

FORTUNE ELECTRIC CO., LTD.
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FORTUNE ELECTRIC CO., LTD.
Meeting Procedure for 2024 Annual Shareholders' Meeting

I. Call meeting to order

II. Chairman's address

III. Reported Matters

IV. Acknowledged Matters

V. Matters for Discussion

VI. Extemporaneous Motions

VII. Adjournment

FORTUNE ELECTRIC CO., LTD.
2024 Annual Shareholders' Meeting Agenda

Date: June 13, 2024, 9 a.m.

Place: 4F., No. 10, Jilin Rd., Jhongli Dist., Taoyuan City
(the Company's activity center)

Method of convention: Physical shareholders' meeting

I. Call meeting to order

II. Chairman's address

III. Reported Matters

1. 2023 Business Report
2. 2023 Audit Committee's Audit Report
3. 2023 Employees' and Directors' Remuneration Allocation Report
4. 2023 Cash Dividend Distribution Report

IV. Acknowledged Matters

1. 2023 Consolidated and Parent Company Only Financial Statement and Business Report
2. 2023 Earnings Distribution.

V. Matters for Discussion

1. Amendment of the Company's "Articles of Incorporation"
2. Transferring Earnings to Issue of New Shares
3. Amendment of the Company's "Regulations Governing Loaning of Funds to Others"

VI. Extemporaneous Motions

VII. Adjournment

Reported Matters

1. 2023 Business Report

Consolidated operating Revenue of the year 2023 was NT\$ 13,899,740 thousand, among the products, transformers were NT\$ 9,463,665 thousand, accounting for 68.09%, switchgear were NT\$ 1,532,978 thousand, accounting for 11.03%, and electrical distribution equipment were NT\$ 380,864 thousand, accounting for 2.74%, construction revenue was NT\$ 1,264,474 thousand, accounting for 9.10%, electricity sales revenue was NT\$ 21,507 thousand, and accounting for 0.15%, others were NT\$ 1,236,252 thousand, accounting for 8.89%, and net income was NT\$ 2,561,785 thousand, the revenue and profit exceeded expectation, and it was mainly caused by effects of three major growth momentum: green energy, tough electrical grid plan of Taiwan Power Company, and overseas electricity infrastructure.

FORTUNE ELECTRIC CO., LTD. and Subsidiaries

2023 Business Report

Unit: NTD\$ 1,000

1. Revenue:

(1) Operating revenue	13,899,740
(2) Exchange net profit (loss) Export tax rebate income	26,707
(3) Revenue of export tax rebate income settlement of claim	44,010
(4) Rental income	102,057
(5) Interest revenue	26,835
(6) Property transaction loss	(436)
(7) Claims income	47,304
(8) Government subsidies Others	14,756
(9) Income of subsidiaries and associates for using equity method	(758)
(10) Others	7,308
Sum of revenues	14,167,523

2. Expense:

(1) Operating costs	9,565,721
(2) Operating expenses	1,480,437
(3) Interest expense	49,285
Sum of expenses	11,095,443

3. Net income before tax	3,072,080
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Comparison of Operation between Fiscal Years of 2023 and 2022

1. Operating revenue

Unit: NTD\$ 1,000

Item/Years	2023	2022	Increase (decrease) %
Transformer	9,463,665	5,425,187	74.44
Switchgear	1,532,978	874,468	75.30
Construction	1,264,474	509,002	148.42
Electrical distribution equipment	380,864	214,843	77.28
Electricity sales revenue	21,507	11,899	80.75
Others	1,236,252	715,328	72.82
Sum	13,899,740	7,750,727	79.33

2. Operating conditions

Unit: NTD\$ 1,000

Item/Years	2023	2022	Increase (decrease) %
Operating revenue	13,899,740	7,750,727	79.33
Operating costs	9,565,721	6,163,119	55.21
Operating margin	4,334,019	1,587,608	172.99
Operating expenses	1,480,437	1,158,381	27.80
Operating net profit	2,853,582	429,227	564.82

3. Net profit and total comprehensive income

Unit: NTD\$ 1,000

Item/Years	2023	2022	Increase (decrease) %
Income from continuing operations before income tax	3,072,080	949,780	223.45
Net income attributable to:			
stockholders of the parent	2,577,260	838,249	207.46
non-controlling interests	(15,475)	(15,945)	2.95
Net income	2,561,785	822,304	211.54
Other comprehensive income or loss	(42,090)	4,295	(1,079.98)
Total comprehensive income attributable to:			
stockholders of the Company	2,535,170	842,544	200.89
Non-controlling interests	(15,475)	(15,945)	2.95
Total comprehensive income	2,519,695	826,599	204.83

Chairman: Hsu, Bang-Fu

General Manager: Hsu, I-Sheng,
Hsu, I-Te

Accounting Supervisor: Chiu, Hsu-Lan

Operating Prospect

1. 2024 Operating policy

- (1) We will continue to raise core business competitiveness and expand capacity to satisfy niche markets, ensure quality and work safety, and increase profits to grow steadily, become international famous electrical machinery plant.
- (2) The Company has enhanced professional strength of mechatronic and green energy, integrated models of new products, new markets, new business and new commerce for diversified development of group resources, and expand deployment and development of energy business.
- (3) Optimizing operation constitution to construct high effective team, implementing ESG friendly work place, increasing image to sustainably develop, and creating happy enterprise.

2. The Company's future strategy, influence of external competitive environment, regulatory environment and overall operating environment

In the aspect of overall economy: along with the end of the epidemic of COVID-19, and lift rates, inflation will be end, however, global economy has still influenced by an unexpected risk impact of international geopolitics. Domestic and foreign forecasting agencies have kept pessimistic view for global outlook of year 2024. The latest estimated global economic growth rate of IMF is 3.1%, the forecast of World bank is 2.4%, and estimated annual growth rate of economic cooperation and OECD is 2.9%, domestic major agency has separate estimation of Taiwan economic growth as follows: the estimation of Accounting General Office is 3.35%, the estimation of Academia Sinica is 3.02%, the estimation of Taiwan Institute of Economic Research is 3.15%, and the estimation of Chung-Hua Institution for Economic Research is 3.03%, etc., and all show forecasting of domestic and foreign forecasting agencies is higher than year 2023.

In the aspect of individual economy: as the electricity industry is affected to nearly ferment by net zero emissions issue of year 2050, and explosion of new technologies, such as AI, etc., cycle demand of green electricity construction, electricity construction, and electricity quality improvement, green energy, electrical grid strength plan of Taiwan Power Company and foreign electricity infrastructure have become the Company's three major growth momentum at present and in the future. As lifting of the epidemic, lack of labor and materials, in addition, global trends such as net zero emission, energy transformation, and electrical grid strength and policies, etc. have enhanced, and it caused supply and demand imbalance of electricity equipment and extension of delivery, and transformer market has rapidly grown from year 2022. Under the promotion of acts, like "Inflation Reduction Act", etc., United States Department of Energy. estimates needs of contiguous United States increase 64% of transmission lines within the area, and 114% of cross-regional transmission capacity, and estimated transformer demand has 7-8% compound annual growth rate.

Power equipment industry has characters of capital denseness, technology denseness, and gaining customer's trust and adoption with long-term achievement and identification, and the competitor is difficult to enter in markets in short-term or competitiveness increases. FORTUNE ELECTRIC CO., LTD. has developed in northern America market for nearly 30 years, and to strive for customer recognition, the Company has delivered transformers of 11, 22, 66, 230, 500KV to international famous verification agency KEMA, and completed the strictest short circuit trial and identification with lower than average passing rate 50%, and under customers' several coming and review in northern America market, the company has simultaneously used excellent pre-sale and after-sale services, design and components, and maximum standardization, expanded capacity to provide reasonable price and delivery date for customers, and let customers have confidence to purchase higher voltage and other transformers with larger capacity year by year, and extended the gap between competitor and raised proportion by it.

Estimating from above aspects of domestic and foreign overall and industry individual economy, the Company's development can be expected in 5-8 years, and the Company will still continue to grow, and expand capacity for satisfying market demand.

FORTUNE ELECTRIC CO., LTD. is the leader of domestic heavy electricity industry, has accumulated key technologies of professional customization for more than fifty years, and has firmly rooted in traditional electricity field. The whole group has several modernized plants, the most complete domestic product lines, maximum product capacity of transformers, the highest voltage, the most certifications of Taiwan Power Company, the largest professional heavy electricity plants, and was the winner of Awards for Excellent Trading Businesses being the number one of export amount of equipment for power transmission and distribution.

The Company's business has raised to electricity system integration service from traditional electricity equipment supply, and continually adjust operation strategy with the time and market change:

- Integrating the group's internal sources, devoting time to important customers, expanding niche market and innovating professional services;
- Continuously suing industrial intelligence 4.0 to manufacturing upgrade, design standardization, process optimization, purchase strategy intellectualization, quality optimization, lean management and digitalization, and asset optimization to raise product quality and work efficiency, enhance and optimize for products and business competitiveness, and satisfy, even exceed customers' needs and satisfaction;
- Elaborating domestic and foreign important supplier operation management, raising reliance on loyalty to acquire prioritized cooperation advantages and create a win-win situation, showing competitive advantages of group differentiation, and steadily expanding domestic and foreign markets;
- Accelerating to cultivate professional talent in renewable energy field, establishing system integration group to enhance technology ability of green energy;
- Steadily evaluating optimized operation method to participate in relevant diversified investment, making good use of financial resources for utilization of financial leverage, establishing and deploying diversified income, and adjusting the Company's constitution to seize recovery opportunity after the epidemic;
- Market operation strategy, continuously providing professional quality pre-sale and after-sale services and maintenance of including non-the Company's equipment to enhance current and develop potential markets and customers, and controlling elimination and change demand of domestic and foreign tough electricity grid in Taiwan Power Company and U.S, etc.

Except placing emphasis on operating benefits, FORTUNE ELECTRIC CO., LTD. upholds missions of "safe employees", "safe customers", "safe shareholders" and "safe society", regards regulatory compliance and corporate governance as the primary core value, continuously puts efforts in employee care, friendly work place, creates a happy work environment, implements the diversification of board of directors' members, and protects shareholders' equity, and ensures sustainable operation and steady growth. The Company also concerns about the issues of human rights, environmental protection, health and safety, and community involvement etc., simultaneously strives for corporate governance and ethical operation, expands green energy business, takes corporate social responsibility, and does its duty of environmentally sustainable coexistence. In conclusion, the Company will constantly root the core strength, develop intelligent manufacturing, seize the market opportunity, and invest in ESG to practice corporate sustainability as a purpose for satisfying the expectation of FORTUNE ELECTRIC CO., LTD. from all walks of life.

2. 2023 Audit Committee's Audit Report

Audit Committee's Audit Report

Board of Directors prepared financial statements, business report, and earnings distribution proposal of the year 2023, the financial statements therein were audited by accountants Lee, Suei-Chin and Chou, Shih-Jieh of Deloitte, Taiwan and audit report has been offered. The audit report and business report have been reviewed by Audit Committee. The preceding financial statements, business report, and earnings distribution proposal were reviewed and determined to be correct and accurate by Audit Committee members. According to Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

For your approval.

Faithfully

2024 Annual Shareholders' Meeting of the Company

FORTUNE ELECTRIC CO., LTD.

Convener of the audit committee: Hu, Len-Kuo

March 8, 2024

3. 2023 Employees' and Directors' Remuneration Allocation Report

- (1) According to Article 27 of the Company's Articles of Incorporation, when the Company has annual profits (means that deducted income before employees' and directors' remunerations from before-tax income), shall allocate more than 3% of employees' remuneration, and less than 2% of directors' remuneration.
- (2) Programed to appropriate 5% of employees' remuneration, the sum was NT\$ 165,073,000, and 1.50% of directors' remuneration from profits of year 2023, the sum was NT\$ 49,522,000, all paid in cash.
- (3) After proposed, it was approved by board of directors on March 8, 2024, for your approval.

4. 2023 Cash Dividend Distribution Report

- (1) The Company programed to distribute cash dividends in 2023, the sum was NT\$ 1,566,351,288 per share was NT\$ 6.
- (2) Afterwards the Company's share fluctuation influenced number of outstanding shares, the payout ratio fluctuation caused by it was programed to give the authorized chairman a free hand.
- (3) According to the distribution ratio, cash dividends shall be calculated to dollar, with amounts of less than NT\$ 1.00 unconditionally rounded down. The fractional sum of less than NT\$ 1.00, decimal point numbers shall be adjusted by descending order, and account numbers shall be adjusted in sequence, to meet the cash dividends total.
- (4) After proposed, it was approved by board of directors on March 8, 2024, for your approval.

Acknowledged Matters

ONE

Proposed by board of directors

Proposal: 2023 consolidated and parent company only financial statements and the business report, for your approval.

Explanation:

- (1) The Company's consolidated and individual financial statements of the year 2023 were made, together with the business report, after the approval of the audit committee, were reported to be approved by board of directors on March 8, 2024, and then reported to a regular shareholders' meeting for approval in accordance with the regulations.
- (2) The preceding book and statements, please refer to P.10-19 and 20-29, of the agenda, for your approval.

Resolution:

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Fortune Electric Co., Ltd.

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of 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 of Fortune Electric Co., Ltd. and its subsidiaries 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 stated as follows:

Occurrence of Revenue Recognition from New Customers among Top Ten Customers

The Group's operating revenues include the sales of transformers, distribution panels and other related products and the revenues are mainly from several major customers. The Group's revenue from new customers among the top ten customers accounted for the 15% of the revenue in the year ended December 31. Due to the significance of the revenues and the major changes of customer portfolio, we identified the occurrence of revenue from new customers among the top ten customers to be a key audit matter. Refer to Note 4 of the consolidated financial statements of the accounting policies and details of revenue recognition.

In respect of this key audit matter, the following procedures were performed:

1. We obtained understanding of the design and implementation of related internal controls and tested the operating effectiveness of the key controls over the occurrence of revenue recognition.
2. We selected sample from some sales transactions of the new customers among top ten customers, and we traced to the original documents such as customer orders, delivery orders, documents signed by customers and payment documents to confirm the occurrence without exception.
3. We evaluated the reasonableness of the contract terms of the new customers among the top ten customers by reviewing their relevant background information.

Other Matter

We have also audited the parent company only financial statements of Fortune Electric Co., Ltd., as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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 misstatements, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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


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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Suei-Chin Lee and Shih-Chieh Chou.

 SHIH CHIEH CHOU

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 8, 2024

Notice to Readers

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

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

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of NT\$ and US\$)

	2023		2022
	NT\$	US\$ (Note 4) (Unaudited)	NT\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents (Notes 4 and 6)	\$ 1,737,486	\$ 56,577	\$ 595,630
Financial assets at amortized cost - current (Notes 4, 9 and 33)	219,106	7,135	241,607
Contract assets (Notes 4, 22 and 24)	2,037,295	66,340	1,457,760
Notes receivable (Notes 4 and 24)	95,968	3,125	95,625
Trade receivables from unrelated parties (Notes 4, 10 and 24)	2,372,784	77,264	2,046,524
Current tax assets (Notes 4 and 26)	22,286	726	21,513
Inventories, net (Notes 4 and 11)	5,441,259	177,182	4,204,838
Prepayments	453,494	14,767	303,601
Other current assets (Notes 22 and 33)	<u>187,100</u>	<u>6,092</u>	<u>150,627</u>
Total current assets	<u>12,566,778</u>	<u>409,208</u>	<u>9,117,725</u>
NON-CURRENT ASSETS			
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	288,752	9,403	312,386
Financial assets at amortized cost - non-current (Notes 4, 9 and 33)	18,241	594	8,129
Investments accounted for using the equity method (Notes 4 and 13)	2,328	76	2,405
Property, plant and equipment (Notes 4, 14 and 33)	2,080,565	67,749	1,976,677
Right-of-use assets (Notes 4, 15 and 32)	142,867	4,652	129,011
Intangible assets (Notes 4 and 16)	66,429	2,163	56,528
Deferred tax assets (Notes 4 and 26)	30,498	993	38,150
Other non-current assets (Note 33)	<u>50,310</u>	<u>1,638</u>	<u>59,427</u>
Total non-current assets	<u>2,679,990</u>	<u>87,268</u>	<u>2,582,713</u>
TOTAL	<u>\$ 15,246,768</u>	<u>\$ 496,476</u>	<u>\$ 11,700,438</u>
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Short-term borrowings (Notes 4, 17 and 33)	\$ 20,000	\$ 651	\$ 896,751
Short-term bills payable (Notes 4 and 17)	219,747	7,156	349,564
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	-	-	279
Contract liabilities (Notes 4, 22 and 24)	2,855,544	92,984	1,572,104
Trade payables to unrelated parties (Notes 4 and 18)	3,342,361	108,836	2,149,731
Trade payables to related parties (Notes 4 and 32)	623	20	53
Other payables (Note 19)	1,160,643	37,794	531,883
Current tax liabilities (Notes 4 and 26)	515,783	16,795	19
Provisions (Notes 4 and 20)	18,522	603	11,496
Lease liabilities - current (Notes 4, 15 and 32)	19,622	639	15,537
Long-term loans due within one year (Notes 4, 17 and 33)	150,000	4,885	791,800
Other current liabilities	<u>474,586</u>	<u>15,454</u>	<u>91,354</u>
Total current liabilities	<u>8,777,431</u>	<u>285,817</u>	<u>6,410,571</u>
NON-CURRENT LIABILITIES			
Long-term borrowings (Notes 4, 17 and 33)	100,000	3,256	720,000
Deferred tax liabilities (Notes 4 and 26)	84,734	2,759	120,378
Lease liabilities - non-current (Notes 4, 15 and 32)	123,534	4,023	115,867
Net defined benefit liabilities (Notes 4 and 21)	5,105	166	42,612
Guarantee deposit received	<u>23,371</u>	<u>761</u>	<u>25,737</u>
Total non-current liabilities	<u>336,744</u>	<u>10,965</u>	<u>1,024,594</u>
Total liabilities	<u>9,114,175</u>	<u>296,782</u>	<u>7,435,165</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	<u>2,610,585</u>	<u>85,008</u>	<u>2,610,585</u>
Capital surplus	<u>86,956</u>	<u>2,832</u>	<u>86,685</u>
Retained earnings			
Legal reserve	559,914	18,232	473,469
Special reserve	59,483	1,937	37,578
Unappropriated earnings	<u>2,798,183</u>	<u>91,116</u>	<u>994,867</u>
Total retained earnings	<u>3,417,580</u>	<u>111,285</u>	<u>1,505,914</u>
Other equity			
Exchange differences on translation of the financial statements of foreign operations	(50,385)	(1,641)	(44,877)
Unrealized gain or loss on financial assets at fair value through other comprehensive income	<u>(38,240)</u>	<u>(1,245)</u>	<u>(14,606)</u>
Total other equity	<u>(88,625)</u>	<u>(2,886)</u>	<u>(59,483)</u>
Total equity attributable to owners of the Company	6,026,496	196,239	4,143,701
NON-CONTROLLING INTERESTS	<u>106,097</u>	<u>3,455</u>	<u>121,572</u>
Total equity	<u>6,132,593</u>	<u>199,694</u>	<u>4,265,273</u>
TOTAL	<u>\$ 15,246,768</u>	<u>\$ 496,476</u>	<u>\$ 11,700,438</u>

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

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of NT\$ and US\$, Except Earnings Per Share)

	2023		2022
	NT\$	US\$ (Note 4) (Unaudited)	NT\$
OPERATING REVENUES (Notes 4, 24, 32 and 38)			
Sales	\$ 12,635,266	\$ 411,439	\$ 7,241,725
Construction revenue	<u>1,264,474</u>	<u>41,175</u>	<u>509,002</u>
Total operating revenues	<u>13,899,740</u>	<u>452,614</u>	<u>7,750,727</u>
OPERATING COSTS (Notes 4, 11, 21, 25 and 32)			
Cost of goods sold	8,408,155	273,792	5,580,833
Construction costs	<u>1,157,566</u>	<u>37,692</u>	<u>582,286</u>
Total operating costs	<u>9,565,721</u>	<u>311,484</u>	<u>6,163,119</u>
GROSS PROFIT	<u>4,334,019</u>	<u>141,130</u>	<u>1,587,608</u>
OPERATING EXPENSES (Notes 4, 21, 25, 32 and 34)			
Selling and marketing expenses	800,760	26,075	766,511
General and administrative expenses	481,361	15,675	267,379
Research and development expenses	214,461	6,983	148,317
Expected credit gain (Note 10)	<u>(16,145)</u>	<u>(526)</u>	<u>(23,826)</u>
Total operating expenses	<u>1,480,437</u>	<u>48,207</u>	<u>1,158,381</u>
PROFIT FROM OPERATIONS	<u>2,853,582</u>	<u>92,923</u>	<u>429,227</u>
NON-OPERATING INCOME AND EXPENSES			
Interest income (Notes 4 and 25)	26,835	874	8,219
Other income (Notes 25 and 32)	216,601	7,053	40,960
Other gains and losses (Notes 4, 25 and 28)	25,105	817	517,537
Finance costs (Notes 25 and 32)	(49,285)	(1,605)	(46,911)
Share of gain (loss) of associates and joint ventures (Note 13)	<u>(758)</u>	<u>(25)</u>	<u>748</u>
Total non-operating income and expenses	<u>218,498</u>	<u>7,114</u>	<u>520,553</u>
PROFIT BEFORE INCOME TAX	3,072,080	100,037	949,780
INCOME TAX EXPENSE (Notes 4 and 26)	<u>510,295</u>	<u>16,617</u>	<u>127,476</u>
NET PROFIT FOR THE YEAR	<u>2,561,785</u>	<u>83,420</u>	<u>822,304</u>

(Continued)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of NT\$ and US\$, Except Earnings Per Share)

	2023		2022
	NT\$	US\$ (Note 4) (Unaudited)	NT\$
OTHER COMPREHENSIVE INCOME AND LOSS (Note 4)			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit plans (Note 21)	\$ (16,185)	\$ (527)	\$ 32,750
Unrealized gain on investments in equity instruments at fair value through other comprehensive income (Note 23)	(23,634)	(769)	(3,647)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 26)	<u>3,237</u>	<u>106</u>	<u>(6,550)</u>
	<u>(36,582)</u>	<u>(1,190)</u>	<u>22,553</u>
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of the financial statements of foreign operations	<u>(5,508)</u>	<u>(181)</u>	<u>(18,258)</u>
Total other comprehensive loss	<u>(42,090)</u>	<u>(1,371)</u>	<u>4,295</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,519,695</u>	<u>\$ 82,049</u>	<u>\$ 826,599</u>
NET PROFIT ATTRIBUTABLE TO:			
Owners of the Company	\$ 2,577,260	\$ 83,923	\$ 838,249
Non-controlling interests	<u>(15,475)</u>	<u>(503)</u>	<u>(15,945)</u>
	<u>\$ 2,561,785</u>	<u>\$ 83,420</u>	<u>\$ 822,304</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the Company	\$ 2,535,170	\$ 82,552	\$ 842,544
Non-controlling interests	<u>(15,475)</u>	<u>(503)</u>	<u>(15,945)</u>
	<u>\$ 2,519,695</u>	<u>\$ 82,049</u>	<u>\$ 826,599</u>
EARNINGS PER SHARE (Note 27)			
From continuing operations			
Basic	<u>\$9.87</u>	<u>\$0.32</u>	<u>\$3.21</u>
Diluted	<u>\$9.85</u>	<u>\$0.32</u>	<u>\$3.20</u>

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

(Concluded)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of NT\$ and US\$)

	Equity Attributable to Owners of the Company											
	Share Capital (Notes 4 and 24)	Capital Surplus (Note 23)	Retained Earnings (Note 23)				Other Equity (Notes 4, 8 and 23)			Controlling Interests	Non-controlling Interests	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Total			
BALANCE AT JANUARY 1, 2022	\$ 2,610,585	\$ 3,484	\$ 444,315	\$ 15,347	\$ 442,862	\$ 902,524	\$ (26,619)	\$ (10,959)	\$ (37,578)	\$ 3,479,015	\$ 40,722	\$ 3,519,737
Appropriation of 2021 earnings												
Legal reserve	-	-	29,154	-	(29,154)	-	-	-	-	-	-	-
Special reserve	-	-	-	22,231	(22,231)	-	-	-	-	-	-	-
Cash dividends distributed by the Company - NT\$1 per share	-	-	-	-	(261,059)	(261,059)	-	-	-	(261,059)	-	(261,059)
	-	-	29,154	22,231	(312,444)	(261,059)	-	-	-	(261,059)	-	(261,059)
Unclaimed cash dividends from shareholders	-	(6)	-	-	-	-	-	-	-	(6)	-	(6)
Changes in percentage of ownership interests in subsidiaries	-	83,207	-	-	-	-	-	-	-	83,207	96,795	180,002
Net profit for the year ended December 31, 2022	-	-	-	-	838,249	838,249	-	-	-	838,249	(15,945)	822,304
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	26,200	26,200	(18,258)	(3,647)	(21,905)	4,295	-	4,295
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	864,449	864,449	(18,258)	(3,647)	(21,905)	842,544	(15,945)	826,599
BALANCE AT DECEMBER 31, 2022	2,610,585	86,685	473,469	37,578	994,867	1,505,914	(44,877)	(14,606)	(59,483)	4,143,701	121,572	4,265,273
Appropriation of 2022 earnings												
Legal reserve	-	-	86,445	-	(86,445)	-	-	-	-	-	-	-
Special reserve	-	-	-	21,905	(21,905)	-	-	-	-	-	-	-
Cash dividends distributed by the Company - NT\$2.50 per share	-	-	-	-	(652,646)	(652,646)	-	-	-	(652,646)	-	(652,646)
	-	-	86,445	21,905	(760,996)	(652,646)	-	-	-	(652,646)	-	(652,646)
Unclaimed cash dividends from shareholders	-	271	-	-	-	-	-	-	-	271	-	271
Net profit for the year ended December 31, 2023	-	-	-	-	2,577,260	2,577,260	-	-	-	2,577,260	(15,475)	2,561,785
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(12,948)	(12,948)	(5,508)	(23,634)	(29,142)	(42,090)	-	(42,090)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	2,564,312	2,564,312	(5,508)	(23,634)	(29,142)	2,535,170	(15,475)	2,519,695
BALANCE AT DECEMBER 31, 2023	\$ 2,610,585	\$ 86,956	\$ 559,914	\$ 59,483	\$ 2,798,183	\$ 3,417,580	\$ (50,385)	\$ (38,240)	\$ (88,625)	\$ 6,026,496	\$ 106,097	\$ 6,132,593
BALANCE AT DECEMBER 31, 2022 (IN U.S. DOLLARS)	\$ 85,008	\$ 2,832	\$ 18,232	\$ 1,937	\$ 91,116	\$ 111,285	\$ (1,641)	\$ (1,245)	\$ (2,886)	\$ 196,239	\$ 3,455	\$ 199,694

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

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of NT\$ and US\$)

	2023		2022
	NT\$	US\$ (Note 4) (Unaudited)	NT\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax	\$ 3,072,080	\$ 100,037	\$ 949,780
Adjustments for:			
Depreciation expense	144,850	4,717	127,296
Amortization expense	27,575	898	22,701
Expected credit gain recognized on trade receivables	(16,145)	(526)	(23,826)
Finance costs	49,285	1,605	46,911
Interest income	(26,835)	(874)	(8,219)
Share of loss of associate	758	25	(748)
Loss on disposal of property, plant and equipment	436	14	3,550
Dealing with subsidiaries' interests	-	-	(468,312)
(Reversal) write-down of inventories	(29,891)	(973)	43,844
Unrealized net gain on foreign currency exchange	19,858	646	6,694
Provisions	7,026	229	276
Gain on remeasurement of lease arrangements	(37)	(1)	-
Changes in operating assets and liabilities			
Financial instruments at fair value through profit or loss	(279)	(9)	279
Contract assets	(579,535)	(18,871)	(39,618)
Notes receivable	(339)	(11)	(18,082)
Trade receivables	(330,857)	(10,774)	372,938
Inventories	(1,268,553)	(41,307)	(1,509,054)
Prepayments	(150,638)	(4,905)	(110,889)
Other current assets	(34,564)	(1,126)	136,555
Contract liabilities	1,284,006	41,811	1,076,248
Notes and trades payable	1,194,431	38,894	(130,259)
Trade payables to related parties	570	19	(33)
Other payables	634,185	20,650	142,479
Other current liabilities	383,232	12,478	434,466
Net defined benefit liabilities	(53,692)	(1,748)	(54,039)
Cash generated from operations	4,326,927	140,898	1,000,938
Interest received	26,659	868	8,278
Interest paid	(52,226)	(1,701)	(45,791)
Income tax paid	(20,060)	(653)	(125,609)
Net cash generated from operating activities	4,281,300	139,412	837,816
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of financial assets at amortized cost	-	-	(144,446)
Disposal of financial assets measured at amortized cost	12,389	403	-

(Continued)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of NT\$ and US\$)

	2023		2022
	NT\$	US\$ (Note 4) (Unaudited)	NT\$
Disposal subsidiaries (Note 28)	\$ -	\$ -	\$ (72,136)
Payments for property, plant and equipment	(118,140)	(3,847)	(110,575)
Acquisition of investments accounted for using the equity method	(1,000)	(33)	-
Proceeds from disposal of property, plant and equipment	-	-	2,194
Increase in refundable deposits	(12,209)	(398)	(12,133)
Payments for intangible assets	(37,180)	(1,211)	(35,723)
Increase in prepayments for equipment	<u>(28,218)</u>	<u>(919)</u>	<u>(28,475)</u>
Net cash used in investing activities	<u>(184,358)</u>	<u>(6,005)</u>	<u>(401,294)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings	-	-	4,755
Proceeds from short-term bills payable	(875,601)	(28,512)	-
Repayment of short-term bills payable	(129,817)	(4,227)	(200,115)
Proceeds from long-term borrowings	-	-	310,000
Repayments of long-term borrowings	(1,261,800)	(41,088)	-
Proceeds from guarantee deposits received	-	-	8,410
Refund of guarantee deposits received	(2,366)	(77)	-
Repayment of the principal portion of lease liabilities	(23,567)	(767)	(13,748)
Unclaimed share	271	9	(6)
Change in non-controlling interests	-	-	180,000
Issue of cash dividends	<u>(652,646)</u>	<u>(21,252)</u>	<u>(261,059)</u>
Net cash (used in) generated from financing activities	<u>(2,945,526)</u>	<u>(95,914)</u>	<u>28,237</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(9,560)</u>	<u>(311)</u>	<u>(38,110)</u>
NET INCREASE IN CASH	1,141,856	37,182	426,649
CASH AT THE BEGINNING OF THE YEAR	<u>595,630</u>	<u>19,395</u>	<u>168,981</u>
CASH AT THE END OF THE YEAR	<u>\$ 1,737,486</u>	<u>\$ 56,577</u>	<u>\$ 595,630</u>

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

(Concluded)

Independent Auditors' Report

To Fortune Electric Co., Ltd.

Opinion

We have audited the accompanying parent company only financial statements of Fortune Electric Co., Ltd. (the 'Company'), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements (including a summary of significant accounting policies).

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

Basis for opinion

We conducted our audits entrusted by the Company in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of parent company only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matters for the parent company only financial statements of Fortune Electric Co., Ltd. for the year of 2023 is stated as follows:

Occurrence of sales revenue from new customers among top ten customers

The sales revenue of Fortune Electric Co., Ltd. mainly arises from the sales of power transformers, distribution panels, etc. and other related products, and the sales is concentrated in main customers. As of the years ended December 31, 2023, the sales revenue from new customers among top ten customers accounted for 15% of total revenue of the whole year. And the main customers vary widely. Therefore, the sales revenue from the new customers among top ten customers of Fortune Electric Co., Ltd. is identified as a key audit matter. Please refer to Note 4 to the parent company only financial statements for the details of the information about the accounting policy for recognizing revenue and relevant information disclosed.

Our key audit procedures performed in respect of the above area included the following

1. Obtain an understanding of and test the design and operating effectiveness of main internal control related to occurrence of sales revenue.
2. Obtain the samples from the sales details of new customers among top ten customers, implement substantive tests of details, and inspect customer order, delivery order and customer' signed receipt and other vouching, to confirm whether there is any abnormal situation in the occurrence of sales revenue.
3. Check Fortune Electric Co., Ltd.'s related background information for assessing the new customers among top ten customers, and whether the contract terms are reasonable.

Responsibilities of Management and those charged with Governance for the Parent Company Only Financial Statements

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

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

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

Auditor's responsibilities for the Audit of the Parent Company Only Financial Statements

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

As part of an audit in accordance with the Auditing standards generally, we exercise professional judgment and maintain professional skepticism throughout the audit. We also :

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting

from errors as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fortune Electric Co., Ltd.'s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty existed related to events or conditions that may cast significant doubt on Fortune Electric Co., Ltd.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements (including the Notes), and whether the parent company only financial statement represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within Fortune Electric Co., Ltd. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of Fortune Electric Co., Ltd.'s the parent company only financial statements for the year ended 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.

Deloitte & Touche
CPA Lee, Suei-Chin

CPA Chou, Shih-Chieh

Reference number of the FSC approval letter,
No. Financial-Supervisory-
Securities-Auditing-1100356048

Reference number of the FSC approval letter,
No. Financial-Supervisory-
Securities-Auditing-1110348898

March 8, 2024

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

Fortune Electric Co., Ltd.
Parent Company Only Balance Sheet
As of December 31, 2023 and 2022Unit: In Thousands of New Taiwan Dollar
December 31, 2022

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Current assets (Note 4)				
1100	Cash and cash equivalents (Notes 6 and 4)	\$ 1,576,646	11	\$ 170,131	2
1136	Current financial assets at amortized cost (Notes 4, 9 and 32)	17,235	-	18,507	-
1140	Contract assets (Notes 4, 21 and 23)	2,058,180	15	1,457,760	13
1150	Notes receivables (Notes 4 and 23)	95,615	1	94,654	1
1170	Accounts receivables, net (Notes 4, 10 and 23)	2,102,646	15	1,823,043	17
1180	Account receivables - related parties, net (Notes 4 and 31)	24,749	-	85	-
1220	Current tax assets (Notes 4 and 25)	22,081	-	21,513	-
130X	Inventories, net (Notes 4 and 11)	4,132,081	29	3,462,210	32
1410	Prepayments (Note 31)	577,838	4	600,948	6
1470	Other current assets (Notes 21, 31, 32)	59,832	1	39,183	-
11XX	Total current assets	10,666,903	76	7,688,034	71
	Non-current assets				
1517	Non-current financial assets at fair value through other comprehensive income (Note 4 and 8)	288,752	2	312,386	3
1535	Non-current financial assets at amortized cost (Notes 4, 9 and 32)	15,179	-	5,067	-
1550	Investments accounted for using equity method (Notes 4 and 12)	1,652,584	12	1,408,462	13
1600	Property, plant and equipment (Notes 4, 13 and 32)	1,320,976	9	1,232,669	11
1755	Right-of-use assets (Notes 4, 14 and 31)	40,101	-	24,029	-
1780	Intangible assets (Notes 4 and 15)	55,981	1	54,123	1
1840	Deferred tax assets (Notes 4 and 25)	30,498	-	38,150	-
1915	Prepayments for equipment	21,787	-	44,179	1
1920	Guaranteed deposits paid (Note 32)	21,795	-	17,055	-
15XX	Total non-current assets	3,447,653	24	3,136,120	29
1XXX	Total assets	\$ 14,114,556	100	\$ 10,824,154	100
	Liabilities and equity				
	Current Liabilities				
2100	Short-term borrowings (Notes 4, 16 and 33)	\$ -	-	\$ 656,641	6
2110	Short-term notes payables (Notes 4 and 16)	-	-	249,891	2
2120	Current financial liabilities at fair value through profit or loss (Notes 4 and 7)	-	-	279	-
2130	Contract liabilities (Notes 4, 21 and 23)	2,781,687	20	1,501,117	14
2170	Accounts payables (Notes 4 and 17)	2,993,294	21	1,944,831	18
2180	Account payables - related parties (Notes 4 and 31)	566,866	4	232,076	2
2200	Other payables (Note 18)	1,013,344	7	422,885	4
2230	Current tax liabilities (Notes 4 and 25)	515,664	4	-	-
2250	Provisions (Notes 4 and 19)	18,522	-	11,496	-
2280	Current lease liabilities (Notes 4, 14, 30, and 31)	13,042	-	8,760	-
2399	Other current liabilities	62,188	-	123,585	1
2320	Lon-term borrowings due within one year or one operating cycle (Notes 4, 16 and 32)	-	-	791,800	8
21XX	Total current liabilities	7,964,607	56	5,943,361	55
	Non-current liabilities				
2540	Long-term borrowings (Notes 4, 16 and 32)	-	-	550,000	5
2570	Deferred tax liabilities (Note 25)	84,734	1	120,378	1
2580	Non-current lease liabilities (Notes 4, 14, 30, and 31)	27,243	-	15,365	-
2640	Net defined benefit liabilities, non-current (Notes 4 and 20)	5,105	-	42,612	1
2645	Guaranteed deposits received	6,371	-	8,737	-
25XX	Total non-current liabilities	123,453	1	737,092	7
2XXX	Total liabilities	8,088,060	57	6,680,453	62
	Equity				
3110	Share capital	2,610,585	19	2,610,585	24
3200	Capital surplus	86,956	1	86,685	1
	Retained earnings				
3310	Legal reserve	559,914	4	473,469	5
3320	Special reserve	59,483	-	37,578	-
3350	Unappropriated retained earnings	2,798,183	20	994,867	9
3300	Total retained earnings	3,417,580	24	1,505,914	14
	Other equity				
3410	Exchange difference on translation of foreign financial statements	(50,385)	(1)	(44,877)	(1)
3420	Unrealized gains or losses on valuation of financial assets at fair value through other comprehensive income	(38,240)	-	(14,606)	-
3400	Other equity interest	(88,625)	(1)	(59,483)	(1)
3XXX	Total equity	6,026,496	43	4,143,701	38
	Total liabilities and equity	\$ 14,114,556	100	\$ 10,824,154	100

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

Chairman: Hsu, Bang-Fu

General Manager: Hsu, I-Sheng, Hsu, I-Te

Accounting Supervisor: Chiu, Hsu-Lan

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

Fortune Electric Co., Ltd
Parent Company Only Statements of Comprehensive Income
For the years ended December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars, Except Earnings Per Share

Code		2023		2022	
		Amount	%	Amount	%
	Operating revenue (Notes 4, 23, and 31)				
4100	Sales revenue	\$ 12,286,637	92	\$ 6,748,635	93
4520	Construction revenue	<u>1,131,575</u>	<u>8</u>	<u>509,002</u>	<u>7</u>
4000	Total operating revenue	<u>13,418,212</u>	<u>100</u>	<u>7,257,637</u>	<u>100</u>
	Operating costs (Notes 4, 11, 20, 24, and 31)				
5110	Costs of goods sold	8,610,721	64	5,463,315	75
5520	Construction cost	<u>1,062,325</u>	<u>8</u>	<u>582,286</u>	<u>8</u>
5000	Total operating costs	<u>9,673,046</u>	<u>72</u>	<u>6,045,601</u>	<u>83</u>
5900	Gross profit from operations	<u>3,745,166</u>	<u>28</u>	<u>1,212,036</u>	<u>17</u>
	Operating expenses (Notes 4, 20, 24, and 31)				
6100	Selling expenses	726,645	6	541,003	7
6200	Administrative expenses	434,406	3	216,903	3
6300	Research and development expense	173,128	1	125,666	2
6450	Expected credit impairment reversal gain	(<u>15,205</u>)	<u>-</u>	(<u>20,623</u>)	<u>-</u>
6000	Total operating expenses	<u>1,318,974</u>	<u>10</u>	<u>862,949</u>	<u>12</u>
6900	Net operating income	<u>2,426,192</u>	<u>18</u>	<u>349,087</u>	<u>5</u>
	Non-operating income and expenses (Note 4)				
7100	Interest revenue (Note 24)	20,443	-	2,883	-
7190	Other income (Notes 24, and 31)	108,282	1	32,438	-
7020	Other gains and losses (Note 24)	23,814	-	48,088	1
7050	Financial Cost (Notes 24 and 31)	(<u>35,461</u>)	<u>-</u>	(<u>34,519</u>)	<u>-</u>
7070	Share of profit or loss of subsidiaries and associates accounted for using equity method (Notes 4 and 12)	<u>543,592</u>	<u>4</u>	<u>567,289</u>	<u>8</u>
7000	Total non-operating income and expenses	<u>660,670</u>	<u>5</u>	<u>616,179</u>	<u>9</u>

(continued on next page)

(continued)

Code		2023		2022	
		Amount	%	Amount	%
7900	Profit before tax	\$ 3,086,862	23	\$ 965,266	14
7950	Tax expense (Notes 4 and 25)	<u>509,602</u>	<u>4</u>	<u>127,017</u>	<u>2</u>
8200	Profit	<u>2,577,260</u>	<u>19</u>	<u>838,249</u>	<u>12</u>
	Other comprehensive income				
8310	Components that will not be reclassified to profit or loss:				
8311	Remeasurements of defined benefit plans (Notes 4 and 20)	(16,185)	-	32,750	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (Notes 4 and 22)	(23,634)	-	(3,647)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Notes 4 and 25)	<u>3,237</u>	<u>-</u>	<u>(6,550)</u>	<u>-</u>
		<u>(36,582)</u>	<u>-</u>	<u>22,553</u>	<u>-</u>
8360	Components that may be reclassified subsequently to profit or loss:				
8370	Share of other comprehensive income of subsidiaries and associates accounted for using equity	(5,508)	-	(18,258)	-
8300	Total other comprehensive income	(42,090)	-	4,295	-
8500	Total comprehensive income	<u>\$ 2,535,170</u>	<u>19</u>	<u>\$ 842,544</u>	<u>12</u>
	Earnings per share (Note 26)				
9710	Basic	<u>\$ 9.87</u>		<u>\$ 3.21</u>	
9810	Diluted	<u>\$ 9.85</u>		<u>\$ 3.20</u>	

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

Chairman : Hsu, Bang-Fu General Manager : Hsu, I-Sheng, Hsu, I-Te Accounting Supervisor : Chiu, Hsu-Lan

Fortune Electric Co., Ltd
Parent Company Only Statement of Changes in Equity
For the years ended December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars, Except Earnings per Share

							Other equity interest (Note 4, 8 and 22)				
		Share capital	Capital surplus	Retained earnings (Note 22)			Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total	Total Equity	
Code		(Note 22)	(Note 22 and 27)	Legal reserve	Special reserve	Unappropriated Retained Earnings	Total				
A1	Balance, January 1, 2022	\$2,610,585	\$ 3,484	\$ 444,315	\$ 15,347	\$ 442,862	\$ 902,524	(\$ 26,619)	(\$ 10,959)	(\$ 37,578)	\$3,479,015
	Appropriations of 2021 earnings										
B1	Legal reserve appropriated	-	-	29,154	-	(29,154)	-	-	-	-	-
B3	Special reserve appropriated	-	-	-	22,231	(22,231)	-	-	-	-	-
B5	Cash dividends – NT\$1 per share	-	-	-	-	(261,059)	(261,059)	-	-	-	(261,059)
		-	-	29,154	22,231	(312,444)	(261,059)	-	-	-	(261,059)
C17	Unclaimed cash dividends	-	(6)	-	-	-	-	-	-	-	(6)
M7	Changes in ownership interests in subsidiaries	-	83,207	-	-	-	-	-	-	-	83,207
D1	Net profit for 2022	-	-	-	-	838,249	838,249	-	-	-	838,249
D3	Other comprehensive income for 2022 after tax	-	-	-	-	26,200	26,200	(18,258)	(3,647)	(21,905)	4,295
D5	Total comprehensive income for 2022	-	-	-	-	864,449	864,449	(18,258)	(3,647)	(21,905)	842,544
Z1	Balance, December 31, 2022	2,610,585	86,685	473,469	37,578	994,867	1,505,914	(44,877)	(14,606)	(59,483)	4,143,701
	Appropriation of 2022 earnings										
B1	Legal reserve appropriated	-	-	86,445	-	(86,445)	-	-	-	-	-
B3	Special reserve appropriated	-	-	-	21,905	(21,905)	-	-	-	-	-
B5	Cash dividends – NT\$2.50 per share	-	-	-	-	(652,646)	(652,646)	-	-	-	(652,646)
		-	-	86,445	21,905	(760,996)	(652,646)	-	-	-	(652,646)
C17	Unclaimed cash dividends	-	271	-	-	-	-	-	-	-	271
D1	Net profit for 2023	-	-	-	-	2,577,260	2,577,260	-	-	-	2,577,260
D3	Other comprehensive income for 2023 after tax	-	-	-	-	(12,948)	(12,948)	(5,508)	(23,634)	(29,142)	(42,090)
D5	Total comprehensive income for 2023	-	-	-	-	2,564,312	2,564,312	(5,508)	(23,634)	(29,142)	2,535,170
Z1	Balance, December 31, 2023	\$2,610,585	\$ 86,956	\$ 559,914	\$ 59,483	\$2,798,183	\$3,417,580	(\$ 50,385)	(\$ 38,240)	(\$ 88,625)	\$6,026,496

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

Chairman: : Hsu, Bang-Fu

General Manager: Hsu, I-Sheng, Hsu, I-Te

Accounting Supervisor: Chiu, Hsu-Lan

Fortune Electric Co., Ltd
Parent Company Only Statements of Cash Flows
For the year ended December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

Code		2023	2022
	Cash flows from operating activities		
A00010	Profit before tax	\$ 3,086,862	\$ 965,266
A20010	Adjustments to reconcile profit (loss):		
A20100	Depreciation expense	89,582	75,260
A20200	Amortization expense	25,084	21,240
A20300	Expected credit impairment reversal		
	gain	(15,205)	(20,623)
A20900	Financial cost	35,461	34,519
A21200	Interest income	(20,443)	(2,883)
A22400	Share of profit or loss of		
	subsidiaries and associates		
	accounted for using equity method	(543,592)	(567,289)
A22500	Loss (gain) on disposal	359	139
A23700	Provisions for liability	7,026	276
A23800	(Gain)Loss on inventory valuation	(30,108)	41,558
A29900	Gain on lease modifications	(36)	-
A30000	Changes in operating assets and		
	liabilities, net		
A31110	Financial instruments at fair value		
	through profit or loss	(279)	279
A31125	Contract asset	(600,420)	(39,618)
A31130	Note receivable	(961)	(21,690)
A31150	Account receivable	(264,398)	444,672
A31160	Receivable from related parties	(24,664)	45,559
A31200	Inventories	(678,422)	(1,438,442)
A31230	Accounts payable	23,110	(440,238)
A31240	Other current assets	(20,497)	18,197
A32125	Contract liability	1,280,570	1,027,565
A32130	Notes payable	-	(1)
A32150	Accounts payable	1,048,463	(212,883)
A32160	Payable to related parties	334,790	64,917
A32180	Other payable	592,717	134,187
A32230	Other current liabilities	(61,397)	73,252
A32240	Net defined benefit liability	(53,692)	(54,039)
A33000	Cash generated from operations	4,209,910	149,180
A33100	Interest received	20,291	2,859

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Code		2023	2022
A33300	Interest paid	(\$ 37,719)	(\$ 33,448)
A33500	Income tax paid	(19,261)	(125,084)
AAAA	Net cash flows generated from (used in) operating activities	<u>4,173,221</u>	(<u>6,493</u>)
Cash flows from investing activities			
B00040	Acquisition of financial assets at amortized cost	(8,840)	(680)
B02200	Investments accounted for using equity method	-	(14,373)
B02400	Refund of paid-up capital from investees accounted for using equity method	111,296	-
B02700	Acquisition of property, plant and equipment	(78,897)	(71,235)
B02800	Proceeds from disposal of property, plant and equipment	-	80
B03800	Increase in refundable deposits	(4,740)	(11,510)
B04500	Acquisition of intangible assets	(26,646)	(33,862)
B07100	Increase in prepayments for business facilities	(25,413)	(25,996)
B07600	Dividends received	<u>182,666</u>	-
BBBB	Net cash flows generated from (used in) investing activities	<u>149,426</u>	(<u>157,576</u>)
Cash flows from financing activities			
C00100	Increase in short-term loans	-	144,594
C00200	Decrease in short-term loans	(656,641)	-
C00500	Increase in short-term notes payables	-	249,891
C00500	Decrease in short-term notes payables	(249,881)	-
C01600	Payments of finance lease liabilities	-	200,000
C01700	Repayment of long-term loans	(1,341,800)	-
C04000	Refund of guaranteed deposits received	(2,366)	(8,590)
C04500	Cash dividends paid	(652,646)	(261,059)
C04020	Payments of lease liabilities	(13,059)	(6,747)
C09900	Unclaimed cash dividends	<u>271</u>	(<u>6</u>)
CCCC	Net cash flows generated from (used in) financing activities	(<u>2,916,132</u>)	<u>318,083</u>
EEEE	Net increase in cash and cash equivalents	1,406,515	154,014
E00100	Cash and cash equivalents at beginning of the year	<u>170,131</u>	<u>16,117</u>
E00200	Cash and cash equivalents at end of period	<u>\$1,576,646</u>	<u>\$ 170,131</u>

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

Chairman: Hsu, Bang-Fu General Manager: Hsu, I-Sheng, Hsu, I-Te Accounting supervisor: Chiu, Hsu-Lan

TWO

Proposed by board of directors

Proposal: 2023 earnings distribution proposal, for your approval.

Explanation:

- (1) The Company's pre-tax net profit of the year 2023 was NT\$ 2,577,259,769, and 2023 earnings distribution statement was made as follows:

FORTUNE ELECTRIC CO., LTD.
2023 Earnings Distribution Statement

Unit: NTD

Item	Amount	
	Subtotal	Total
Beginning undistributed earnings	233,871,010	
Actuarial gain/loss through retained earnings	(12,948,000)	
Adjusted undistributed earnings		220,923,010
Add: 2023 after-tax net profit	2,577,259,769	
Deduct: 10% designated legal reserve	256,431,177	
Deduct: according to the law, designated special reserve	29,142,330	
Distributable earnings		2,512,609,272
Appropriated items:		
Dividend to shareholders-stock (per share NT\$ 1)	261,058,550	
Dividend to shareholders-cash (per share NT\$ 6)	1,566,351,288	
Unappropriated retained earnings		685,199,434

Note: The earnings of year 2023 was firstly distributed for the earnings distribution.

Chairman: Hsu, Bang-Fu

General Manager: Hsu, I-Sheng,
Hsu, I-Te

Accounting Supervisor:
Chiu, Hsu-Lan

- (2) For your approval.

Resolution:

Matters for Discussion

ONE

Proposed by board of directors

Proposal: Amendment of the Company's "Articles of Incorporation", for your resolution.

Explanation: 1. To conform to operation needs, enrich operational capital and practice implementation, the Company's "Articles of Incorporation" was amended.

2. Comparison of current articles and amended articles is as follows.

FORTUNE ELECTRIC CO., LTD.

Comparison of current articles and amended articles of "Articles of Incorporation"

Amended articles	Current articles	Explanation
Article 5: The Company's total capital was set as <u>NT\$ 5 billion</u> , separated into <u>500</u> million common stocks, the price per share was NT\$ 10, and were issued by authorized board of directors in several times.	Article 5: The Company's total capital was set as <u>NT\$ 2.75 billion</u> , separated into <u>275</u> million common stocks, the price per share was NT\$ 10, and were issued by authorized board of directors in several times. <u>Taiwan Depository & Clearing Corporation may request to combine and issue large denomination securities.</u>	1. To conform to operation needs, and enrich operational capital. 2. The Company's security has been issued in uncertificated form.
<u>Article 10-1: The Company's shareholders' meeting may be held by means of visual communication network or other methods promulgated by the central competent authority.</u>		To respond to needs of digitalization, public companies may apply to regulations of holding shareholders' meeting by means of visual communication network, this article was added.
Article 20: The Company may establish an audit committee in accordance with Article 14-4 of Securities and Exchange Act, and the audit committee shall be composed of all independent directors, one of the independent directors shall be a convener, and at least one person shall have specialties of accountant or finance.	Article 20: The Company may establish an audit committee in accordance with Article 14-4 of Securities and Exchange Act, and the audit committee shall be composed of all independent directors, one of the independent directors shall be a convener, and at least one person shall have specialties of accountant or finance. <u>The audit committee shall replace the duties of a supervisor from the established date of the audit committee, and shall invalidate a supervisor at the same time.</u>	The audit committee was established.
Article 26: At the close of the Company's fiscal year, the board of directors shall prepare the following statements and records and shall forward the same for approval: (1) The business report. (2) The financial statements. (3) The surplus earning distribution or loss off-setting proposals.	Article 26: At the close of the Company's fiscal year, the board of directors shall prepare the following statements and records and shall forward the same for approval: (1) The business report. (2) The financial statements. (3) The surplus earning distribution or loss off-setting proposals. <u>The preceding regulations shall be handled by the audit committee in accordance with the rules of audit committee from the establishment date of audit committee.</u>	The audit committee was established.
Article 30: The Articles of Incorporation was drawn up on August 4, 1969, (omitted), the 35th amendment was made on June 12, 2020. <u>The 36th amendment was made on June 13, 2024.</u>	Article 30: The Articles of Incorporation was drawn up on August 4, 1969, (omitted), the 35th amendment was made on June 12, 2020.	Amendment times and date were added.

Resolution:

TWO

Proposed by board of directors

Proposal: Transferring earnings to issue of new shares proposal, for your resolution.

Explanation:

- (1) To conform to operation needs and enrich operational capital, NT\$ 261,058,550 was appropriated from distributed earnings of year 2023, and 26,105,855 new shares were transferred to issue, the domination per share was NT\$10, and all are common stocks.
- (2) Shareholders' stock dividends were allotted 100 shares per thousand shares in accordance with shareholding proportion held by shareholders registered in the roster. Shares shall be calculated to one share, shareholders may make up one whole share at agent for stock affairs within five days from the closing date, with amounts of less than one share unconditionally rounded down, according to Article 240 of the Company Act, decimal point numbers shall be adjusted by descending order, and account numbers shall be adjusted in sequence, and the chair shall be authorized to subscribe by the domination from specific persons.
- (3) Hereafter; as the Company's stocks change, influence the number of outstanding stocks, and cause shareholders' payout ratio change and shall be amended, the chair is authorized to conduct matters with full discretion by the shareholders' meeting.
- (4) New shares issued at this capital increase, the rights and obligations are the same as the original issued common stocks.
- (5) After the proposal was approved by the shareholders' meeting, and declared and approved by the competent authority in accordance with laws, except setting relevant matters, such as the base date of ex-right, allotment or capitalization, etc., the meeting of board of directors shall be authorized to conduct matters with full discretion by shareholders' meeting when matters shall be altered approved by the competent authority or as responding to the practice needs.

Resolution:

THREE

Proposed by board of directors

Proposal: Amendment of the Company's "Regulations Governing for Loaning of Funds to Others", for your resolution.

Explanation: 1. Article 2 of the Company's "Procedure for Loaning Funds to Others" was amended.
2. Comparison of current articles and amended articles is as follows.

FORTUNE ELECTRIC CO., LTD.
Comparison of current articles and amended articles of
"Regulations Governing for Loaning of Funds to Others"

Amended articles	Current articles	Explanation
<p>Article 2: The aggregate amount of loans and the maximum amount permitted to a single borrower</p> <p>(1) Under the Company Act, the Company shall not loan funds to any of its shareholders or any other person except under the following circumstances:</p> <p>A. Omitted.</p> <p>B. Omitted.</p> <p>C. The Company holds, directly or indirectly, 100% of the voting shares, nor to loans of fund to the Company by any overseas company in which the public company holds, directly or indirectly, 100% of the voting shares, the amount of <u>loans to</u> others shall not exceed 10% of its latest financial statement as limit, and the amount of <u>loans to</u> single borrower shall not exceed 5% of its latest financial statement as limit; duration of loans shall not exceed <u>one</u> year as limit.</p> <p>(2) Omitted.</p> <p>(3) Omitted.</p>	<p>Article 2: The aggregate amount of loans and the maximum amount permitted to a single borrower</p> <p>(1) Under the Company Act, the Company shall not loan funds to any of its shareholders or any other person except under the following circumstances:</p> <p>A. Omitted.</p> <p>B. Omitted.</p> <p>C. The Company holds, directly or indirectly, 100% of the voting shares, nor to loans of fund to the Company by any overseas company in which the public company holds, directly or indirectly, 100% of the voting shares, the amount of loans to others shall not exceed 10% of <u>the Company's</u> net worth as stated in its latest financial statement as limit, and the amount of single borrower shall not exceed 5% of <u>the Company's</u> net worth as stated in its latest financial statement as limit; duration of loans shall not exceed <u>two</u> year as limit.</p> <p>(2) Omitted.</p> <p>(3) Omitted.</p>	<p>Amended same shareholding relationship, and the aggregate of loans and limited amount for single borrower and the period of loans among overseas companies in which the public company holds, directly or directly, 100% of the voting shares.</p>

Resolution:

Extemporaneous Motions

Adjournment

Appendix 1

FORTUNE ELECTRIC CO., LTD. Articles of Incorporation

Chapter 1. General Provision

Article 1: The Company organized in accordance with the Company Act, named “華城電機股份有限公司” and the English name is “FORTUNE ELECTRIC CO., LTD”.

Article 2: The Company’s operating business is as follow:

- (1) CC01010 power generation, power transmission, power distribution machinery manufacturing
- (2) CC01080 electronic component manufacturing
- (3) CC01990 other electrical engineering and electronic machinery equipment manufacturing
- (4) E601010 electrical installation industry
- (5) E603040 firefighting equipment construction
- (6) E603050 automatic control equipment engineering
- (7) EZ05010 instrument and meters installation engineering.
- (8) F113020 wholesale of household appliance
- (9) F114030 wholesale of motor vehicle parts and supplies
- (10) F213010 retail sale of electrical appliances
- (11) F214030 retail sale of motor vehicle parts and supplies
- (12) F401010 international trade
- (13) IG03010 energy technical services
- (14) CE01021 weights and measuring instruments manufacturing
- (15) E501011 tap water pipelines contractors
- (16) E602011 refrigeration and air conditioning engineering
- (17) CB01010 machinery equipment manufacturing
- (18) CB01030 pollution controlling equipment manufacturing
- (19) CD01030 automobile and parts manufacturing
- (20) CD01040 motor vehicles and parts manufacturing
- (21) E502010 fuel catheter installation engineering
- (22) E599010 piping engineering
- (23) E601020 electric appliance installation
- (24) E603010 cable installation engineering
- (25) E603080 traffic signs installation engineering
- (26) E603090 lighting equipment construction
- (27) E604010 machinery installation
- (28) E605010 computer equipment installation
- (29) E701030 controlled telecommunications radio-frequency devices installation engineering
- (30) EZ15010 warming and cooling maintenance construction
- (31) I103060 management consulting
- (32) I301010 information services
- (33) IF01010 fire safety equipment inspection and repair
- (34) E606010 power consuming equipment inspecting and maintenance
- (35) J101050 environmental testing services
- (36) J101060 wastewater (sewage) treatment
- (37) F213110 retail sale of batteries
- (38) F214010 retail sale of motor vehicles
- (39) F214020 retail sale of motorcycles
- (40) G202010 parking area operators
- (41) ZZ99999 except licensing business, all business items that are not prohibited or restricted by law.

- Article 2-1: The Company may make guarantees for other companies, reinvest in other business, and the Company's total investment may exceed 40% of paid-in capital.
- Article 3: The Company established the head office in Taoyuan City, shall establish branches in other proper places, and its establishment and dissolution shall be approved by the resolution of board of directors when it's necessary.
- Article 4: The Company's announcement methods shall be implemented in accordance with Article 28 of the Company Act.

Chapter 2. Shares

- Article 5: The Company's total capital was set as NT\$ 2.75 billion, separated into 275 million common stocks, the price per share was NT\$ 10, and were issued by authorized board of directors in several times.
Taiwan Depository & Clearing Corporation may request to consolidating exchange large denomination securities.
- Article 5-1: According to Article 56-1 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers and Article 10-1 of Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies, the Company is required to obtain the consent of at least two-third of the voting rights represented at a shareholders meeting attended by shareholders representing a majority of the total issued shares, may issue employee stock warrants to transfer to employees with lower than the closing price of the Company's stocks as of the issuing date, and lower than the average price of actual buy-back.
- Article 6: The Company may be exempted from printing any share certificate for the shares issued, but shall be registered in Taiwan Depository & Clearing Corporation.
- Article 7: Affairs related to stocks, such as transfer of share ownership, grant, creation of rights, pledge, reporting of loss, inheritance, grant and reporting of specimen chop loss, change or address change, etc., shall be handled by the Company's shareholders in accordance with Regulations Governing the Administration of Shareholder Services of Public Companies and other related regulations, unless otherwise provided by law or securities regulations.
- Article 8: Deleted.
- Article 9: The entries in the shareholders' roster shall not be altered within 60 days prior to the convening date of a regular shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the target date fixed by the Company for distribution of dividends, bonus or other benefits.

Chapter 3. Shareholders' meeting

- Article 10: Shareholders' meeting shall be of two kinds: a regular shareholders' meeting and a special shareholders' meeting, the regular shareholders' meeting, a regular shareholders' meeting one time every year, within six months after close of each fiscal year, and the special shareholders' meeting shall be convened in accordance with the regulations when it's necessary.
- Article 11: The Company's shareholders have one voting right each shareholding, but they have no voting right in accordance with restrictions or Article 179-2 of the Company Act and related regulations.
- Article 12: If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairman. When the chairman is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairman shall act in place of the chairman; if there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairman shall appoint one of the managing directors to act as chair; a shareholders' meeting convened by a party with the power to convene that is not the board of directors, the meeting shall be chaired by him/her/it, however, that if there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.
- Article 13: A resolution approved by a shareholders' meeting, unless otherwise provided by the Company Act, shall be adopted by a majority of the voting rights exercised by the shareholders present at the shareholders' meeting who represent a majority of the outstanding shares of the Company.
The Company's shareholders may exercise voting rights by means of electronic transmission, and related matters shall be handled in accordance with the law and regulations.

Chapter 4. Board of Directors and Audit Committee

- Article 14: The Company may organize the board of directors with 5-13 directors who shall be

elected by the shareholders' meeting from among the persons with disposing capacity, and the term of office of a director shall not exceed three years, but he/she may be eligible for re-election.

The board of directors shall have at least three independent directors among board of directors' members, and shall not be less than one-fifth of the director seats.

A candidate nomination system shall be adopted, independent directors shall be elected and appointed by board of directors from the director candidates list, and shall be handled in accordance with Article 192-1 of the Company Act.

The total number of shares of the Company's registered share certificates held by all directors, shall be met the standard of Regulations of Securities Authority.

Article 14-1: Remunerations of chairman, vice chairman and directors, according to his/her participation degree and dedicated value, shall be approved by authorized board of directors in accordance with the general level of the same industry.

The Company may purchase a liability insurance for the Company's directors approved by the resolution of board of directors.

Article 15: Board of directors was organized by directors, adopted by a majority vote at a meeting of the board of directors attended by over two-third of the directors, a chairman shall be elected from among the directors. The chairman represents the Company externally, and as the business needs, a vice chairman may be elected among directors by the same way.

Article 16: The duties and powers of the board of directors are as follows:

- (1) Approval of business plans.
- (2) Preparation of important chapters and contracts.
- (3) Established and dissolution of branches.
- (4) Drawing up budgets and final accounts.
- (5) Appointment and removal of executive staff.
- (6) Other regulation matters provided by the Company Act and the Article of Incorporation.

Article 17: If a shareholders meeting is convened by the chairman, and the chairman shall be the chair of the meeting. When the chairman is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairman shall act in place of the chairman; if there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairman shall appoint one of the managing directors to act as chair; where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

Article 17-1: A meeting of board of directors shall be convened one time each quarter, in calling a meeting of the board of directors, a notice stating causes shall be given to each director no later than 7 days prior to the scheduled meeting date; but in the case of emergency, a meeting of the board of directors may be convened at any time. The notice of convening a meeting of board of directors shall be made in forms of writing, fax or E-mail, etc.

Article 18: A resolution approved by a shareholders' meeting, unless otherwise provided by the Company Act, shall be adopted by a majority vote of the directors at a meeting of the board of directors attended by at least a majority of the entire directors of the Company.

In case a meeting of the board of directors is proceeded via visual communication network, the shareholders taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

Article 19: In case a director is unable to attend a meeting of board of directors in person for any cause, he/she/it shall can designate one director to represent, but a director may accept the appointment to act as the proxy of one other director only.

Article 20: The Company may establish an audit committee in accordance with Article 14-4 of Securities and Exchange Act, and the audit committee shall be composed of all independent directors, one of the independent directors shall be a convener, and at least one person shall have specialties of accountant or finance. The audit committee shall replace the duties of a supervisor from the established date of the audit committee, and shall invalidate a supervisor at the same time.

Chapter 5. (Deleted)

Article 20-1: Deleted.

Article 21: Deleted.

Article 22: Deleted.

Chapter 6. Managerial Officer

Article 23: The Company may have a general manager and a chief executive officer, and shall uphold a policy of a resolution of board of directors, and comprehensive management of the Company's all businesses adopted by a majority of the total number of directors of the Company to appoint and removal separately.

Article 24: The Company may have several managerial officers, and shall be reported to be approved by a majority of the total number of directors of the Company for his/her appointment and removal.

Chapter 7. Accounting

Article 25: The Company's fiscal year is from January 1 to December 31.

Article 26: At the close of the Company's fiscal year, the board of directors shall prepare the following statements and records and shall forward the same for approval:

- (1) The business report.
- (2) The financial statements.
- (3) The surplus earning distribution or loss off-setting proposals.

The preceding regulations shall be handled by the audit committee in accordance with the rules of audit committee from the establishment date of audit committee.

Article 27: When the Company has an amount of profit (the term "an amount of profit" means pre-tax benefits deducted the benefits before employees' and directors' remuneration), shall allocate not less than 3% as employees' remuneration, not more than 2% as directors' remuneration. However, the company's accumulated losses (including adjusted unappropriated earnings) shall have been covered.

Employees' remuneration mentioned in the preceding paragraph may be distributed in the form of shares or in cash, and directors' remuneration may be distributed in cash only.

The preceding two paragraphs shall be handled by the resolution of board of directors, and shall be reported to the shareholders' meeting.

When the Company implements employees' remuneration, employee treasury stocks, employee subscription warrants, employee off-take of new shares, and employee stock option certificates, etc., for the payment objects, shall include the control met certain conditions or employees from the subsidiaries.

Article 27-1: When the Company's total budget has after-tax net profit (included adjusted undistributed earnings), the accumulated losses shall have been reserved the accumulated amount in advance, allocated 10% as a legal reserve in accordance with the regulations, but when the accumulated legal reserve achieved the Company's total paid-in capital, this shall not apply. Then appropriated or reversal special reset special reserve in accordance with the decrees or the regulations of the competent authority. Earnings hereafter, together with beginning retained earnings, the earnings distribution proposal shall be programed by board of directors, and reported to a shareholders' meeting for a resolution of shareholders' dividends distribution.

Board of directors shall be authorized by directors attended by two-thirds of the directors of the company, and a resolution by a majority of attended directors, the Company's all or part of distribution of dividends and bonus shall be distributed in cash, and reported to a shareholders' meeting.

The Company's dividend policy, was along with the current and future development plan, considered the investment environment, capital needs and domestic and overseas competition situations, and to take the factors into account, like shareholder's equity, etc., the appropriation of distributable earnings of each year, shall not be less than 60% of distributed shareholders' dividends, distributed shareholders' dividends shall be paid in cash or in form of stocks, and cash dividend ratio shall not be less than 25% of total distributed dividends therein as restrictions.

Article 27-2: When the Company has no deficit, board of directors shall be authorized by two-third or more of attended directors, adopted by a majority of the directors at a meeting, legal reserve (the part of more than 25% of paid-up capital) and all or part of capital reserve in accordance with the Company Act shall be paid in cash, and reported to a shareholders' meeting.

Chapter 8. Supplemental Provisions

Article 28: The Company's organizational regulations and the handling rules may be prescribed separately.

Article 29: Unsettled affairs of the Articles of Incorporation shall be handled in accordance with the Company Act.

Article 30: The Articles of Incorporation was drawn up on August 4, 1969.

The 1st amendment was made on December 31, 1974.

The 2nd amendment was made on July 27, 1979.

The 3rd amendment was made on December 28, 1979.

The 4th amendment was made on September 26, 1982.

The 5th amendment was made on January 5, 1984.

The 6th amendment was made on February 6, 1985.

The 7th amendment was made on November 10, 1986.

The 8th amendment was made on July 13, 1987.

The 9th amendment was made on June 27, 1988.

The 10th amendment was made on November 16, 1989.

The 11th amendment was made on April 20, 1991.

The 12th amendment was made on August 20, 1991.

The 13th amendment was made on June 25, 1992.

The 14th amendment was made on October 12, 1992.

The 15th amendment was made on May 12, 1993.

The 16th amendment was made on May 24, 1994.

The 17th amendment was made on May 28, 1996.

The 18th amendment was made on May 20, 1997.

The 19th amendment was made on May 7, 1998.

The 20th amendment was made on May 24, 2000.

The 21st amendment was made on June 22, 2001.

The 22nd amendment was made on June 26, 2002.

The 23rd amendment was made on June 23, 2003.

The 24th amendment was made on June 28, 2005.

The 25th amendment was made on June 15, 2006.

The 26th amendment was made on June 27, 2007.

The 27th amendment was made on June 19, 2008.

The 28th amendment was made on June 10, 2009.

The 29th amendment was made on June 10, 2011.

The 30th amendment was made on February 17, 2012.

The 31st amendment was made on June 23, 2014.

The 32nd amendment was made on June 13, 2016.

The 33rd amendment was made on June 14, 2017.

The 34th amendment was made on June 13, 2019.

The 35th amendment was made on June 12, 2020.

Appendix 2

FORTUNE ELECTRIC CO., LTD. Rules of Procedure for Shareholders Meetings

Approved by the regular shareholders' meeting on June 15, 2015

Article 1: The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholder meeting in a non-voting capacity.

Shareholders and their proxies (collectively, "shareholders") shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

Article 2: The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one-third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to paragraph 1, Article 175 of the Company Act. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 3: The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

Article 4: If a shareholders' meeting is convened by the board of directors, the meeting shall be chaired by the chairman. When the chairman is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairman shall act in place of the chairman; if there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairman, the chairman shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. If a shareholders' meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting, when there are two or more such convening parties, they shall mutually select a chair from among themselves.

Article 5: The Company shall make an uninterrupted audio and video recording of the proceedings of the shareholders' meeting, and shall retain it for at least one year.

Article 6: If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors, the meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting. The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. After the meeting was adjourned, a new chair shall not be elected by shareholders to continue a meeting at the original address or other place. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall elect a new chair by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

Article 7: Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name, the order in which shareholders speak will be set by the chair. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed he/she has not spoken. When the content of the speech does not correspond to the subject given on the

speaker's slip, the spoken content shall prevail.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor, the chair shall stop any violation.

Article 8: Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech. When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

Article 9: After an attending shareholder has spoken, the chair may respond in person or designate relevant personnel to respond.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

Article 10: Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.

Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 11: When a meeting is in progress, the chair may announce a break based on time considerations.

Article 12: A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under paragraph 2, Article 179 of the Company Act.

Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Article 13: The chair may direct the proctors (or security personnel) to help maintain order at the meeting place. When proctors (or security personnel) help maintain order at the meeting place, they shall wear an armband bearing the word "Proctor."

Article 14: A shareholder (or a proxy) shall obey the related instruction of maintaining order from the chair, the proctors (or security personnel). When a person disrupts the shareholders' meeting, and shall be excluded by the chair or the proctors (or security personnel).

Article 15: Unsettled affairs of the Articles of Incorporation shall be handled in accordance with the Company Act, Securities and Exchange Act and related decrees.

Article 16: These Rules shall take effect after having been submitted to and approved by a shareholders' meeting. Subsequent amendments thereto shall be effected in the same manner.

Appendix 3

FORTUNE ELECTRIC CO., LTD. Regulations Governing Loaning of Funds to Others

Article 1: Purpose

As business needs, the Company need to loan funds to others (hereinafter referred to as borrower), all shall be conducted in accordance with these Regulations. Unsettled matters in these Regulations shall be conducted in accordance with relevant regulations.

Article 2: Loans of Funds to Others and the aggregate amount of loaning funds and the amount of such loans permitted to a single borrower

- (1) Under the Company Act, the Company shall not loan funds to any of its shareholders or any other person except under the following circumstances:
 1. The Company with which it does business; the preceding “does business” means a company have behaviors of purchase and sales with the Company.
 2. A company has a necessary of short-term financing facility; it means a company has 50% or more of the Company’s shareholding, and it has a necessary of short-term financing facility as limit. Financing amount means accumulated balance of the Company’s short-term financing facility shall not exceed 40% of an enterprise’s net worth. According to the letter issued by Ministry of Economic Affairs, the term "short-term" as used in the preceding paragraph means one year or one business cycle (longer time shall prevail).
 3. The Company holds, directly or indirectly, 100% of the voting shares, nor to loans of fund to the Company by any overseas company in which the public company holds, directly or indirectly, 100% of the voting shares, the amount of loans to others shall not exceed 10% of its latest financial statement as limit, and the amount of loans to single borrower shall not exceed 5% of its latest financial statement as limit; duration of loans shall not exceed one year as limit.
- (2) Limits on the aggregate amount of such loans and on the amount of such loans permitted to a single borrower
 1. When loaning funds to a company which does business, the aggregate amount of loaning funds shall not exceed 10% of the Company’s net worth as limit; the amount of single loan shall not exceed the amount of doing business between two parties in the most recent year as limit. The amount of doing business is higher amount of purchase or sales between two parties.
 2. When loaning funds to a company which has a necessary of financing facility, the aggregate amount of loaning funds shall not exceed 10% of the Company’s net worth as limit; the amount of single loan shall not exceed 5% of the Company’s net worth as limit.
- (3) When a responsible person of a company violates paragraph 1, (1) of the preceding paragraph, the responsible person shall bear joint and several liability with the borrower for repayment; if the company suffers damage, the responsible person also shall be liable for damages.

Article 3: Procedures for handling loans of funds.

- (1) Every term of loans shall not exceed one year or one business cycle (longer time shall prevail) from the loan date as principle.
- (2) Daily basis shall be adopted for interest calculation of loaning funds, the sum of daily loan balance (total product) shall be multiplied by annual interest rate, and divided by 365, it is the interest amount. Annual interest rate shall not be lower than average bank’s interest rate on borrowings of the Company as principle.
- (3) Except specific regulations, loan interest calculation shall be monthly payment as principle, and the borrower shall be notified to pay the interest one week before appointed interest payment date.

Article 4: Detailed review procedures

- (1) Application procedures

1. A borrower shall provide basic information and financial information and fill in an application form to describe the use of funds, loan period and amount first, and send to the Company's finance department.
 2. When loaning funds as doing business, the handling personnel of the Company's finance department shall evaluate if loan amount and the amount of doing business are appropriate; when it's necessary of short-term financing facility, shall enumerate the reasons and situations of loaning funds, and further make credit investigation, submit relevant information and drawing loaning conditions to director of finance department and CEO first, and report to the board of directors' meeting for a resolution after approved by the audit committee.
- (2) Credit investigation
1. For borrowing first time, a borrower shall provide basic information and financial information for handling investigation.
 2. For continuing to borrow, in principle credit investigation shall be handled again when applying for continuing to loan.
 3. If the borrower's financial situation is good, and has entrusted accountants to handle certification of finance for annual financial statements, investigation reports without exceeding one year may be continued to use, and make it as a reference with accountant's audit certification report of the same year.
 4. When the Company makes credit investigation for a borrower, shall evaluate impact on the company's business operations, financial condition, and shareholders' equity when loaning funds.
- (3) Loan approval and notification
1. After credit investigation and evaluation, the board of directors made a resolution not draw up a loan case, the handling personnel shall reply to the borrower with refused reasons as soon as possible.
 2. After credit investigation and evaluation, the board of directors agreed a loan case, the handling personnel so notify the borrower by letter as soon as possible, and the Company's loan conditions, including quota, term, rate, collateral and guarantor, etc. shall be specified, and ask the borrower to conduct signing procedures within a period.
- (4) Signing cross collateral
1. A loan case shall be drawn up contract terms by the handling personnel, these terms shall be reviewed by supervisors and conducted signing procedures after submitting to legal consultant for audit.
 2. The contract content shall be conformed to audited loan conditions, shall be conducted cross collateral procedures by the handling personnel after the borrower and joint guarantor sealed on the contract.
- (5) Collateral value evaluation and rights setting
- If there's a collateral in a loan case, the borrower shall provide the collateral, and conduct pledge and mortgage setting, the Company also needs to evaluate the value of the collateral to ensure the Company's debt.
- (6) Insurance
1. In collaterals, except land and securities, all shall be insured fire insurance and relevant insurances, the insurance amount shall not lower than collateral pledge as principle, the Company is beneficiary shall be specified on the policy. The name of subject matter, quantity, storage location, insurance conditions, and insurance endorsement, etc. specified on the policy shall conform to the Company's original audited loan conditions.
 2. Before the insurance period is expired, the handling personnel shall notify the borrower to continue to insure.
- (7) Appropriation
- As loan conditions has been approved and the contracted was signed by the borrower and collateral pledge and mortgage setting has been conducted, etc., appropriation shall be made after all procedures has been verified.

Article 5: Repayment

After appropriating loans, the borrower and guarantor's finance, business and credit conditions shall be often noticed, if a collateral has been provided, shall notice if there's change of collateral value, and one month before the expiry of re-loan, the borrower shall be notified to pay principal and interest when it's expired.

1. A borrower repays loan when loan is expired, shall calculate the interest payable first, and after repaying with the principal, notes of payment, like promissory note, and receipt for a loan, etc. shall be written off and returned to the borrower.
2. If a borrower applies for writing off mortgage, loan balance shall be ascertained first, and we decide if agree to handle mortgage write off.

Article 6: Deleted.

Article 7: Registration and custody of cases

1. A public company shall prepare a memorandum book for its fund-lending activities and truthfully record the following information: borrower, amount, date of approval by the board of directors, lending/borrowing date, and matters to be carefully evaluated.
2. According to the case conducted by himself/herself, the loan handling personnel shall arrange certificate of debt, like contract, promissory note, etc., and identification document of collaterals, policy and correspondence documents in order after appropriation, and put them in the custody bag, and after specifying the custody content and customer's name on the bag, submit to supervisors of finance department for review, after approved it shall be sealed, custody after two parties signed or sealed in the preserved goods register.

Article 8: Matters shall be noticed when loaning funds to others:

1. Before the Company loans funds to others, shall carefully assess if it conforms to the Regulations, and conducts after the assessment results was submitted to the board of directors for a resolution, and the Company shall not authorize others to determine.
Loans of funds between the Company and its parent company or subsidiaries, or between its subsidiaries, shall be submitted for a resolution by the board of directors pursuant to the preceding paragraph, and the chairperson may be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the board of directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down.
Securities: including investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. The "certain monetary limit" on authorization for loans extended by the Company or any of its subsidiaries to any single entity shall not exceed 10% of the net worth on the most current financial statements of the lending company, except in cases of companies in compliance with Article 2, paragraph 1, subparagraph 3.
The loan handling shall be approved by audit committee in accordance with relevant regulations, and submitted to the board of directors for a resolution.
2. The Company's internal auditors shall audit the Operational Procedures for Endorsements/Guarantees for Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all the members of audit committee in writing of any material violation found.
3. Where as a result of changes of condition the entity for which a loan is made no longer meets the requirements of these Regulations, or the amount of the loan exceeds the limit, audit department shall urge finance department to formulate the period and take back expired loan, rectification plans shall be submitted to audit committee, and shall complete the rectification according to the timeframe set out in the plan.
4. The contact personnel shall make a detail list of loaning to others of last month before the eighth day of each month, and submit stepwise for approval.
5. The term "subsidiaries and parent company" in the Regulations shall be identified in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The Company's financial statements were made in accordance with International Financial Reporting Standards, the term "net worth" under these Regulations means the balance sheet equity attributable to the owners of the parent company.

Article 9: Control and management procedures for subsidiaries loaning funds to others

1. The Company shall order subsidiaries to draw up procedures in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", and shall conduct matters in accordance with the Regulations.
2. Subsidiaries shall make a detail list of losing funds to others of last month before the eighth day (excluded) of each month, and submit to the Company.
3. Order subsidiaries to review if the formulated Regulations Governing Loaning of Funds to Others conforms relevant regulations, and if matters are conducted in accordance with the Regulations; however, the net worth means subsidiaries' net worth as calculation base.
4. Internal auditors of subsidiaries shall audit Regulations Governing Loaning of Funds to Others and its implementation situations at least each quarter, and prepare written records accordingly. They shall promptly notify the Company's audit department in writing of any material violation found, and the Company's audit department shall submit information in written to all members of audit committee.
5. When the Company's auditors go to subsidiaries to review their self-check reports and other relevant matters in accordance with annual audit plan, and shall understand the implementation situation of subsidiaries' procedures of loaning funds to others. If there's missing mater, they shall continue to follow their improvement situations, and make a following report to submit to general manager or CEO.

Article 10: Information disclosure

1. The Company shall announce and report the previous month's loan balances of its head office and subsidiaries by the 10th day of each month, and put in MOPS.
2. The Company whose loans of funds reach one of the following levels shall put such event within two days commencing immediately from the date of occurrence in MOPS:
 - (1) The aggregate balance of loans to others by the Company and its subsidiaries reaches 20 percent or more of the public company's net worth as stated in its latest financial statement.
 - (2) The balance of loans by the Company and its subsidiaries to a single enterprise reaches 10 percent or more of the public company's net worth as stated in its latest financial statement.
 - (3) The amount of new loans of funds by the Company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the public company's net worth as stated in its latest financial statement.The term "fact occurrence date" referred to in this program means the earlier of the dates on which a contract is signed, payment is made, board resolution is passed, or the date on which there is sufficient evidence to determine the borrower and transaction amount.
3. The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 3 of the preceding paragraph.
4. The Company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts, and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing procedures.

Article 11: Penalty

When the Company's managerial officers and organizers violate these Regulations, shall be reported to assess to in accordance with the Company's Personnel Management Measures and Employee Handbook, and punished in accordance with the seriousness.

Article 12: Amendment

After audit committee agreed, the amendment of the Regulations shall be submitted to the board of director for approval, and shall be implemented after submitted and agreed by the shareholders' meeting.

Appendix 4

FORTUNE ELECTRIC CO., LTD. Directors' Shareholding Statement

Title	Name	Appointment date	End of term	Shareholding number as elected		Shareholding number registered in the shareholders roster on the book closure date	
				Shares	Ratio (%)	Shares	Ratio (%)
Chairman	Hsu, Bang-Fu	June 15, 2023	June 14, 2026	18,088,322	6.93	16,910,749	6.48
Vice chairman	Hsu, Shou-Hsiung	June 15, 2023	June 14, 2026	22,603,419	8.66	22,603,419	8.66
Director	Hsu, I-Te	June 15, 2023	June 14, 2026	3,948,577	1.51	3,948,577	1.51
Director	Hsu, I Sheng	June 15, 2023	June 14, 2026	3,248,470	1.24	3,248,470	1.24
Director	Shu, Yi-Cheun	June 15, 2023	June 14, 2026	1,057,892	0.41	1,057,892	0.41
Director	Weng, Jen-Pei	June 15, 2023	June 14, 2026	751,468	0.29	751,468	0.29
Independent director	Hu, Len-Kuo	June 15, 2023	June 14, 2026	0	0.00	0	0.00
Independent director	Lei, Whey-Min	June 15, 2023	June 14, 2026	0	0.00	0	0.00
Independent director	Liao, Chih-Hsiang	June 15, 2023	June 14, 2026	0	0.00	0	0.00
Independent director	Yeh, Yun-Ching	June 15, 2023	June 14, 2026	0	0.00	0	0.00
Sum of directors				49,698,148	19.04	48,520,575	18.59

1. The Company's paid-in capital was 261,058,548 shares on June 15, 2023, paid-in capital on April 15, 2024 was 261,058,548 shares.
2. The sum of all shareholders' legal shareholding was 12,000,000 shares, according to Article 2 of Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, "if a public company has elected two or more independent directors, the share ownership figures calculated at the rates for all directors and supervisors other than the independent directors and shall be decreased by 20 percent". The Company has set up an audit committee, and the shareholding of supervisors shall not apply.
3. Shareholding number registered in shareholders' roster until book closure date (April 15, 2024) is as above, and met the number standard in accordance with Article 26 of Securities and Exchange Act.