 3: Business units whose operations have been discontinued are disclosed with their net amounts after income tax.

Note 4: If the financial information is required to be corrected or restated by the competent authority, it should be presented in the corrected or restated figures, and the circumstances and reasons should be stated.

3. Condensed Balance Sheet - Adopting International Accounting Standards (Individual)

Unit: NT$ thousand

Item \ Year		Financial information for the last five years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		713,989	678,676	777,263	676,355	623,944
Property, plant and equipment		354,896	380,478	353,290	335,958	345,756
Intangible assets		310	442	308	204	109
Other assets		68,920	75,833	85,302	93,620	136,211
Total assets		1,138,115	1,135,429	1,216,163	1,106,137	1,106,020
Current liabilities	Before distribution	141,826	162,010	208,002	130,334	112,790
	After distribution	210,440	198,032	276,616	168,929	162,535
Non-current		9,045	7,279	2,211	2,819	7,910
Total liabilities	Before distribution	150,871	169,289	210,213	133,153	120,700
	After distribution	219,485	205,311	278,827	171,748	170,445
Equity attributable to shareholders of the Company		987,244	966,140	1,005,950	972,984	985,320
Capital		857,670	857,670	857,670	857,670	857,670
Capital surplus		6,918	6,918	6,918	7,317	7,317
Retained earnings	Before distribution	141,358	115,527	144,847	111,361	121,983
	After distribution	72,744	79,505	76,233	72,766	72,238
Other equity		(18,702)	(13,975)	(3,485)	(3,364)	(1,650)
Treasury stock		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	987,244	966,140	1,005,950	972,984	985,320
	After distribution	918,630	930,118	937,336	934,389	935,575

＊When adopting IFRSs for financial statement reporting less than 5 years, the following table should be prepared separately (2): Adopting ROC GAAP for financial statements.

Note 1: Any year that has not been audited by CPA should be noted.

Note 2: If the assets have been revalued in the current year, the date of revaluation and the amount of revaluation increment should be indicated.

Note 3: As of the publication date of the annual report, financial information of companies listed or traded on the stock exchange should be disclosed if it has been audited or reviewed by CPA in the most recent period.

Note 4: The figures after distribution as mentioned above are filled in based on the resolutions of the board of directors or the next annual shareholders' meeting.

Note 5: If the financial information is required to be corrected or restated by the competent authority, it should be presented in the corrected or restated figures, and the circumstances and reasons should be stated.

4. Condensed Comprehensive Income Statement - Adopting International Accounting Standards (Individual)

Unit: NT$ thousand

Item \ Year	Financial information for the last five years (Note 1)				
	2019	2020	2021	2022	2023
Operating income	806,743	619,067	882,715	834,618	643,833
Operating margin	207,373	106,678	183,709	168,503	123,243
Operating profit and loss	79,981	12,826	73,024	63,393	28,725
Non-operating income and expenditure	12,568	26,839	4,475	(14,333)	27,394
Net profit before tax	92,549	39,665	77,499	49,060	56,119
Current net profit of continuing business units	75,861	35,414	65,201	32,843	49,346
Losses from discontinued business units	-	-	-	-	-
Net profit (loss) for the period	75,861	35,414	65,201	32,843	49,346
Other comprehensive income of the current period (net after tax)	8,647	12,096	10,631	2,406	1,585
Total comprehensive income	84,508	47,510	75,832	35,249	50,931
Earnings per share	0.88	0.41	0.76	0.38	0.58

＊If the Company has prepared standalone financial statements, it should also prepare standalone condensed balance sheets and comprehensive income statements for the last five years.

＊When adopting IFRSs for financial statement reporting less than 5 years, the following table should be prepared separately (2): Adopting ROC GAAP for financial statements.

Note 1: Any year that has not been audited by CPA should be noted.

Note 2: As of the publication date of the annual report, financial information of companies listed or traded on the stock exchange should be disclosed if it has been audited or reviewed by CPA in the most recent period.

Note 3: Business units whose operations have been discontinued are disclosed with their net amounts after income tax.

Note 4: If the financial information is required to be corrected or restated by the competent authority, it should be presented in the corrected or restated figures, and the circumstances and reasons should be stated.

(II) Names of Accountants in the Last Five Years and Their Review Opinions

Year	Accounting Firm	Name of visa accountant	Audit opinion
2018	Deloitte Taiwan	Chien-Hsin Hsieh and Rui-Chuan Ho	Unqualified opinion
2019	Deloitte Taiwan	Chien-Hsin Hsieh and Rui-Chuan Ho	Unqualified opinion
2020	Deloitte Taiwan	Keng-Shi Chang and Chung-Chen Chen (Note 1)	Unqualified opinion
2021	Deloitte Taiwan	Keng-Shi Chang and Chung-Chen Chen	Unqualified opinion
2022	Deloitte Taiwan	Keng-Shi Chang and Chung-Chen Chen	Unqualified opinion

Note 1: The change of CPA is due to the internal restructuring of the accounting firm Deloitte Touche.

II. Financial analyses for the past 5 fiscal years and as of March 31, 2024

(I) IAS - Financial Analysis (Consolidated)

Year (Note 1) / Analysis item (Note 3)		Financial Analysis for the Last Five Years					The current year as of March 31, 2024 (Note 2)
		2019	2020	2021	2022	2023	
Capital Structure (%)	Debts ratio (%)	16.35	17.66	19.84	15.01	13.98	17.35
	Long-term fund to property, plant and equipment ratio (%)	230.93	215.15	239.53	244.47	245.43	247.94
Liquidity Analysis %	Current ratio	399.66	350.99	327.36	422.63	440.16	351.51
	Quick ratio	301.70	259.71	202.32	290.78	338.17	283.92
	Times interest earned	-	75	165	91	65	157
Operating Performance Analysis	Average collection turnover (times)	5.55	4.67	7.04	8.56	10.63	14.00
	Days sales outstanding	66	78	52	43	34	26
	Average inventory turnover (times)	3.98	3.25	3.34	2.96	3.14	4.32
	Average payment turnover (times)	8.85	8.99	8.29	9.09	15.67	19.19
	Average inventory turnover days	92	112	109	123	116	84
	Property, plant and equipment turnover (times)	1.89	1.42	2.04	2.06	1.63	1.90
	Total assets turnover (times)	0.71	0.54	0.74	0.70	0.57	0.66
Profitability Analysis	Return on assets (%)	6.60	3.05	5.40	2.77	4.37	10.8
	Return on equity (%)	7.88	3.63	6.61	3.32	5.04	12.72
	Pre-tax income to paid-in capital ratio (%) (Note 7)	10.92	4.76	9.18	5.83	6.67	17.80
	Net Margin (%)	9.27	5.61	7.29	3.89	7.53	16.33
	Earnings per share (NT$)	0.88	0.41	0.76	0.38	0.58	0.36
Cash flow	Cash flow ratio (%)	52.11	38.55	17.94	113.85	97.18	101.96
	Cash flow adequacy ratio (%)	96.52	88.87	65.40	88.49	104.10	117.51
	Cash reinvestment ratio (%)	3.56	0.45	0.43	6.69	5.91	10.56
Leverage	Operating leverage	3.08	9.29	3.19	3.47	5.60	2.70
	Financial leverage	1	1	1	1	1	1

＊ If the Company has prepared standalone financial statements, it should also prepare standalone financial ratio analysis.

＊ When adopting IFRSs for financial statement reporting less than 5 years, the following table should be prepared separately (2): Adopting ROC GAAP for financial statements.

Note 1: Any year that has not been audited by CPAs should be noted.

Note 2: As of the publication date of the annual report, financial information of companies listed or traded on the stock exchange should be analyzed if it has been audited or reviewed by CPAs in the most recent period.

Note 3: The following calculation formula should be presented at the end of this table in the annual report:

1. Financial structure
   (1) Liabilities to assets ratio = total liabilities/total assets
   (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities)/net property, plant and equipment
2. Solvency

(1) Current ratio = current assets/current liabilities
(2) Quick ratio = (current assets-inventory-prepaid expenses)/current liabilities
(3) Times interest earned = net profit before income tax and interest expense/Interest expense in the current period

3. Management capacity
(1) Turnover rate of receivables (times) (including accounts receivable and notes receivable due to business) turnover rate = net sales/balance of average receivables for each period (including accounts receivable and notes receivable due to business)
(2) Average cash collection days = 365/turnover rate of receivables
(3) Inventory turnover rate = cost of goods sold/average inventory value
(4) Turnover rate of payables (including accounts payable and bills payable due to business) = cost of goods sold/balance of payables for each period (including accounts payable and notes payable due to business)
(5) Average sales days = 365/inventory turnover rate
(6) Turnover rate of property, plant and equipment = net sales/average net property, plant and equipment
(7) Turnover rate of total assets = net sales/total average assets

4. Profitability
(1) Return on assets = [after-tax profit and loss + interest expense × (1-tax rate)]/average total assets
(2) Return on equity = after-tax profit and loss/average total equity
(3) Net profit rate = after-tax profit and loss/net sales
(4) Earnings per share = (profit and loss attributable to owners of the parent company - preferred stock dividends)/weighted average number of shares issued (Note 4)

5. Cash flow
(1) Cash flow ratio = net cash flow from operating activities/current liabilities
(2) Net cash flow allowable ratio = net cash flow from operating activities in the last five years/(capital expenditure + inventory increase + cash dividends) in the last five years
(3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends)/(gross property, plant and equipment + long-term investment + other non-current assets + working capital) (Note 5)

6. Leverage:
(1) Operating leverage = (net operating income - variable operating costs and expenses)/operating profit (Note 6)
(2) Financial leverage = operating profit/(operating profit - interest expense)

Note 4: The above calculation formula for earnings per shares should pay special attention to the following when measuring:
1. Based on the weighted average number of ordinary shares, rather than the number of shares issued at the end of the year.
2. Where there is a capital increase by cash or treasury stock trading, the weighted average number of shares shall be calculated during the period of circulation.
3. Where there is a surplus to capital increase or capital surplus to capital increase, the calculation of the earnings per share for the previous year and half year should be adjusted by the proportion of capital increase, rather than the period the capital increase is issued.
4. If the preferred shares are non-convertible cumulative shares, its annual dividend (whether or not it is issued) shall be deductible from the net income or increased to net loss after tax. If the preferred shares are non-cumulative, then in the case of having a net profit after tax, the preferred dividends should be deducted from the net profit after tax; in the case of net loss after tax, no adjustments are required.

Note 5: Special attention should be paid to the following when analyzing cash flows:
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 of capital flows.
3. The increase in inventories shall only be credited when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory is reduced at the end of the year, then the inventory amount should be accounted at zero.
4. Cash dividends include cash dividends for common stock and special shares.
5. Fixed assets means the total amount of property, plant and equipment before deducting accumulated depreciation.

Note 6: The issuer shall distinguish between the operating costs and operating expenses being fixed or variables. When involved in the estimation or subjective judgments, one should pay attention to its rationality and consistency.

Note 7: If the Company’s shares are no par or not in the denomination of NT$10, the calculation of the ratio of the paid in capital shall be calculated based on the equity ratio of the balance sheet attributable to the owners of the parent company.

(II) IAS - Financial Analysis (Individual)

Analysis item (Note 3) \ Year (Note 1)		Financial Analysis for the Last Five Years				
		2019	2020	2021	2022	2023
Capital Structure (%)	Debts ratio (%)	13.26	14.91	17.28	12.04	10.91
	Long-term fund to property, plant and equipment ratio (%)	441.50	255.84	285.36	290.45	287.26
Liquidity Analysis %	Current ratio	503.43	418.91	373.68	518.94	553.19
	Quick ratio	377.27	307.31	226.84	350.87	418.53
	Times interest earned	-	368	982	833	417
Operating Performance Analysis	Average collection turnover (times)	5.50	4.60	6.97	8.50	10.54
	Days sales outstanding	66	79	52	43	35
	Average inventory turnover (times)	3.95	3.22	3.32	2.94	3.11
	Average payment turnover (times)	8.79	8.90	8.23	9.03	15.53
	Average inventory turnover days	92	113	110	124	117
	Property, plant and equipment turnover (times)	2.27	1.68	2.41	2.42	1.89
	Total assets turnover (times)	0.73	0.54	0.75	0.72	0.58
Profitability Analysis	Return on assets (%)	6.82	3.12	5.55	2.83	4.47
	Return on equity (%)	7.88	3.63	6.61	3.32	5.04
	Pre-tax income to paid-in capital ratio (%) (Note 7)	10.79	4.62	9.04	5.72	6.54
	Net Margin (%)	9.40	5.72	7.39	3.94	7.66
	Earnings per share (NT$)	0.88	0.41	0.76	0.38	0.58
Cash flow	Cash flow ratio (%)	58.22	39.03	16.44	139.07	120.50
	Cash flow adequacy ratio (%)	110.81	98.76	68.57	85.86	94.83
	Cash reinvestment ratio (%)	2.4	0	0	6.52	5.02
Leverage	Operating leverage	2.92	12.89	3.32	3.59	2.87
	Financial leverage	1	1	1	1	1

＊If the Company has prepared standalone financial statements, it should also prepare standalone financial ratio analysis.

＊When adopting IFRSs for financial statement reporting less than 5 years, the following table should be prepared separately (2): Adopting ROC GAAP for financial statements.

Note 1: Any year that has not been audited by CPAs should be noted.

Note 2: As of the publication date of the annual report, financial information of companies listed or traded on the stock exchange should be analyzed if it has been audited or reviewed by CPAs in the most recent period.

Note 3: The following calculation formula should be presented at the end of this table in the annual report:

1. Financial structure
   (1) Liabilities to assets ratio = total liabilities/total assets
   (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities)/net property, plant and equipment
2. Solvency

(1) Current ratio = current assets/current liabilities
(2) Quick ratio = (current assets-inventory-prepaid expenses)/current liabilities
(3) Times interest earned = net profit before income tax and interest expense/Interest expense in the current period

3. Management capacity
(1) Turnover rate of receivables (times) (including accounts receivable and notes receivable due to business) turnover rate = net sales/balance of average receivables for each period (including accounts receivable and notes receivable due to business)
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(3) Inventory turnover rate = cost of goods sold/average inventory value
(4) Turnover rate of payables (including accounts payable and bills payable due to business) = cost of goods sold/balance of payables for each period (including accounts payable and notes payable due to business)
(5) Average sales days = 365/inventory turnover rate
(6) Turnover rate of property, plant and equipment = net sales/average net property, plant and equipment
(7) Turnover rate of total assets = net sales/total average assets

4. Profitability
(1) Return on assets = [after-tax profit and loss + interest expense × (1-tax rate)]/average total assets
(2) Return on equity = after-tax profit and loss/average total equity
(3) Net profit rate = after-tax profit and loss/net sales
(4) Earnings per share = (profit and loss attributable to owners of the parent company - preferred stock dividends)/weighted average number of shares issued (Note 4)

5. Cash flow
(1) Cash flow ratio = net cash flow from operating activities/current liabilities
(2) Net cash flow allowable ratio = net cash flow from operating activities in the last five years/(capital expenditure + inventory increase + cash dividends) in the last five years
(3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends)/(gross property, plant and equipment + long-term investment + other non-current assets + working capital) (Note 5)

6. Leverage:
(1) Operating leverage = (net operating income - variable operating costs and expenses)/operating profit (Note 6)
(2) Financial leverage = operating profit/(operating profit - interest expense)

Note 4: The above calculation formula for earnings per shares should pay special attention to the following when measuring:
1. Based on the weighted average number of ordinary shares, rather than the number of shares issued at the end of the year.
2. Where there is a capital increase by cash or treasury stock trading, the weighted average number of shares shall be calculated during the period of circulation.
3. Where there is a surplus to capital increase or capital surplus to capital increase, the calculation of the earnings per share for the previous year and half year should be adjusted by the proportion of capital increase, rather than the period the capital increase is issued.
4. If the preferred shares are non-convertible cumulative shares, its annual dividend (whether or not it is issued) shall be deductible from the net income or increased to net loss after tax. If the preferred shares are non-cumulative, then in the case of having a net profit after tax, the preferred dividends should be deducted from the net profit after tax; in the case of net loss after tax, no adjustments are required.

Note 5: Special attention should be paid to the following when analyzing cash flows:
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 of capital flows.
3. The increase in inventories shall only be credited when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory is reduced at the end of the year, then the inventory amount should be accounted at zero.
4. Cash dividends include cash dividends for common stock and special shares.
5. Fixed assets means the total amount of property, plant and equipment before deducting accumulated depreciation.

Note 6: The issuer shall distinguish between the operating costs and operating expenses being fixed or variables. When involved in the estimation or subjective judgments, one should pay attention to its rationality and consistency.

Note 7: If the Company’s shares are no par or not in the denomination of NT$10, the calculation of the ratio of the paid in capital shall be calculated based on the equity ratio of the balance sheet attributable to the owners of the parent company.

III. Audit Committee's Review Report of the Latest Annual Financial Report

大統新創 evertex fabrinology

Audit Report from the Auditing Committee

Approved

The company's board of directors submitted the proposed business report, financial statements, and earnings distribution plan for 2023. The financial statements were audited by Deloitte & Touche, and an independent auditor's report was issued accordingly. The proposal of the above-mentioned 2023 business report, financial statements and earnings distribution plan has been audited by the Audit Committee and did not find any discrepancy. A report is prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act; please verify.

To

2024 Annual General Shareholders' Meeting of EVERTEX FABRINOLOGY LTD

Convener of Audit of Committee

Fu-Nan Chou 周福南

March 8, 2024

IV. Latest Annual Financial Report and Statements:

(II) Consolidated financial statements of affiliated enterprises

Pursuant to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, as of and for the year ended December 31, 2022, the Company that must be included in preparing the consolidated financial statements covering affiliated enterprises are entirely the same as those that IFRS 10 requires to be included in preparing the consolidated financial report comprising the parent and its subsidiaries, and if the required disclosures to be made in the consolidated financial statements covering affiliated enterprises are already made in the consolidated financial report comprising the parent and its subsidiaries, then the consolidated financial statements covering affiliated enterprises need not be prepared, provided that a statement to that effect is made and presented on the front page of the consolidated financial report.

Very truly yours,

EVERTEX FABRINOLOGY LTD

Representative: Chung-Fa Yeh

March 8, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders Evertex Fabrinology Limited

Opinion

We have audited the accompanying consolidated financial statements of Evertex Fabrinology Limited (the "Group") and its subsidiaries (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 a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as 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), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis of Audit Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The 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 is described as follows:

Authenticity of customers' sales income under specific credit conditions

As the Group are public company, the management is expected to be under pressure to accomplish the projected financial objective, of which operating revenue is one of the important indicators for judging profitability and operating performance, and revenue recognition is more likely to have higher risks. The Group's revenue from sales to specific customers was NT$269,579 thousand in 2023, accounting for 41% of the Group's total revenue, and has a material effect on the financial statements. Therefore, we determined that the main risk is the validity of the sales revenue from specific customers and therefore, included it as a key audit matter.

For the accounting policy on revenue recognition, please refer to Note 4 of the parent company only financial statements. The key audit procedures that we have performed in respect of the key audit matters described above are as follows:

We identify and evaluate the effectiveness of the internal control procedures over sales transactions with respect to the sales revenue from specific customers by understanding the internal control procedures related to sales transactions and by designing internal control procedures that address those risks. We selected samples from the sales records of specific customers to review external shipping documents or customer receipt documents and to confirm the collection of payments, verify that the transaction actually occurred and whether there is no major abnormality in the payment situation.

Other Matter

We have also audited the parent company standalone financial statements of Evertex Fabrinology Limited 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 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, 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.

The governance unit of Evertex Fabrinology Limited (including the audit committee) is responsible for supervising the 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 auditing standards in 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.

When checking in accordance with audit standards, the accountant shall use professional judgment and maintain professional doubts. The accountant also performs the following work:

1. Identify and evaluate the risk of material misrepresentation resulting from fraud or error in the entity's financial statements; design and implement appropriate measures to the assessed risks; and obtain sufficient and appropriate audit evidence to serve as the basis for audit opinions. Because fraud may involve collusion, forgery, deliberate omission, misrepresentation or internal control, the risk of material misrepresentation due to fraud is higher than that caused by error.
2. Acquire the necessary understanding of the internal controls related to the audit in order to design appropriate audit procedures in the circumstances, but not for the purpose of expressing the opinion on the effectiveness of internal controls of Evertex Fabrinology Limited.
3. Assess the appropriateness of accounting policies adopted by management and the reasonableness of accounting estimates and related disclosures.
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 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.

The items that the accountant communicates with the governance unit include the scope and timing of the planned audit, as well as major audit findings (including significant deficiencies in internal controls identified in the audit process).

The accountant also provides the governance unit with a statement that the personnel of the firm to which the accountant belongs to the independence standard have complied with the professional ethics of accountants of the Republic of China, and communicate with the governance unit all relationships and other items (including relevant protective measures) that may be considered to affect the independence of accountants.

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 Keng-Shi Chang and Chung-Chen Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 8, 2024

Evertex Fabrinology Limited Corporation and Subsidiaries
Consolidated Balance Sheets
December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

Code	Assets(The attached notes form part of the entity's financial statement)	December 31,2023 Amount	%	December 31,2022 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 4 and 6)	$ 202,034	18	$ 193,619	17
1110	Current financial assets at fair value through profit or loss (Note 4 and 7)	57,165	5	80,413	7
1120	Current financial assets at fair value through other comprehensive income(Note 4、8)	10,286	1	9,759	1
1136	Current financial assets at amortization cost（Note 4、9、30）	176,329	15	127,172	11
1150	Notes receivable (Note 4, 10 and 23)	2,349	-	15,406	1
1170	Accounts receivable (Note 4, 10 and 23)	52,080	5	53,396	5
1200	Other receivables(Note 4 and 10)	1,220	-	77	-
130X	Current inventories(Note 4 and 11)	140,608	12	193,998	17
1479	Other current assets(Note 12 and 29)	13,503	1	28,395	2
11XX	Total current assets	655,574	57	702,235	61
	Non-current Assets				
1517	Non-current financial assets at fair value through other comprehensive income (Note 4、8)	4,592	-	3,405	1
1540	Current financial assets at amortization cost（Note 4、9、30）	45,226	4	-	-
1600	Property, plant and equipment (Note 4 、14、29 and 30)	406,012	36	400,331	35
1755	Right-of-use Assets (Note 4 and 15、29)	10,390	1	3,513	1
1780	Intangible assets(Note 4and 16)	109	-	204	-
1840	Deferred tax assets (Note 4 and 24)	2,573	-	2,083	-
1915	Prepaid equipment	4,695	1	24,365	2
1920	Guarantee deposits paid(Note 4)	2,661	-	2,231	-
1975	Net defined benefit asset（Note 4 and 21）	3,368	-	3,294	-
1990	Other non-current Assets（Note 12）	10,225	1	3,172	-
15XX	Total non-current Assets	489,851	43	442,598	39
1XXX	Total assets	$ 1,145,125	100	$ 1,144,833	100
Code	Liabilities and Equity				
	Current Liabilities				
2100	Short-term borrowings (Notes 17)	$ 35,000	3	$ 35,000	3
2130	Current contract liabilities (Note 4 and 23)	8,497	1	8,673	1
2150	Notes payable (Note 18)	8,133	1	14,574	1
2160	Note payables to related parties(Note 18 and 29)	1,212	-	-	-
2170	Account payable(Note 18)	19,616	2	22,935	2
2180	Account payables to related parties(Note 18 and 29)	593	-	-	-
2219	Other payables(Note 19)	63,122	5	66,013	6
2230	Income tax payable(Note 4 and 24)	7,999	1	16,009	2
2280	Current lease liabilities (Note 4、15 and 29)	3,992	-	2,160	-
2399	Other current liabilities(Note 4 and 20)	777	-	794	-
21XX	Total current liabilities	148,941	13	166,158	15
	Non-current Liabilities				
2570	Deferred tax liabilities (Note 4 and 24)	4,705	-	4,309	-
2580	Non-current lease liabilities (Note 4 、15 and 29)	6,459	1	1,382	-
25XX	Total Non-current Liabilities	11,164	1	5,691	-
2XXX	Total Liabilities	160,105	14	171,849	15
	Equity attributable to owners of the company				
3110	Capital stock	857,670	75	857,670	75
3200	Capital surplus	7,317	-	7,317	-
	Retained earnings				
3310	Appropriated as legal capital reserve	59,225	5	55,712	5
3320	Appropriated as special capital reserve	3,364	1	3,485	-
3350	Unappropriated earnings	59,394	5	52,164	5
3300	Total Retained earnings	121,983	11	111,361	10
3400	Other equity	(1,650)	-	(3,364)	-
3XXX	Total equity	985,320	86	972,984	85
	Total Liabilities and equity	$ 1,145,425	100	$ 1,144,833	100

(The attached notes form part of the entity's financial statement)

Chairman: CHUAN-FA YEH President: ANTHONY POLIANG YEH In-charge Accountant: Chao-Nan, Hsu

Evertex Fabrinology Limited Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

Code		2023 Amount	2023 %	2022 Amount	2022 %
	Net Revenue（Note 4 and 23）				
4100	Sales Revenue	$ 511,795	78	$ 602,772	71
4600	Service Revenue	143,426	22	242,380	29
4000	Total Net Revenue	655,221	100	845,152	100
	Cost（Note 11、23 and 29）				
5110	Cost of sales	311,661	47	427,161	50
5600	Cost of services	213,742	33	243,673	29
5000	Total Cost	525,403	80	670,834	79
5900	Gross profit from operations	129,818	20	174,318	21
	Operating Expenses (Note 23)				
6100	Selling Expenses	67,191	10	75,166	9
6200	Administrative expenses	29,424	5	30,764	4
6450	Expected credit Gain (Note 10)	(147)	-	11	-
6000	Total Operating Expenses	96,468	15	105,941	13
6500	Gain on disposal of property, plan and equipment（Note23）	1,094	-	-	-
6900	Operating income	34,444	5	68,377	8
	Non-operating income and expenses(Note 4、23 and 29)				
7100	Interest income	6,374	1	1,234	-
7190	Other income	4,749	1	8,834	1
7020	Other gains and losses	12,511	2	(27,887)	(3)
7050	Finance cost	(900)	-	(557)	-
7000	Non-operating income and expenses	22,734	4	(18,376)	(2)

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Code		2023 Amount	2023 %	2022 Amount	2022 %
7900	Profit from continuing operations before tax Income before tax	57,178	9	50,001	6
7950	Tax expense (Note 4 and 24)	(7,832)	(1)	(17,158)	(2)
8200	Profit from continuing operations	49,346	8	32,843	4
	Other comperhensive income				
	Components of other comprehensive income that will not be classified to profit or loss				
8311	Losses on remeasurements of defined benefit plans (Note 21)	(161)	-	2,856	-
8316	Unrealized Gains from investments in equity instruments measured at fair value through other comprehensive income(Note 22)	1,714	-	121	1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss(Note 4 and 24)	32	-	(571)	-
8300	Components of other comprehensive income that will not be reclassified to profit or loss	1,585	-	2,406	-
8500	Total comprehensive income	$ 50,931	8	$ 35,249	4
	Net Profit (Loss) Attributable to:				
8610	Owners of the Company	$ 49,346	8	$ 32,843	7
8620	Non-controlling interests	-	-	-	-
8600		$ 49,346	8	$ 32,843	7
	Total Comperhensive Income (Loss):				
8710	Owners of the Company	$ 50,931	8	$ 35,249	4
8720	Non-controlling interests	-	-	-	-
8700		$ 50,931	8	$ 35,249	4
	Earnings per share(Note 25)				
9710	Basic	$ 0.58		$ 0.38	
9810	Diluted	$ 0.57		$ 0.38	

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

Chairman:Chung-Fa Yeh

President: Anthony Poliang Yeh

In-chargeAccountant: Chao-Nan, Hsu

Evertex Fabrinology Limited Corporation and Subsidiaries

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

				Retained earnings			Other equity	
Code		Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total equity
A1	Balance on January 1, 2022	857,670	6,918	49,178	13,975	81,694	(3,485)	1,005,950
	Appropriation of the 2021 earnings（Note 22）							
B1	Legal reserve appropriated	-	-	6,534	-	(6,534)	-	-
B17	Reversal of special reserve	-	-	-	(10,490)	10,490	-	-
B5	Cash dividends of ordinary share	-	-	-	-	(68,614)	-	(68,614)
D1	Net income of 2022	-	-	-	-	32,843	-	32,843
D3	Other Comperhensive income after tax of 2022	-	-	-	-	2,285	121	2,406
D5	Total Comperhensive income of 2022	-	-	-	-	35,128	121	35,249
T1	Others (Note 22)	-	399	-	-	-	-	399
Z1	Balance on December 31, 2022	857,670	7,317	55,712	3,485	52,164	(3,364)	972,984
	Appropriation of the 2022 earnings（Note 22）							
B1	Legal reserve appropriated	-	-	3,513	-	(3,513)	-	-
B17	Reversal of special reserve	-	-	-	(121)	121	-	-
B5	Cash dividends of ordinary share	-	-	-	-	(38,595)	-	(38,595)
D1	Net Income of 2023	-	-	-	-	49,346	-	49,346
D3	Other Comperhensive income after Tax of 2023	-	-	-	-	(129)	1,714	1,585
D5	Total Comperhensive income of 2023	-	-	-	-	49,217	1,714	50,931
Z1	Balance on December 31, 2023	$ 857,670	$ 7,317	$ 59,225	$ 3,485	$ 59,394	($ 1,650)	$ 985,320

The attached notes form part of the entity's financial statements.

Chairman: CHUAN-FA YEH　　President: ANTHONY POLIANG YEH　　In-charge Accountant: Chao-Nan, Hsu

Evertex Fabrinology Limited Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

Code		Year 2023	Year 2022
	Cash flows from (used in) operating activities, indirect method		
A10000	Net Profit before Tax	$ 57,178	$ 50,001
A20010	Income Expense Item		
A20100	Depreciation Expense	50,258	52,541
A20200	Amortization expense	95	139
A20300	Expected credit loss (gain) / Provision (reversal of provision) for bad debt expense	(147)	11
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(13,727)	41,112
A20900	Finance costs	900	557
A21200	Interest income	(6,374)	(1,234)
A21300	Dividend income	(3,027)	(6,973)
A22500	Loss (gain) on disposal of property, plan and equipment	(1,094)	-
A23700	Impairment losses (gain) on non-financial assets	(2,028)	804
A24100	Unrealized foreign exchange loss (gain)	4,350	483
A29900	Lease modification benefit		(8)
A30000	Changes in operating assets and liabilities		
A31130	Decrease (increase) in note receivable	13,057	25,878
A31150	Decrease (increase) in accounts receivable	1,005	33,925
A31180	Decrease (increase) in other receivable	(3)	179
A31200	Decrease (increase) in inventories	55,418	64,262
A31240	Decrease (increase) in other current assets	14,928	25,069
A31250	Decrease (increase) in Net defined benefit asset	(235)	(438)
A32125	Increase (decrease) in contract liabilities	(176)	1,862
A32130	Increase (decrease) in notes payable	(6,441)	(51,534)
A32140	Increase (decrease) in notes payable from related parties	1,212	(1,002)
A32150	Increase (decrease) in accounts payable	(3,329)	(18,905)
A32160	Increase (decrease) in accounts payable from related parties	593)	(1,145)
A32180	Increase (decrease) in other payable	(1,396)	(10,889)
A32230	Increase (decrease) in other current liabilities	(15)	(8)
A32240	Increase (decrease) in defined benefit liability	-	(596)
A33000	Total changes in operating assets and liabilities	161,002	204,091
A33100	Interest received	526	220
A33300	Interest paid	(880)	(552)
A33500	Income taxes refund (paid)	(15,904)	(14,580)

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Code		Year 2023	Year 2022
AAAA	Net cash flows from (used in) operating activities	144,744	189,179
	Cash flows from (used in) investing activities		
B00020	Disposal of financial assets at fair value through other comprehensive income	-	
B00040	Acquisition of Financial assets measured at amortised cost	(94,325)	(36,000)
B00100	Acquisition of financial assets at fair value through profit or loss	-)	(23,809)
B00200	Disposal of financial assets at fair value through profit or loss	36,975	20,519
B02700	Acquisition of property, plant and equipment	(30,632)	(15,226)
B02800	Disposal of property, plant and equipment	1,094	-
B03700	Increase in refundable deposits	(430)	(427)
B03800	Decrease in Guarantee deposits paid	-	7
B04500	Acquisition of intangible assets	-	(35)
B06700	Increase in Other non-current Assets	(7,053)	(3,172)
B07100	Acquisition of prepaid equipment	(3,492)	(11,749)
B07500	Interest received	4,641	967
B07600	Dividends received	3,027	6,973
BBBB	Net cash flows from (used in) investing activities	(90,195)	(61,952)
	Cash flows from (used in) financing activities		
C04020	Repayment of the principal portion of lease liabilities	(3,629)	(3,954)
C04500	Cash dividends paid	(38,595)	(68,614)
C09900	Exercising the right of imputation	-	399
CCCC	Net cash flows from (used in) financing activities	(42,224)	(72,169)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(3,910)	(422)
EEEE	Net increase (decrease) in cash and cash equivalents	8,415	54,636
E00100	Cash and cash equivalents at beginning of period	193,619	138,983
E00200	Cash and cash equivalents at end of period	$ 202,034	$ 193,619

The attached notes form part of the entity's financial statements.

Chairman: CHUAN-FA YEH

President: ANTHONY POLIANG YEH

In-charge Accountant: Chao-Nan, Hsu

Evertex Fabrinology Limited and Subsidiaries

Notes to Consolidated Financial Report

January 1 to December 31, 2023 and 2022

(Unit: NT$ Thousands, unless specified otherwise)

I. General

EVERTEX FABRINOLOGY LTD. (hereinafter referred to as "the Group") was established in December 1986 under the original name of "Evertex Dyeing & Finishing Ltd." and was renamed to "EVERTEX FABRINOLOGY LTD." by the resolution of the shareholders' meeting held on June 29, 2018. The Group is engaged in the business of dyeing and finishing all kinds of textile products. In April 1996, the Group introduced the business of purchasing raw fabrics for dyeing and finishing and then selling them in order to stabilize the supply of dyeing and finishing materials.

The Group 's shares have been listed and traded on the Taiwan Stock Exchange since May 21, 1999.

The consolidated financial statements are expressed in New Taiwan dollars, the functional currency of the Group.

II. Date and Procedure for the Approval of Financial Reports

The consolidated financial report was approved by the board of directors on March 8, 2024.

III. Application of Newly Issued and Revised Standards and Interpretations

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

The application of the amended IFRSs endorsed and issued into effect by the FSC did not result in significant changes on the accounting policies of the Group.

(II) The IFRSs endorsed by the FSC for application starting from 2023

New/Revised/Amended Standards and Interpretations	Effective Date Announced by IASB
Amendment to IFRS 16 “Lease Liabilities in 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 contractual terms”	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"	January 1, 2024 (Note3)

Note 1： Unless otherwise stated, the above newly released/amended/revised standards or interpretations are effective for the annual reporting period starting after the respective date.

Note 2：The seller and lessee should retroactively apply the amendments to IFRS 16 to sale and leaseback transactions entered into after 16 days of initial application of IFRS.

Note 3：The first time this amendment is applied, some disclosure requirements are exempted.

As of the date the financial statements were authorized for issue, Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current" (2020 Amendment) and "Non-Current Liabilities with Contractual Terms" (2022 Amendment)

The 2020 amendment clarifies that when determining whether a liability is classified as non-current, it should be assessed whether the combined company has the right to defer the repayment period to at least 12 months after the reporting period at the end of the reporting period. A liability is classified as non-current if the combined company has the right at the end of the reporting period, regardless of whether the combined company expects to exercise the right.

The 2020 amendment also stipulates that if the merging company must comply with certain conditions in order to have the right to defer the payment of liabilities, the merging company must have complied with the specific conditions as of the end of the reporting period, even if the lender tests whether the merging company complies with those conditions at a later date. The same goes for conditions. The 2022 amendments further clarify that only contractual terms that must be followed before the end of the reporting period will affect the classification of liabilities. Although the contractual terms that must be followed within 12 months after the reporting period do not affect the classification of liabilities, relevant information must be disclosed to enable users of financial reports to understand that the combined company may not be able to comply with the contractual terms and must repay the debt within 12 months after the reporting period. risk of payment.

The 2020 amendments stipulate that for the purpose of liability classification, the aforementioned settlement refers to the transfer of cash, other economic resources or equity instruments of the merged company to the counterparty, resulting in the elimination of the liability. However, if the terms of the liability may, at the option of the counterparty, result in the transfer of the equity instruments of the combined company resulting in their settlement, and if the option is recognized separately in equity in accordance with the provisions of IAS 32 "Financial Instruments: Expressions", then The foregoing provisions do not affect the classification of liabilities.

In addition to the above impacts, as of the date of issuance of this consolidated financial report, the combined company assesses that the amendments to the above standards and interpretations will not have a significant impact on the financial position and financial performance.

(III) IFRSs in issue but not yet endorsed and issued into effect by the FSC

New/Revised/Amended 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
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
Amendment to IAS 21 “Lack of Convertibility”	January 1, 2025 (Note2)

Note 1： Unless stated otherwise, the above new/revised/amended IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2： Applicable to annual reporting periods starting after January 1, 2025. When the amendment is first applied, the impact will be recognized in retained earnings on the first application date. When the merged company uses non-functional currency as the currency of expression, the impact amount will be adjusted to the exchange difference of foreign operating institutions under equity on the first application date.

As of the date of issuance of this consolidated financial report, the combined company continues to evaluate the impact of the amendments to the above standards and interpretations on the financial position and financial performance. The relevant impact will be disclosed when the evaluation is completed.

IV. Summary Statement of Major Accounting Policies

(I) Compliance Statement

This consolidated financial report is prepared in accordance with the financial report preparation standards of securities issuers.

(II) Basis of Preparation

Except for financial instruments measured at fair value and net defined benefit liabilities based on the present value of determined benefit obligations less the fair value of plan assets, this individual financial report is prepared on a historical cost basis.

Fair value measurement is divided into levels 1 to 3 according to the observability and importance of the relevant input values:

1. Level 1 input value: refers to the quoted price in the active market for the same assets or liabilities available on the measurement date (unadjusted).
2. Level 2 input value: refers to the observable input value of assets or liabilities directly (i.e. price) or indirectly (i.e. from price derivation) in addition to the quotation at level 1.

3. Level 3 input value: refers to the unobservable input value of assets or liabilities.

(III) Standards for distinguishing between current and non-current assets and liabilities

Current assets include:

1. Assets held primarily for transaction purposes;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents (excluding those restricted for the exchange or discharge of liabilities more than 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for transaction purposes;
2. Liabilities due within 12 months after the balance sheet date, and
3. Liabilities that cannot be unconditionally deferred to at least 12 months after the balance sheet date.

Those that are not the above-mentioned current assets or liabilities shall be classified as non-current assets or non-current liabilities.

(IV) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and the entities controlled by the Group (i.e., its subsidiaries, including structured entities).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

The financial statements of the subsidiaries have been appropriately adjusted to bring its accounting policies in line with those of the merged group.

For the details, shareholding ratio and business items of subsidiaries, please refer to Table 4 of Note 13.

(V) Foreign Currency

In preparing the financial statements of each individual entity in the Group, transactions in currencies other than the entity’s functional currency (i.e. 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 items meas ured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non monetary items are included in profit or loss fo r the year except for exchange differences arising on the retranslation of non monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly i n other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(VI) Inventory

Inventories consist of raw materials, supplies, finished goods and work in progress and are stated at the lower of cost or net realiz able 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 weighted-average cost on the balance sheet date.

(VII)Immovable Property, Plant and Equipment

Immovable property, plant and equipment are recognized as measured by cost, and subsequently measured by the amount of cost less accumulated depreciation and accumulated impairment loss.

Except for self-owned land, depreciation is provided on a straight-line basis, that is, the balance after the cost of the asset is equally apportioned less salvage value within the expe cted useful life of the asset, the estimated useful life, salvage value and depreciation methods are reviewed at least on the end date of each year. The impact of changes in accounting estimates is dealt with in a deferred manner.

When immovable property, plant and equipment are excluded, the related costs, accumulated depreciation and accumulated impairment are deducted from the account, and the resulting profit or loss is recognized in the current year's profit or loss according to its nature.

(VIII) Intangible assets

1. Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for prospective basis.

2. Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(IX) Impairment of property, plant and equipment, right-of-use asset, intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible 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.

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 or cash-generating unit 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 or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

(X) Financial Instruments

Financial assets and financial liabilities are recognized in the individual balance sheet when the group becomes a party to the contract terms of the instrument.

When financial assets and financial liabilities are originally recognized, if financial assets or financial liabilities are not measured at fair value through profit or loss, they are measured by fair value plus transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities measured at fair value through profit or loss are immediately recognized as profit or loss.

1. Financial Assets

The customary transactions of financial assets are recognized and excluded by The customary transactions of financial assets are recognized and excluded by accounting on the trading day.

(1) Measurement categories

Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

A. Financial Assets Measured at Fair Value through Profit or Loss

Financial assets measured at fair value through profit and loss include mandatory fair value through profit and loss and financial assets designated as fair value through profit and loss. Mandatory financial assets measured at fair value through profit or loss include equity instrument investments that the am algamating company has not specified to be measured at fair value through other comprehensive profit and loss, and debt instrument investments that are not classified as measured at amortized cost or measured at fair value through other comprehensive profi t and loss.

Financial assets measured at fair value through profit and loss are the dividends generated by fair value measurement, that are recognized in other income , and the benefits or losses generated by the remeasurement are recognized in other income and loss. (excluding any dividend or interest generated by the financial asset) Please refer to Note 28 for the method of determining fair value.

B. Financial assets measured at amortized cost

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

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

Financial Assets Measured at Amortized Cost(Including cash and approximately equivalent cash, receivables at amortized cost and foreign corporate bonds) after original recognition, it is measured by the total carrying amount determined by the effective interest method less the amortized cost of any impairment loss, any gain or loss on foreign currency exchange is recognised as profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

a. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
b. Financial assets that have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets.

Cash equivalents include those maturities within three months from the date of acquisition, highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value such as time deposits. These cash equivalents are held for the purpose of meeting short-term cash commitments.

C. Investment in equity instruments measured at fair value through other comprehensive gains and losses

At the time of the original recognition, the group may make an irrevocable option to invest in equity instruments that are not held for transaction and which are not recognized by the acquirer of the business merger as a consideration, and specify that they are measured at fair value through other consolidated profits and losses.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Shares invested through other equity instruments measured at fair value through other consolidated income instruments are recognized in profit or loss when the right to receive money from the group is established, unless the dividend clearly represents the recovery of part of the investment cost.

(2) Impairment of Financial Assets

At each balance sheet date, the company assesses the impairment losses with expected credit losses on Financial Assets Measured at Amortized Cost.

Accounts receivable are recognized as allowance losses according to the expected credit losses during the period of existence. Other financial assets first assess whether the credit risk has increased significantly since the original recognition, and if it has not increased significantly, the allowance loss will be recognized as the expected credit loss of 12 months, and if it has increased significantly, the allowance loss will be recognized as the expected credit loss during the period of existence.

Expected credit loss is a weighted average credit loss weighted by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from the possible default of the financial instrument within 12 months after the reporting date, the expected credit loss during the period of existence represents the expected credit loss of all possible default events of the financial instrument during the expected period.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default without taking into account any collateral held by the Group:

A. Internal or external information show that the debtor is unlikely to pay it’s creditors.

B. When a financial asset is more than 180 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

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) Exclusion 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.

When Financial Assets Measured at Amortized Cost is excluded as a whole, the difference between its carrying amount and the consideration received is recognized as profit or loss. When investment in equity instruments measured at fair value through other comprehensive profit or loss is excluded as a whole, the accumulated profit or loss is transferred directly to retained earnings and is not reclassified as profit or loss.

2. Financial liabilities

(1) Subsequent measurement

All 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.

(XI) Revenue recognition

After identifying the performance obligations in the client contract, the group apportion the transaction price among the performance obligations and recognize the income when the performance obligations are met.

(1) Revenue from Commodity Sales

Revenue from sales of goods is mainly derived from the sale of fabric. The Group recognizes revenue and accounts receivable at the time when the fabric is shipped to the customer's designated location or when the customer has the right to set the price and use the product and bears the risk of obsolescence of the product. Prepayments for the sale of goods are recognized as contractual liabilities before the goods are shipped. Based on historical experience and considering different contract terms, the Group recognizes a refund liability (recorded as other current liabilities) based on the estimated sales returns and discounts that may occur.

When supplying materials for processing, control of the processed goods is not transferred, in which case it is not recognized as revenue.

(2) Provision of services

Service income is the revenue generated from the provision of services according to a contract and is recognized proportionately with the degree of completion of services under a contract. The degree of completion of the contract is determined by the following method:

Revenue from dyeing and finishing is recognized when the services are performed, the amount of revenue can be measured reliably and it is likely to be recognized when economic benefits are generated.

(3) Electricity sales revenue

Recognition on a monthly basis after the power is transmitted to the substation at Taipower.

(XII) Lease

The Group evaluates whether the contract belongs to (or includes) the lease on the date of establishment of the contract. For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

1. The Group is the lessor

   When the lease terms transfer almost all risks and rewards attached to the ownership of the asset to the lessee, they are classified as financial leases. All other leases are classified as operating leases.

2. 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.

   The right-of-use asset is initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, adjusted for remeasurement of the lease liability.

   The straight-line basis of the right-to-use asset is depreciated earlier from the start of the lease to the expiration of the useful life or the expiration of the lease period.

   The lease liability is originally measured by the present value of the lease payment (including fixed payment and substantial fixed payment). If the implied interest rate of the lease is easily determined, the lease payment shall be discounted at that rate. If the interest rate is not easy to determine, use the lessee to increase the borrowing rate.

   Subsequently, lease liabilities are measured at amortized cost using the effective interest method, and interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, 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.

(XIII) Government Subsidy

The government subsidy shall be recognized only if it is reasonably confident that the Group will comply with the conditions attached to the government subsidy and will be able to receive the subsidy.

Government grants related to revenue are recognised on a systematic basis as a reduction in relevant costs in the period in which the relevant costs are recognised as an expense by the amalgamating company

If the government subsidy is used to compensate for expenses or losses that have been incurred, or for the purpose of providing immediate financial support to the merged company and there are no future related costs, it will be recognized as profit or loss during the period in which it can be collected.

(XIV) Employee benefits

1. 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.

2. Retirement benefits

To determine that the pension allocated to the retirement scheme is recognized as an expense during the period of service provided by the employee.

To determine the defined benefit cost of a welfare retirement plan (including service cost, net interest and remeasurement) is an actuary based on the projected unit welfare method. Service costs (including current service costs and net interest on net defined benefit liabilities are recognized as employee welfare expenses when incurred. Remeasures (including actuarial gains and losses and compensation for plan assets after deducting interest) are recognized in other consolidated profit or loss and included in other equity at the time of occurrence and are not reclassified to profit or loss in subsequent periods.

The net defined benefit liability is the appropriation deficit of the defined welfare retirement plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

(XV) Borrowing Cost

The borrowing cost directly attributable to the acquisition, construction or production of an asset (that is, assets that must take a considerable period of time to reach their intended use or sale status) that meets the requirements shall be part of the cost of the asset until almost all necessary activities for the intended use or sale of the asset have been completed.

Apart from the above, all other borrowing costs are recognized as profit or loss in the current year.

(XVI) Income tax

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

1. Current Income Tax

The Group determines its current income (losses) according to the regulations established by the governing authority of each income tax reporting region and calculates the income tax payable (recoverable) accordingly.

According to the Income Tax Law of the ROC, an additional tax of unappropriated earnings is recognized in the year the shareholders approve to retain earnings.

Adjustments to the income tax payables in prior years are accounted for as the current income tax.

2. Deferred Income Tax

Deferred income tax is calculated on the basis of the temporary difference between the carrying amount of assets and liabilities and the tax basis on which taxable income is calculated.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are recognized when taxable income tax credits are likely to be used to deduct temporary differences.

The carrying amount of deferred income tax assets is re-examined on each balance sheet date, and the carrying amount is reduced for those who are no longer likely to have sufficient taxable places to recover all or part of the assets. Assets that were not previously recognized as deferred income tax assets will also be re-examined on each balance sheet date, and the carrying amount will be increased if the taxable assets will be able to recover all or part of the assets in the future.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period in which the liabilities are settled or the assets are realized, based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences of how the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. Current and Deferred Income Tax

Current and deferred income tax are recognized as profit or loss, but current and deferred income tax related to items recognized in other consolidated profit or loss are recognized as other consolidated profit or loss.

V. Main Sources of Uncertainty about Major Accounting Judgements, Estimates and Assumptions

When adopting accounting policies, the management must make relevant judgments, estimates and assumptions based on historical experience and other relevant factors for those who are difficult to obtain relevant information from other sources. The actual results may differ from the estimates.

The group takes the economic impact of COVID-19 epidemic into consideration of material accounting estimates, and management will continue to review the estimates and basic assumptions. If the revision of the estimate affects only the current period, it is recognized in the current period of the revision; if the revision of the accounting estimate affects both the current and future periods, it is recognized in the current and future periods of the revision.

The management of the Group evaluated that there were no critical accounting judgments or estimation uncertainty on the accounting policies, estimates and basic assumptions that were adopted by the Group.

VI. Cash and Cash Equivalents

	December 31, 2023	December 31, 2022
Cash	$ 302	$ 298
Bank Check and Current Deposit	122,790	162,611
Cash Equivalents		
Bank fixed deposit with original maturity date within 3 months	78,942	30,710
	$ 202,034	$ 193,619

The market interest rates for bank demand deposit and bank fixed deposit with original maturity date within 3 months commercial promissory notes at the balance sheet date are as follows:

	December 31, 2023	December 31, 2022
Bank demand deposit	0.005%～1.45%	0.005%～1.050%
Bank fixed deposit with original maturity date within 3 months	4.55%	2.6%

VII. Financial instruments measured at fair value through profit or loss

	December 31, 2023	December 31, 2022
Financial Assets-Current		
Compulsory measurement at fair value through profit or loss		
Non-derivative Financial		
- Domestic Listed (OTC) Stocks	$ 57,165	$ 80,413

VIII. Financial Assets Measured at Fair Value through Other Consolidated Profit or Loss

Equity Instrument Investment:

	December 31, 2023	December 31, 2022
Current		
Domestic Investment		
Listed Stocks	$ 10,286	$ 9,759
Non-Current		
Foreign Investment		
Bright Wisdom Holdings Limited	$ 4,592	$ 3,405

The group invests for medium-and long-term strategic purposes and expects to make a profit through long-term investment. The management of the group considers that the short-term fair value fluctuations of these investments are inconsistent with the aforementioned long-term investment planning if they are included in profit or loss, and therefore choose to designate these investments to be measured at fair value through other comprehensive profits and losses.

IX. Financial Assets Measured at Amortized Cost

	December 31, 2023	December 31, 2022
Current		
Domestic investment		
Time deposits with original maturities of less than 3 months	$ 166,685	$ 123,000
Restricted assets	500	4,172
Foreign investment		
U.S. government debt	6,087	-
Corporate bonds	3,057	-
	$ 176,329	$ 127,172

	December 31, 2023	December 31, 2022
Noncurrent		
Foreign investment		
U.S. government debt	$ 4,220	$ -
Corporate bonds	41,006	-
	$ 45,226	$ 112,172

(I) The interest rates on time deposits and restricted assets with original maturities of more than 3 months at the end of the reporting period were as follows:

	December 31, 2023	December 31, 2022
Time deposits with original maturities of less than 3 months	1.45%～4.4%	0.755%～1.325%
Restricted assets	1.4%	0.775%～1.2%

Restricted assets are time deposits that purchase in as security from firm. Please refer to Note 30.

(II) In February 2023, the company obtained the bonds from Oracle Corporation with the face value of USD 100 thousand, bonds from Altria Group with the face value of USD 100 thousand, bonds from United States Steel Corporation with the face value of USD 100 thousand, and U.S. Treasury Dollar Bonds with the face value of USD 200 thousand,at a premium of NT$ 15,130 thousand. The maturity dates are July 2040, February 2039, March 2029 and August 2024 respectively. The coupon rates are 5.38%, 5.8%, 6.88% and 3.00% respectively, and the effective interest rates are 5.58%, 6.02%, 6.26% and 4.35% respectivelyIn April 2023, the company obtained the bonds from Qualcomm Incorporated with the face value of USD 100 thousand, bonds from AT&T American Telephone & Telegraph with the face value of USD 50 thousand, bonds from Verizon Communications Inc. with the face value of USD 50 thousand, bonds from Apple Corporate with the face value of USD 200 thousand, and bonds from Berkshire Hathaway Financial Corporation with the face value of USD 100 thousand,at a premium of NT$ 15,380 thousand. The maturity dates are May 2035, May 2046, September 2048, February 2046 and January 2049 respectively. The coupon rates are 4.65%, 4.75%, 4.52%, 4.65% and 4.25% respectively, and the effective interest rates are 4.21%, 5.26%, 5.00%, 4.37% and 4.41% respectively. In July 2023, the company obtained the U.S. Treasury Dollar Bond with the face value of USD 150 thousand, bonds from ORIX Corporation with the face value of USD 150 thousand, bonds from Royal Bank of Canada with the face value of USD 100 thousand, and bonds from Macquarie Bank Limited with the face value of USD 100 thousand,at a premium of NT$ 15,120 thousand. The maturity dates are May 2042, September 2032, July 2024, and June 2026 respectively. The coupon rates are 3.25%, 5.20%, 3.97%, and 5.21% respectively, and the effective interest rates are 3.89%, 4.55%, 4.71% and 4.95% respectively. In October 2023, the company obtained the bonds from Berkshire Hathaway Financial Corporation with the face value of USD 80 thousand, bonds from United States Steel Corporation with the face value of USD 70 thousand, bonds from The Estee Lauder Companies Inc. with the face value of USD 50 thousand, bonds from The Boeing Company with the face value of USD 50 thousand, and bonds from Qualcomm Incorporated with the face value of USD 50 thousand, at a premium of NT$ 8,743 thousand. The maturity dates are January 2049, March 2029, May 2033, May 2030, and May 2035 respectively. The coupon rates are 4.25%, 6.88%, 4.65%, 5.15% and 4.65% respectively, and the effective interest rates are 5.65%, 6.94%, 5.50%, 5.94% and 5.32% respectively.

(III) The company only invests in debt instruments whose credit rating is above investment grade (inclusive) and the derogation assessment is of low credit risk, and the credit rating information is provided by independent rating agencies. The company continues to track external rating information to monitor changes in credit risk of invested debt instruments, and to review other information such as bond yield curve and significant information on debtors, in order to assess whether the credit risk of investment in debt instruments has increased significantly since the original recognition.

The company takes into account the current financial position of the debtors and the forecast of the prospects of their industries to measure the expected credit loss of 12 months or the duration of the investment in debt instruments.

The current credit risk rating mechanism of the Company is as the following:

Credit Rating	Definition	Basis for Recognizing ECLs
Normal	The credit risk of the debtor is low, with sufficient solvency for the contractual cash flow	12-month expected credit losses
Abnormal	The credit risk has been significantly increased since initial recognition	Lifetime expected credit losses（credit not impaired）
Default	Evidence of credit loss exists	Lifetime expected credit

		losses (credit-impaired)
Write Off	The available proof showed that the debtor was suffering serious financial difficulties and it was impossible for the merged company to expect recoverability	Direct Write Off

The total carrying amounts of the debt instrument investments of each credit rating, and the applicable ECL rates are as the following:

Credit Rating	Expected Credit Loss (ECL)	Total of Carrying Amount Instruments carried at amortized cost
Normal	0%	$ 54,370
Abnormal	-	-
Default	-	-
Write Off	-	-

As of December 31, 2023, the company assessed that the credit risk of the debtor was low and had sufficient capacity to repay the cash flow of the contract, so the expected credit loss was not mentioned.

X. Notes Receivables, Account Receivables And Other Receivables

	December 31, 2023	December 31, 2022
Note Receivable		
Measured at Amortized Cost		
Total Book Valu	$ 2,349	$ 15,406
Minus: Allowance for Loss	-	-
	$ 2,349	$ 15,406
Account Receivable		
Measured at Amortized Cost		
Total Book Valu	$ 52,332	$ 53,804
Minus: Allowance for Loss	(252)	(408)
	$ 52,080	$ 53,396
Other Receivable		
Interest Receivable	$ 1,217	$ 77
Others	3	-
	$ 1,220	$ 77

(I) Note Receivable and Account Receivable

Before accepting a new customer, the Group evaluates the credit rating and sets the credit limit for that potential customer. Customer credit limits and ratings are reviewed annually on an occasional basis. The average credit period for sales of goods and dyeing and finishing is 60 days.

The IFRS 9 simplified approach is adopted by the Group to recognize an allowance for losses on notes receivable and accounts receivable based on lifetime expected credit losses. The lifetime expected credit losses is calculated by using the reserve matrix, which examines the past default records of customers and their current financial situation, the economic situation, the GDP forecast, and the industry outlook. The historical experience of the Group's credit loss history has shown that the loss patterns of different customer have not significantly different from the loss patterns. Therefore, the provision matrix is not further differentiated in the client base. Only the number of days for notes receivable and accounts receivable are used for setting the expected credit loss rate.

The Group directly writes off related notes receivable and accounts receivable when there is evidence indicating that the debtor is experiencing in severe financial difficulty and there is no realistic prospect of recovery by the Group. For example, the debtor is in liquidation. The Group continues to engage in enforcement activity, and the recovered amounts are recognized as profit or loss.

1. The Group measures the allowance loss of notes receivable according to the reserve matrix as follows:

	December 31, 2023	December 31, 2022
	Within 120 days of account opening	Within 120 days of account opening
Expected Credit Loss Rate	0%	0%
Total Book Value	$ 2,349	$ 15,460
Allowance for Loss (Expected Credit Loss During the Period of Existence)	-	-
Amortized Cost	$ 2,349	$ 15,460

2. The following table details the loss allowance of trade receivables based on the Group’s provision matrix:

December 31, 2023

	Within 30 days	31 to 60 days	61 to 90 days	91 to 120 days	121 to 150 days	151 to 180 days	181 to 210 days	211 to 240 days	Over 240 Days	Total
Expected credit loss rate	0.06%	0.12%	2.90%	22.2%	39.06%	69.63%	100%	100%	100%	
Total Book Value	$ 35,983	$ 13,877	$ 2,159	$ -	$ 219	$ 94	$ -	$ -	$ -	$ 52,332
Loss allowance (Lifetime ECLs)	(23)	(16)	(63)	-	(85)	(65)	-	-	-	(252)
Amortized cost	$ 35,960	$ 13,861	$ 2,096	$ -	$ 134	$ 29	$ -	$ -	$ -	$ 52,080

December 31, 2022

	Within 30 days	31 to 60 days	61 to 90 days	91 to 120 days	121 to 150 days	151 to 180 days	181 to 210 days	211 to 240 days	Over 240 Days	Total
Expected credit loss rate	0.04%	0.07%	4.97%	13.56%	39.76%	69.61%	100%	100%	100%	
Total Book Value	$ 27,154	$ 23,263	$ 1,740	$ 1,489	$ 62	$ 94	$ -	$ 1	$ 1	$ 53,804
Loss allowance (Lifetime ECLs)	(10)	(17)	(86)	(202)	(25)	(66)	-	(1)	(1)	(408)
Amortized cost	$ 27,144	$ 23,246	$ 1,654	$ 1,287	$ 37	$ 28	$ -	$ -	$ -	$ 53,396

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

	2023	2022
Beginning balance	$ 408	$ 402
Add: Amounts recognized	-	11
Less: Amounts written off	(147)	(5)
Less: Net remeasurement of loss allowance	(9)	-
Ending balance	$ 252	$ 408

Refer to Note 28(IV) for details of the Group’s concentration of credit risk of accounts receivable.

(II) Other receivables

Other receivables are mainly interest receivables, the Group's policy is to trade solely by reputable company.The Group determines whether credit risk has increased significantly since initial recognition and measures the loss allowance for other receivables by continuous monitoring of the debtor, with reference to the past default experience of the debtor and an analysis of the debtor’s current financial position. As of December 31, 2023 and 2022, the Group assessed that the expected credit loss rate of other receivables was 0%.

XI. Inventory

	December 31, 2023	December 31, 2022
Raw materials	$ 71,187	$ 93,978
Work in process	58,478	83,928
Finished goods	6,997	11,857
Materials	3,946	4,235
	$ 140,608	$ 193,998

The nature of operating costs related to inventories is as follows:

	December 31, 2023	December 31, 2022
Cost of inventories sold	$ 482,934	$ 646,480
Inventory depreciation (recovery benefit) loss (I)	(2,028)	804
Unallocated manufacturing overhead	41,214	20,696
Revenue from sale of leftovers and scrap	(1,530)	(1,865)
	$ 520,590	$ 666,115

The increase in the net realizable value of inventories as of December 31, 2023 and 2022 was mainly due to the increase in inventory sales prices.

XII. Other assets

	December 31, 2023	December 31, 2022
Current		
Payment in advance	$ 5,243	$ 19,504
Tax credit	1,810	2,319
Prepaid expense	6,051	5,579
Provisional payment	399	993
	$ 13,503	$ 28,395
Non-current		
Long-term Prepayments	$ 10,225	$ 3,172

XIII. Subsidiaries

Subsidiaries included in the consolidated financial statements

The main preparation for this consolidated financial statement is as follows:

			Shareholding %	
Investor	Investee	Nature of Activities	December 31, 2023	December 31, 2022
Evertex Fabrinology Limited	Tung Fa Liu Neng Co., Ltd.	Self-usage power generation equipment utilizing renewable energy industry	100%	100%

XIV. Property, Plant and Equipment

	Self-owned Land	Buildings	Machinery Equipment	Machinery Equipment	Other Equipment	Total
Cost						
Balance on January 1, 2023	$ 174,044	$ 342,240	$ 506,253	$ 7,674	$ 199,894	$1,230,105
Additions	-	230	19,633	47	9,206	29,116
Disposals	-	-	(16,183)	(1,100)	(382)	(17,665)
Reclassification（Remark）	-	-	900	-	22,262	23,162
Balance on December 31,2023	$ 174,044	$ 342,470	$ 510,603	$ 6,621	$ 230,980	$1,264,718
Accumulated depreciation						
Balance on January 1, 2023	$ -	$ 298,897	$ 361,894	$ 6,577	$ 162,406	$ 829,774
Depreciation expense	-	6,712	29,334	564	9,987	46,597

	Self-owned Land	Buildings	Machinery Equipment	Machinery Equipment	Other Equipment	Total
Disposals	-	-	(16,183)	(1,100)	(382)	17,665
Balance on December 31,2023	$ -	$ 305,609	$ 375,045	$ 6,041	$ 172,011	$ 858,706
Net balance on December 31,2023	$ 174,044	$ 36,861	$ 135,558	$ 580	$ 58,969	$ 406,012
Cost						
Balance on January 1, 2022	$ 174,044	$ 342,020	$ 501,160	$ 6,854	$ 194,290	$1,218,468
Additions	-	220	11,867	720	5,163	17,970
Disposals	-	-	(15,411)	-	-	(15,411)
Reclassification（Remark）	-	-	8,637	-	441	9,078
Balance on December 31,2022	$ 174,044	$ 342,240	$ 506,253	$ 7,674	$ 199,894	$1,230,105
Accumulated depreciation						
Balance on January 1, 2022	$ -	$ 290,975	$ 344,763	$ 5,903	$ 154,993	$ 796,574
Depreciation expense	-	7,922	32,542	674	7,473	48,611
Disposals	-	-	(15,411)	-	-	(15,411)
Balance on December 31,2022	$ -	$ 298,897	$ 361,894	$ 6,577	$ 162,406	$ 829,774
Net balance on December 31,2022	$ 174,044	$ 43,343	$ 144,359	$ 1,097	$ 37,488	$ 400,331

Remark：The balance is transferred from the prepaid equipment payment.

The Group did not capitalize interest in 2023 and 2022.

There is no an indication that the property, plant and equipment may be impaired in 2023 and 2022.

The immovable property, plant and equipment of the Group are determined on the basis of cost and depreciated on the basis of the following durable years:

Buildings	
Main Building of Factory	26~40 years
Storehouse	10~26 years
Others	3~25 years
Machinery Equipment	5~20 years
Transportation Equipment	3~5 years
Other Equipment	
Office Equipment	3~15 years
Land Improvement	10~15 years
Dormitory Equipment	15~40 years
Other Equipment	3~15 years

Please refer to Note 30 for the amount of real estate and factory buildings set by the consolidated company as a guarantee for the loan amount.

XV. Lease Arrangement

(I) Right-of-use Assets

	December 31, 2023	December 31, 2022
Right-of-use assets Carrying amount		

	December 31, 2023	December 31, 2022
Buildings	$ 2,564	$ 175
Transportation Equipment	5,466	519
Other Equipment	2,360	2,819
	$ 10,390	$ 3,513

	2023	2022
Additions to right-of-use assets	$ 10,561	$ 4,010
Depreciation charge for right-of-use assets		
Buildings	$ 514	$ 525
Transportation Equipment	1,396	1,555
Other Equipment	1,751	1,850
	$ 3,661	$ 3,930

(II) Lease liabilities

	December 31, 2023	December 31, 2022
Lease liabilities Carrying amount		
Current	$ 3,992	$ 2,160
Non-current	$ 6,459	$ 1,382

Discount rates for lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Buildings	2.1%	1.3%
Transportation Equipment	2.19%	1.14%
Other Equipment	1.15%~2.19%	1.15%~1.55%

(III) Material leasing activities and terms

The Group leases certain official cars and other equipment - stackers with lease terms of 1 to 3 years. The Group does not have bargain purchase options to acquire the cars and stackers at the end of the lease terms.

The Group leases buildings for the use of offices with lease term of 3~5 years. The Group does not have bargain purchase options to acquire the buildings at the end of the lease term.

(IV) Other lease information

	2023	2022
Expenses relating to low-value asset leases	$ 284	$ 135
Total cash outflow for leases	($ 4,048)	($ 4,148)

The Group’s leases of certain photocopiers qualify as 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.

XVI. Intangible Assets

	Computer software
Cost	
Balance on January 1, 2023	$ 705
Additions	-
Balance on December 31,2022	$ 705
Accumulated amortization	
Balance on January 1, 2023	$ 501
Amortization expense	95
Balance on December 31,2023	$ 596
Net balance on December 31,2023	$ 109
Cost	
Balance on January 1, 2022	$ 670
Additions	35
Balance on December 31,2022	$ 705
Accumulated amortization	
Balance on January 1, 2022	$ 362
Amortization expense	139
Balance on December 31,2022	$ 501
Net balance on December 31,2022	$ 204

Computer software is amortized on a straight-line basis on 1~3 years.

XVII. Short-term Loans

	December 31, 2023	December 31, 2022
Unsecured Loan		
Line of Credit Borrowing	$ 35,000	$ 35,000
Interest rate	2.195%	1.909%

XVIII. Notes Payable and Accounts Payable

	December 31, 2023	December 31, 2022
Notes Payable		
Notes Payable-From Business	$ 8,133	$ 14,574
Related Parties-From Business	$ 1,212	$ -
Accounts Payable		
Notes Payable-From Business	$ 19,616	$ 22,935

	December 31, 2023	December 31, 2022
Related Parties-From Business	$ 593	$ -

The average credit period for purchases was 90 days. The Group has established financial risk management policies to ensure that all payables are repaid within the pre-agreed credit periods.

XIX. Other Payables

	December 31, 2023	December 31, 2022
Payables for salaries or bonuses	$ 33,325	$ 35,025
Payables for purchases of equipment (Note26)	6,523	8,039
Payables for vacations	7,911	7,242
Payables for labor and health insurance	2,285	2,327
Utilities Payables	2,052	2,244
Others	11,026	11,136
	$ 63,122	$ 66,013

XX. Other Current Liabilities

	December 31, 2023	December 31, 2022
Receipts under custody	$ 548	$ 563
Refund Liabilities	229	231
	$ 777	$ 794

XXI. Post-retirement Benefits Plan

(I) Determine the allocation plan

The pension system of the ”Labor Pensions Regulation ”applied by the group is a defined retirement scheme administered by the government, which transfers the pension to the individual account of the Labor Insurance Bureau according to 6% of the employee's monthly salary.

(II) Determine the benefit plan

The pension system administered by the group in accordance with the ”Labor Standards Law” is a defined benefit retirement plan managed by the government. The payment of employee pension is based on the length of service and the average salary of 6 months prior to the approved retirement date. The group shall allocate a pension of 2% of the employee's total monthly salary to the Labor Retirement Reserve Supervision Board to deposit in the special account of the

Bank of Taiwan in the name of the committee. Before the end of the year, if the estimated balance of the
special account is insufficient to pay the workers who are expected to meet the retirement conditions in the next year, the difference will be allocated once before the end of March of the next year. The special account is managed by the Labor Fund Operation Bureau of the Ministry of Labor, and the company has no right to affect the investment management strategy.

The amount of defined benefit plans included in the individual balance sheet is listed as follows:

	December 31, 2023	December 31, 2022
Current Value of Determined benefit Obligations	$ 7,134	$ 7,270
Fair Value of Plan Assets	(10,502)	(10,564)
Net Determined benefit(Assets) Liabilities	($ 3,368)	($ 3,294)

Changes in net defined benefit (assets) liabilities are as follows:

	Current Value of Determined benefit Obligations	Fair Value of Plan Assets	Net Determined benefit(Assets) Liabilities
Balance on January 1, 2022	$ 10,170	($ 9,574)	$ 596
Interest Expense (Revenues)	64	(66)	(2)
Recognized in profits and losses	64	(66)	(2)
Number of Re-measurement			
Compensation for Planned Assets (except for the amount included in net interest)	-	(782)	(782)
Actuarial Losses-Changes in Demographic Assumptions	-	-	-
Actuarial loss - change in financial assumptions	(587)	-	(587)
Actuarial Benefit-Experience Adjustment	1,487	-	(1,487)
Recognized in other comperhensive profits and losses	(2,074)	(782)	(2,856)
Employees' Allocation	-	(1,032)	(1,032)
Benefits Payment	(890)	890	-
Balance on December 31, 2022	$ 7,270	($ 10,564)	($ 3,294)
Balance on January 1, 2023	$ 7,270	($ 10,564)	($ 3,294)
Interest Expense (Revenues)	109	(160)	(51)
Recognized in profits and losses	109	(160)	(51)
Number of Re-measurement			

Compensation for Planned Assets (except for the amount included in net interest)	-	(63)	(63)
Actuarial loss - change in financial assumptions	147	-	147
Actuarial Benefit-Experience Adjustment	77	-	77
Recognized in other comperhensive profits and losses	224	(63)	161
Employees' Allocation	-	(184)	(184)
Benefits Payment	(469)	469	-
Balance on December 31, 2023	$ 7,134	($ 10,502)	($ 3,368)

The Group is exposed to the following risks due to the defined benefit plans under the "Labor Standards Law":

1. Investment risk: through self-use and entrusted operation, the Labor Fund Operation Bureau of the Ministry of Labor invests the labor pension fund in domestic (foreign) equity securities and debt securities and bank deposits respectively, however, the distribution amount of the group's planned assets is calculated at a rate not lower than the 2-year time deposit interest rate of the local bank.
2. Interest rate risk: the decrease in the interest rate of government bonds/corporate bonds will increase the present value of defined benefit obligations, but the return on debt investment of planned assets will also increase, which will partially offset the impact of net defined benefit liabilities.
3. Salary risk: the calculation for determining the present value of benefit obligations is based on the future salary of the plan member. Therefore, the increase in the salary of plan members will increase the present value of determining benefit obligations.

The present value of the group's determined benefit obligations is carried out by a qualified actuary and the major assumptions for measuring the date are as follows:

	December 31, 2023	December 31, 2022
Discount Rate	1.250%	1.500%
Expected Rate of Increase in Salary	2.000%	2.000%

If there are reasonably possible changes in the material actuarial assumptions, all other assumptions remain the same, the amount of increase (decrease) in the present value of the determined benefit obligations is as follows:

	December 31, 2023	December 31, 2022
Discount Rate		
Increased 0.25%	($ 147)	($ 154)
Decreased 0.25%	$ 153	$ 160
Expected Rate of Increase in Salary		
Increased 0.25%	$ 149	$ 156
Decreased 0.25%	($ 144)	($ 151)

As actuarial assumptions may be related to each other, only a single assumption is unlikely to change, so the above sensitivity analysis may not reflect the actual changes in the present value of benefit obligations.

	December 31, 2023	December 31, 2022
Expected amount to be allocated within 1 year	$ 184	$ 1,032
Average expiration period of determined benefit obligations	8.4 years	8.6 years

XXII. Equity

(I) Common stock

	December 31, 2023	December 31, 2022
Authorized Shares (thousand shares)	101,880	101,880
Authorized Equity	$ 1,018,800	$ 1,018,800
Shares Issued and Fully Received (thousand shares)	85,767	85,767
Equity Issued	$ 857,670	$ 857,670

The issued common shares have a par value of NT$ 10 each and each share has the right to vote and receive dividends.

(II) Capital Reserves

	December 31, 2023	December 31, 2022
May be used to offsetting a deficit, distributed as cash dividends, or transferred to share capital		
Share Premium	$ 3,000	$ 3,000
Only used to make up for losses		
Gain from disposal of assets	3,918	3,918

	December 31, 2023	December 31, 2022
Benefits from exercise Disgorgement	399	399
	$ 7,317	$ 7,317

The capital reserve can be used to make up for losses. The excess of shares issued in excess of par value may also be used to issue cash or allocate share capital when there is no loss in the group, subject to a certain percentage of paid-in share capital each year.

The capital reserve arising from the gains from the disposal of assets and benefits from exercise Disgorgement shall not be used for any purpose other than making up for losses.

(III) Retention of surplus and dividend policy

The Company's Articles of Incorporation provide that, earnings distribution may be made on a quarterly basis after the close of each half year. Distribution of earnings by way of cash dividends should be approved by the Company's Board of Directors and reported to the Company's shareholders in its meeting.

According to the surplus distribution policy of the Company, The Company may distribute earnings or make up losses after the end of each semi-annual fiscal year. If the distribution of earnings is made in cash, it shall be resolved by the board of directors in accordance with Article 228-1 and Article 240 of the Company Act and reported to the shareholders' meeting without being submitted to the shareholders' meeting for ratification.if the distribution of earnings is made by issuing new shares, it shall be handled in accordance with Article 240 of the Company Act.

The Company's dividend policy is based on the current and future investment environment, capital requirements, and capital budget, while considering the shareholders' interest, dividend balance, and the Company's long-term financial planning as the Company is in the business development stage. The Company shall distribute dividends and bonuses to shareholders not less than annual earnings after deducting income tax, making up for loss, setting aside legal reserve, but legal reserve has reached the amount of paid-in capital, it may no longer be set. The rest will be set or reversed 50% special reserve shall distribute dividends and bonuses according to the regulations. The annual dividends shall be paid in cash first, but stock dividends may also be distributed, of which no less than 10% of the total dividends shall be paid in cash.

The estimated basis and actual allotment of the remuneration of the employees and directors of the company can be found in Note 23 (8).

The statutory surplus reserve shall be set aside until its balance reaches the total paid-in share capital of the company. The statutory surplus reserve can be used to make up for losses. When there is no loss in the company, the part of the statutory surplus reserve exceeding 25% of the total paid-in share capital may be allocated in cash in addition to the allocated share capital.

When the company distributes its surplus, it must set aside the balance of equity deduction items (including unrealized losses on financial assets) as a special surplus reserve according to laws and regulations. If there is a subsequent reduction in the amount of equity deduction, the reduced amount can be transferred back to the undistributed surplus from the special surplus reserve.

The appropriations and cash dividends per share in 2022 and 2021 were as follows:

	2022	2021
Legal reserve provided	$ 3,513	$ 6,534
Reversr special reserve provided	($ 121)	($ 10,490)
Cash dividends to shareholders	$ 38,595	$ 68,614
Cash dividends per share (NT$)	$ 0.45	$ 0.80

The above-mentioned cash dividends were approved on March 24, 2023 and March 23, 2022 respectively. The remaining surplus distribution items for 2021 have been resolved at the general meeting of shareholders on July 30, 2022. The remaining surplus distribution items for 2022 have been resolved at the general meeting of shareholders on June 27, 2023.

On August 9, 2023, the company's board of directors resolved not to distribute the surplus in the first half of 2022.

The company's appropriation of earnings for 2023 second half that had been proposed by the Board of Directors on March 8, 2024 was as follows:

	2023
Legal reserve provided	$ 4,922
Reversr special reserve provided	($ 1,714)
Cash dividends to shareholders	$ 49,745
Cash dividends per share (NT$)	$ 0.58

The above-mentioned cash dividends have been distributed by the resolution of the board of directors, others will be resolved by the shareholders meeting to be held on June 25, 2024.

(IV) Other Equity

Unrealized gain on financial assets at FVTOCI

	2023	2022
Balance on January 1	($ 3,364)	($ 3,485)
Recognized for the year		
Unrealized gain		
Equity instruments	1,714	121
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	-	-
Balance on December 31	($ 1,650)	($ 3,364)

XXIII. Net Income

(I) Operating revenue

	2023	2022
Segmentation of Customer Contract Revenue		
Sales Revenue		
－Cloth trading	$ 500,407	$ 592,238
－Other	11,388	10,534
Service Revenue		
－Dyeing & Finishing	143,426	242,380
	$ 655,221	$ 845,152

Contract balance

	December 31, 2023	December 31, 2022	January 1, 2022
Notes Payable And Account Payable(Note 10)	$ 54,429	$ 68,802	$ 128,657
Contract liabilities			
Revenue of Commodity Sales	$ 8,497	$ 8,673	$ 6,811

The amount of performance obligations that have been met at the beginning of the year as income in the current period is as follows:

	2023	2022
Contract Liabilities from the Beginning of Year		
Revenue of Commodity Sales	$ 8,673	$ 2,505

Breakdown of Customer Contract Revenue

For the breakdown of revenue, please refer to Note 35.

(II) Other operating income and expenses

	2023	2022
Gain (loss) on disposal of property, plant and equipment	$ 1,094	$ -

(III) Other Revenue

	2023	2022
Dividend Revenue		
Gain (loss) on financial instruments at FVTPL	$ 2,341	$ 6,410
Gain (loss) on investments in equity instruments measured at FVTOCI	686	563
Other gains		
Government Subsidy	1,289	1,633
Others	433	228
	$ 4,749	$ 8,834

(IV) Other Revenues and Losses

	2023	2022
Net loss on financial instruments at fair value through profit or loss mandatorily	$ 13,727	($ 41,112)
Net gain (loss) on foreign currency exchange	(1,179)	13,345
Lease modification benefit	-	8
Others	(37)	(128)
	($ 12,511)	($ 27,887)

(V) Financial Costs

	2023	2022
Bank Loan Interest	$ 765	$ 498
Interest of Lease Liabilities	135	59
	$ 900	$ 557

(VI) Depreciation and amortization expenses

	2023	2022
Property, plant and equipment	$ 46,597	$ 48,611
Right-of-use assets	3,661	3,930
Total	$ 50,258	$ 52,541
Intangibal Assets	$ 95	$ 139
Depreciation expenses are summarized by function		
Operating Costs	$ 47,065	$ 47,891
Operating Expenses	3,193	4,650
	$ 50,258	$ 52,541
Depreciation expenses are summarized by function		
Operating Expenses	$ -	$ -
Management Expense	95	139
	$ 95	$ 139

(VII) Employees' Benefit Expenses

	2023	2022
Retirement Benefits (Note 21)		
Determined Allocation Plan	$ 5,409	$ 5,694
Determined Benefit Plan	(51)	(2)
	5,358	5,692
Other Employee Benefits	165,798	172,299
Total Employees' Benefit Expense	$ 171,156	$ 177,991
Summary by Function		
Operating Costs	$ 108,417	$ 113,825
Operating Expenses	62,739	64,166
	$ 171,156	$ 177,991

(VIII) Employee Remuneration and Director Remuneration

The company allocates employee remuneration and director remuneration at the pre-tax benefit of 3% and not more than 3% respectively before deducting the distribution of employee and director remuneration in the current year. The Company’s profit sharing bonus to employees and compensation to directors for 2023, 2022 had been approved by the Board of Directors of the Company in March 8,2024 and March 24,2023, as illustrated below:

Estimation Ratio

	2023	2022
Employee remuneration	3%	3%
Director Remuneration	3%	3%

The amount

	2023	2022
	Cash	Cash
Employee remuneration	$ 1,791	$ 1,565
Director Remuneration	1,791	1,565

If there is any change in the amount after the release of the annual consolidated financial report, it shall be dealt with according to the change in accounting estimates and adjusted to be recorded in the following year.

There is no significant difference between the aforementioned approved amounts and the amounts charged against earnings of 2023 and 2022 respectively.

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

(IX) Net loss on foreign currency exchange

	2023	2022
Foreign currency exchange gains	$ 8,091	$ 18,085
Foreign currency exchange losses	(9,270)	(4,740)
Net gain (loss)	($ 1,179)	$ 13,345

XXIIII. Income Tax

(I) The main components of income tax expenses (benefits) recognized as profit and loss

	2023	2022
Current Income Tax		
Arising in the Current Year	$ 8,304	$ 16,329
Unappropriated earnings levy	-	34
Income tax adjustments on prior years	(410)	98
	7,894	16,461
Deffered Income Tax		
Arising in the Current Year	(62)	697

	2023	2022
Income Tax Expenses Recognized in the Profit or Loss	$ 7,832	$ 17,158

The adjustment of accounting revenues and income tax benefits in 2023 and 2022 is as follows:

	2023	2022
Income before Tax	$ 57,178	$ 50,001
Income Tax Benefits Calculated at Statutory Tax Rate for Net Loss before Tax	$ 11,436	$ 10,000
Benefit that cannot be deducted in tax from the loss	(2,514)	8,833
Tax-exempt income	(680)	(1,807)
Unappropriated earnings levy	-	34
Investment Tax Credit in the Current Year	-	-
Income tax adjustments on prior year	(410)	98
Income tax expense recognized in profit or loss	$ 7,832	$ 17,158

(II) Income tax recognized in other comprehensive income

	2023	2022
Deffered Income Tax		
－Number of Re-measurement of Determined Benefits	$ 32	($ 571)
Income tax recognized in other comprehensive profit or loss	$ 32	($ 571)

(III) Current Income Tax Assets and Liabilities

	December 31, 2023	December 31, 2022
Current Income Tax Liabilities		
Income Tax Payable	$ 7,999	$ 16,009

(IV) Deffered Income Tax Assets and Liabilities

Changes in deferred income tax assets and liabilities are as follows:

2023

Deffered Income Tax Assets	Balance at Beginning of Year	Recognizedin the Profit and Loss	Recognized in Other Comperhensive Profit and Loss	Balance at Ending of Year
Temporary Differences				
Annual Leave Expense	$ 1,147	$ 134	$ -	$ 1,281
Unrealized Exchange Loss	97	763	-	860
Refund liability	46	-	-	46
Others	793	(407)	-	386
	$ 2,083	$ 490	$ -	$ 2,573

Deferred Income Tax Liabilities	Balance at Beginning of Year	Recognizedin the Profit and Loss	Recognized in Other Comperhensive Profit and Loss	Balance at Ending of Year
Temporary Differences				
Real estate, plant and accelerated depreciation of equipment	$ 2,872	$ 382	$ -	$ 3,254
Actual amount of retirement pension	1,437	46	(32)	1,451
	$ 4,309	$ 428	($ 32)	$ 4,705

2022

Deffered Income Tax Assets	Balance at Beginning of Year	Recognizedin the Profit and Loss	Recognized in Other Comperhensive Profit and Loss	Balance at Ending of Year
Temporary Differences				
Annual Leave Expense	$ 1,298	($ 151)	$ -	$ 1,147
Unrealized Exchange Loss	121	(24)	-	97
Refund liability	61	(15)	-	46
Others	631	162	-	793
	$ 2,111	($ 28)	$ -	$ 2,083

Deferred Income Tax Liabilities				
Temporary Differences				

Real estate, plant and accelerated depreciation of equipment	$ 2,411	$ 461	$ -	$ 2,872
Actual amount of retirement pension	658	208	571	1,437
	$ 3,069	$ 669	$ 571	$ 4,309

(V) Approval of Income Tax

The income tax declaration of the group's profit-oriented business shall be examined and approved by the taxing authorities before 2021.

XXV. Earnings Per Share

Net profit and weighted average number of ordinary shares used to calculate earnings per share are as follows:

Net Income

	2023	2022
Net profit attributable to owners of the company		
Basic/Diluted EPS Net income available to common shareholders	$ 49,346	$ 32,843

Shares

Unit: thousand shares

	2023	2022
The weighted average number of ordinary shares used in the calculation of basic earnings (net loss) per share	85,767	85,767
Impacts of potential ordinary shares with dilution effect:		
Employees' compensation	113	112
The weighted average number of ordinary shares used in the calculation of diluted earnings (net loss) per share	85,880	85,879

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

XXVI. Cash Flow Information

(I) Non-cash transactions

For the years ended December 31, 2023 and 2022, the Group entered into the following non-cash investing and financing activities:

As of December 31, 2023 and 2022 , the Gruop didn't paid acquisition of property,plant, equipment of NT$6,523 thousand and NT$8,039 thousand, list in payables to suppliers of machinery and equipment (please refer to note 19).

(II) Changes in liabilities arising from financing activities

2023

			Non-cash Changes				
	Balance on January 1,2023	Cash Flows	New Leases	Lease modification	Amortization of Interest Expenses	Others	Balance of December 31,2023
Short Term Loan	$ 35,000	$ -	$ -	$ -	$ -	$ -	$ 35,000
Lease Liabilitie	3,542	(3,629)	10,561	(23)	135	(135)	10,451
	$ 38,542	($ 3,629)	$ 10,561	($ 23)	$ 135	($ 135)	$ 45,451

2022

			Non-cash Changes				
	Balance on January 1,2022	Cash Flows	New Leases	Lease modification	Amortization of Interest Expenses	Others	Balance of December 31,2022
Short Term Loan	$ 35,000	$ -	$ -	$ -	$ -	$ -	$ 35,000
Lease Liabilitie	4,297	(3,954)	4,010	(811)	59	(59)	3,542
	$ 39,297	($ 3,954)	$ 4,010	($ 811)	$ 59	($ 59)	$ 38,542

XXVII. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The overall strategy of the Group has not changed.

The Group has no other restrictions on external capital regulations.

XXVIII. Financial Instruments

(I) Fair value of financial instruments that are not measured at fair value

Except as stated below, the Company's management believes that the carrying amount of financial instruments not measured at fair value approaches fair value.

	Book Value	Fair Valie			
		Level 1	Level 2	Level 3	Total
Financial Assets					
Financial Assets measured by amortized cost					
-U.S. government debt	$ 10,307	$ -	$ 10,046	$ -	$ 10,046
-Corporate bonds	44,063	-	43,656	-	43,656
Total	$ 54,370	$ -	$ 53,702	$ -	$ 53,702

The above-mentioned Level 2 fair value measurement is based on the quotation provided by the counterparty for evaluation.

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

1. Fair value hierarchy

December 31,2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed stocks	$ 57,165	$ -	$ -	$ 57,165
Financial assets at FVTOCI				
Investments in equity instruments				
－Domestic listed stocks	$ 10,286	$ -	$ -	$ 10,286
－Foreign unlisted stocks	-	-	4,592	4,592
Total	$ 10,286	$ -	$ 4,592	$ 14,878

December 31,2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed stocks	$ 80,413	$ -	$ -	$ 80,413
Financial assets at FVTOCI				
Investments in equity instruments				
－Domestic listed stocks	$ 9,759	$ -	$ -	$ 9,759
－Foreign unlisted stocks	-	-	3,405	3,405
Total	$ 9,759	$ -	$ 3,405	$ 13,164

There were no transfers between Levels 1 and 2 in 2023 and 2022.

2. Reconciliation of Level 3 fair value measurements of financial instruments

2023

Financial Assets	Financial Assets at FVTOCI Equity instruments
Balance on January 1	$ 3,405
Recognized in other comprehensive income (included in unrealized gain of financial assets at FVTOCI)	1,187
Balance on December 31	$ 4,592

2022

Financial Assets	Financial Assets at FVTOCI Equity instruments
Balance on January 1	$ 3,058
Recognized in other comprehensive income (included in unrealized gain of financial assets at FVTOCI)	347
Balance on December 31	$ 3,405

3. Valuation techniques and assumptions used in Level 3 fair value measurement.

The fair values of overseas unlisted corporate equity investments are estimated using the market approach with reference to the net value stated in the most recent financial statements of the investee company and based on the evaluation of similar companies and the operations of the investee company.

(III) Categories of financial instruments

	December 31, 2023	December 31, 2022
Financial assets		
Mandatorily measured at FVTPL	$ 57,165	$ 80,413
Financial assets measured at amortized Cost（Note 1）	481,899	391,901
Financial assets at FVTOCI Equity instruments	14,878	13,164
Financial Liabilities		
Financial liabilities measured by amortized cost (Note 2)	81,843	91,470

Note1：The balance includes financial assets measured at amortized cost, such as Cash and Cash Equivalents, Financial Assets

Measured at Amortized Cost, Notes Receivable and Accounts Receivable, Other Receivables and Refundable Deposits.

Note2：The balance includes financial liabilities measured at amortized cost such as, notes payable(Include Related Party), accounts payable(Include Related Party), other payables and other financial Liabilities - restricted (recognized as other current and non-current Liabilities).

(IV) Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTPL, financial assets measured at FVTOCI, accounts receivable, accounts payable, and lease liabilities etc. The Group's corporate treasury function coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk and other price rate), credit risk and liquidity risk.

1. Market risk

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

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

(1) Foreign currency risk

For the carrying amounts of monetary assets and monetary liabilities denominated in the non-functional currency at the balance sheet date , refer to Note 33.

Sensitivity analysis

The Group is mainly influenced by the USD & EUR exchange rate fluctuation.

The following table details the Group's sensitivity to a 10% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currency (U.S. dollar). 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included foreign cash, foreign currency deposit in bank, and receivable and payable in foreign currencies. The positive numbers in the following table represent the amount of increase in net profit before tax when functional currency depreciates 10% relative to the relevant currencies; when functional currency appreciates 10% relative to the relevant currencies, its impact on the net profit before tax will be the same negative number of the amount.

	Influence of USD		Influence of EUR	
	2023	2022	2023	2022
Profit or loss	$ 15,438	$ 4,305	$ 918	$ 792

The sensitivity of the group to the USD increased during the current period, mainly due to the increase in net assets denominated in USD during the current period.

The sensitivity of the Group to the EUR increased during the current period, mainly due to the increase in deposit in Euros during the current period.

(2) Interest rate risk

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

	December 31, 2023	December 31, 2022
Fair value interest rate risk		
－Financial Assets	$ 300,497	$ 157,882
－Financial Liabilities	10,451	3,542
Cash flow interest rate risk		
－Financial Assets	114,104	104,442
－Financial Liabilities	35,000	35,000

Sensitivity analysis

The sensitivity analysis below was determined based on the Group’s exposure to interest rates for non-derivative instruments at the end of the reporting period. A 50 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management’s assessment of the reasonably possible change in interest rates.

If the interest rate increases/decreases by 50 basis points and all other variables remain unchanged, the Group's net income before tax in 2023 and 2022 will increase/decrease by NT$ 396 thousand and NT$ 347 thousand, mainly due to the Group's exposure to demand deposit interest rate and short-term loan interest rate risk.

The Group’s interest rate sensitivity increased during the period, which was mainly due to an increase in bank deposits with variable interest rates.

(3) Other Price Risk

The group's equity price exposure is caused by the investment of equity securities. The management of the group manages risks by holding different risk portfolios. The equity investment is strategical, not held for trading. Additionally, the group supervises periodical and evaluates price risk.

Sensitivity Analysis

The following sensitivity analysis is based on equity price exposure on the balance sheet date.

If equity prices rise/fall 10%, pre-tax profit or loss in 2023 and 2022 will increase/decrease by NT$ 5,717 thousand and NT$ 8,041 thousand due to the rise/fall in the fair value of financial assets measured by fair value through profit or loss. Other comperhensive profit and loss before tax in 2023 and 2022 will increase/decrease by NT$ 1,488 thousand and

NT$ 1,316 thousand due to the increase/decrease in the fair value of financial assets measured at fair value through other comperhensive income or loss.

The sensitivity of the group to the Financial assets at FVTPL decreased during the current period, mainly due to the decrease investment of equity securities during the current period.

The sensitivity of the group to the Financial assets at FVTPL has not changed significantly in this year compared to the previous year.

2. Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the group. As of 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 the failure of the counterparty to discharge its obligation, is primarily equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group uses publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continually monitored.

The Group's concentration of credit risk of 72% and 76% in total trade receivables as of December 31, 2023 and 2022, respectively, was related to customers who exceed 5% of the total receivables.

3. Liquidity risk

The group maintains sufficient bank deposit and financing amount, supervises expected and actual cash flow continuously. The maturities of financial assets and liabilities are matched to achieve the purpose of managing liquidity risk.

(1) Liquidity and interest rate risk tables for non-derivative financial liabilities

The remaining contract maturity analysis of non-derivative financial liabilities is based on the earliest possible repayment date of the Group and is compiled based on the undiscounted cash flows of financial liabilities.

December 31,2023

	On Demand or Less than 1 Month	1 Month - 3 Months	Over 3 Months to 1 Year	Over 1 Year to 5 Years
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 10,526	$ 36,107	$ 210	$ -
Short-term liabilities	35,000	-	-	-
Lease liabilities	353	705	3,113	6,623
	$ 45,879	$ 45,879	$ 3,323	$ 6,623

December 31,2022

	On Demand or Less than 1 Month	1 Month - 3 Months	Over 3 Months to 1 Year	Over 1 Year to 5 Years
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 10,689	$ 45,578	$ 203	$ -
Short-term liabilities	35,000	-	-	-
Lease liabilities	314	629	1,247	1,397
	$ 46,003	$ 46,207	$ 1,450	$ 1,397

(2) Financing facilities

	December 31, 2023	December 31, 2022
Unsecured bank overdraft facilities		
—Amount used	$ 35,000	$ 35,000
—Amount unused	110,000	110,000
	$ 145,000	$ 145,000

XXIX. Related Party Transaction

Transactions, account balances, profits and losses between the parent company and the subsidiary (related parties of the parent company) are written off at the time of the merger and are not disclosed in this note. The transactions between the merged company and other related parties are as follows:

(I) The Company's related parties

Name of Related Party	Relationship with the merged company
Lan Fa Textile Co., Ltd.	Other related parties
Chung-Fa Investment Co., Ltd.	Other related parties (the chairman of the company are two Relatives within the same degree of kinship)
Anthony Poliang Yeh	Major Management
Chih-Ming Yeh	Other related parties (the chairman of the company are two Relatives within the same degree of kinship)

(II) Purchases

Related Party	2023	2022
Lan Fa Textile Co., Ltd.	$ 6,56	$ 8,179

The trading conditions for the group to purchase goods from related parties are equivalent to those of general manufacturers.

(III) Payment in advance

Related Party	2023	2022
Lan Fa Textile Co., Ltd.	$ -	$ 1,76

(IV) Property, plant and equipment

Related Party Name/Categories	2023	2022
Chung-Fa Investment Co., Ltd.	$ 47	$ -

(V) Lease Agreement

Account Item	Related Party Name/Categories	2023	2022
Right-of-use Assets	Anthony Poliang Yeh/ Chih-Ming Yeh	$ 2,886	$ -

Account Item	Related Party Name/Categories	December 31, 2023	December 31, 2022
Lease Labilities	Anthony Poliang Yeh/ Chih-Ming Yeh	$ 2,564	$ 180

Related Party Name/Categories	2023	2022
Interest Expense		
Anthony Poliang Yeh/ Chih-Ming Yeh	$ 38	$ 6

The rental expenses of the group are leased offices from major management, the terms of the transaction are negotiated by both parties, rent is paid monthly.

(VI) Related Party Payable

Account Item	Related Party Name/Categories	December 31, 2022	December 31, 2021
Note Payable	Lan Fa Textile Co., Ltd.	$ 1,212	$ -
Account Payable	Lan Fa Textile Co., Ltd.	$ 593	$ -

The balance of the outstanding accounts payable to related parties is not guaranteed.

(VII) Remuneration of key management personne

	2023	2022
Short-term employee benefits	$ 12,235	$ 15,270
Post-employment benefits	402	393
	$ 12,637	$ 15,663

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

XXX. Mortgaged Assets

The following assets of the group have been passed financing quota as collaterals, and guarantee deposits of purchasing goods from manufacturers.

	December 31, 2023	December 31, 2022
Land	$ 17,700	$ 17,700
Buildings	882	1,364
	$ 18,582	$ 19,064
Restricted assets	$ 500	$ 4,172

XXXI. Significant or Indebted and Unrecognized Contractual commitments

In addition to those stated in other notes, the group has the following significant commitments at the balance sheet date:

	December 31, 2023	December 31, 2022
Commitments for equipment purchasing and project contracts	$ 27,098	$ 39,419

XXXII. Material Subsequent Events： None.

XXXIII. Assets And Liabilities Denominated In Foreign Currencies

The group's assets and liabilities denominated in foreign currencies were as follows:

December 31, 2023

	Foreign Currency (Thousand)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 5,034	30.71（USD：TWD）	$ 154,566
EUR	270	33.98（EUR：TWD）	9,178

	Foreign Currency (Thousand)	Exchange Rate	Carrying Amount
Non-monetary items			
USD	$ 1,920	30.71（USD：TWD）	$ 58,962
Financial liabilities			
Monetary items			
USD	6	30.71（USD：TWD）	183

December 31, 2022

	Foreign Currency (Thousand)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 1,424	30.71（USD：TWD）	$ 43,719
EUR	242	32.72（EUR：TWD）	7,923

	Foreign Currency (Thousand)	Exchange Rate	Carrying Amount
Non-monetary items			
USD	$ 111	30.71（USD：TWD）	$ 3,405
Financial liabilities			
Monetary items			
USD	22	30.71（USD：TWD）	674

The significant unrealized foreign exchange gains were as follows:

	2023		2022	
Foreign Currency	Exchange Rate	Foreign Exchange Loss	Exchange Rate	Foreign Exchange Loss
USD	31.155（USD：TWD）	($ 4,527)	29.805（USD：TWD）	($ 438)
EUR	33.70（EUR：TWD）	($ 175)	31.36（EUR：TWD）	($ 45)

XXXIV. Separatly Disclosed Items

(I) Information about significant transactions:

1. Financing provided to others: None.
2. Endorsements/guarantees provided: Table 1.
3. Marketable securities held (excluding investments in subsidiaries): Table 2.
4. Marketable securities acquired or disposed of at costs or prices at least NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None.
6. Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
9. Trading in derivative instruments: None.
10. Others：Intercompany relationships and significant intercompany transactions：Table 3.

(II) Information on reinvestment business: Table 4.

(III) Information on investments in China:

1. The name, main business items, paid-in capital, investment method, capital remittance, shareholding ratio, investment profit and loss, investment book value and remitted investment profit and loss of the invested company in China: None.
2. The following major transactions with China invested companies directly or indirectly through the third area, as well as their prices, terms of payment, unrealized profits and losses:None.
   (1) Balance and percentage at the end of the period of purchase amount and percentage and related payables: None.
   (2) Balance and percentage at the end of the period of sale amount and percentage and related payables: None.

(3) The amount of property transactions and the amount of profit and loss generated: None.

(4) Balance and purpose at the end of the period of note endorsement that guarantees or provides collateral: None.

(5) Maximum balance, balance at the end of the period, interest rate range and total interest of the current period of financing: None.

(6) Other transactions that have a significant impact on the current profit or loss or financial situation, such as the provision or receipt of labor services, etc: None.

(IV) Information of major shareholders: (the name, amount and proportion of shareholders with a shareholding ratio of 5% and more)：Table 5.

(V) Disclosure of information related to affiliated companies:

1. Consolidated financial statements of affiliated enterprises overall affiliated enterprises should disclose:

NO.	Items	Illustrate
1	The name of the subordinate company, the relationship between it and the controlling company, the nature of the business, and the proportion of shares or capital contributions held by the controlling company.	Note 13、Table 4
2	Changes in the increase and decrease of subsidiaries included in the consolidated financial statements of affiliated companies for the current period.	Note 13
3	Names of affiliated companies not included in the consolidated financial statements of affiliated companies in the current period, the proportion of shares held or capital contribution, and the reasons for non-consolidation.	None
4	When the fiscal year start and end date of the subordinate company is different from that of the controlling company, the adjustment and treatment method.	None
5	The accounting policy of the subsidiary company is different from that of the controlling company; if it does not conform to the generally accepted accounting principles of the country, the adjustment method and content.	None
6	Special risks related to the operation of foreign subsidiaries, such as exchange rate changes, etc.	None
7	Circumstances where the profit distribution of affiliated enterprises is restricted by laws or contracts.	Note 22
8	Method and period of amortization of consolidated debit	None

	(credit) items.	
9	Other important matters or explanatory matters that contribute to the fair expression of the consolidated financial statements of related enterprises.	None

Note：If there is a surplus in the annual final accounts of the subsidiary, after paying taxes and making up for the accumulated losses according to law, 10% will be raised as the statutory surplus reserve; If there is a balance remained,add the accumulated undistributed surplus.The board of directors will draft a surplus distribution proposal and submit it to the shareholders meeting for approval.

2. Matters to be disclosed by individual affiliated companies

NO.	Items	Illustrate
1	Eliminated transactions between the controlling company and subordinate companies and between subordinate companies and subordinate companies.	Table 3
2	Engaging in financing, endorsement and guarantee related information.	Table 1
3	Information about engaging in derivatives transactions.	None
4	Major contingencies.	None
5	Significant Subsequent Events.	None
6	The name, quantity, cost, market price (if there is no market price, disclose the net value), shareholding or capital contribution ratio, pledge status, and the highest mid-term shareholding or capital contribution status of the securities and marketable securities held.	Table 2 and 4
7	Other important matters or explanatory matters that contribute to the fair expression of the consolidated financial statements of related enterprises.	None

XXXV. Information of Departments

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the type of products delivered or services provided. The reportable segments of the Group are dyeing and finishing division、trading sales division and others.

The chief operating decision maker regards the departmental units in each region as individual operating departments, but when preparing the consolidated financial report, the combined company considers the following factors and regards these operating departments as a single operating department.

- Similar in nature
- The product is delivered to the customer in the same way

(I) Segment revenue and results

The income and operating results of the continuing business unit of the merged company are analyzed according to the reporting department as follows:

Item	2023 Dyeing and finishing division	Trading sales division	Others	Eliminations	Total
Revenue from external customers	$ 143,426	$ 500,407	$ 11,388	$ -	$ 655,221
Intersegment revenue	109,078	4,943	-	(114,021)	-
Total sales	$ 252,504	$ 505,350	$ 11,388	($ 114,021)	$ 655,221
Segment income	($ 93,329)	$ 145,226	$ 5,281	$ -	$ 57,178

Item	2022 Dyeing and finishing division	Trading sales division	Others	Eliminations	Total
Revenue from external customers	$ 242,380	$ 592,238	$ 10,534	$ -	$ 845,152
Intersegment revenue	142,006	3,820	-	(145,826)	-
Total sales	$ 384,386	$ 596,058	$ 10,534	($ 145,826)	$ 845,152
Segment income	($ 29,187)	$ 74,582	$ 4,606	$ -	$ 50,001

This measure is provided to the chief operating decision maker to allocate resources to departments and measure their performance.

(II) Segment assets

Measures of consolidated company assets not provided for operational decisions.

(III) Geographical information

The main place of operation of the merged company is Taiwan.

The Group’s revenue from external customers by location of operations is detailed below:

	2023	2022
Taiwan	$ 246,948	$ 336,848
Vietnam	138,071	119,712
Bengal	89,815	94,109

	2023	2022
China	32,377	74,035
Indonesia	79,863	54,867
Cambodia	20,309	41,823
Others	47,838	123,758
	$ 655,221	$ 845,152

(IV) Information about major customers

Customers that individually accounted for at least 10% of the Group's revenue and their respective sales revenues were as follows:

	2023		2022	
Name of customer	Amount	% of net revenue	Amount	% of net revenue
Customer A	$ 96,603	15%	$ 159,688	19%
Customer B	69,475	11%	40,468	5%

Evertex Fabrinology Limited and Subsidiaries

Provision of endorsements and guarantees to others

January 1 to December 31, 2023

Table 1

Unit：NTD thousand

NO.	Guarantor	Guaranteed		Limit on guarantees provided for a single party (Note 2)	Maximum amount guarantee during the period (Note 4)	Outstanding guarantee at the end of the period (Note 4)	Actual amount drawn down	Amount of guarantees secured with collateral	Ratio of accumulated guarantee amount to net asset value of the guarantor company (Note 3)	Ceiling on total amount of guarantees provided (Note 2)	Provision of guarantees by parent company to subsidiary (Note 5	Provision of guarantees by subsidiary to parent company (Note 5)	Provision of guarantees to the party in Mainland China (Note 5)	Remarks
		Company Name	Relationship											
0	The Company	Tung Fa Liu Neng Co., Ltd.	Note1	$ 428,835	$ 50,000	$ 50,000	$ 35,000	$	5.07%	$ 857,670	Y	-	-	

Note1: Associates in which the Company holds 50% of ordinary shares directly.

Note2: As for the amount of the Company's endorsement/guarantee provided to a single enterprise due to business dealings, the upper limit of the endorsement/guarantee provided shall not exceed one-half of the company's paid-in capital.

Note3: It is calculated according to the financial data of the company providing the endorsements/guarantees.

Note4: The maximum balance of endorsements/guarantees for the current period and the balance of endorsement/guarantee, end of period, are the amounts approved by the board of directors.

Note5: “Y” shall be entered only in the cases of endorsement/guarantee by the publicly listed parent to subsidiary; endorsement/guarantee by subsidiary to the publicly listed parent; endorsement/guarantee to entity in mainland china.

Evertex Fabrinology Limited and Subsidiaries

Markedable Securities Held (Do not include investment in subsidiaries)

December 31, 2023

Table 2 Unit: NTD thousand, thousands of share

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	End of term				Remarks (Note4)
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Stocks							
	United Microelectronics Corporation	None	Financial Assets Measured at Fair Value through Profit or Loss	350	$ 18,410	-	$ 18,410	Note 1
	Zig Sheng Industrial Co., Ltd.	〃	〃	1,300	14,235	0.24	14,235	Note 1
	Prince Housing & Development Corp.	〃	〃	900	9,990	0.06	9,990	Note 1
	China Steel Corporation	〃	〃	200	5,400	-	5,400	Note 1
	Winbond Electronics Corporation	〃	〃	200	6,090	-	6,090	Note 1
	Grand Pacific Petrochemical Corporation	〃	〃	200	3,040	0.02	3,040	Note 1
	China Rebar Co., Ltd	〃	Financial Assets Measured at Fair Value through Profit or Loss	54	-	-	-	Note 2
	Taiyen Biotech Co.,Ltd	〃	Financial assets at fair value through other comprehensive income (FVTOCI) - current	301	10,286	0.15	10,286	Note 1
	Bright Wisdom Holdings Limited	〃	Financial assets at fair value through other comprehensive income (FVTOCI) – non-current	150	4,592	1.15	4,592	Note 3
	Bonds							
	3% U.S. Treasury Dollar Bonds		Financial assets measured at amortized cost – current	-	6,087	-	6,045	Note 4
	Royal Bank of Canada USD Corporate Bonds			-	3,057	-	3,033	Note 4
	Oracle Corporation USD Corporate Bond		Financial assets measured at amortized cost – non-current	-	3,002	-	2,971	Note 4
	GOTLI Group USD Corporate Bonds			-	3,004	-	3,102	Note 4
	United States Steel Corporation USD Bonds			-	5,298	-	5,262	Note 4
	Qualcomm Incorporated USD Corporate Bond			-	4,641	-	4,649	Note 4
	AT&T American Telephone & Telegraph U.S. Dollar Corporate Bonds			-	1,433	-	1,375	Note 4
	Verizon Communications Inc. USD Corporate Bonds			-	1,431	-	1,373	Note 4
	Apple USD Corporate Bonds			-	6,382	-	5,955	Note 4

	Berkshire Hathaway Financial Corporation USD Corporate Bonds			-	4,993	-	5,081	Note 4
	ORIX Corporation USD Corporate Bonds			-	4,823	-	4,714	Note 4
	Macquarie Bank Limited USD Corporate Bonds			-	3,088	-	3,066	Note 4
	3.25% U.S. Treasury Dollar Bond			-	4,220	-	4,001	Note 4
	The Estée Lauder Companies USD Corporate Bond			-	1,440	-	1,524	Note 4
	Boeing Co. USD Corporate Bonds			-	1,471	-	1,551	Note 4

Note 1:The market value is calculated based on the share's closing market price on December 31, 2022 from Taiwan Stock Exchange.

Note 2: Since China Rebar Co., Ltd has applied for reorganization at the end of 2006, delisting at April 11, 2007 , assessed that its value had been impaired, its book value was fully recognized as loss on valuation of financial asset in 2006.

Note 3: The fair value of foreign unlisted corporate equity investments are estimated using the market approach with reference to the net value of the investee company in its most recent financial statements of the invested company and based on the evaluation of similar companies and the operations of the investee company.

Note 4: None of the marketable securities held at the end of the period listed in the table above were pledged as collateral.

Note 5: None of the securities held at the end of the period were pledged.

Evertex Fabrinology Limited and Subsidiaries

Business Relations and Important Transactions between the Parent Company and Subsidiaries and between Subsidiaries

January 1, 2023 to December 31, 2023

Table 3

Unit: Unless otherwise noted, it is NT$ thousand

NO. (Note1)	Company name	Counterparty	Relationship(Note2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
0	The Company	Tung Fa Liu Neng Co., Ltd.	Parent company to subsidiary	Guarantees	$ 50,000	—	4.37%
1	Subsidiary	Evertex Fabrinology Limited	Subsidiary to parent company	Cash dividends	3,299	—	0.29%

Note1：The business information between the parent company and the subsidiaries shall be indicated in the serial number column respectively, and the numbering method is as follows:

(1) Fill in 0 for the parent company.

(2) The subsidiaries shall be numbered sequentially starting with the Arabic numeral 1 according to the company.

Note2：There are three kinds of relationship with the trader, which can be marked: (if it is the same transaction between parent and subsidiaries or subsidiaries to subsidiaries, there is no need to repeat disclosure.For example: parent company to subsidiary transaction, if the parent company has been disclosed, the subsidiary part does not need to be repeatedly disclosed; for the transactions of a subsidiary to a subsidiary, if one of the subsidiaries has been disclosed, the other subsidiary need not be repeatedly disclosed):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note3：Calculation of the ratio of transaction amount to total consolidated income or total assets, in the case of asset-liability items, it shall be calculated according to the balance at the end of the period to the total consolidated assets; in the case of profit and loss items, it shall be calculated according to the accumulated amount in the period to the total consolidated income.

Note4：The important transactions in this table can be determined by the company based on the principle of material.

Note5：At the time of the preparation of the consolidated financial statements, it has been consolidated and written off.

Evertex Fabrinology Limited and Subsidiaries

Name, Locations, And Other Informations Of Investees On Which The Company Exercises Siginficant Infulence

January 1, 2023 to December 31, 2023

Table 4

Unit: Unless otherwise noted, it is NT$ thousand

Investor Company	Investee Company	Location	Main Business and Products	Investment Amount		Held at the end of the period			Net Income (Loss) of the Investee (Note 1 and 2)	Share of Profit (Note1 and 2)	Remarks
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount (Note1 and 2)			
The Company	Tung Fa Liu Neng Co., Ltd.	Taoyuan City	Self-usage power generation equipment utilizing renewable energy industry	$ 46,000	$ 46,000	4,600,000	100	$ 52,481	$ 4,223	$ 4,223	Subsidiary

Note1：The investment gains and losses of the subsidiaries accounted are calculated based on the financial statements that have been audited.

Note2：Eliminated from the consolidated financial statements.

Note3：None of the marketable securities held at the end of the period listed in the table above were pledged as collateral.

Evertex Fabrinology Limited

Information Of Major Shareholders

December 31,2023

Table 5

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Chung-Fa Investment Co., Ltd.	9,055,566	10.55%
Da-Fa Investment Co., Ltd.	7,737,179	9.02%
Chih-Ming Yeh	4,459,478	5.19%

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 by the Company as of the last business day for the current quarter.

INDEPENDENT AUDITORS’ REPORT

Evertex Fabrinology Limited:

Opinion

The entity's balance sheets of Evertex Fabrinology Limited of December 31, 2023 and 2022, and the entity consolidated income statement, statement of changes in entity equity, statement of entity cash flows and notes to entity's financial statements (including the summary of major accounting policies) from January 1 to December 31, 2023 and 2022, have been checked by the accountant.

In the opinion of the accountant, the above entity's financial statements have been prepared in all major respects in accordance with the financial report compilation standards for securities issuers, which are sufficient to express the entity's financial position of Evertex Fabrinology Limited on December 31, 2023 and 2022, and entity's financial performance and entity's cash flows from January 1 to December 31, 2023 and 2022.

Basis of Audit Opinion

The accountant had carried out the inspection in accordance with the rules for checking the financial statements and the auditing standards. The accountant's responsibility under these standards will be further explained in the paragraph of responsibility for the accountant's examination of the entity's financial statements. In accordance with the professional ethics of accountants, the personnel who are subject to the independence standards of the accounting firm have maintained their independence from Evertex Fabrinology Limited and performed other responsibilities of the standards. The accountant believes that sufficient and appropriate audit evidence has been obtained as the basis for expressing the audit opinion.

Key Audit Matters

The key audit items means the most important items for the inspection of the entity's financial statements of Evertex Fabrinology Limited in 2023 according to the professional judgment of the accountant. These items have been responded to in the process of examining the entity's financial statements as a whole and forming audit opinions, and the accountant does not comment on these items separately.

The key audit matter for checking the entity's financial statements of Evertex Fabrinology Limited in 2023 are described as follows:

<u>Authenticity of customers' sales income under specific credit conditions</u>

As EVERTEX FABRINOLOGY LTD. is a public company, the management is expected to be under pressure to accomplish the projected financial objective, of which operating revenue is one of the important indicators for judging profitability and operating performance, and revenue recognition is more likely to have higher risks. The Company's revenue from sales to specific customers was NT$269,579 thousand in 2023, accounting for 42% of the Company's total revenue, and has a material effect on the financial statements. Therefore, we determined that the main risk is the validity of the sales revenue from specific customers and therefore, included it as a key audit matter.

For the accounting policy on revenue recognition, please refer to Note 4 of the parent company only financial statements. The key audit procedures that we have performed in respect of the key audit matters described above are as follows:

We identify and evaluate the effectiveness of the internal control procedures over sales transactions with respect to the sales revenue from specific customers by understanding the internal control procedures related to sales transactions and by designing internal control procedures that address those risks. We selected samples from the sales records of specific customers to review external shipping documents or customer receipt documents and to confirm the collection of payments, verify that the transaction actually occurred and whether there is no major abnormality in the payment situation.

Responsibilities of Management and Governance Unit to entity's Financial Statements

The responsibility of management is to prepare properly expressed entity's financial statements in accordance with the financial reporting standards of securities issuers, and to maintain the necessary internal controls relating to the preparation of the entity's financial statements to ensure that the entity's financial statements do not contain material misrepresentations caused by fraud or errors.

In preparing the entity's financial statements, the responsibility of management also includes the assessment of the ability of Evertex Fabrinology Limited to continue to operate,the disclosure of related items, and the adoption of the accounting basis for continued operation, unless the management intends to liquidate the Evertex Fabrinology Limited or cease business, or there is no practical alternative other than liquidation or closure.

The governance unit of Evertex Fabrinology Limited (including the audit committee) is responsible for supervising the financial reporting process.

Responsibility of Accountant to Check Entity's Financial Statements

The purpose of the accountant to check the entity's financial statements is to obtain reasonable assurance as to whether there are material misrepresentations caused by fraud or error in the entity's financial statements as a whole, and to issue an audit report. Reasonable certainty is a high degree of certainty, but audits carried out in accordance with audit standards do not guarantee that material misrepresentations in the entity's financial statements will be identified. False expression may be caused by fraud or error. It is considered significant if the individual amounts or remittances misrepresented can be reasonably expected to affect the economic decisions made by the users of the entity's financial statements.

When checking in accordance with audit standards, the accountant shall use professional judgment and maintain professional doubts. The accountant also performs the following work:

1. Identify and evaluate the risk of material misrepresentation resulting from fraud or error in the entity's financial statements; design and implement appropriate measures to the assessed risks; and obtain sufficient and appropriate audit evidence to serve as the basis for audit opinions. Because fraud may involve collusion, forgery, deliberate omission, misrepresentation or internal control, the risk of material misrepresentation due to fraud is higher than that caused by error.
2. Acquire the necessary understanding of the internal controls related to the audit in order to design appropriate audit procedures in the circumstances, but not for the purpose of expressing the opinion on the effectiveness of internal controls of Evertex Fabrinology Limited.
3. Assess the appropriateness of accounting policies adopted by management and the reasonableness of accounting estimates and related disclosures.
4. Based on the audit evidence obtained, draw a conclusion as to whether there is significant uncertainty about the appropriateness of the management's adoption of the accounting basis of continuing operations and whether there is significant uncertainty about the events or circumstances that may give rise to significant doubts about the ability of the Evertex Fabrinology Limited to continue to operate. If the accountant considers that there is material uncertainty in such events or circumstances, the accountant shall, in the audit report, remind users of the entity's financial statements to pay attention to the relevant disclosures of the entity's financial statements, or amend the audit opinion if such disclosures are inappropriate. The accountant's conclusion is based on the audit evidence obtained as of the date of the inspection report. However, future events or circumstances may cause the Evertex Fabrinology Limited have no ability to continue to operate.
5. Assess the overall expression, structure and content of the entity's financial statements (including related notes), and whether there are related transactions and events expressed in the entity's financial statements.
6. Obtain sufficient and appropriate audit evidence for the financial information of the constituent individuals within the Evertex Fabrinology Limited to express the opinion on entity's financial statements. The accountant is responsible for the guidance, supervision and implementation of group audit cases, and is responsible for forming audit opinions of Evertex Fabrinology Limited.

The items that the accountant communicates with the governance unit include the scope and timing of the planned audit, as well as major audit findings (including significant deficiencies in internal controls identified in

the audit process).
The accountant also provides the governance unit with a statement that the personnel of the firm to which the accountant belongs to the independence standard have complied with the professional ethics of accountants of the Republic of China, and communicate with the governance unit all relationships and other items (including relevant protective measures) that may be considered to affect the independence of accountants.
From the items of communication with the governance unit, the accountant decides on the key items for checking the consolidated financial statements of Evertex Fabrinology Limited In 2023. The accountant describes these items in the audit report, unless the law does not allow public disclosure of specific items, or in rare cases, the accountant decides not to communicate specific items in the audit report, because it can be reasonably expected that the negative impact of this communication is greater than the promotion of the public interest.
The engagement partners on the audits resulting in this independent auditors’ report are Keng-Shi Chang and Chung-Chen Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 8, 2024

Evertex Fabrinology Limited
Balance Sheets
December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

Code	Assets (The attached notes form part of the entity's financial statements)	December 31,2023 Amount	%	December 31,2022 Amount	%
	Current Assets				
1100	Cash and cash equivalents (Note 4 and 6)	$ 197,977	18	$ 183,262	17
1110	Current financial assets at fair value through profit or loss (Note 4 and 7)	57,165	5	80,413	7
1120	Current financial assets at fair value through other comprehensive income(Note 4、8)	10,286	1	9,759	1
1136	Current financial assets at amortization (Note 4、9、29)	149,329	13	112,172	10
1150	Notes receivable (Note 4, 10 and 22)	2,349	-	15,406	1
1170	Accounts receivable (Note 4, 10 and 22)	51,539	5	52,919	5
1200	Other receivables(Note 4 and 10)	1,205	-	70	-
130X	Current inventories(Note 4 and 11)	140,608	13	193,998	17
1479	Other current assets(Note 12 and 28)	13,486	1	28,356	3
11XX	Total current assets	623,944	56	676,355	61
	Non-current Assets				
1517	Non-current financial assets at fair value through other comprehensive income (Note 4 and 8)	4,592	1	3,405	-
1535	Current financial assets at amortization (Note 4 and 9)	45,226	4	-	-
1550	Investments accounted for using equity method (Note 4 and 13)	52,481	5	51,557	5
1600	Property, plant and equipment (Note 4、14 and 29)	345,756	31	335,958	31
1755	Right-of-use Assets (Note 4 、15 and 28)	10,390	1	3,513	1
1780	Intangible assets(Note 4 and 16)	109	-	204	-
1840	Deferred tax assets (Note 4 and 23)	2,573	-	2,083	-
1915	Prepaid equipment (Prepayments for business facilities)	4,695	1	24,365	2
1920	Guarantee deposits paid (Note 4)	2,661	-	2,231	-
1975	Net defined benefit asset (Note 4 and 20)	3,368	-	3,294	-
1990	Other non-current Assets (Note 12)	10,225	1	3,172	-
15XX	Total non-current Assets	482,076	44	429,782	39
1XXX	Total assets	$ 1,106,020	100	$ 1,106,137	100
Code	Liabilities and Equity				
	Current Liabilities				
2130	Current contract liabilities (Note 4 and 22)	$ 8,497	1	$ 8,673	1
2150	Notes payable (Note 17)	8,133	1	14,574	1
2160	Note payables to related parties(Note 17 and 28)	1,212	-	-	-
2170	Account payable(Note 17)	19,616	2	22,935	2
2180	Account payables to related parties(Note 17 and 28)	593	-	-	-
2219	Other payables(Note 18)	62,405	5	65,328	6
2230	Income tax payable(Note 4 and 23)	7,565	1	15,884	2
2280	Current lease liabilities (Note 4、15 and 28)	3,992	-	2,160	-
2399	Other current liabilities(Note 4 and 19)	777	-	780	-
21XX	Total current liabilities	112,790	10	130,334	12
	Non-current Liabilities				
2570	Deferred tax liabilities (Note 4 and 23)	1,451	-	1,437	-
2580	Non-current lease liabilities (Note 4 、15 and 28)	6,459	1	1,382	-
25XX	Total Non-current Liabilities	7,910	1	2,819	-
2XXX	Total Liabilities	120,700	11	133,153	12
	Equity(Note 21)				
3110	Capital stock	857,670	77	857,670	77
3200	Capital surplus	7,317	1	7,317	1
	Retained earnings				
3310	Appropriated as legal capital reserve	59,225	5	55,712	5
3320	Appropriated as special capital reserve	3,364	-	3,485	-
3350	Unappropriated earnings	59,394	6	52,164	5
3300	Total Retained earnings	121,983	11	111,361	10
3400	Other equity	(1,650)	-	(3,364)	-
3XXX	Total equity	985,320	89	972,984	88
	Total Liabilities and equity	$ 1,106,020	100	$ 1,106,137	100

(The attached notes form part of the entity's financial statements)

Chairman: CHUAN-FA YEH President: ANTHONY POLIANG YEH In-charge Accountant: Chao-Nan, Hsu

Evertex Fabrinology Limited
Statements of Comprehensive Income
For the Years Ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

Code		2023 Amount	2023 %	2022 Amount	2022 %
	Operating Revenue（Note 4 and 22）				
4100	Sales Revenue	$ 500,407	78	$ 592,238	71
4600	Service Revenue	143,426	22	242,380	29
4000	Total Operating Revenue	643,833	100	834,618	100
	Operating Cost（Note 11、22 and 28）				
5110	Cost of sales	306,848	48	422,442	51
5600	Cost of services	213,742	33	243,673	29
5000	Total Operating Cost	520,590	81	666,115	80
5900	Gross profit from perations	123,243	19	168,503	20
	Operating Expenses (Note 10 and 22)				
6100	Selling Expenses	67,191	10	75,166	9
6200	Administrative expenses	28,568	5	29,933	3
6450	Expected Credit Losses	(147)	-	11	-
6000	Total Operating Expenses	95,612	15	105,110	12
6500	Gain on disposal of property, plan and equipment（Note22）	1,094	1	-	-
6900	Operating income	28,725	5	63,393	8
	Non-operating income and expenses(Note 4、22 and 28)				
7100	Interest income	6,056	1	1,114	-
7190	Other income	4,739	1	8,834	1
7020	Other gains and losses	12,511	2	(27,887)	(3)
7070	Share of Profit and Loss of Subsidiaries Using Equity Method	4,223	-	3,665	-
7050	Finance cost	(135)	-	(59)	-

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Code		2023 Amount	2023 %	2022 Amount	2022 %
7000	Non-operating income and expenses	(27,394)	(4)	(14,333)	(2)
7900	Profit from continuing operations before tax Income before tax	56,119	9	49,060	6
7950	Tax expense (Note 4 and 23)	(6,773)	(1)	(16,217)	(2)
8200	Profit from continuing operations	49,346	8	32,843	4
	Other comperhensive income				
	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Losses on remeasurements of defined benefit plans (Note 20)	(161)	-	2,856	-
8316	Unrealized Gains from investments in equity instruments measured at fair value through other comprehensive income(Note 21)	1,714	-	121	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss(Note 23)	32	-	(571)	-
8300	Components of other comprehensive income that will not be reclassified to profit or loss	1,585	1	2,406	1
8500	Total comprehensive income	$ 50,931	4	$ 35,249	4
	Basic earnings per share(Note 24)				
9710	Basic earnings per share	$ 0.58		$ 0.38	
9810	Diluted earnings per share	$ 0.57		$ 0.38	

The attached notes form part of the entity's financial statements.

Chairman: CHUAN-FA YEH

President: ANTHONY POLIANG YEH

In-charge Accountant: Chao-Nan, Hsu

Evertex Fabrinology Limited
Statements of Changes in Equity
For the Years Ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

Code		Ordinary share	Capital surplus	Retained Earnings: Legal reserve	Retained Earnings: Special reserve	Retained Earnings: Unappropriated retained earnings (accumulated deficit)	Other equity: Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total equity
A1	Balance on January 1, 2022	857,670	6,918	49,178	13,975	81,694	(3,485)	1,005,950
	Appropriation of the 2021earnings（Note 21）							
B1	Legal reserve appropriated	-	-	6,534	-	(6,534)	-	-
B17	Reversal of special reserve	-	-	-	(10,490)	10,490	-	-
B5	Cash dividends of ordinary share	-	-	-	-	(68,614)	-	(68,614)
D1	Net Losses of 2022	-	-	-	-	32,843	-	32,843
D3	Other comprehensive income of 2022	-	-	-	-	2,285	121	2,406
D5	Total comprehensive income of 2022	-	-	-	-	35,128	121	35,249
T1	Others (Note 21)	-	399	-	-	-	-	-
Z1	Balance on December 31, 2022	857,670	7,317	55,712	3,485	52,164	(3,364)	972,984
	Appropriation of the 2022 earnings（Note 21）							
B1	Legal reserve appropriated	-	-	3,513	-	(3,513)	-	-
B17	Reversal of special reserve	-	-	-	(121)	121	-	-
B5	Cash dividends of ordinary share	-	-	-	-	(38,595)	-	(38,595)
D1	Net Income of 2023	-	-	-	-	49,346	-	49,346
D3	Other comprehensive income of 2023	-	-	-	-	(129)	1,714	1,585
D5	Total comprehensive income of 2023	-	-	-	-	49,127	1,714	50,931
Z1	Balance on December 31, 2023	$ 857,670	$ 7,317	$ 55,712	$ 3,485	$ 52,164	($ 3,364)	$ 985,320

The attached notes form part of the entity's financial statements.

Chairman: CHUAN-FA YEH　　President: ANTHONY POLIANG YEH　　In-charge Accountant: Chao-Nan, Hsu

Evertex Fabrinology Limited
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 (used in) operating activities, indirect method		
A10000	Profit before Tax	$ 56,119	$ 49,060
A20010	Income Expense Item		
A20100	Depreciation Expense	46,036	48,310
A20200	Amortization expense	95	139
A20300	Expected credit loss (gain) / Provision (reversal of provision) for bad debt expense	(147)	11
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(13,727)	41,112
A20900	Finance costs	135	59
A21200	Interest income	(6,056)	(1,114)
A21300	Dividend income	(3,027)	(6,973)
A22400	Share of (profit) and loss of subsidiary accounted for under the equity method	(4,223)	(3,665)
A22500	Loss (gain) on disposal of property, plan and equipment	(1,094)	-
A23800	Loss (gain) on Impairment loss on non-financial assets	(2,028)	804
A24100	Unrealized foreign exchange loss (gain)	4,351	484
A29900	Lease modification benefit	-	(8)
A30000	Changes in operating assets and liabilities		
A31130	Decrease (increase) in note receivable	13,057	25,878
A31150	Decrease (increase) in accounts receivable	1,069	33,765
A31180	Decrease (increase) in other receivable	(3)	179
A31200	Decrease (increase) in inventories	55,418	64,262
A31240	Decrease (increase) in other current assets	14,906	25,074
A31250	Decrease (increase) in net defined benefit assets	(235)	(438)
A32125	Increase (decrease) in contract liabilities	(176)	1,862
A32130	Increase (decrease) in notes payable	(6,441)	(51,534)
A32140	Increase (decrease) in notes payable from related parties	1,212	(1,002)
A32150	Increase (decrease) in accounts payable	(3,329)	(18,905)
A32160	Increase (decrease) in accounts payable from related parties	593	(1,145)
A32180	Increase (decrease) in other payable	(1,408)	(10,699)
A32230	Increase (decrease) in other current liabilities	(3)	(22)
A32240	Increase (decrease) in net defined benefit liability	-	(596)
A33000	Cash inflow (outflow) generated from operations	151,094	194,898

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Code		2022	2022
A33100	Interest received	485	207
A33300	Interest paid	(135)	(59)
A33500	Income taxes refund (paid)	(15,536)	(13,790)
AAAA	Net cash flows from (used in) operating activities	135,536	181,256
	Cash flows from (used in) investing activities		
B00020	Disposal of financial assets at fair value through other comprehensive income	-	-
B00040	Refund of capital reduction of financial assets at fair value through other comprehensive income	(82,325)	(30,000)
B00100	Acquisition of financial assets at fair value through profit or loss	-	(23,809)
B00200	Disposal of financial assets at fair value through profit or loss	36,975	20,519
B02700	Acquisition of property, plant and equipment	(30,527)	(15,226)
B02800	Disposal of property, plant and equipment	1,094	-
B03700	Increase in refundable deposits	(430)	(427)
B03800	Decrease in Guarantee deposits paid	-	7
B04500	Acquisition of intangible assets	-	(35)
B06700	Increase in Other non-current Assets	(7,053)	(3,172)
B07100	Increase in prepayments for business facilities	(3,492)	(11,749)
B07500	Interest received	4,373	862
	Dividends received	3,027	6,973
B07600	Dividends received from subsidiary company	3,299	4,500
BBBB	Net cash flows from (used in) investing activities	(75,059)	(51,557)
	Cash flows from (used in) financing activities		
C04020	Repayment of the principal portion of lease liabilities	(3,629)	(3,954)
C04500	Cash dividends paid	(38,595)	(68,614)
C09900	Exercising the right of imputation	-	399
CCCC	Net cash flows from (used in) financing activities	(42,224)	(72,169)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(3,910)	(420)
EEEE	Net increase (decrease) in cash and cash equivalents	14,715	57,110
E00100	Cash and cash equivalents at beginning of period	183,262	126,152
E00200	Cash and cash equivalents at end of period	$ 197,977	$ 183,262

The attached notes form part of the entity's financial statements.

Chairman: CHUAN-FA YEH

President: ANTHONY POLIANG YEH

In-charge Accountant: Chao-Nan, Hsu

Evertex Fabrinology Limited

Notes to Financial Report

January 1 to December 31, 2023 and 2022

(Unit: NT$ Thousands, unless specified otherwise)

I. General

EVERTEX FABRINOLOGY LTD. (hereinafter referred to as "the Company") was established in December 1986 under the original name of "Evertex Dyeing & Finishing Ltd." and was renamed to "EVERTEX FABRINOLOGY LTD." by the resolution of the shareholders' meeting held on June 29, 2018. The Company is engaged in the business of dyeing and finishing all kinds of textile products. In April 1996, the Company introduced the business of purchasing raw fabrics for dyeing and finishing and then selling them in order to stabilize the supply of dyeing and finishing materials.

The Company's shares have been listed and traded on the Taiwan Stock Exchange since May 21, 1999.

The financial statements are expressed in New Taiwan dollars, the functional currency of the Company.

II. Date and Procedure for the Approval of Financial Reports

The individual financial report was approved by the board of directors on March08, 2024.

III. Application of Newly Issued and Revised Standards and Interpretation

(I) International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretation Committee (SIC) (hereinafter referred to as ”IFRSs”), which were approved and issued by the Financial Supervisory Commission (hereinafter referred to as FSC), have been applied for the first time, the application of the revised IFRSs approved and issued by the FSC will not result in the material change in the company's accounting policy.

(II) The IFRSs endorsed by the FSC for application starting from 2024

New/Revised/Amended Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2024 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2024 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2024 (Note 3)

Note 1：The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2024.

Note 2：The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2024.

Note 3：Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the 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.

(III) IFRSs in issue but not yet endorsed and issued into effect by the FSC

New/Revised/Amended 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
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
Amendment to IAS 21 "Lack of Convertibility"	January 1, 2025(Note2)

Note 1：Unless stated otherwise, the above new/revised/amended IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2： Applicable to annual reporting periods starting after January 1, 2025. When the amendment is first applied, the impact will be recognized in retained earnings on the first application date. When the company uses non-functional currency as the currency of expression, the impact amount will be adjusted to the exchange difference of foreign operating institutions under equity on the first application date.

As of the date of issuance of this individual financial report, the Company continues to evaluate the impact of the amendments to the above standards and interpretations on the financial position and financial performance. The relevant impact will be disclosed when the evaluation is completed.

IV. Summary Statement of Major Accounting Policies

(I) Compliance Statement

This individual financial report is prepared in accordance with the financial report preparation standards of securities issuers

(II) Basis of Preparation

Except for financial instruments measured at fair value and net defined benefit liabilities based on the present value of determined benefit obligations less the fair value of plan assets, this individual financial report is prepared on a historical cost basis

Fair value measurement is divided into levels 1 to 3 according to the observability and importance of the relevant input values:

1. Level 1 input value: refers to the quoted price in the active market for the same assets or liabilities available on the measurement date (unadjusted).
2. Level 2 input value: refers to the observable input value of assets or liabilities directly (i.e. price) or indirectly (i.e. from price derivation) in addition to the quotation at level 1.
3. Level 3 input value: refers to the unobservable input value of assets or liabilities.

When preparing the individual financial report, the company adopts the equity method to deal with the investment subsidiary. In order to make the current year's profit and loss, other consolidated profit and loss and equity in the individual financial report the same as those vested in the owner of the Company in the consolidated financial statements of the Company. Some differences in accounting treatment on an individual basis and on a consolidated basis are adjustments to "investment using equity method", "profit and loss share of subsidiaries using equity method", "other comprehensive profit and loss share of subsidiaries using equity method" and related equity items.

(III) Standards for distinguishing between current and non-current assets and liabilities

Current assets include:

1. Assets held primarily for transaction purposes;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents (excluding those restricted for the exchange or discharge of liabilities more than 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for transaction purposes;
2. Liabilities due within 12 months after the balance sheet date, and
3. Liabilities that cannot be unconditionally deferred to at least 12 months after the balance sheet date.

Those that are not the above-mentioned current assets or liabilities shall be classified as non-current assets or non-current liabilities.

(IV) Foreign Currency

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) is recogn ized at the rates of exchange prevailing at the dates of the transactions.

Foreign currency monetary items are converted at the closing exchange rate on each balance sheet date. Monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date, such exchange differences are recogniz ed in profit or loss in the period in which they arise.

Non monetary items meas ured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non monetary items that are measured in terms of historical cost in foreign currencies use exchange rates prevailing on trading day, not retranslated.

(V) Inventory

Inventories consist of raw materials, supplies, finished goods and work in progress and 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 weighted-average cost on the balance sheet date.

(VI) Invest the subsidiary

The company adopts the equity method to deal with the investment in subsidiaries.

Subsidiary refers to the entity under the control of the company.

Under the equity method, the investment is originally recognized at cost, and the future book amount increases or decreases with the subsidiary profit and loss and other comprehensive profit and loss shares and profit distribution enjoyed by the company. In addition, changes in the company's other rights and interests of subsidiaries are recognized according to the proportion of shareholdings.

When the Company’s share of losses in a subsidiary equals or exceeds its equity in t he subsidiary (including the book value of the subsidiary under the equity method and other long term equity that is essentially part of the Company’s net investment in the subsidiary), it is continued to recognize losses based on shareholding ratio.

When assessing the impairment, the company considers the cash-generating unit as a whole in the financial report and compares its recoverable amount with the carrying amount. Subsequently, if the recoverable amount of the asset increases, the reversal of the impairment loss shall be recognized as an advantage, provided that the carrying amount of the asset after the reversal of the impairment loss shall not exceed the carrying amount of the asset after amortization if the impairment loss is not recognized.

(VII) Immovable Property, Plant and Equipment

Immovable property, plant and equipment are recognized as measured by cost, and subsequently measured by the amount of cost less accumulated depreciation and accumulated impairment loss.

Except for self-owned land, depreciation is provided on a straight-line basis, that is, the balance after the cost of the asset is equally apportioned less salvage value within the expected useful life of the asset, the estimated useful life, salvage value and depreciation methods are reviewed at least on the end date of each year. The impact of changes in accounting estimates is dealt with in a deferred manner.

When immovable property, plant and equipment are excluded, the related costs, accumulated depreciation and accumulated impairment are deducted from the account, and the resulting profit or loss is recognized in the current year's profit or loss according to its nature.

(VIII) Intangible Assets

1. Intangible assets acquired separately

   Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for prospective basis.

2. Derecognition of intangible asset

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(IX) Impairment of property, plant and equipment, right-of-use asset, intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset, intangible 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 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 (CGU) to which the asset belongs. Corporate assets are allocated to the individual CGUs 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 CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment subsequently loss is reversed, the carrying amount of the asset or CGU 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 for the asset or CGU in prior years. A reversal of an impairment loss is recognized in profit or loss.

(X) Financial Instruments

Financial assets and financial liabilities are recognized in the individual balance sheet when the company becomes a party to the contract terms of the instrument.

When financial assets and financial liabilities are originally recognized, if financial assets or financial liabilities are not measured at fair value through profit or loss, they are measured by fair value plus transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities measured at fair value through profit or loss are immediately recognized as profit or loss.

1. Financial Assets

The customary transactions of financial assets are recognized and excluded by The customary transactions of financial assets are recognized and excluded by accounting on the trading day.

(1) Measure category

The types of financial assets held by the Company are financial assets measured at fair value through profit or loss, financial assets measured at amortized cost, investments in debt instruments at fair value through other consolidated income and equity instruments at fair value through other consolidated profit or loss.

A. Financial Assets Measured at Fair Value through Profit or Loss

Financial assets measured at fair value through profit and loss include mandatory fair value through profit and loss and financial assets designated as fair value through profit and loss. Mandatory financial assets measured at fair value through profit or loss include equity instrument investments that the company has not specified to be measured at fair value through other comprehensive profit and loss, and debt instrument investments that are not classified as measured at amortized cost or measured at fair value through other comprehensive profi t and loss.

Financial assets measured at fair value through profit and loss are the dividends generated by fair value measurement, that are recognized in other income , and the benefits or losses generated by the remeasurement are recognized in other income and loss. Please refer to Note 27 for the method of determining fair value.

B. Financial Assets Measured at Amortized Cost

If the company's investment financial assets meet the following two conditions at the same time, it will be classified as Financial Assets Measured at Amortized Cost:

a. Held under a business model for the purpose of holding financial assets to collect contractual cash flows; and
b. The terms of the contract generate cash flows on a specific date, which are solely interest on the payment of principal and the amount of principal outstanding.

Financial Assets Measured at Amortized Cost (Including cash and approximately equivalent cash, financial assets measured at amortized cost, financial assets measured at amortized accounts receivable and guarantee deposits paid) after original recognition, it is measured by the total carrying amount determined by the effective interest method less the amortized cost of any impairment loss, any gain or loss on foreign currency exchange is recognised as profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

a. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets.
b. Financial assets that have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets.

Cash equivalents include those maturities within three months from the date of acquisition, highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value such as time deposits. These cash equivalents are held for the purpose of meeting short-term cash commitments.

C. Investment in equity instruments measured at fair value through other comprehensive gains and losses

At the time of the original recognition, the company may make an irrevocable option to invest in equity instruments that are not held for transaction and which are not recognized by the acquirer of the business merger as a consideration, and specify

that they are measured at fair value through other consolidated profits and losses.

Equity instrument investments measured at fair value through other comprehensive profit and loss are measured at fair value, and subsequent fair value changes are reported in other comprehensive profit or loss and accumulated in other

equity. At the time of investment disposition, the accumulated profit and loss is transferred directly to the retained surplus and is not reclassified as profit or loss.

Shares invested through other equity instruments measured at fair value through other consolidated income instruments are recognized in profit or loss when the right to receive money from the company is established, unless the dividend clearly

represents the recovery of part of the investment cost.

(2) Impairment of Financial Assets

At each balance sheet date, the company assesses the impairment losses on Financial Assets Measured at Amortized Cost.

Accounts receivable are recognized as allowance losses according to the expected credit losses during the period of existence. Other financial assets first assess whether the credit risk has increased significantly since the original recognition, and if it has not increased significantly, the allowance loss will be recognized as the expected credit loss of 12 months, and if it has increased significantly, the allowance loss will be recognized as the expected credit loss during the period of existence.

Expected credit loss is a weighted average credit loss weighted by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from the possible default of the financial instrument within 12 months after the reporting date, the expected credit loss during the period of existence represents the expected credit loss of all possible default events of the financial instrument during the expected period

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default without taking into account any collateral held by the Company:

A. Internal or external information show that the debtor is unlikely to pay it's creditors.

B. When a financial asset is more than 180 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

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) Exclusion of Financial Assets

The company excludes financial assets only when contractual rights from the cash flow of financial assets expire, or when financial assets have been transferred and almost all risks and rewards of ownership of such assets have been transferred to other enterprises.

When Financial Assets Measured at Amortized Cost is excluded as a whole, the difference between its carrying amount and the consideration received is recognized as profit or loss. When investment in equity instruments measured at fair value through other comprehensive profit or loss is excluded as a whole, the accumulated profit or loss is transferred directly to retained earnings and is not reclassified as profit or loss.

2. Financial Liabilities

(1) Subsequent measurement

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

(2) Derecognition of financial liabilities

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

(XI) Revenue Recognition

After identifying the performance obligations in the client contract, the company apportion the transaction price among the performance obligations and recognize the income when the performance obligations are met

(1) Revenue from Commodity Sales

Revenue from sales of goods is mainly derived from the sale of fabric. The Company recognizes revenue and accounts receivable at the time when the fabric is shipped to the customer's designated location or when the customer has the right to set the price and use the product and bears the risk of obsolescence of the product. Prepayments for the sale of goods are recognized as contractual liabilities before the goods are shipped. Based on historical experience and considering different contract terms, the Company recognizes a refund liability (recorded as other current liabilities) based on the estimated sales returns and discounts that may occur.

When supplying materials for processing, control of the processed goods is not transferred, in which case it is not recognized as revenue.

(2) Provision of services

Service income is the revenue generated from the provision of services according to a contract and is recognized proportionately with the degree of completion of services under a contract. The degree of completion of the contract is determined by the following method:

Revenue from dyeing and finishing is recognized when the services are performed, the amount of revenue can be measured reliably and it is likely to be recognized when economic benefits are generated.

(XII) Lease

The company evaluates whether the contract belongs to (or includes) the lease on the date of establishment of the contract. For a contract that contains a lease component and non-lease components, the Company allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

1. The company is the lessor

   When the lease terms transfer almost all risks and rewards attached to the ownership of the asset to the lessee, they are classified as financial leases. All other leases are classified as operating leases.

2. The company is the lessee

   Except for lease payments for low-value target asset leases and short-term leases with applicable exemptions, which are recognized as expenses during the lease term on a straight-line basis, other leases are recognized as right-to-use assets and lease liabilities at the lease commencement date.

   The right-to-use asset is originally measured at cost (including the original measurement amount of the lease liability), followed by the cost less accumulated depreciation and accumulated impairment losses, and adjusts the re-measurement of the lease liability. The right-to-use assets are separately expressed in the individual balance sheet.

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.

The lease liability is originally measured by the present value of the lease payment (including fixed payment). If the implied interest rate of the lease is easily determined, the lease payment shall be discounted at that rate. If the interest rate is not easy to determine, use the lessee to increase the borrowing rate.

Subsequently, the lease liability is measured at amortized cost basis using the effective interest method, and the interest expense is apportioned over the lease period.

If a change in the lease period results in a change in the future leases payment, the company measures the lease liability and adjusts the use right asset relatively, but if the carrying amount of the use right asset has been reduced to zero, the remaining re-measure amount is recognized in profit or loss. Lease liabilities are expressed separately in the individual balance sheet

(XIII) Government Subsidy

The government subsidy shall be recognized only if it is reasonably confident that the company will comply with the conditions attached to the government subsidy and will be able to receive the subsidy.

Government subsidy related to revenue is recognized as reducing of cost on a systematic basis during the period in which the related costs are recognized as expenses by the company.

If the government subsidy is used to compensate for expenses or losses that have been incurred, or for the purpose of providing immediate financial support to the company and there are no future related costs, it will be recognized as profit or loss during the period in which it can be collected.

(XIV) Employee Benefit

1. Short-term Employee Benefit

Liabilities related to short-term employee benefits are measured by the non-discounted amount expected to be paid in exchange for employee services.

2. Post-retirement Benefit

To determine that the pension allocated to the retirement scheme is recognized as an expense during the period of service provided by the employee.

To determine the defined benefit cost of a benefit retirement plan (including service cost, net interest and r re-measure) is an actuary based on the projected unit benefit method. Service costs (including current service costs and net interest on net defined benefit liabilities are recognized as employee benefit expenses when incurred. Re-measures (including actuarial gains and losses and compensation for plan assets after deducting interest) are recognized in other consolidated profit or loss and included in other equity at the time of occurrence, and are not reclassified to profit or loss in subsequent periods.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

(XV) Income Tax

Income tax expense is the sum of current income tax and deferred income tax.

1. Current Income Tax

According to the Income Tax Law in the Taiwan, 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.

2. Deferred Income Tax

Deferred income tax is calculated on the basis of the temporary difference between the carrying amount of assets and liabilities and the tax basis on which taxable income is calculated. Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are recognized when taxable income tax credits are likely to be used to deduct temporary differences.

The carrying amount of deferred income tax assets is re-examined on each balance sheet date, and the carrying amount is reduced for those who are no longer likely to have sufficient taxable places to recover all or part of the assets. Assets that were not previously recognized as deferred income tax assets will also be re-examined on each balance sheet date, and the carrying amount will be increased if the taxable assets will be able to recover all or part of the assets in the future.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period in which the liabilities are settled or the assets are realized, based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences of how the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. Current and Deferred Income Tax

Current and deferred income tax are recognized as profit or loss, but current and deferred income tax related to items recognized in other consolidated profit or loss are recognized as other consolidated profit or loss.

V. Main Sources of Uncertainty about Major Accounting Judgements, Estimates and Assumptions

When adopting accounting policies, the management must make relevant judgments, estimates and assumptions based on historical experience and other relevant factors for those who are difficult to obtain relevant information from other sources. The actual results may differ from the estimates.

When developing significant accounting estimates, the company will take into account the possible impact of the economic environment on cash flow estimates, growth rates, discount rates, profitability and other relevant major accounting estimates. The management will continue to review estimates and Basic assumptions.

The accounting policies, estimates and basic assumptions adopted by the Company have been evaluated by the Company's management and there are no significant uncertainties in accounting judgments, estimates and assumptions.

The management of the Company evaluated that there were no critical accounting judgments or estimation uncertainty on the accounting policies, estimates and basic assumptions that were adopted by the Company.

VI. Cash and Cash Equivalents

	December 31, 2023	December 31, 2022
Cash	$ 302	$ 298
Bank Check and Current Deposit	118,733	152,254
Cash Equivalents		
Bank fixed deposit with original maturity date within 3 months	78,942	30,710
	$ 197,977	$ 183,262

The market interest rates for bank demand deposit and bank fixed deposit with original maturity date within 3 months commercial promissory notes at the balance sheet date are as follows:

	December 31, 2023	December 31, 2022
Bank demand deposit	0.005%～1.45%	0.005%～1.050%
Bank fixed deposit with original maturity date within 3 months	4.55%	2.6%

VII. Financial instruments measured at fair value through profit or loss

	December 31, 2023	December 31, 2022
Financial Assets-Current		
Compulsory measurement at fair value through profit or loss		
Non-derivative Financial		
- Domestic Listed (OTC) Stocks	$ 57,165	$ 80,413

VIII. Financial Assets Measured at Fair Value through Other Consolidated Profit or Loss

Equity Instrument Investment:

	December 31, 2023	December 31, 2022
Current		
Domestic Investment		
Listed Stocks	$ 10,286	$ 9,759
Non-Current		
Foreign Investment		
Bright Wisdom Holdings Limited	$ 4,592	$ 3,405

The group invests for medium-and long-term strategic purposes and expects to make a profit through long-term investment. The management of the group considers that the short-term fair value fluctuations of these investments are inconsistent with the aforementioned long-term investment planning if they are included in profit or loss, and therefore choose to designate these investments to be measured at fair value through other comprehensive profits and losses.

IX. Financial Assets Measured at Amortized Cost

	December 31, 2023	December 31, 2022
Current		
Domestic investment		
Time deposits with original maturities of less than 3 months	$ 139,685	$ 108,000
Restricted assets	500	4,172
Foreign investment		
U.S. government debt	6,087	-
Corporate bonds	3,057	-
	$ 149,329	$ 112,172

	December 31, 2023	December 31, 2022
Noncurrent		
Foreign investment		
U.S. government debt	$ 4,220	$ -
Corporate bonds	41,006	-
	$ 45,226	$ 112,172

(I) The interest rates on time deposits and restricted assets with original maturities of more than 3 months at the end of the reporting period were as follows:

	December 31, 2023	December 31, 2022
Time deposits with original maturities of less than 3 months	1.45%～4.4%	0.755%～1.325%
Restricted assets	1.4%	0.775%～1.2%

Restricted assets are time deposits that purchase in as security from firm. Please refer to Note 29.

(II) In February 2023, the company obtained the bonds from Oracle Corporation with the face value of USD 100 thousand, bonds from Altria Group with the face value of USD 100 thousand, bonds from United States Steel Corporation with the face value of USD 100 thousand, and U.S. Treasury Dollar Bonds with the face value of USD 200 thousand,at a premium of NT$ 15,130 thousand. The maturity dates are July 2040, February 2039, March 2029 and August 2024 respectively. The coupon rates are 5.38%, 5.8%, 6.88% and 3.00% respectively, and the effective interest rates are 5.58%, 6.02%, 6.26% and 4.35% respectivelyIn April 2023, the company obtained the bonds from Qualcomm Incorporated with the face value of USD 100 thousand, bonds from AT&T American Telephone & Telegraph with the face value of USD 50 thousand, bonds from Verizon Communications Inc. with the face value of USD 50 thousand, bonds from Apple Corporate with the face value of USD 200 thousand, and bonds from Berkshire Hathaway Financial Corporation with the face value of USD 100 thousand,at a premium of NT$ 15,380 thousand. The maturity dates are May 2035, May 2046, September 2048, February 2046 and January 2049 respectively. The coupon rates are 4.65%, 4.75%, 4.52%, 4.65% and 4.25% respectively, and the effective interest rates are 4.21%, 5.26%, 5.00%, 4.37% and 4.41% respectively. In July 2023, the company obtained the U.S. Treasury Dollar Bond with the face value of USD 150 thousand, bonds from ORIX Corporation with the face value of USD 150 thousand, bonds from Royal Bank of Canada with the face value of USD 100 thousand, and bonds from Macquarie Bank Limited with the face value of USD 100 thousand,at a premium of NT$

15,120 thousand. The maturity dates are May 2042, September 2032, July 2024, and June 2026 respectively. The coupon rates are 3.25%, 5.20%, 3.97%, and 5.21% respectively, and the effective interest rates are 3.89%, 4.55%, 4.71% and 4.95% respectively. In October 2023, the company obtained the bonds from Berkshire Hathaway Financial Corporation with the face value of USD 80 thousand, bonds from United States Steel Corporation with the face value of USD 70 thousand, bonds from The Estee Lauder Companies Inc. with the face value of USD 50 thousand, bonds from The Boeing Company with the face value of USD 50 thousand, and bonds from Qualcomm Incorporated with the face value of USD 50 thousand, at a premium of NT$ 8,743 thousand. The maturity dates are January 2049, March 2029, May 2033, May 2030, and May 2035 respectively. The coupon rates are 4.25%, 6.88%, 4.65%, 5.15% and 4.65% respectively, and the effective interest rates are 5.65%, 6.94%, 5.50%, 5.94% and 5.32% respectively.

(III) The company only invests in debt instruments whose credit rating is above investment grade (inclusive) and the derogation assessment is of low credit risk, and the credit rating information is provided by independent rating agencies. The company continues to track external rating information to monitor changes in credit risk of invested debt instruments, and to review other information such as bond yield curve and significant information on debtors, in order to assess whether the credit risk of investment in debt instruments has increased significantly since the original recognition.

The company takes into account the current financial position of the debtors and the forecast of the prospects of their industries to measure the expected credit loss of 12 months or the duration of the investment in debt instruments.

The current credit risk rating mechanism of the Company is as the following:

Credit Rating	Definition	Basis for Recognizing ECLs
Normal	The credit risk of the debtor is low, with sufficient solvency for the contractual cash flow	12-month expected credit losses

Abnormal	The credit risk has been significantly increased since initial recognition	Lifetime expected credit losses（credit not impaired）
Default	Evidence of credit loss exists	Lifetime expected credit losses（credit-impaired）
Write Off	The available proof showed that the debtor was suffering serious financial difficulties and it was impossible for the merged company to expect recoverability	Direct Write Off

The total carrying amounts of the debt instrument investments of each credit rating, and the applicable ECL rates are as the following:

Credit Rating	Expected Credit Loss (ECL)	Total of Carrying Amount Instruments carried at amortized cost
Normal	0%	$ 54,370
Abnormal	-	-
Default	-	-
Write Off	-	-

As of December 31, 2023, the company assessed that the credit risk of the debtor was low and had sufficient capacity to repay the cash flow of the contract, so the expected credit loss was not mentioned.

X. Notes Receivables, Account Receivables And Other Receivables

	December 31, 2023	December 31, 2022
Note Receivable		
Measured at Amortized Cost		
Total Book Valu	$ 2,349	$ 15,406
Minus: Allowance for Loss	-	-
	$ 2,349	$ 15,406
Account Receivable		
Measured at Amortized Cost		
Total Book Valu	$ 51,791	$ 53,327
Minus: Allowance for Loss	(252)	(408)
	$ 51,539	$ 52,919
Other Receivable		
Interest Receivable	$ 1,202	$ 70
Others	3	-
	$ 1,205	$ 70

(I) Note Receivable and Account Receivable

Before accepting a new customer, the Company evaluates the credit rating and sets the credit limit for that potential customer. Customer credit limits and ratings are reviewed annually on an occasional basis. The average credit period for sales of goods and dyeing and finishing is 60 days.

The IFRS 9 simplified approach is adopted by the Company to recognize an allowance for losses on notes receivable and accounts receivable based on lifetime expected credit losses. The lifetime expected credit losses is calculated by using the reserve matrix, which examines the past default records of customers and their current financial situation, the economic situation, the GDP forecast, and the industry outlook. The historical experience of the Company's credit loss history has shown that the loss patterns of different customer have not significantly different from the loss patterns. Therefore, the provision matrix is not further differentiated in the client base. Only the number of days for notes receivable and accounts receivable are used for setting the expected credit loss rate.

The Company directly writes off related notes receivable and accounts receivable when there is evidence indicating that the debtor is experiencing in severe financial difficulty and there is no realistic prospect of recovery by the Company. For example, the debtor is in liquidation. The Company continues to engage in enforcement activity, and the recovered amounts are recognized as profit or loss.

1. The company measures the allowance loss of notes receivable according to the reserve matrix as follows:

	December 31, 2023	December 31, 2022
	Within 120 days of account opening	Within 120 days of account opening
Expected Credit Loss Rate	0%	0%
Total Book Value	$ 2,349	$ 15,406
Allowance for Loss (Expected Credit Loss During the Period of Existence)	-	-
Amortized Cost	$ 2,349	$ 15,406

2. The following table details the loss allowance of trade receivables based on the Group’s provision matrix:

December 31, 2023

	Within 30 days	31 to 60 days	61 to 90 days	91 to 120 days	121 to 150 days	151 to 180 days	181 to 210 days	211 to 240 days	Over 240 days	Total
Expected credit loss rate	0.06%	0.12%	2.9%	22.2%	39.06%	69.63%	100%	100%	100%	
Total Book Value	$ 35,442	$ 13,877	$ 2,159	$ -	$ 219	$ 94	$ -	$ -	$ -	$ 51,791
Loss allowance (Lifetime ECLs)	(23)	(16)	(63)	-	(85)	(65)	-	-	-	(252)
Amortized cost	$ 35,419	$ 13,861	$ 2,096	$ -	$ 134	$ 29	$ -	$ -	$ -	$ 51,539

December 31, 2022

	Within 30 days	31 to 60 days	61 to 90 days	91 to 120 days	121 to 150 days	151 to 180 days	181 to 210 days	211 to 240 days	Over 240 days	Total
Expected credit loss rate	0.04%	0.07%	4.97%	13.56%	39.76%	69.61%	100%	100%	100%	
Total Book Value	$ 26,677	$ 23,263	$ 1,740	$ 1,489	$ 62	$ 94	$ -	$ 1	$ 1	$ 53,327
Loss allowance (Lifetime ECLs)	(10)	(17)	(86)	(202)	(25)	(66)	-	(1)	(1)	(408)
Amortized cost	$ 26,667	$ 23,246	$ 1,654	$ 1,287	$ 37	$ 28	$ -	$ -	$ -	$ 52,919

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

	2023	2022
Beginning balance	$ 408	$ 402
Add: Amounts recognized	-	11
Less: Amounts written off	(9)	(5)
Less: Net remeasurement of loss allowance	(147)	-
Ending balance	$ 252	$ 408

Refer to Note 27.d for details of the Company’s concentration of credit risk of accounts receivable as of December 31, 2023 and 2022.

(II) Other receivables

Other receivables are mainly subsidies and interest receivables, the Company's policy is to trade solely by reputable company. The Company determines whether credit risk has increased significantly since initial recognition and measures the loss allowance for other receivables by continuous monitoring of the debtor, with reference to the past default experience of the debtor and an analysis of the debtor’s current financial position. As of December 31, 2023 and 2022, the Company assessed that the expected credit loss rate of other receivables was 0%.

XI. Inventory

	December 31, 2023	December 31, 2022
Raw materials	$ 71,187	$ 93,978

	December 31, 2023	December 31, 2022
Work in process	58,478	83,928
Finished goods	6,997	11,857
Materials	3,946	4,235
	$ 140,608	$ 193,998

The nature of operating costs related to inventories is as follows:

	December 31, 2023	December 31, 2022
Cost of inventories sold	$ 482,934	$ 645,695
Inventory depreciation (recovery benefit) loss (I)	(2,028)	804
Unallocated manufacturing overhead	41,214	20,696
Revenue from sale of leftovers and scrap	(1,530)	(1,080)
	$ 520,590	$ 666,115

The rebound in the net realizable value of inventories was mainly due to the increase in the selling prices of inventories.

XII. Other assets

	December 31, 2023	December 31, 2022
Current		
Payment in advance	$ 5,243	$ 19,504
Tax credit	1,810	2,314
Prepaid expense	6,034	5,545
Provisional payment	399	993
	$ 13,486	$ 28,356
Non-current		
Long-term Prepayments	$ 10,225	$ 3,172

XIII. Investment Using Equity Method

Investment in Subsidiaries

	December 31, 2023	December 31, 2022
Tung Fa Liu Neng Co., Ltd.	$ 52,481	$ 51,557

	Ownership Interest and Percentage of Voting Rights	
Name of Subsidiary	December 31, 2023	December 31, 2022
Tung Fa Liu Neng Co., Ltd.	100%	100%

The share of profits and losses and other consolidated profits and losses of subsidiaries using the equity method in 2023 and 2022 are recognized on the basis of the financial statements audited by accountants of each subsidiary in the same period.

XIV. Property, Plant And Equipment

	Self-owned Land	Buildings	Machinery Equipment	Machinery Equipment	Other Equipment	Total
Cost						
Balance on January 1, 2023	$ 174,044	$ 342,240	$ 422,000	$ 7,674	$ 199,894	$ 1,145,852
Additions	-	230	19,633	-	91,483	29,011
Disposals	-	-	(16,183)	(1,100)	(382)	(17,665)
Reclassificatio（Remark）	-	-	900	-	22,262	23,162
Balance on December 31,2023	$ 174,044	$ 342,470	$ 426,350	$ 6,574	$ 230,922	$ 1,180,360
Accumulated depreciation						
Balance on January 1, 2023	$ -	$ 298,897	$ 342,014	$ 6,577	$ 162,406	$ 809,894
Depreciation expense	-	6,712	25,120	562	9,981	42,375
Disposals	-	-	(16,183)	(1,100)	(382)	(17,665)
Balance on December 31,2023	$ -	$ 305,609	$ 350,951	$ 6,039	$ 172,005	$ 834,604
Net balance on December 31,2023	$ 174,044	$ 36,861	$ 75,399	$ 535	$ 58,917	$ 345,756
Cost						
Balance on January 1, 2022	$ 174,044	$ 342,020	$ 416,907	$ 6,954	$ 194,290	$ 1,134,215
Additions	-	220	11,867	720	5,163	17,970
Disposals	-	-	(15,411)	-	-	(15,411)
Reclassificatio（Remark）	-	-	8,637	-	441	9,078
Balance on December 31,2022	$ 174,044	$ 342,240	$ 422,000	$ 7,674	$ 199,894	$ 1,145,852
Accumulated depreciation						
Balance on January 1, 2022	$ -	$ 290,975	$ 329,114	$ 5,903	$ 154,933	$ 780,925
Depreciation expense	-	7,922	28,311	674	7,473	44,380
Disposals	-	-	(15,411)	-	-	(15,411)
Balance on December 31,2022	$ -	$ 298,897	$ 342,014	$ 6,577	$ 162,406	$ 809,894
Net balance on December 31,2022	$ 174,044	$ 43,343	$ 79,986	$ 1,097	$ 37,488	$ 335,958

Remark：The balance is transferred from the prepaid equipment payment.

The company did not capitalize interest in 2023 and 2022.

There is no an indication that the property, plant and equipment may be impaired in 2023 and 2022.

The immovable property, plant and equipment of the company are determined on the basis of cost and depreciated on the basis of the following durable years:

Buildings	
Main Building of Factory	26~40 years
Storehouse	10~26 years
Others	3~25 years
Machinery Equipment	5~13 years
Transportation Equipment	3~5 years
Other Equipment	
Office Equipment	3~15 years
Land Improvement	10~15 years
Dormitory Equipment	15~40 years
Other Equipment	3~15 years

The amount of property, plant and equipment that the Company sets pledge as loan guarantee, please refer to Note 29.

XV. Lease Arrangement

(I) Right-of-use Assets

	December 31, 2023	December 31, 2022
Right-of-use assets Carrying amount		
Buildings	$ 2,564	$ 175
Transportation Equipment	5,466	519
Other Equipment	2,360	2,819
	$ 10,390	$ 3,513

	2023	2022
Additions to right-of-use assets	$ 10,561	$ 4,010
Depreciation charge for right-of-use assets		
Buildings	$ 514	$ 525
Transportation Equipment	1,396	1,555
Other Equipment	1,751	1,850
	$ 3,661	$ 3,930

(II) Lease liabilities

	December 31, 2023	December 31, 2022
Lease liabilities Carrying amount		
Current	$ 3,992	$ 2,160
Non-current	$ 6,459	$ 1,382

Discount rates for lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Buildings	2.1%	1.3%
Transportation Equipment	2.19%	1.14%
Other Equipment	1.15%~2.19%	1.15%~1.55%

(III) Material leasing activities and terms

The Company leases certain official cars and other equipment - stackers with lease terms of 1 to 3 years. The Company does not have bargain purchase options to acquire the cars and stackers at the end of the lease terms.

The Company leases buildings for the use of offices with lease term of 3~5 years. The Company does not have bargain purchase options to acquire the buildings at the end of the lease term.

(IV) Other lease information

	2023	2022
Expenses relating to low-value asset leases	$ 284	$ 135
Total cash outflow for leases	($ 4,048)	($ 4,148)

The Company's leases of certain photocopiers qualify as 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.

XVI. Intangible Assets

	Computer software
Cost	
Balance on January 1, 2023	$ 705
Additions	-
Balance on December 31,2023	$ 705
Accumulated amortization	
Balance on January 1, 2023	$ 501
Amortization expense	95
Balance on December 31,2023	$ 596
Net balance on December 31,2023	$ 109
Cost	
Balance on January 1, 2022	$ 670
Additions	35
Balance on December 31,2022	$ 705
Accumulated amortization	
Balance on January 1, 2022	$ 362
Amortization expense	139
Balance on December 31,2022	$ 501
Net balance on December 31,2022	$ 204

Computer software is amortized on a straight-line basis on 1~3 years.

XVII. Notes Payable and Accounts Payable

	December 31, 2023	December 31, 2022
Notes Payable		
Notes Payable-From Business	$ 8,133	$ 14,574
Related Parties-From Business	$ 1,212	$ -
Accounts Payable		
Notes Payable-From Business	$ 19,616	$ 22,935
Related Parties-From Business	$ 593	$ -

The average credit period for purchases was 90 days. The Company has established financial risk management policies to ensure that all payables are repaid within the pre-agreed credit periods.

XVIII. Other Payables

	December 31, 2023	December 31, 2022
Payables for salaries or bonuses	$ 32,982	$ 34,681
Payables for purchases of equipment (Note25)	6,523	8,039
Payables for vacations	7,911	7,242
Payables for labor and health insurance	2,285	2,327
Utilities Payables	2,052	2,244
Others	10,652	10,795
	$ 62,405	$ 65,328

XIX. Other Current Liabilities

	December 31, 2023	December 31, 2022
Receipts under custody	$ 548	$ 549
Refund Liabilities	229	231
	$ 777	$ 780

XX. Post-retirement Benefits Plan

(I) Determine the allocation plan

The pension system of the "Labor Pensions Regulation "applied by the company is a defined retirement scheme administered by the government, which transfers the pension to the individual account of the Labor Insurance Bureau according to 6% of the employee's monthly salary.

(II) Determine the benefit plan

The pension system administered by the company in accordance with the "Labor Standards Law" is a defined benefit retirement plan managed by the government. The payment of employee pension is based on the length of service and the average salary of 6 months prior to the approved retirement date. The company shall allocate a pension of 2% of the employee's total monthly salary to the Labor Retirement Reserve Supervision Board to deposit in the special account of the Bank of Taiwan in the name of the committee. Before the end of the year, if the estimated balance of the special account is insufficient to pay the workers who are expected to meet the retirement conditions in the next year, the difference will be allocated once before the end of March of the next year. The special account is managed by the Labor Fund Operation Bureau of the Ministry of Labor, and the company has no right to affect the investment management strategy.

The amount of defined benefit plans included in the individual balance sheet is listed as follows:

	December 31, 2023	December 31, 2022
Current Value of Determined benefit Obligations	$ 7,134	$ 7,270
Fair Value of Plan Assets	(10,502)	(10,564)
Net Determined benefit(Assets) Liabilities	($ 3,368)	($ 3,294)

Changes in net defined benefit (assets) liabilities are as follows:

	Current Value of Determined benefit Obligations	Fair Value of Plan Assets	Net Determined benefit(Assets) Liabilities
Balance on January 1, 2022	$ 10,170	($ 9,574)	$ 596
Interest Expense (Revenues)	64	(66)	(2)
Recognized in profits and losses	64	(66)	(2)
Number of Re-measurement	-	(782)	(782)
Compensation for Planned Assets (except for the amount included in net interest)	-	-	-
Actuarial Losses-Changes in Demographic Assumptions	-	-	-
Actuarial loss - change in financial assumptions	(587)	-	(587)

	Current Value of Determined benefit Obligations	Fair Value of Plan Assets	Net Determined benefit(Assets) Liabilities
Actuarial Benefit-Experience Adjustment	(1,487)	-	(1,487)
Recognized in other comperhensive profits and losses	(2,074)	(782)	(2,856)
Employees' Allocation	-	(1,032)	(1,032)
Benefits Payment	(890)	890	-
Balance on December 31, 2022	$ 7,270	($ 10,564)	$ 3,294
Balance on January 1, 2023	$ 7,270	($ 10,564)	($ 3,294)
Interest Expense (Revenues)	109	(160)	(51)
Recognized in profits and losses	109	(160)	(51)
Number of Re-measurement			
Compensation for Planned Assets (except for the amount included in net interest)	-	(63)	(63)
Actuarial loss - change in financial assumptions	147	-	147
Actuarial Benefit-Experience Adjustment	77	-	77
Recognized in other comperhensive profits and losses	224	(63)	161
Employees' Allocation	-	(184)	(184)
Benefits Payment	(469)	469	-
Balance on December 31, 2023	$ 7,134	($ 10,502)	($ 3,368)

The Company is exposed to the following risks due to the defined benefit plans under the "Labor Standards Law":

1. Investment risk: through self-use and entrusted operation, the Labor Fund Operation Bureau of the Ministry of Labor invests the labor pension fund in domestic (foreign) equity securities and debt securities and bank deposits respectively, however, the distribution amount of the company's planned assets is calculated at a rate not lower than the 2-year time deposit interest rate of the local bank.
2. Interest rate risk: the decrease in the interest rate of government bonds/corporate bonds will increase the present value of defined benefit obligations, but the return on debt investment of planned assets will also increase, which will partially offset the impact of net defined benefit liabilities.

3. Salary risk: the calculation for determining the present value of benefit obligations is based on the future salary of the plan member. Therefore, the increase in the salary of plan members will increase the present value of determining benefit obligations.

The present value of the company's determined benefit obligations is carried out by a qualified actuary and the major assumptions for measuring the date are as follows:

	December 31, 2023	December 31, 2022
Discount Rate	1.250%	1.500%
Expected Rate of Increase in Salary	2.000%	2.000%

If there are reasonably possible changes in the material actuarial assumptions, all other assumptions remain the same, the amount of increase (decrease) in the present value of the determined benefit obligations is as follows:

	December 31, 2023	December 31, 2022
Discount Rate		
Increased 0.25%	($ 147)	($ 154)
Decreased 0.25%	$ 153	$ 160
Expected Rate of Increase in Salary		
Increased 0.25%	$ 149	$ 156
Decreased 0.25%	($ 144)	($ 151)

As actuarial assumptions may be related to each other, only a single assumption is unlikely to change, so the above sensitivity analysis may not reflect the actual changes in the present value of benefit obligations.

	December 31, 2022	December 31, 2021
Expected amount to be allocated within 1 year	$ 184	$ 1,032
Average expiration period of determined benefit obligations	8.4 years	8.6 years

XXI. Equity

(I) Common stock

	December 31, 2023	December 31, 2022
Authorized Shares (thousand shares)	101,880	101,880

	December 31, 2023	December 31, 2022
Authorized Equity	$ 1,018,800	$ 1,018,800
Shares Issued and Fully Received (thousand shares)	85,767	85,767
Equity Issued	$ 857,670	$ 857,670

The issued common shares have a par value of NT$ 10 each and each share has the right to vote and receive dividends.

(II) Capital surplus

	December 31, 2023	December 31, 2022
May be used to offsetting a deficit, distributed as cash dividends, or transferred to share capital		
Share Premium	$ 3,000	$ 3,000
Only used to make up for losses		
Gain from disposal of assets	3,918	3,918
Benefits from exercise Disgorgement	399	399
	$ 7,317	$ 7,317

The capital reserve can be used to make up for losses. The excess of shares issued in excess of par value may also be used to issue cash or allocate share capital when there is no loss in the company, subject to a certain percentage of paid-in share capital each year.

The capital reserve arising from the gains from the disposal of assets and benefits from exercise Disgorgement shall not be used for any purpose other than making up for losses.

(III) Retention of surplus and dividend policy

The Company's Articles of Incorporation provide that, earnings distribution may be made on a quarterly basis after the close of each half year. Distribution of earnings by way of cash dividends should be approved by the Company's Board of Directors and reported to the Company's shareholders in its meeting.

According to the surplus distribution policy of the Company, The Company may distribute earnings or make up losses after the end of each semi-annual fiscal year. If the distribution of earnings is made in cash, it shall be resolved by the board of directors in accordance with Article 228-1 and Article 240 of the Company Act and reported to the shareholders' meeting without being submitted to the shareholders' meeting for ratification.if the distribution of earnings is made by issuing new shares, it shall be handled in accordance with Article 240 of the Company Act.

The Company's dividend policy is based on the current and future investment environment, capital requirements, and capital budget, while considering the shareholders' interest, dividend balance, and the Company's long-term financial planning as the Company is in the business development stage. The Company shall distribute dividends and bonuses to shareholders not less than annual earnings after deducting income tax, making up for loss, setting aside legal reserve, but legal reserve has reached the amount of paid-in capital, it may no longer be set. The rest will be set or reversed 50% special reserve shall distribute dividends and bonuses according to the regulations. The annual dividends shall be paid in cash first, but stock dividends may also be distributed, of which no less than 10% of the total dividends shall be paid in cash.

The estimated basis and actual allotment of the remuneration of the employees and directors of the company can be found in Note 23 (8).

The statutory surplus reserve shall be set aside until its balance reaches the total paid-in share capital of the company. The statutory surplus reserve can be used to make up for losses. When there is no loss in the company, the part of the statutory surplus reserve exceeding 25% of the total paid-in share capital may be allocated in cash in addition to the allocated share capital.

When the company distributes its surplus, it must set aside the balance of equity deduction items (including unrealized losses on financial assets) as a special surplus reserve according to laws and regulations. If there is a subsequent reduction in the amount of equity deduction, the reduced amount can be transferred back to the undistributed surplus from the special surplus reserve.

The appropriations and cash dividends per share in 2021 and 2020 were as follows:

	2022	2021

Legal reserve provided	\$ 3,513	\$ 6,534
Reversr special reserve provided	(\$ 121)	(\$ 10,490)
Cash dividends to shareholders	\$ 38,595	\$ 68,614
Cash dividends per share (NT\$)	\$ 0.45	\$ 0.80

The above-mentioned cash dividends were approved on March 24, 2023 and March 23, 2022 respectively. The remaining surplus distribution items for 2021 have been resolved at the general meeting of shareholders on July 30, 2022. The remaining surplus distribution items for 2022 have been resolved at the general meeting of shareholders on June 27, 2023.

On August 9, 2023 , the company's board of directors resolved not to distribute the surplus in the first half of 2022.

The company's appropriation of earnings for 2023 second half that had been proposed by the Board of Directors on March 8, 2024 was as follows:

	2023
Legal reserve provided	\$ 4,922
Reversr special reserve provided	(\$ 1,714)
Cash dividends to shareholders	\$ 49,745
Cash dividends per share (NT\$)	\$ 0.58

The above-mentioned cash dividends have been distributed by the resolution of the board of directors, others will be resolved by the shareholders meeting to be held on June 25, 2024.

(IV) Other Equity

Unrealized gain on financial assets at FVTOCI

	2023	2022
Balance on January 1	(\$ 3,364)	(\$ 3,485)
Recognized for the year		
Unrealized gain		
Equity instruments	1,714	121
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	-	-
Balance on December 31	(\$ 1,650)	(\$ 3,364)

XXII. Net Income

(I) Operating revenue

	2023	2022

	2023	2022
Segmentation of Customer Contract Revenue		
Sales Revenue		
—Cloth trading	$ 500,407	$ 592,238
Service Revenue		
—Dyeing & Finishing	143,426	242,380
	$ 643,833	$ 834,618

Contract balance

	December 31, 2023	December 31, 2022	January 1, 2022
Notes Payable And Account Payable(Note 10)	$ 53,888	$ 68,325	$ 128,021
Contract liabilities			
Revenue of Commodity Sales	$ 8,497	$ 8,673	$ 6,811

The amount of performance obligations that have been met at the beginning of the year as income in the current period is as follows:

	2023	2022
Contract Liabilities from the Beginning of Year		
Revenue of Commodity Sales	$ 8,673	$ 6,811

(II) Other operating income and expenses

	2023	2022
Gain (loss) on disposal of property, plant and equipment	$ 1,094	$ -

(III) Other Revenue

	2023	2022
Dividend Revenue		
Gain (loss) on financial instruments at FVTPL	$ 2,341	$ 6,410
Gain (loss) on investments in equity instruments measured at FVTOCI	686	563
Other gains		
Government Subsidy	1,289	1,633
Others	423	228
	$ 4,739	$ 8,834

(IV) Other Revenues and Losses

	2023	2022

	2023	2022
Net loss on financial instruments at fair value through profit or loss mandatorily	$ 13,727	($ 41,112)
Net gain (loss) on foreign currency exchange	1,179	13,345
Lease modification benefit	-	8
Others	(37)	(128)
	$ 12,511	($ 27,887)

(V) Financial Costs

	2023	2022
Interest of Lease Liabilities	$ 135	$ 59

(VI) Depreciation and amortization expenses

	2023	2022
Property, plant and equipment	$ 42,375	$ 44,380
Right-of-use assets	3,661	3,930
Total	$ 46,036	$ 48,310
Intangibal Assets	$ 95	$ 139
Depreciation expenses are summarized by function		
Operating Costs	$ 42,842	$ 43,660
Operating Expenses	3,194	4,650
	$ 46,036	$ 48,310
Depreciation expenses are summarized by function		
Operating Expenses	$ -	$ -
Management Expense	95	139
	$ 95	$ 139

(VII) Employees' Benefit Expenses

	2023	2022
Retirement Benefits (Note 20)		
Determined Allocation Plan	$ 5,409	$ 5,694
Determined Benefit Plan	(51)	(2)
	5,358	5,692
Other Employee Benefits	165,401	171,945
Total Employees' Benefit Expense	$ 170,759	$ 177,637
Summary by Function		
Operating Costs	$ 108,418	$ 113,825
Operating Expenses	62,341	63,812
	$ 170,759	$ 177,637

(VIII) Employee Remuneration and Director Remuneration

The company allocates employee remuneration and director remuneration at the pre-tax benefit of 3% and not more than 3% respectively before deducting the distribution of employee and director remuneration in the current year. The Company's profit sharing bonus to employees and compensation to directors for 2023, 2022 had been approved by the Board of Directors of the Company in March 8,2024 and March 24,2023, as illustrated below:

Estimation Ratio

	2023	2022
Employee remuneration	3%	3%
Director Remuneration	3%	3%

The amount

	2023	2022
	Cash	Cash
Employee remuneration	$ 1,791	$ 1,565
Director Remuneration	1,791	1,565

If there is any change in the amount after the release of the annual individual financial report, it shall be dealt with according to the change in accounting estimates and adjusted to be recorded in the following year.

There is no significant difference between the aforementioned approved amounts and the amounts charged against earnings of 2022 and 2021 respectively.

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

(IX) Net gain (loss) on foreign currency exchange

	2023	2022
Foreign currency exchange gains	$ 8,091	$ 18,085
Foreign currency exchange losses	(9,270)	(4,740)
Net gain (loss)	($ 1,179)	$ 13,345

XXIIII. Income Tax

(I) The main components of income tax expenses (benefits) recognized as profit and loss

	2023	2022
Current Income Tax		
Arising in the Current Year	$ 7,629	$ 15,849
Unappropriated earnings levy	-	34
Income tax adjustments on prior years	(412)	98
	7,217	15,981
Deffered Income Tax		
Arising in the Current Year	(444)	236
Income Tax Expenses Recognized in the Profit or Loss	$ 6,773	$ 16,217

The adjustment of accounting revenues and income tax benefits in 2023 and 2022 is as follows:

	2023	2022
Income before Tax	$ 56,119	$ 49,060
Income Tax Benefits Calculated at Statutory Tax Rate for Net Loss before Tax	$ 11,224	$ 9,812
Benefit that cannot be deducted in tax from the loss	(2,514)	8,814
Tax-exempt income	(1,525)	(2,541)
Unappropriated earnings levy	-	34
Investment Tax Credit in the Current Year	-	-
Income tax adjustments on prior year	(412)	98
Income tax expense recognized in profit or loss	$ 6,773	$ 16,217

(II) Income tax recognized in other comprehensive income

	2023	2022
Deffered Income Tax		
－Number of Re-measurement of Determined Benefits		
Income tax recognized in other comprehensive profit or loss	$ 32	($ 571)
Deffered Income Tax	$ 32	($ 571)

(III) Current Income Tax Assets and Liabilities

	December 31, 2023	December 31, 2022
Current Income Tax Liabilities		
Income Tax Payable	$ 7,565	$ 15,884

(IV) Deffered Income Tax Assets and Liabilities

Changes in deferred income tax assets and liabilities are as follows:

2023

	Balance at Beginning of Year	Recognizedin the Profit and Loss	Recognized in Other Comperhensive Profit and Loss	Balance at Ending of Year
Deffered Income Tax Assets				
Temporary Differences				
Annual Leave Expense	$ 1,147	$ 134	$ -	$ 1,281
Unrealized Exchange Loss	97	763	-	860
Refund liability	46	-	-	46
Others	793	(407)	-	386
	$ 2,083	$ 490	$ -	$ 2,573
Deferred Income Tax Liabilities				
Temporary Differences				
Actual amount of retirement pension	$ 658	$ 208	($ 32)	$ 1,451

2022

	Balance at Beginning of Year	Recognizedin the Profit and Loss	Recognized in Other Comperhensive Profit and Loss	Balance at Ending of Year
Deffered Income Tax Assets				
Temporary Differences				
Annual Leave Expense	$ 1,298	($ 151)	$ -	$ 1,147
Unrealized Exchange Loss	121	(24)	-	97
Refund liability	$ 61	($ 15)	$ -	$ 46
Others	631	162	-	793
	$ 2,111	($ 28)	$ -	$ 2,083
Deferred Income Tax Liabilities				
Temporary Differences				

Actual amount of retirement pension	$ 658	$ 208	$ 571	$ 1,437

(V) Approval of Income Tax

The income tax declaration of the company's profit-oriented business shall be examined and approved by the taxing authorities before 2021.

XXIV. Earnings Per Share

Net profit and weighted average number of ordinary shares used to calculate earnings per share are as follows:

Net Income

	2023	2022
Net profit attributable to owners of the company Basic/Diluted EPS Net income available to common shareholders	$ 49,346	$ 32,843

Shares

Unit: thousand shares

	2023	2022
The weighted average number of ordinary shares used in the calculation of basic earnings (net loss) per share	85,767	85,767
Impacts of potential ordinary shares with dilution effect:		
Employees' compensation	113	112
The weighted average number of ordinary shares used in the calculation of diluted earnings (net loss) per share	85,880	85,879

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

XXV. Cash Flow Information

(I) Non-cash transactions

For the years ended December 31, 2023 and 2022, the Company entered into the following non-cash investing and financing activities:

As of December 31, 2023 and 2022 , the Company didn't paid acquisition of property, plant, equipment of NT$6,523 thousand and NT$8,039 thousand, list in payables to suppliers of machinery and equipment (please refer to note 18).

(II) Changes in liabilities arising from financing activities

2023

	Balance on January 1,2023	Cash Flows	Non-cash Changes			Others	Balance of December 31,2023
			New Leases	Lease modification	Amortization of Interest Expenses		
Lease Liabilities	$ 3,542	($ 3,629)	$ 10,561	($ 23)	$ 135	($ 135)	$ 10,451

2022

	Balance on January 1,2022	Cash Flows	Non-cash Changes			Others	Balance of December 31,2022
			New Leases	Lease modification	Amortization of Interest Expenses		
Lease Liabilities	$ 4,297	($ 3,954)	$ 4,010	($ 811)	$ 59	($ 59)	$ 3,542

XXVI. Capital Risk Management

The Company manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The overall strategy of the Company has not changed.

The Company has no other restrictions on external capital regulations.

XXVII. Financial Instruments

(I) Fair value of financial instruments that are not measured at fair value

Except as stated below, the Company's management believes that the carrying amount of financial instruments not measured at fair value approaches fair value.

	Book Value	Fair Valie			
		Level 1	Level 2	Level 3	Total
Financial Assets					
Financial Assets measured by amortized cost					

-U.S. government debt	$ 10,307	$ -	$ 10,046	$ -	$ 10,046
-Corporate bonds	44,063	-	43,656	-	43,656
Total	$ 54,370	$ -	$ 53,702	$ -	$ 53,702

The above-mentioned Level 2 fair value measurement is based on the quotation provided by the counterparty for evaluation.

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

1. Fair value hierarchy

December 31,2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed stocks	$ 57,165	$ -	$ -	$ 57,165
Financial assets at FVTOCI				
Investments in equity instruments				
－Domestic listed stocks	$ 10,286	$ -	$ -	$ 10,286
－Foreign unlisted stocks	-	-	4,592	4,592
Total	$ 10,286	$ -	$ 4,592	$ 14,878

December 31,2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed stocks	$ 80,413	$ -	$ -	$ 80,413
Financial assets at FVTOCI				
Investments in equity instruments				
－Domestic listed stocks	$ 9,759	$ -	$ -	$ 9,759
－Foreign unlisted stocks	-	-	3,405	3,405
Total	$ 9,759	$ -	$ 3,405	$ 13,164

There were no transfers between Levels 1 and 2 in 2023 and 2022.

2. Reconciliation of Level 3 fair value measurements of financial instruments

2023

Financial Assets	Financial Assets at FVTOCI
Balance at January 1	$ 3,405
Recognized in other comprehensive income (included in unrealized gain of financial assets at FVTOCI)	1,187
Balance at December 31	$ 4,592

2022

Financial Assets	Financial Assets at FVTOCI
Balance at January 1	$ 3,058
Recognized in other comprehensive income (included in unrealized gain of financial assets at FVTOCI)	347
Balance at December 31	$ 3,405

3. Valuation techniques and assumptions used in Level 3 fair value measurement.

The fair values of overseas unlisted corporate equity investments are estimated using the market approach with reference to the net value stated in the most recent financial statements of the investee company and based on the evaluation of similar companies and the operations of the investee company.

(III) Categories of financial instruments

	December 31, 2023	December 31, 2022
Financial assets		
Mandatorily measured at FVTPL	$ 57,165	$ 80,413
Financial assets measured at amortized Cost（Note 1）	450,286	366,060
Financial assets at FVTOCI Equity instruments	14,878	13,164
Financial Liabilities		
Financial liabilities measured by amortized cost (Note 2)	46,563	56,217

Note1：The balance includes financial assets measured at amortized cost, such as Cash and Cash Equivalents, Financial Assets Measured at Amortized Cost, Notes Receivable and Accounts Receivable, Other Receivables and Refundable Deposits.

Note2：The balance includes financial liabilities measured at amortized cost such as, notes payable(Include Related Party), accounts payable(Include Related Party), other payables and other financial Liabilities - restricted (recognized as other current and non-current Liabilities).

(IV) Financial risk management objectives and policies

The Company's major financial instruments include financial assets at FVTPL, financial assets measured at FVTOCI, accounts receivable, accounts payable, and lease liabilities etc. The Company's corporate treasury function coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk and other price rate), credit risk and liquidity risk.

1. Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and other price changed risk.

There had been no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

(1) Foreign currency risk

For the carrying amounts of monetary assets and monetary liabilities denominated in the non-functional currency at the balance sheet date , refer to Note 31.

<u>Sensitivity analysis</u>

The Company is mainly influenced by the USD & EUR exchange rate fluctuation.

The following table details the Company's sensitivity to a 10% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currency (U.S. dollar). 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included foreign cash, foreign currency deposit in bank, and receivable and payable in foreign currencies. The positive numbers in the following table represent the amount of increase in net profit before tax when functional currency depreciates 10% relative to the relevant currencies; when functional currency appreciates 10% relative to the relevant currencies, its impact on the net profit before tax will be the same negative number of the amount.

	Influence of USD		Influence of EUR	
	2023	2022	2023	2022
Profit or loss	$ 15,438	$ 4,305	$ 918	$ 792

The sensitivity of the group to the USD increased during the current period, mainly due to the increase in net assets denominated in USD during the current period.

The sensitivity of the Group to the EUR increased during the current period, mainly due to the increase in deposit in Euros during the current period.

(2) Interest rate risk

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rate risk at the end of the reporting period were as follows:

	December 31, 2023	December 31, 2022
Fair value interest rate risk		
－Financial Assets	$ 142,882	$ 142,882
－Financial Liabilities	3,542	3,542
Cash flow interest rate risk		
－Financial Assets	94,710	94,710

Sensitivity analysis

The sensitivity analysis below was determined based on the company's exposure to interest rates for non-derivative instruments at the end of the reporting period. A 50 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. 。

If the interest rate increases/decreases by 50 basis points and all other variables remain unchanged, the company's net income before tax in 2023 and 2022 will increase/decrease by NT$ 553 thousand and NT$ 474 thousand, mainly due to the company's exposure to demand deposit interest rate and short-term loan interest rate risk.

The company’s interest rate sensitivity increased during the period, which was mainly due to an increase in bank deposits with variable interest rates.

(3) Other Price Risk

The company's equity price exposure is caused by the investment of equity securities. The management of the company manages risks by holding different risk portfolios. The equity investment is strategical, not held for trading. Additionally, the company supervises periodical and evaluates price risk

Sensitivity analysis

The following sensitivity analysis is based on equity price exposure on the balance sheet date.

If equity prices rise/fall 10%, pre-tax profit or loss in 2023 and 2022 will increase/decrease by NT$ 5,717 thousand and NT$ 8,041 thousand due to the rise/fall in the fair value of financial assets measured by fair value through profit or loss. Other comperhensive profit and loss before tax in 2023 and 2022 will increase/decrease by NT$ 1,488 thousand and NT$ 1,316 thousand due to the increase/decrease in the fair value of financial assets measured at fair value through other comperhensive income or loss.

The sensitivity of the company to the Financial assets at FVTPL decreased during the current period, mainly due to the decrease investment of equity securities during the current period.

The sensitivity of the company to the Financial assets at FVTPL has not changed significantly in this year compared to the previous year.

2. Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. As of 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 the failure of the counterparty to discharge its obligation, is primarily equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Company uses publicly available financial information and its own trading records to rate its major customers. The Company’s exposure and the credit ratings of its counterparties are continually monitored.

The Company’s concentration of credit risk of 73% and 77% in total trade receivables as of December 31, 2023 and 2022, respectively, was related to customers who exceed 5% of the total receivables.

3. Liquidity risk

The company maintains sufficient bank deposit and financing amount , supervises expected and actual cash flow continuously. The maturities of financial assets and liabilities are matched to achieve the purpose of managing liquidity risk.

(1) Liquidity and interest rate risk tables for non-derivative financial liabilities

The remaining contract maturity analysis of non-derivative financial liabilities is based on the earliest possible repayment date of the Company and is compiled based on the undiscounted cash flows of financial liabilities.

December 31,2023

	On Demand or Less than 1 Month	1 Month - 3 Months	Over 3 Months to 1 Year	Over 1 Year to 5 Years
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 10,486	$ 36,077	$ -	$ -
Lease liabilities	353	705	3,113	6,6237

	$ 10,839	$ 36,782	$ 3,113	$ 6,6237

December 31,2022

	On Demand or Less than 1 Month	1 Month - 3 Months	Over 3 Months to 1 Year	Over 1 Year to 5 Years
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 10,669	$ 45,548	$ -	$ -
Lease liabilities	314	629	1,247	1,397
	$ 10,983	$ 46,177	$ 1,247	$ 1,397

(2) Financing facilities

	December 31, 2023	December 31, 2022
Unsecured bank overdraft facilities		
－Amount used	$ 35,000	$ 35,000
－Amount unused	110,000	110,000
	$ 145,000	$ 145,000

The company's financing line is used jointly with its subsidiary, and the used amount is the borrowings of the subsidiary.

XXVIII. Related Party Transaction

The terms of the transactions and the prices are negotiated separately, details of the transactions are disclosed below:

(I) The Company’s related parties

Name of Related Party	Relationship with the merged company
Tung Fa Liu Neng Co., Ltd.	Subsidiary
Lan Fa Textile Co., Ltd.	Other related parties
Anthony Poliang Yeh	Major Management
Chih-Ming Yeh	Other related parties (and the chairman of the company are two Relatives within the same degree of kinship)

(II) Purchases

Related Party	2023	2022
Lan Fa Textile Co., Ltd.	$ 6,056	$ 8,179

The trading conditions for the group to purchase goods from related parties are equivalent to those of general manufacturers.

(III) Payment in advance

Related Party	2023	2022
Lan Fa Textile Co., Ltd.	$ -	$ 1,676

(IV) Lease Agreement

Account Item	Related Party Name/Categories	December 31, 2023	December 31, 2022
Lease Labilities	Anthony Poliang Yeh/ Chih-Ming Yeh	$ 2,886	$ -

Related Party Name/Categories	2023	2022
Interest Expense		
Anthony Poliang Yeh/ Chih-Ming Yeh	$ 38	$ 6

The rental expenses of the group are leased offices from major management, the terms of the transaction are negotiated by both parties, rent is paid monthly.

(V) Related Party Payable

Account Item	Related Party Name/Categories	December 31, 2023	December 31, 2022
Note Payable	Lan Fa Textile Co., Ltd.	$ 1,212	$ -
Account Payable	Lan Fa Textile Co., Ltd.	$ 593	$ -

The balance of the outstanding accounts payable to related parties is not guaranteed.

(VI) Remuneration of key management personne

Provision of endorsements and guarantees to others

Related Party Name/Categories	December 31, 2023	December 31, 2022
Tung Fa Liu Neng Co., Ltd.		
Guarantee amount	$ 50,000	$ 50,000
Actual amount drawn down	35,000	35,000

(VII)Remuneration of key management personnel

	2023	2022
Short-term employee benefits	$ 11,946	$ 15,063
Post-employment benefits	402	393
	$ 12,348	$ 15,456

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

XXIX. Mortgaged Assets

The following assets of the company have been passed financing quota as collaterals, and guarantee deposits of purchasing goods from manufacturers.

	December 31, 2023	December 31, 2022
Land	$ 17,700	$ 17,700
Buildings	882	1,364
	$ 18,582	$ 19,064
Restricted assets	$ 500	$ 4,172

XXX. Significant or Indebted and Unrecognized Contractual Commitments

In addition to those stated in other notes, the company has the following significant commitments at the balance sheet date:

	December 31, 2023	December 31, 2022
Commitments for equipment purchasing and project contracts	$ 27,098	$ 39,419

XXXI. Assets And Liabilities Denominated In Foreign Currencies

The company's assets and liabilities denominated in foreign currencies were as follows:

December 31, 2023

	Foreign Currency (Thousand)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 5,034	30.71（USD：TWD）	$ 154,566
EUR	270	33.98（EUR：TWD）	9,178
Non-monetary items			
USD	1,920	30.71（USD：TWD）	58,962
Financial liabilities			
Monetary items			
USD	6	30.71（USD：TWD）	183

December 31, 2022

	Foreign Currency (Thousand)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 1,424	30.71（USD：TWD）	$ 43,719

EUR	242	32.72（EUR：TWD）	7,923
Non-monetary items			
USD	111	30.71（USD：TWD）	3,405
Financial liabilities			
Monetary items			
USD	22	30.71（USD：TWD）	674

The significant unrealized foreign exchange gains were as follows:

	2023		2022	
Foreign Currency	Exchange Rate	Foreign Exchange Loss	Exchange Rate	Foreign Exchange Loss
USD	31.155（USD：TWD）	($ 4,527)	29.805（USD：TWD）	($ 438)
EUR	33.70 （EUR：TWD）	$ 175	31.36 （EUR：TWD）	($ 45)

XXXII. Separatly Disclosed Items

(I) Information about significant transactions

1. Financing provided to others: None.
2. Endorsements/guarantees provided: Table 1.
3. Marketable securities held (excluding investments in subsidiaries): Table 2.
4. Marketable securities acquired or disposed of at costs or prices at least NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None.
6. Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
9. Trading in derivative instruments: None.

(II) Information on reinvestment business: Table 3

(III) Information on investments in China

1. The name, main business items, paid-in capital, investment method, capital remittance, shareholding ratio, investment profit

and loss, investment book value and remitted investment profit and loss of the invested company in China: None.

2. The following major transactions with China invested companies directly or indirectly through the third area, as well as their prices, terms of payment, unrealized profits and losses:None.
   (1) Balance and percentage at the end of the period of purchase amount and percentage and related payables: None.
   (2) Balance and percentage at the end of the period of sale amount and percentage and related payables: None.
   (3) The amount of property transactions and the amount of profit and loss generated: None.
   (4) Balance and purpose at the end of the period of note endorsement that guarantees or provides collateral: None.
   (5) Maximum balance, balance at the end of the period, interest rate range and total interest of the current period of financing: None.
   (6) Other transactions that have a significant impact on the current profit or loss or financial situation, such as the provision or receipt of labor services, etc: None.

(IV) Information of major shareholders: (the name, amount and proportion of shareholders with a shareholding ratio of 5% and more)：Table 4.

Evertex Fabrinology Limited

Provision of endorsements and guarantees to others

January 1 to December 31, 2023

Table 1

Unit：NTD thousand

NO.	Guarantor	Guaranteed		Limit on guarantees provided for a single party (Note 2)	Maximum amount guarantee during the period (Note 4)	Outstanding guarantee at the end of the period (Note 4)	Actual amount drawn down	Amount of guarantees secured with collateral	Ratio of accumulated guarantee amount to net asset value of the guarantor company (Note 3)	Ceiling on total amount of guarantees provided (Note 2)	Provision of guarantees by parent company to subsidiary (Note 5	Provision of guarantees by subsidiary to parent company (Note 5)	Provision of guarantees to the party in Mainland China (Note 5)	Remarks
		Company Name	Relationship											
0	The Company	Tung Fa Liu Neng Co., Ltd.	Note1	$ 428,835	$ 50,000	$ 50,000	$ 35,000	$ -	5.07%	$ 857,670	Y	-	-	

Note1: Associates in which the Company holds 50% of ordinary shares directly.

Note2: As for the amount of the Company's endorsement/guarantee provided to a single enterprise due to business dealings, the upper limit of the endorsement/guarantee provided shall not exceed one-half of the company's paid-in capital.

Note3: It is calculated according to the financial data of the company providing the endorsements/guarantees.

Note4: The maximum balance of endorsements/guarantees for the current period and the balance of endorsement/guarantee, end of period, are the amounts approved by the board of directors.

Note5: “Y” shall be entered only in the cases of endorsement/guarantee by the publicly listed parent to subsidiary; endorsement/guarantee by subsidiary to the publicly listed parent; endorsement/guarantee to entity in mainland china.

Evertex Fabrinology Limited

Markedable Securities Held (Do not include investment in subsidiaries)

December 31, 2023

Table 2 Unit: NTD thousand, thousands of share

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	End of term				Remarks (Note 4)
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Stocks							
	United Microelectronics Corporation	None	Financial Assets Measured at Fair Value through Profit or Loss	350	$ 18,410	-	$ 18,410	Note 1
	Zig Sheng Industrial Co., Ltd.	〃	〃	1,300	14,235	0.24	14,235	Note 1
	Prince Housing & Development Corp.	〃	〃	900	9,990	0.06	9,990	Note 1
	China Steel Corporation	〃	〃	200	5,400	-	5,400	Note 1
	Winbond Electronics Corporation	〃	〃	200	6,090	-	6,090	Note 1
	Grand Pacific Petrochemical Corporation	〃	〃	200	3,040	0.02	3,040	Note 1
	China Rebar Co., Ltd	〃	Financial Assets Measured at Fair Value through Profit or Loss	54	-	-	-	Note 2
	Taiyen Biotech Co.,Ltd	〃	Financial assets at fair value through other comprehensive income (FVTOCI) - current	301	10,286	0.15	10,286	Note 1
	Bright Wisdom Holdings Limited	〃	Financial assets at fair value through other comprehensive income (FVTOCI) – non-current	150	4,592	1.15	4,592	Note 3
	Bonds							
	3% U.S. Treasury Dollar Bonds		Financial assets measured at amortized cost – current	-	6,087	-	6,045	Note 4
	Royal Bank of Canada USD Corporate Bonds			-	3,057	-	3,033	Note 4
	Oracle Corporation USD Corporate Bond		Financial assets measured at amortized cost – non-current	-	3,002	-	2,971	Note 4
	GOTLI Group USD Corporate Bonds			-	3,004	-	3,102	Note 4
	United States Steel Corporation USD Bonds			-	5,298	-	5,262	Note 4
	Qualcomm Incorporated USD Corporate Bond			-	4,641	-	4,649	Note 4
	AT&T American Telephone & Telegraph U.S. Dollar Corporate Bonds			-	1,433	-	1,375	Note 4
	Verizon Communications Inc. USD Corporate Bonds			-	1,431	-	1,373	Note 4
	Apple USD Corporate Bonds			-	6,382	-	5,955	Note 4
	Berkshire Hathaway Financial Corporation USD Corporate Bonds			-	4,993	-	5,081	Note 4
	ORIX Corporation USD Corporate Bonds			-	4,823	-	4,714	Note 4
	Macquarie Bank Limited USD Corporate Bonds			-	3,088	-	3,066	Note 4
	3.25% U.S. Treasury Dollar Bond			-	4,220	-	4,001	Note 4

	The Estée Lauder Companies USD Corporate Bond			-	1,440	-	1,524	Note 4
	Boeing Co. USD Corporate Bonds			-	1,471	-	1,551	Note 4

Note 1:The market value is calculated based on the share's closing market price on December 31, 2023 from Taiwan Stock Exchange.

Note 2: Since China Rebar Co., Ltd has applied for reorganization at the end of 2006, delisting at April 11, 2007 , assessed that its value had been impaired, its book value was fully recognized as loss on valuation of financial asset in 2006.

Note 3: The fair value of foreign unlisted corporate equity investments are estimated using the market approach with reference to the net value of the investee company in its most recent financial statements of the invested company and based on the evaluation of similar companies and the operations of the investee company.

Note 4: None of the marketable securities held at the end of the period listed in the table above were pledged as collateral.

Note 5: None of the securities held at the end of the period were pledged.

Evertex Fabrinology Limited

Name, Locations, And Other Informations Of Investees On Which The Company Exercises Siginficant Infulence

January 1, 2023 to December 31, 2023

Table 3

Unit: Unless otherwise noted, it is NT$ thousand

Investor Company	Investee Company	Location	Main Business and Products	Investment Amount		Held at the end of the period			Net Income (Loss) of the Investee (Note 1 and 2)	Share of Profit (Note1 and 2)	Remarks
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount (Note1 and 2)			
The Company	Tung Fa Liu Neng Co., Ltd.	Taoyuan City	Self-usage power generation equipment utilizing renewable energy industry	$ 46,000	$ 46,000	4,600,000	100	$ 52,481	$ 4,223	$ 4,223	Subsidiary

Note1：The investment gains and losses of the subsidiaries accounted are calculated based on the financial statements that have been audited.

Note2：None of the marketable securities held at the end of the period listed in the table above were pledged as collateral.

Evertex Fabrinology Limited

Information Of Major Shareholders

December 31,2023

Table 4

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Chung-Fa Investment Co., Ltd.	9,055,566	10.55%
Da-Fa Investment Co., Ltd.	7,737,179	9.02%
Chih-Ming Yeh	4,459,478	5.19%

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 by the Company as of the last business day for the current quarter.

§STATEMENTS OF MAJOR ACCOUNTING ITEMS§

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Evertex Fabrinology Limited

Statement of cash and cash equivalent

December 31,2023

Statement 1

Unit: Unless otherwise noted, it is NT$ thousand

Items	Description	Amount
Petty cash		$ 302
Checking accounts and Demand deposits	Current Deposit	64,954
	Foreign Currency Deposit	45,678
	Check Deposit	8,101
Cash equivalent	Fixed deposit	78,942
		$ 197,977

Note: foreign currency deposits are translated at the spot exchange rate of USD: 30.705, EUR:33.98 on the balance sheet date.

Evertex Fabrinology Limited

Statement of Notes Receivable, Net

December 31,2023

Statement 2 Unit:NT$ thousand

Items	Client Name	Amouns
Notes Receivable－related party	Client A	$ 895
	Client B	860
	Client C	354
	Client C	207
	Others (Note)	33
		2,349
Less: Allowance for doubtful accounts		-
		$ 2,349

Note: The amount from each individual client included under “others” does not exceed 5% of the total account balance.

Evertex Fabrinology Limited

Statement of Accounts Receivable, Net

December 31,2023

Statement 3 Unit:NT$ thousand

Items	Client Name	Amouns
Accounts Receivable－related party	Client A	$ 18,626
	Client E	4,444
	Client F	4,417
	Client G	4,265
	Client H	3,532
	Client I	3,097
	Client J	2,681
	Others (Note)	10,729
		51,791
Less: Allowance for doubtful accounts		(252)
		$ 51,539

Note: The amount from each individual client included under “others” does not exceed 5% of the total account balance.

Evertex Fabrinology Limited

Statement of inventories

December 31,2023

Statement 4 Unit:NT$ thousand

Item	Amouns	Net Realizable Value	Guarantee situation
Raw materials	$ 71,187	$ 72,531	None
Work in process	58,478	97,056	〃
Finished goods	6,997	7,282	〃
Materials	3,946	4,020	〃
	$ 140,608	$ 180,889	

Evertex Fabrinology Limited

Schedule of Changes in Investment Using the Equity Method

2023

Statement 5

Unit: Unless otherwise noted, it is NT$ thousand

	Balance, January 1, 2023		Increase in Investment		Decrease in Investment		Profit or Loss from Investments	Balance, December 31, 2023			Market Price and Net Asset Value		
Investee	Number of Shares	Amouns	Number of Shares	Amouns	Number of Shares	Amouns (Note1)	(Note2)	Number of Shares	Shareholding Ratio(%)	Amouns	Unit Price	Amouns	Provision of Guarantee Invested Company or Pledge
Tung Fa Liu Neng Co., Ltd.	4,600,000	$ 51,557	-	$ -	-	($ 3,299)	$ 4,223	4,600,000	100	$ 52,481	11.41	$ 52,481	None

Note1: Reduction of amount in this year is cash dividends paid.

Note2: Recognized as Financial Statements Audited by Accountants.

Evertex Fabrinology Limited

Statement of changes in right-of-use assets

2023

Statement 6 Unit:NT$ thousand

Item	Balance, January 1, 2023	Increase During the Year	Decrease During the Year	Balance, December 31, 2023	Note
Buildings、Transportation equipment and Other Equipment	$12,295	$ 10,561	($ 698)	$ 22,158	

Evertex Fabrinology Limited

Statement of changes in accumulated depreciation of right-of-use assets

2023

Statement 7 Unit:NT$ thousand

Item	Balance, January 1, 2023	Increase During the Year	Decrease During the Year	Balance, December 31, 2023	Note
Buildings、Transportation equipment and Other Equipment	$ 8,782	$ 3,661	($ 675)	$ 11,768	

Evertex Fabrinology Limited

Statement of contract liabilities

December 31,2023

Statement 8 Unit:NT$ thousand

Client Name	Description	Amouns
Client K	Commodity Sales	$ 3,766
Client L	〃	2,818
Client M	〃	655
Others(Note)	〃	1,258
		$ 8,497

Note: The amount of contract liabilities due to each individual under “others” does not exceed 5% of total account balance.

Evertex Fabrinology Limited

Statement of notes payable

December 31,2023

Statement 9 Unit:NT$ thousand

Vendor Name	Description	Amouns
Non-related party		
Vendor N	〃	1,465
Vendor O	〃	1,202
Vendor P	〃	780
Vendor Q	〃	675
Vendor R		444
Others(Note)	〃	3,567
		$ 8,133

Note: The amount of accounts payable due to each individual vendor under "others" does not exceed 5% of the total account balance.

Evertex Fabrinology Limited

Statement of Accounts payable

December 31,2023

Statement 10 Unit:NT$ thousand

Vendor Name	Description	Amouns
Non-related party		
Vendor S	Payment	$ 3,044
Vendor T	〃	1,736
Vendor U	〃	1,473
Vendor V	〃	1,283
Vendor N	〃	1,157
Vendor W	〃	1,079
Others(Note)	〃	9,844
		$ 19,616

Note: The amount of contract liabilities due to each individual under “others” does not exceed 5% of total account balance.

Evertex Fabrinology Limited

Statement of lease liabilities

December 31,2023

Statement 11 | Unit:NT$ thousand

	Description	Lease Term	Discount Rate	Balance, End of Year	Note
Buildings、Transportation equipment and Other Equipment	Office、official car and stacker	1 to 5 years	1.15%～2.19%	$ 10,451	
Less: Listed as current part				(3,992)	
Lease liabilities - current				$ 6,459	

Evertex Fabrinology Limited

Statement of operating revenue

2023

Statement 12 Unit:NT$ thousand

Item	Description	Weight (metric tons)	Amouns
Merchandise sales revenue	round weave	753	$ 415,251
	warp knitting	331	74,794
	Others		11,295
Less: Sales discount			(933)
			500,407
Service revenue	warp knitting	1,076	76,734
	round weave	856	66,207
	fabric woven	22	1,797
	Others		184
Less: Sales discount			(1,496)
			143,426
			$ 643,833

Evertex Fabrinology Limited

Statement of Operating Costs

2023

Statement 13 Unit:NT$ thousand

Item	Cost of Goods Sold	Service Cost	Amount
Raw material			
Balance, beginning of year	$ 39,915	$ 54,063	$ 93,978
Add: raw materials purchased this year	122,782	54,209	176,991
Less: raw materials, end of year	(30,308)	(40,879)	(71,187)
Others	4,814	(538)	4,276
	137,203	66,855	204,058
Direct labor	4,939	60,542	65,481
Manufacturing Expense （include unallocated）	135,225	83,429	218,654
Manufacturing costs	277,367	210,826	488,193
Add: work in process, beginning of year	83,928	-	83,928
Less: Work in process, end of year	(58,478)	-	(58,478)
	302,817	210,826	488,193
Add: Finished goods, beginning of year	1,855	10,002	11,857
Less: Finished goods, end of year	(1,390)	(5,607)	(6,997)
Less: revenue from sale of leftovers and scrap	(27)	(1,503)	(1,530)
Add: Loss (reverse gain) on inventory valuation	52	(2,080)	(2,028)
Add: others	3,541	2,104	5,645
Operating cost	$ 306,848	$ 213,742	$ 520,590

Evertex Fabrinology Limited

Statement of manufacturing expenses

2023

Statement 14 Unit:NT$ thousand

Item	Amouns
Depreciation expenses	$ 42,842
fuel cost	37,679
Salaries (include pension)	30,365
Processing expenses	19,481
Utilities	28,263
Insurance	9,954
Environmental protection expenses	10,706
Other expenses (Note)	27,069
	$ 218,654

Note: The amount of each item under "others" does not exceed 5% of the total account balance.

Evertex Fabrinology Limited

Statement of operating expenses

2023

Statement 15

Unit: Unless otherwise noted, it is NT$ thousand

Item	Selling Expenses	Administrative Expenses	Expected Credit impairment losses Reversed gain	Amount
Salaries (include pension)	$ 35,032	$ 17,428	$ -	$ 52,460
Export charges	5,423	-	-	5,423
Delivery fee	6,036	-	-	6,036
Research and evelopment	4,565	-	-	4,565
Director's remuneration	-	3,655	-	3,655
Performing business fees	-	2,771	-	2,771
Insurance	-	1,432	-	1,432
Expected credit impairment losses	-	-	(147)	(147)
Other expenses (Note)	16,135	3,282	-	19,417
	$ 67,191	$ 28,568	($ 147)	$ 95,612

Note: The amount of each item under “others” does not exceed 5% of the total account balance

Evertex Fabrinology Limited

Summary Current Period of Employee Benefits, Depreciation and Expenses Incurred

In 2023 and 2022

Statement 16

Unit:NT$ thousand

	2023			2022		
	Classified as Cost of Revenue	Classified as Operating Expenses	Amount	Classified as Cost of Revenue	Classified as Operating Expenses	Amount
Labor cost (Note)						
Payroll expenses	$ 92,608	$ 50,342	$ 142,950	$ 97,516	$ 51,951	$ 149,467
Labor and health insurance expenses	9,954	4,419	14,373	10,153	4,373	14,526
Pension	3,240	2,118	5,358	3,526	2,166	5,692
Remuneration of directors	-	3,655	3,655	-	3,439	3,439
Other employees benefit expenses	2,616	1,807	4,423	2,630	1,883	4,513
	$ 108,418	$ 62,341	$ 170,759	$ 113,825	$ 63,812	$ 177,637
Depreciaton expenses	$ 42,842	$ 3,194	$ 46,036	$ 43,660	$ 4,650	$ 48,310
Amortization expenses	$ -	$ 95	$ 95	$ -	$ 139	$ 139

Note:

1. As of December 31, 2023 and 2022, the Company had 263 employees, respectively. There were 9 non-employee directors for 2023 and 2022

2. (1) Average labor costs for the years ended December 31, 2023 and 2022 were NT$658 thousand and NT$686 thousand, respectively. (Total employee benefit expenses - Total director's remuneration/Number of employees - Number of directors who are not part-time employees)

   (2) Average salary and bonus for the years ended December 31, 2023 and 2022 were NT$563 thousand and NT$588 thousand, respectively. (Total salary expenses/Number of employees - Number of directors who are not part-time employees)

3. The average salary and bonus increased by -4% year over year. (Average employee salary expense of the current year - Average employee salary expense of the previous year/Average employee salary expense of the previous year).

4. The company has an audit committee composed of independent directors to replace the supervisor.

5. The Company's compensation policies

   Principles of the formulation of the Company's compensation policies

   (1) Employees' compensation: Employees' compensation mainly includes basic salary (including base salary and meal allowance), performance bonus, personal performance annual salary adjustment and year-end bonus, etc. Salaries are determined based on the market rate, job category, academic experience, professional knowledge and skills, and professional years of experience; salaries offered are better than the average market salary in the same industry.

   (2) Remuneration of managers is determined based on the Company's profitability and business strategy as well as the performance and contribution of the managers with reference to the market salary, and is reviewed by the compensation committee and submitted to the board of directors for approval.

   (3) Remuneration of directors is based on the value of its participation and contribution to the company's operations, pay for the standards of peer industries. In addition, pay NT$10 thousand for transportation fee to every directors monthly

(4) The independent directors of the company receive fixed remuneration monthly, and paid travel expenses based on actual attendance at the board meeting.

(5) Employees' bonuses: Bonuses are issued based on the Company's operating performance and the individual performance of the employees.

(6) Annual salary adjustments: The Company conducts salary adjustments once a year to motivate the long-term development of employees, taking into consideration the overall economic environment, operating profit, employee performance appraisal results, with reference to the average market salary and overall salary adjustment situation of other companies in the same industry.

Employees' compensation and remuneration of directors and supervisors

The Company accrued employees' compensation and remuneration of directors and supervisors at rates of no less than 3% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors, after offsetting accumulated deficits, if any3.

V. Audited consolidated financial reports of the parent and subsidiaries in the most recent year: Please refer to page 113 to page 185 Audited financial reports of the Individual company in the most recent year: Please refer to page 186 to page 270.

VI. In case of insolvency of the Company and its affiliated companies in the most recent year to the date this report was printed: None.

VII. Review and Analysis of Financial Status and Performance and Risk Issues

I. Financial Status

Unit: NT$ thousand

Year / Item	2023	2022	Difference		Remarks
			Amount	%	
Current assets	655,574	702,235	(46,661)	-7%	-
Financial assets at fair value through other comprehensive income or loss	10,286	3,405	527	5%	-
Property, plant and equipment	406,012	400,331	5,681	1%	-
Intangible assets	109	204	(95)	-47%	-
Other assets	73,444	38,658	41,140	127%	-
Total assets	1,145,425	1,144,833	592	0%	-
Current liabilities	148,941	166,158	(17,217)	-10%	-
Long-term liabilities	-	-	-	-	-
Other liabilities	11,164	5,691	5,473	96%	-
Total liabilities	160,105	171,849	(11,744)	-7%	-
Share capital	857,670	857,670	-	-	-
Capital surplus	7,317	7,317	-	-	-
Retained earnings	121,983	111,361	10,622	10%	-
Other equity	(1,650)	(3,364)	1,714	-51%	-
Total equity	985,320	972,984	12,336	1%	-

Explanation:
The following is an analysis of the percentage change by 20% or more in the last two years, and the amount of change reached NT$10 million:
1. Other assets: Mainly due to the buy the US corporate bonds of NT41,006 thousand in 2023.

※The financial position as of December 31, 2023 and 2022 are based on International Accounting Standards.

II. Analysis of Financial Performance

Unit: NT$ thousand

Item	Year 2023	Year 2022	Increase (decrease) amount	Change ratio (%)	Remarks
Operating sales	655,221	845,152	(189,931)	-22%	-
Operating costs	525,403	670,834	(145,431)	-22%	-
Operating margin	129,818	174,318	(44,500)	-26%	-
Operating expenses	96,468	105,941	(9,473)	-9%	-
Other income and expense	1,094	0	1,094	N/A	-
Net Operating income	34,444	68,377	(33,933)	-50%	-
Non-operating income and expenditure	22,734	(18,376)	41,110	-224%	-
Net profit before tax	57,178	50,001	7,177	14%	-
Income tax expense	7,832	17,158	(9,326)	-54%	-
Net profit for the period	49,346	32,843	16,503	50%	-
Other comprehensive income, net	1,585	2,406	(821)	-34%	-
Total comprehensive income	50,931	35,249	15,682	44%	-

Explanation:
The following is an analysis of the percentage change by 20% or more in the last two years, and the amount of change reached NT$10 million:

1. Operating sales and costs: This is mainly due to the decrease in orders in 2023, which has significantly reduced both sales and costs.
2. Operating margin: Mainly due to the decrease in operating sales and costs in 2023.
3. Net Operating income: Mainly due to the decrease in operating sales and costs in 2023.
4. Non-operating income and expenses: It is mainly due to the increase in stock gain in 2023 compared with last year.
5. Net profit for the period: It is mainly due to the increase in non-operating revenue in 2023 compared with last year.
6. Total comprehensive income and loss: It is mainly due to the increase in non-operating revenue in 2023 compared with last year.

※The financial position as of December 31, 2023 and 2022 are based on International Accounting Standards.

III. Cash flows

(1) Analysis of cash flow changes in most recent year:

1. Operating activities: The Company’s net cash inflow from operating activities dcreased due to the decrease in account receivables for the year ended December 31, 2023.
2. Investing activities: Cash outflows from investing activities increased due to transfer idle funds into fixed deposit.
3. Financing activities: The cash dividends paid for 2023 were NT$0.45 per share, decrease from NT$0.8 per share in the previous period, so the net cash outflow from financing activities decreased.

(2) Plans for improving liquidity: The Company's liquidity is relatively high, so it is not applicable.
(3) Cash flow analysis for the coming year

Unit: NT$ thousand

Beginning cash balance①	Estimated full year net cash flows from operating activities	Estimated net cash outflow for full year	Estimated cash surplus ①＋②－③	Expected remedies for cash shortfalls	
				Investment plan	Financing plan
202,034	130,000	100,000	232,034	-	-

1. Analysis of cash flow changes in coming year:
   Operating activities: Mainly because the operating conditions in 2024 are expected to be better than those in 2023.
   Investing activities: The net cash outflow from investing activities is mainly due to the expected acquisition of equipment.
   Financing activities: The net cash outflow from investing activities is mainly due to the expected cash dividends paid.
2. Expected remedies for cash shortfalls and liquidity analysis:

IV. Impact of Major Capital Expenditures on Financial Operations in the Last Year: None.

V. Reinvestment policy in the most recent year, main reason for its profit or loss, improvement plan and investment plan for the next year

Explanation / The Company	Investment amount (Note) (NT$ thousand)	Policy	Main reason for profit or loss		Explanation	Improvement plan
			Profit or loss for the current period (NT$ thousand)	Investment gains/losses recognized for the current period (NT$ thousand)		
Tong Fa Green Energy Co., Ltd.	46,000	100% owned subsidiary by the Company	4,223	4,223	In 2023, Tong Fa Green Energy's solar power plant generated NT$11,388 thousand in revenue from electricity sales.	Continue to maintain the efficiency of the equipment for power generation and control the expenses.

VI. Risk Analysis and Assessment

(I) Impact of interest rate and exchange rate changes, and inflation on the company's profit and loss and future countermeasures:
The Company evaluates bank borrowing rates on a regular basis and keeps close relationship with banks to obtain more favorable borrowing rates. As for foreign exchange rates, the Company has a clear strategy for foreign exchange operations and a strict control process to monitor changes in foreign currencies.

(II) The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:
The Company shall follow the "Procedures for the Lending of Funds and Endorsement and Guarantee to Others" and "Procedures for the Acquisition or Disposal of Assets" stipulated by the Company. The Company provides endorsement and guarantee to its subsidiaries

mainly for their capital needs in order to enhance the flexibility of their working capital. At present, the interest payment and repayment made by the subsidiaries are normal and do not have a significant impact on the Company.

(III) Future R&D plans and estimated R&D expenses:

We continue to develop functional textile fabrics to create warm, comfortable, safe and stylish fabrics.

(1) Wool Wool and Tencel cotton blended single-sided fabric: The combination of wool and TENCEL can be easily decomposed in the soil and has minimal impact on the environment. The fabric has a soft feel, effective moisture wicking and odor control, providing the wearer with an excellent wearing experience, two-tone visual effect that combines functionality and leisure.

(2) Polyester fiber double-sided fabric: a new development of bicycle trousers. Compared with virgin polyester, the carbon emissions produced by recycled polyester components are reduced by 23% and the impact on water is reduced by 17%. It has excellent elasticity and will also be used in the future. Expanded use of new colors.

(3) Wet printed single-sided fabric: The fabric combines urban-style printing on the front and short velvet on the back, perfectly blending fashion and functionality. It has excellent moisture absorption and quick-drying functions, warmth-to-weight ratio, and first-class durability. It is ideal for outdoor mountaineering and outdoor sports. Fabric suitable for all casual occasions.

The Company estimates that it will invest approximately NT$5,000 thousand in research and development in 2024.

(IV) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response: The Company's countermeasures to address environmental issues are described on pages 92 to 95.

(V) Effect on the company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response

Effect	1. The textile manufacturing process relies on a high degree of labor, which cannot be completely replaced by automated production machines. Changes in technology can enhance the technology of weaving and dyeing equipment and improve productivity and energy efficiency. 2. As technology changes, the Company intends to refine the management aspect of information utilization.
Countermeasures	1. The Company continues to invest in the automated or technological equipment that is necessary to improve production efficiency and product quality. 2. We use information technology to continuously improve the ERP system and enhance management efficiency. 3. There is one dedicated information security supervisor and one dedicated information security staff member.

(VI) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response:

Effect	Since the Company was founded, we have been committed to providing good quality services and products to our customers and maximize the value for our customers, employees, and shareholders. We have complied with government regulations and strengthened our corporate governance for a long time, and have not experienced any major corporate image changes or business crises.
Countermeasures	The Company will immediately clarify any media reports that are not impartial and objective. As for the material information, the Company will immediately make an announcement in accordance with the law. We value the relationship with our customers, suppliers and investors, and uphold the policy of transparency and openness in our corporate governance to build a good reputation for the Company.

(VII) Expected benefits and possible risks concerning mergers and acquisitions: None.

(VIII) Expected benefits and possible risks concerning plant expansion: None.

(IX) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken: The Company has set a ceiling policy on the total amount of purchase and sales and strictly implements this policy.

(X) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken: None.

(XI) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: None.

(XII) List major litigious, non-litigious or administrative disputes that involve 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 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, the annual report shall 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.

(XIII) Other important risks, and mitigation measures being or to be taken: Please refer to page 51 - 55 for other risks and risk management countermeasures.

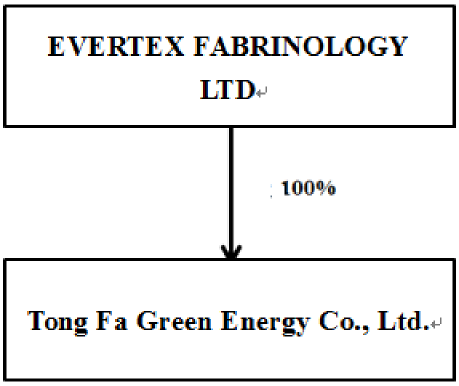
VII. Oher Important Matters: None.

VIII. Special Items To Be Included

I. Information relating to the company's affiliates:

The consolidated business report, consolidated financial statement, and affiliation report for the most recent fiscal year, compiled in accordance with the FSC's Regulations Governing Preparation of Consolidated Business Reports Covering Affiliated Enterprises, Consolidated Financial Statements Covering Affiliated Enterprises, and Reports on Affiliations.

(I) Organization Chart of Affiliated Enterprises



(II) Basic information of affiliated enterprises:

Unit: NT$ thousand

Company name	Date of establishment	Address	Paid-in capital	Main businesses
Tong Fa Green Energy Co., Ltd.	2017.07.05	No. 9, Rong'an Rd., Luzhu Dist., Taoyuan City 338028	46,000	General power producer

(III) The names of the directors, supervisors and of the affiliates:

Unit: share

Company name	Job title	Name or representative	Shareholding	
			Number of shares	Shareholding ratio
Tong Fa Green Energy Co., Ltd.	Chairman	Representative of EVERTEX FABRINOLOGY LTD.: Chung-Fa Yeh	4,600,000	100%
	Supervisor	Representative of EVERTEX FABRINOLOGY LTD.: Chih-Ming Yeh		

(IV) Operation Overview

Unit: NT$ thousand

Company name	Capital	Total assets	Total liabilities	Net worth	Net operating income	Operating profit	Current profit and loss (after tax)
Tong Fa Green Energy Co., Ltd.	46,000	91,887	39,406	52,481	11,388	5,718	4,223

II. Handling of private placement securities in the last year and as of the date of publication of the annual report: None.

III. Status of holding or disposal of the company's shares by subsidiaries in the last year and as of the date of publication of the annual report: None.

IV. Other necessary supplementary explanations: None.

V. In the most recent year and as of the date of publication of the annual report, if there is any matter that has a significant impact on shareholders' rights and interests or the price of securities as specified in subparagraph 2, paragraph 3, Article 36 of the Securities and Exchange Act: None.

EVERTEX FABRINOLOGY LTD

Chairman: Chung-Fa Yeh

May 24, 2024