FLYTECH

2023
ANNUAL REPORT

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I. Report for Shareholders

Dear shareholders,

For Flytech Technology, 2023 was undoubtedly a year full of challenges. Our customers confronted a high level of inventory in the first half of year. Also, with the monetary policy of Fed aiming to reduce inflation, the end-users and customers of Flytech tended to act conservatively towards devices expenditures. As a result, 2023 Flytech consolidated revenues approached merely NT$ 3.5 billion while the net income attributed to the owner of parent company was NT$ 500 million. Although it was not an outstanding year for Flytech, the margin in 2023 hit the record high for the decade, which reflects that we have collected good results by implementing our strategies for the past few years.

Flytech Technology have integrated our capabilities of hardware, software, and artificial intelligence (AI) for several years. As such, we have built up solid fundamentals not only in designing and manufacturing POS hardware but also in providing comprehensive intelligent solutions. Berry AI enables QSR, or quick service restaurant, owners to improve their business flow as well as operation efficiency and thus increase the revenues by applying the technologies of image recognition to business data analyses. Observing the global trend of intelligent and automated solutions, Flytech also launched the AI solution for the retail industry, aiming to solve the key issue of self-checkout: the accuracy of check-out and the reduction of its process flaws, including the detection of theft.

Both environmental sustainability and business development are the goals that Flytech Technology pursues in parallel. In addition to our second ISO 14064-1 for 2022 GHG Inventory Report, we also completed out first ISO 14067 Product Carbon Footprint (PCF) for one product in 2023. The Verification Opinion Statements for GHG emissions and PCF were recognized. Also, Flytech advanced in the assessment of Excellence in Corporate Social Responsibility to the 8th place, ranked by CommonWealth Magazine, among medium-sized enterprises in 2023. Moreover, Flytech developed the motherboard of high efficiency that can achieve better energy saving and the design enables our product to monitor the data of carbon emissions through a dashboard so that customers can make their energy-saving scheme.

Flytech Technology is going to the 40th anniversary of company establishment this year. We have evolved from an ODM company to a solution provider that integrates software capabilities with hardware design and manufacture. We continue to make progress and believe that an individual or an enterprise derives the growth not only from examining our own strengths and weaknesses internally but also from observing, listening, and learning externally to bring in new ideas. As such, Flytech also collects diverse elements and business acumen in different fields through assisting some start-ups with the resources, including funds and management advice. We are convinced that turning innovation into our core value will lead to another prosperous four decades as well as a sustainable business.

May you all have a wonderful year of 2024

Flytech Technology Co., Ltd.
Lam, Tai Seng, Chairman
Shyu, Jia Horng, Manager
Wu, Pi Tao, Accountant in charge

II. Company Profile

2.1 Date of Incorporation: August 13th, 1984

2.2 Company History

In the early years, the company designed and sold 8088XT motherboards, I/O interface cards, network interface cards, industrial control cards, and PC peripherals. Currently, the company's main areas of business are industrial computers and peripherals. The company's timeline is as follows:

Year	Timeline of Important Events
1984 to 1999	1. The director of the board, Mr. Thomas Lam, established Flytech Technology Co., Ltd on August 13th, 1984, with a starting capital of NT$1 million. The company develops and produces 8088XT motherboards, I/O interface cards, network interface cards, industrial control cards, etc. At the beginning of the company's operations, because of its R&D and sales capacity, the company performed well and laid a good foundation for its steady growth. 2. In 1989, the company developed the world's smallest book-size PC, the 8000 series, which included two personal computers. With them, the company expanded to Europe and North America and received the CEBIT Best Design Award. A German television channel made a special report about the 8000 series, and these computers also received multiple patents domestically and abroad. (Dell has requested authorization for one of the patents). 3. In 1990, the company moved to Taipei's Nankang Software Park and successfully developed the 6000 series AT BOOK PC and the 9000 series BOOK desktop PC. 4. In 1991, the company successfully developed its 5000 series computer (BOOK PC-2xSlot). 5. In 1992, the company received the Best Product Award from the Taiwan External Trade Development Council, and successfully developed the 3000 series 80486 BOOK computers, adding removable disk drive structures for better confidentiality and portable, diversified applications. 6. In 1993, the company developed the improved 5000 series, upgrading the BOOK PCs and making them compatible with 80486 processors. 7. In 1994, the company successfully developed the 4000 model of the Pentium series, upgrading BOOK PC products' caliber and expanding their applications. 8. In 1995, the company's Pentium Book PCs and book-size external multimedia connection series were given two awards, including the Taiwan Excellence Award. 9 In 1996, the company successfully developed the 1000 model for the Pentium series and received TUV ISO-9002 certification, as well as the Taiwan Excellence Award for the Pentium multimedia book-size PCs. 10. In 1997, the company successfully developed the Pentium BOOK PC and Net PC series. The company also expanded to the realm of industrial computers and developed the 9000 industrial computer series. 11. In 1998, the company successfully developed the Pentium-II book-size PCs and industrial computers, IPC-1 (1U), and IPC-2(2U), among others. We received Taiwan Excellence Awards for our Pentium multimedia book-size computers, Pentium II book desktop PC, and net PCs. 12. In 1999, we passed the ISO-9001 international quality certification and received Taiwan Excellence Awards for our Socket-370 multifunction net PCs, Cyrix multimedia net PCs, and the world's smallest Socket-370 net PCs. We expanded to core application technology in the computer systems and further developed, produced, and sold 1000- and 4000-model detachable POS systems.

Year	Timeline of Important Events
2000 to 2007	13. In 2000, the company successfully developed the 400-model touch screen POS system and received a National Quality Award in the second year of the award. The factory moved to the Hsi-Chih District to a space of 900 square meters. The company was home to 130 employees, and the capital amount increased to NT$180,000,000. 14. In 2001, passed ISO-14001 certification, the company received the 4th Rising Star Award and successfully developed a new Touch POS series: POS112/500/430. POS 400/500 were awarded the 2001 Taiwan Design Award. In the same year, the company went public and applied for the OTC stock exchange. 15. In 2002, passed certification by ISO-9001: 2000, the company set up its Neihu HQ and successfully developed a new POS series, POS 115/435/600/605/505. The POS 500 received the Taiwan Excellence Award from the Ministry of Economic Affairs, as well as the 9th Innovative Research Award, and the 11th National Awards of Outstanding SMEs. In the same year, the company's stocks were listed on the Taiwan OTC Stock Market. 16. In 2013, the company successfully developed a new series of POS products: POS 530/630, Mini Web POS 3 series, and OPOS Driver, which is specifically for POS systems. The company actively expanded its business in China; invested in its subsidiary, Flytech (Shanghai) Co., Ltd; and received the 4th Industrial Sustainable Development Excellence Award from the Ministry of Economic Affairs (MOEA). 17. In 2004, the company's Neihu HQ was finished, and the company's factories were moved to Wu-Gu Industrial Park, Taipei County. The company's sales team grew and POS, ODM, and KIOSK business offices were established. The company successfully developed its new POS products (POS 430/435 P4) and new kiosk products (K810/K811/K84X). The company received 2nd Taiwan Enterprise Awards - Best Innovative SMB Award, Excellent Innovation and R&D Enterprise, and 2nd Taiwan Golden Root Award, etc. It was ranked as one of the top 500 fastest-growing high-tech companies in the Asia-Pacific region. In the same year, the company was permitted to relist as a high-tech stock. 18. In 2005, the company successfully developed POS 460/660 P4, POS122/125, POS104/105/106. The company also developed the new KIOSK series K845/K892 and the Digital Signage K805/807/809. The company was rated as one of the "Top 500 Fast-growing Companies in Electronics and Technology" by China Credit Information Service Ltd, and the POS 460/660/KIOSK 840 products received the Excellently Designed Products Certificate from the MInistry of Economic Affairs. 19 In 2006, the company developed new POS products (POS 5000, POS 36X) and new KIOSK products (K72X/79X/K81X/K84X/K895). KIOSK K845A received the 2006 14th Industrial Technology Advancement Award from the Industrial Development Bureau, Ministry of Economic Affairs, as well as being one of the 2006 DIMA Photo KIOSK Shoot-Out Winners. The POS 660 series became the 2006 Computex - Best Choice Winner. 20. In 2007, the company developed POS 72X/79X and new KIOSK products (K847/893, K207, KPC5) and Panel PCs (K830/K877). The K870 Series became the 2007 Computex Best Choice Winner, and the company was nominated as one of the "Top 500 Fast-growing Companies in Electronics and Technology." It was rated by CW magazine as one of the "Top 100 Highest-Performing Companies in 2006" and one of Asia's 200 Best Under A Billion by Forbes magazine. The company was also rated as one of Taiwan's "Best Potential 99" manufacturers by ET today.

Year	Timeline of Important Events
2008 to 2012	21. In 2008, the company successfully developed a new POS series and peripherals (POS 370/475/355), a new KIOSK series (K897/795/795T/832.835), and Panel PCs (PA23/24, Bedside Terminal TC200). Multiple series of the company's products were selected by Computex Taipei to be used at the conference and as computers for application displays in 2008. The company was rated by Forbes Asia as one of "Asia's 200 Best Under a Billion," one of the "Top 500 Fast-growing Companies in Electronics and Technology in 2008" by China Credit Information Service, and one of the "Top 100 Taiwan Tech Companies in 2008." 22. In 2009, the company successfully developed industrial computers and peripherals: P335/345/357/88X/234, KPC1/6, K78X, Bedside Terminal PA38. Passed ISO-13485 certification. Again multiple series of the company's products were selected to be used at the 2009 Computex conference and as computers for application display. The KIOSK series were used as guidance computers by the 2009 World Games. The company was rated by Global View Monthly as part of the "A+ Club," the top 69 Taiwan companies that are the best money makers for shareholders. Business Next rated the company as one of the Top 100 Tech Companies – Overall Taiwan/China/World Ranking. China Credit Information Service rated it as one of the "Top 500 Fast-Growing Companies in Electronics and Technology in 2009," and one of the "Top 100 Taiwan Tech Companies in 2009." 23. In 2010, the company developed its industrial computer series and peripherals: P385/78X/137, P223/235, K773/88X, KPC7, and Bedside Terminal K938. The company was again named by Global View Monthly as part of the "A+ Club," the 69 Taiwan companies that are the best money makers for shareholders. Its POS P235 received the 2010 Reddot Design Award and the 2010 iF Best Product Design Award. For the third year in a row, multiple series of the company's products were selected by Computex Taipei to be used at the conference and as computers for application display. The company was invited to exhibit at the 2010 Taiwan Design Expo. Our products were also used for ticket sales, checkouts, and guidance systems at the 2010 Taipei International Flora Exposition. 24. In 2011, the manufacturing center at Hwa Ya Technology Park, Linkou was finished, giving the company three times as much production capacity as before. We successfully developed a new series of industrial computers and peripherals: P355H/554/485/495, POS8000, P14X/185/195, K75X/787, Bedside Terminal K936. POS562 was awarded Germany's iF Best Product Design Award. Multiple series of the company's products were selected by Computex to be used at the conference and as computers for application display. Development Plan for Flytech's Service-oriented Manufacturing Value Chain System approved by the Industrial Development Bureau of the Ministry of Economic Affairs' Special Tech Endorsement Project. 25. In 2012, the Manufacturing Center officially moved to Linkou's Hwa Ya Technology Park, and its production capacity was in full power. It successfully developed a new series of industrial computers and peripherals: P345N/385N, PA72/93, K755/759, P145/149, Bedside Terminal PA79. Multiple series of the company's products were selected by Computex to be used at the conference and as computers for application display, and its POS products received Germany's iF Best Product Design Award. Again, the company was chosen by China Credit Information Service as one of the "Top 500 Fast-growing Companies in Electronics and Technology."

Year	Timeline of Important Events
2013 to 2017	26. In 2013, we successfully developed a new industrial computer series and peripherals: P375N/391/395/425, PA35/97/98, Bedside Terminal K948. Multiple series of the company's products were selected by Computex Taipei to be used at the conference and as computers for application display, and our PA Series POS received the iF Best Product Design Award and passed ISO-27001 Information Security Certification. 27. IN 2014, the company celebrated its 30th anniversary and developed a new industrial computer series and peripherals: P314/325/355N/375/485/P495, KPC8, K77X/78X/73X/74X, and Mobile POS series P263/265. Again, the company was named one of the Top 5000 Large Companies in Taiwan, 2014. The company was also ranked 17th in the computer accessory industry, 40th in terms of performance in the manufacturing sector, and 95th in combined ranking for company performance by China Credit Information Service. Multiple series of the company's products were selected by Computex Taipei to be used at the conference and as computers for application display. 28. In 2015, the company successfully developed its new industrial computer series and peripherals: J640/690/690L/240, new MB compatible with Panel PC series, K74X/75A/76X/778, Payment Terminal T635/635M/636/645/646. Awarded at the 3rd Potential Taiwan Mittelstand Awards by the Ministry of Economic Affairs. Received the Intel 2015 Outstanding Business Achievement Award. Multiple series of the company's products were selected by Computex Taipei to be used at the conference and as computers for application display. Flytech ranked among the top one-third in the Second Corporate Governance Evaluation (In the year 2015 as promulgated in April 2016) 29. In 2016, the company successfully developed industrial computers and peripherals: P395/531/P534/255, K735/75C/767, new MB compatible with POS and Panel PC series P325/357/795/K75X, Payment Terminal T635M/602/603, and T605, T606 A/B/C series. We purchased renowned U.K. retail technology provider Box Technologies (Holdings), and we acquired 100% of this subsidiary's shares. Our Panel PC 18.5 achieved the IP67-level waterproof grade. We adopted 304 food-grade and medical-grade stainless steel material for sweat and stain proofing. For this we received the iF 2016, Computex d&I awards, and many other honors. We were recognized by the Ministry of Economic Affairs' Bureau of Foreign Trade as one of the top 500 manufacturers in imports/exports. Multiple series of the company's products were selected by Computex Taipei to be used at the conference and as computers for application display. Passed certificate renewal review ISO14001: 2015 version certification (validity period from September 22, 2016 through September 21, 2019). Flytech ranked among the top one-third in the Third Corporate Governance Evaluation (In the year 2016 as promulgated in April 2017) 30. In 2017, the company successfully developed the industrial computer series and new peripheral products:P335N2/P544/ PB41/PB53/PB55/PB57/PB61/PB62/ PB63/ PB65/PB66/PB77/P274. It likewise successfully developed a monitoring system that users can operate from a mobile phone APP, the patented System Diagnostic Recorder (SDR) device for critical part scenarios and the corresponding mobile phone APP. We were recognized by Ministry of Economic Affairs' Bureau of Foreign Trade as one of the top 500 manufacturers in imports/exports. Touch POS P655 was awarded the Grand Award for Best Design in the 2017 German iF Design Award, with a continual win in the Computex Taipei Computer Show, using multiple series of models as venues and application display machines; Ranked among the Top One-Third Plus in the 4th Corporate Governance Appraisal Competition (The honors of Year 2017 as announcement in April 2018).

Year	Timeline of Important Events
2018 to 2020	31. In 2018, the company successfully developed industrial computer series and new peripheral products: P385N/P455/P485/P655/T605A+/K75D/PB81/PB85/PB88/K85B. New-generation P274 continues to lead the industry in the field of Mobile POS. Through the synergistic effect of the integrated channel supply chain of the British subsidiary Box Technologies (Holdings), the British domain was successfully expanded, injecting Flytech Technology Co., Ltd. Group's revenues.Awarded the 12th place in the Computer Peripheral Equipment Industry of the China Credit Information Service in the "Top 5000 Large Enterprises in Taiwan in 2018" Competitions. Multiple series of the company's products were selected by Computex Taipei to be used at the conference and as computers for application display for 10 consecutive years. The certificate renewal passed Taiwan Intellectual Property Management System (TIPS) (Level A 2016 Version) certification of the Ministry of Economic Affairs. Awarded among the top 20% best good results in the Fifth Corporate Governance Evaluation (the honors of 2018 announced in April 2019). 32. During 2019, Flytech successfully completed research & development for such computer and peripheral products including notably:P337/P458/P617/P667/P274/K757V/K865/K86B/K959/PB82/PB88/PC12/P155N. Established subsidiary Berry AI. Specialized in AI and deep learning software technology. With successful pass of the strict review process for replacement of certificates of honors: ISO9001: 2015 Version (valid starting from August 13, 2019 until August 21, 2020); ISO13485: 2016 Version (valid starting from January 28, 2019 until January 27, 2022), ISO14001: 2015 Version (valid starting from September 22, 2019 until September 21, 2022), ISO27001: 2013 Version (valid starting from July 31, 2019 until June 25, 2022). Honorably awarded the 12th place in the Computer Peripheral Equipment Industry of the China Credit Information Service in the "Top 5000 Large Enterprises in Taiwan in 2019" Competitions. KIOSK K86B was honorably the Best European Design Award 2019. Awarded every year in eleven years in a row in the Computex Taipei Computer Show, adopting multiple series of models as venues and application display machines; honorably rated among the top 20% in the 6th Corporate Governance Evaluation (honors of Year 2019 announced in April 2020). 33. In 2020, Flytech announced its successful research & development of new computer series and peripherals:P615, P665, P617N, P667N, PB96, M276, M278, K736, K737, K738, K739, K889, PC17, PC18, PC26, Touch POS P617 was honorably awarded the【Grand Award for Best 2020 iF Design】in Germany, successfully launched Hardware Monitoring Service Software known as Inefi. Passed the strict review for license renewal: ISO9001: 2015 Version (valid starting from December 3, 2020 until August 31, 2023), ISO14001: 2015 Version (valid starting from December 3, 2020 until September 21, 2022), ISO45001 Certification for Occupational Safety & Health Manager System 2018 Version (valid starting from December 1, 2020 until November 30, 2023). Awarded the 13th place in the Computer Peripheral Equipment Industry of the China Credit Information Service in the "Top 5000 Large Enterprises in Taiwan in 2020" Competitions. Here at the Company, we started compiling the first "Corporate Social Responsibility (CSR) Report which was officially issued to public in February 2021, concretely revealing Flytech's incessant endeavors and performance toward corporate social responsibility (CSR) with feedback in real time to the stakeholders on their requirements and expectations. Ranked top 20 in the listed company group of the Corporate Governance Evaluation for three years in a row, and the good performance of top 5% in the listed company group with a market value between US$5 and US$10 billion. Establish an epidemic prevention project to properly respond to the epidemic and maintain the normal operation of internal and external personnel.

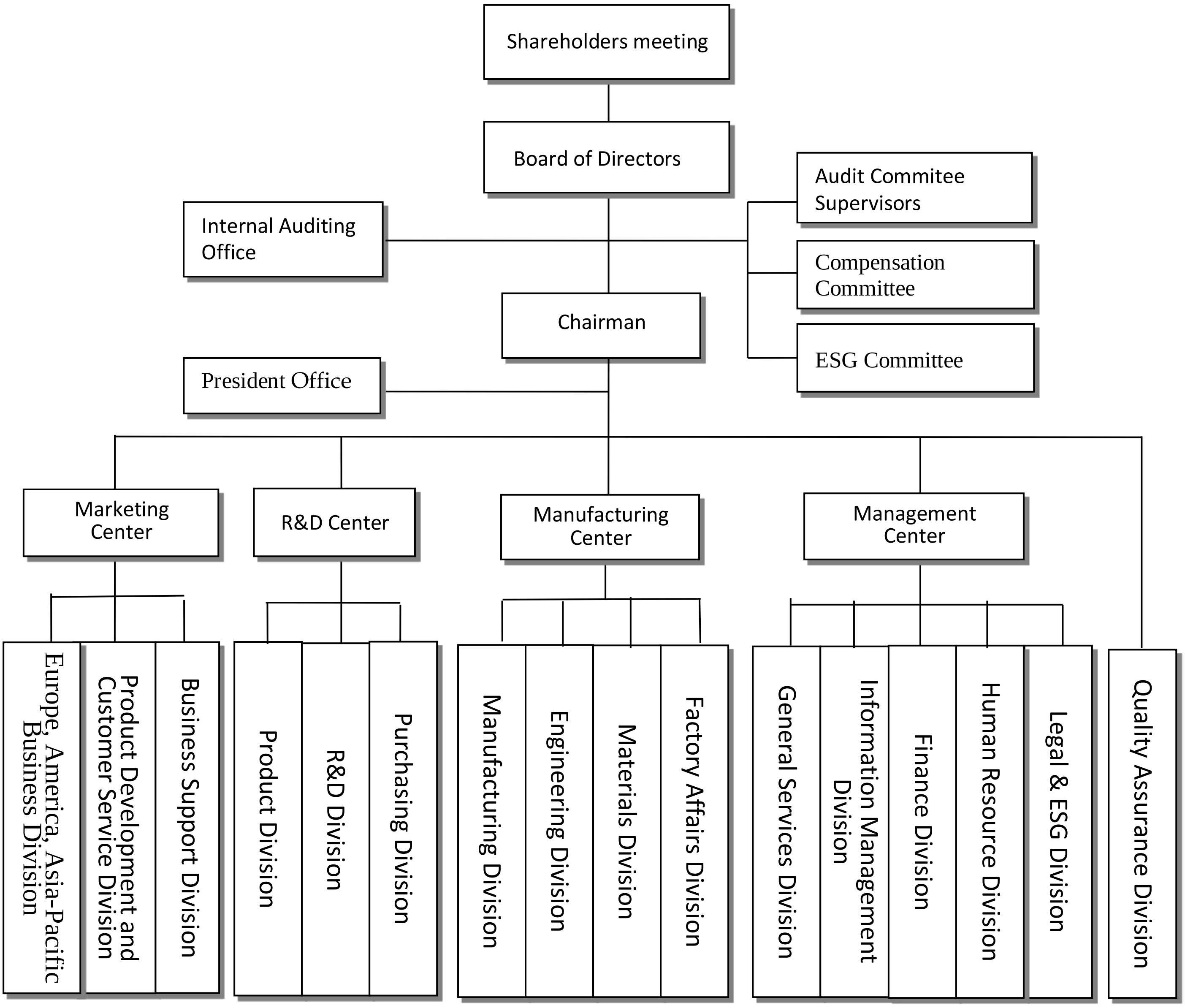
Year	Timeline of Important Events
2021 to 2022	34. In 2021, the Company successfully developed new products for industrial computer series and peripherals: P337N2/P/457/P495D/P665/PC40/PC46/K959T/K889/PC16/PC35/PC41/ B6000. The Company developed the first software service "Inefi" for remote monitoring of hardware devices, providing remote management on a subscription basis to enable customers to maintain their hardware more effectively and to enhance the competitiveness of Flytech products in the market. The Company issued its "2020 CSR Report" and ranked 8th in the “Small Giant” category of the 2021 Corporate Social Responsibility Award organized by CommonWealth Magazine. Received IATF 16949 Automotive Quality Management System 2016 certification (valid from Dec. 12, 2021 to Dec. 11, 2024). The Company was awarded the 12th place in the computer peripherals industry in the "Top 5000 Taiwan Large Corporations Ranking 2021" by China Credit Information Service. For the fourth year in a row, the Company was ranked in the top 20 percent of the TWSE-listed companies in the "Corporate Governance Review" (the annual results for 2021 were announced in April, 2022). 35. In 2022, the Company successfully developed new products for industrial computer series and peripherals: B6140/B6120/PC40/PC42/PC56/PC49/PC55/M285/K75A/PC51/PC54. The Company Officially promote the software service "Inefi" providing remote management through modern OTA (over-the-air) technology to enable customers to maintain their hardware more effectively and got good reviews from customers. The Company issued its "2021 ESG Report" in Chinese & English version. The Company achieved an honor of 2022 Excellence in Corporate Social Responsibility by CommonWealth Magazine, ranking No. 11 in Medium Enterprise Group. The Company completed the first ISO 14064-1 GHG inventory report of 2022 and obtain the verification statement from SGS. The Company was awarded the 11th place in the computer peripherals industry in the "Top 5000 Taiwan Large Corporations Ranking 2022" by China Credit Information Service. For the fifth year in a row. The Company sold all its shares of the subsidiary Poindus Systems Co., Ltd. To Compal Computer and the Gain on disposal is NT$22,042,000. The Company was ranked in the top 6%~20% of the TWSE-listed companies in the "Corporate Governance Review" (the annual results for 2022 were announced in April, 2023).
2023	1. Successfully developed new products in industrial computer series and peripherals, including new All-in-one POS series, new Mobile POS series, new Panel PC series, new KIOSK series, new PC POS series, Non-PC and new MB with host series: POS316/317/319, PS335X2,P337X2, P627, P657, P615N2, P617N2, P665N2, P667N2, P5000N2, PC51, PC54, PC63, PC65, KPC2, KPC5, KPC6N. 2. Issued the sustainability report "Flytech ESG Report 2022" in Chinese and English. 3. Ranked 8th in the medium-sized enterprises group of the "World Sustainable Citizenship Award" by CommonWealth Magazine in 2023, and accepted an interview to showcase our efforts and achievements. We continue to implement sustainable development and social inclusion to move toward a better future. 4. The Company has established a GHG inventory system in compliance with ISO 14064-1 in advance of the regulations of the Financial Surpervisory Commission R.O.C., and the 2022 GHG inventory report obtained the S ISO 14064-1 verification statement. 5. The Company was awarded the 13th place in the computer peripherals industry in the "Top 5000 Taiwan Large Corporations Ranking 2023" by China Credit Information Service. Ranked 63rd in manufacturing operating performance.

Year	Timeline of Important Events
2023	6. Established a product carbon management platform, completed the first carbon footprint inventory report for Panel PC products, and obtained the ISO 14067 verification statement from AFNOR. 7. Continually in coordination with “Flytech Foundation” in sponsoring a variety of social public welfare programs along with the promotion into science & technology innovation programs, e.g. Design For Taiwan focusing on one-year seminar and workshop toward the university/college students where we invited well-known experts both in Taiwan and throughout the world to render instructions in the seminars, focusing on Taiwan-based innovation culture where Flytech fulfilled its corporate social responsibility (CSR). 8. Ranked in the top 21%~35% of the TWSE-listed companies in the "Corporate Governance Review" , as well as ranking in the top 6%~10% iwith a market capitalization ranging from 5 billion to 10 billion. (the annual results for 2022 were announced in April, 2024).

III、Corporate Governance Report

3.1 Organization

3.1.1 Organizational Chart（Date：April 30, 2024）



Department	Main Responsibilities
President Office	Establish corporate culture, promote corporate governance, set growth visions and operational goals, lead the four centers towards the goals, promote and supervise ESG implementation and integrity operations, review and revise various management systems, plan and implemente human resources policies, recruite talents, conduct training programs and performance assessments, manage group subsidiary systems and business performance. Investment strategy formulation and management, external information release, media corporate contact.
Internal Auditing	Evaluate the operational risk of all operational units and validity of internal control systems, set annual audit plans, and implement and propose improvement recommendations according to the plan.
Marketing Center	Set product positioning and deploy global marketing strategies, engage in Touch POS, Panel PC, Mobile POS, KIOSK, PC POS, Non-POS, Non-POS, UEM service provided by"Inefi" and other IPC products related market development, business orders, and customer services, differential analysis and management improvement.
R&D Center	New product system, MB, and related peripheral product development, design, trial production, trail planning operations, and new technology R&D. Raw material production equipment supplier development, inquiry and price negotiation, purchase plans, purchase operations, and management, differential analysis and management improvement.
Manufacturing Center	Material management for various products, production capacity plans, schedule management, product manufacture, site management, engineering management, equipment management, and inventory management, differential analysis and management improvement. .
Management Center	Various property equipment management, general affairs management, workplace labor safety and hygiene management, and information security policy formulation and management. Plan and implant accounting, cost, finance, budget, taxation, capital, and other operations; prepare financial statements and differential analysis, supervise group subsidiary financial operations, prepare consolidated financial statements and differential analysis, assist the General Manager's Office in promoting corporate governance, ESG implementation and integrity operations. Contract and legal affair review, intellectual property management. Assist in promoting ESG sustainable operation activities, and assist the presidentr office in promoting corporate governance and ethical corporate management
Quality Assurance Division	Set up quality policies, establish and maintain quality management systems, incoming materials/manufacturing process/finished products quality inspection, correction prevention & abnormal measures, instrument calibration, after-sales maintenance services, assisting in procurement and implementation of supplier qualification and evaluation, differential analysis and management improvement.

3.2 Directors and Management Team

3.2.1 Directors

April 30, 2024

Title	Nationality/ Country of Origin	Name	Gender	Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Executives or Directors who are spouses or within two degrees of kinship			Note
								Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C.	Lam, Tai Seng	Male	61~70	2021.07.07	3 years	1984.08.13	16,423,263	11.48%	16,423,263	11.48%	11,040,443	7.72%	—	—	EMBA Guanghua School of Management, Peking University EMBA of National Chengchi University Department of electronic engineering, National Taiwan University President of Flytech Technoloogy	Note 1	Director	Wang, Wei Wei	Spouse	
Director	R.O.C.	Wang, Wei Wei	Female	61~70	2021.07.07	3 years	1984.08.13	11,040,443	7.72%	11,040,443	7.72%	16,423,263	11.48%	—	—	MBA University of Tennessee,USA SVP of Flytech Technology	Note 2	Chairman	Lam Tai Seng	Spouse	
Director	R.O.C.	Flytech Foundation	Male		2021.07.07	3 years	2021.07.07	900,000	0.63%	1,200,000	0.84%	—	—	—	—	MS, NYU Electrical Engineering Director of Mediatek Inc	None 3				
		Representative : Shyu, Jia Horng		51~60				—	—	24,118	0.02%	—	—	—	—						
Director	R.O.C.	Yi Hua Investment Limited	Male		2021.07.07	3 years	2021.07.07	78,022	0.05%	78,022	0.05%	—	—	—	—	EMBA Guanghua School of Management, Peking University Department of Cooperative Economics, National Chung Hsing University	None 4				
		Representative : Liu, Tian Lai		51~60				—	—	—	—	—	—	—	—						
Independent director	R.O.C.	Hsieh, Han Chang	Male	61~70	2021.07.07	3 years	2012.6.15	—	—	—	—	—	—	—	—	EMBA of National Chengchi University VCEO of Yeangder Group President of Shihlin Electric and Engineering Corp	Note 5				
Independent director	R.O.C.	Liang, Wei Ming	Male	61~70	2021.07.07	3 years	2019.06.12	—	—	—	—	—	—	—	—	University of Iowa IE & MBA Department of Industrial Engineering, Tunghai University Vice President, Chief Land Electronic Co., Ltd. President and Director of SINBON Electronics Company Ltd.	Note 6				
Independent director	R.O.C.	Chiu, Yi Chia	Male	41~50	2021.07.07	3 years	2021.07.07	—	—	—	—	—	—	—	—	Ph.D., Institute of Management of Technology, National Chiao Tung University Vice Dean, College of Commerce, National Chengchi University Professor, Graduate Institute of Technology, Innovation and Intellectual Property Management, National Chengchi University	Note 7				

Note 1: Flytech Technology USA INC., Chairman of the Board,, Flytech Technology Hong Kong Ltd., Chairman of the Board, Flytech Technology (Shanghai) Co.,Ltd., Chairman of the Yeedex Electronic Corporation(corporate representative), Chairman of the Board, Yi Hua Investment Co., Ltd., Chairman of the Board

Note 2: Director of Flytech CN International Co., Ltd., CEO of Bluerider ARTs

Note 3: President of Flytech Co., Ltd., Chairman of Berry AI in., Chairman of Box Technologies (Holdings) Limited, Director of Box Technologies Limited , Chairman of.Flytech USA International Co., Ltd., Chairman of Flytech HK International Co., Ltd., Chairman of Flytech CN International Co., Ltd., Chairman of Fei Shiun investment Co. Ltd.、Chairman of Inefi incorperation (corporate representative)。

Note 4: President of BIONET Corp., President of Greater China of JOHNSON & JOHNSON (H.K.) LTD.

Note 5: VCEO of Yeangder Group, MD & President of Shihlin Electric and Engineering Corp, Director of HCT LOGISTICS CO., LTD., Supervisor of Yeangder Invested Company, Chairman of Hsin Ling Electric and Engineering Corp, Director of Chuan Lin Scien-Technical Corp., Director of Ruei Lin Electric & Engineering Corp., Director and President of Yeangder Entertainment Co.Ltd, Director of Yeang-der Senior High School, Director of SEEC International Holdings Ltd., Director of Shihlin Electric (Suzhou) Power Equipment Co., Ltd., Director of Yeangder Culture and Education Foundation, Vice CEO of memorial Foundation of Mr.Ching Teh Hsu, Supervisor of Yeangder safety consultant Corp., Director of Sankyo Company Ltd., Director of Aces Electronics Co., Ltd., Director of Mec Imex Inc.

Note 6: Director of Worldwide Wire Harnesses Ltd. (corporate representative), Chairman of SINBON Tongcheng (corporate representative), Director of SINBON Jiangyin (corporate representative), Director of SINBON Hong Kong (corporate representative), Director of SINBON Beijing (corporate representative), Director of Beijing SINBON TongAn Renewable Energy Co., Ltd (corporate representative), Director of SINBON Shenzhen (corporate representative), Director of SINBON Shanghai (corporate representative), Chairman of Jiangsu ENMAGIC Energy Co., Ltd. (corporate representative), Director of Kunshan Enmagic Renewable Energy Co., Ltd., Director of Enmagic Renewable Energy Co., Ltd. (corporate representative), Chairman of SINTOP Energy Management Co., Ltd. (corporate representative), Chairman of SINBON Jiangyin Beijing Tongzhou Branch(corporate representative), Director of Tai Yi Investment Co., Ltd., Director of SINBON Technologies Tennessee LLC(corporate representative), Director of Jiangyin Sincheng Electronics(corporate representative), Director of RADBON Electronics (corporate representative)

Note 7: Independent director of Wowprime Corporation, Independent director of Dynamic Holding..

1. Major shareholders of the institutional shareholders

April 30, 2024

Name of Institutional Shareholders	Major Shareholders
Yi Hua Investment	Lam Tai Seng

2. Major Shareholder is the corporate shareholder directors：Flytech foundation is a non-profit, so it is not applicable

3.2.2 Information of directors and supervisors:

1. professional qualification of directors and supervisors' and Independence Criteria of Independent Director:

Condition / Name	Professional Qualification and Experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chairman Lam, Tai Seng	Professionals in industry, technology, Sales, business management, etc., the founder of the company, leading the company's R&D design and marketing management for many years. He has been a director since the company's establishment and is currently the chairman of the Company.		
Director Wang, Wei Wei	Professionals in investment, Financial management, business management, and Sales etc. used to be senior vice president of the company, responsible for investment and management. Served as a director since the establishment of the company and is currently a full-time director.		
Director Flytech Foundation Representative: Shyu, Jia Horng	Professionals in industry, technology, Sales, management, used to be the director of the listed company MediaTek, and is currently the President of the Company. Elected as a director on shareholders' meeting in July 7,2021.		
Director Yi Hua Investment Limited Representative: Liu, Tian Lai	Professionals in industry, technology, manufacture, management, the prisident of MicroBase Technology Corporation. The original designated representative of director Yi-hua Investment Co., Ltd., president Chuo, Chun Hung retired in May 2023, and Yi-hua Investment appointed Liu, Tian-Lai as he corporate representative in August 2023.		
Independent director Hsieh, Han Chang	Re-elected as Independent Director of the 12th Board of Directors in July 7 2021. First appointment as a director of a listed cabinet company was in 2005, and the first appointment as a independent director of the company in 2012. Professionals in industry, finance, sales, management, used to be the President of the listed company Shihlin Electric and Engineering Corp. Professionals in financial analysis and operational management capabilities. The provisions of Article 30 of the Company Act are not applicable.	Compliant (Note 1)	0

Condition Name	Professional Qualification and Experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent director Liang, Wei Ming	Re-elected as Independent Director of the 12th Board of Directors in July 7 2021. First appointment as a director of a listed cabinet company was in 2005, and the first appointment as a independent director of the company in 2019. Professionals in industry, finance, technology, management, used to be the President of the listed company Sinbon Electronics Company Ltd. Professionals in financial analysis and operational management capabilities. The provisions of Article 30 of the Company Act are not applicable.	Compliant (Note 1)	0
Independent director Chiu, Yi Chia	New-elected as Independent Director of the 12th Board of Directors in July 7 2021. First appointment as a director of a listed cabinet company was in 2006, and the first appointment as a independent director of the company in 2021. Professionals in academic, new innovation development management, intellectual property management, busness management, taught EMBA program of Business School of NCCU. The provisions of Article 30 of the Company Act are not applicable.	Compliant (Note 1)	Independent director of Wowprime Corporation Independent director of Dynamic Holding.

Note1 : The amount of remuneration obtained from providing business, legal, financial, accounting and other services to the company or related companies in the last 2 years is 0.

2. Board Diversity and Independence：

(1) Board Diversity Policy, Goals and Achievements

The composition of the board of directors of the company takes into account the needs of the operation structure, business type, and future development trends, and evaluates various aspects of diversification, and formulates an appropriate diversification policy, include Basic personal information and values (gender, age, nationality, and cultural background), Expertise and skills (such as industry, technology, finance, sales, management, manufacture etc.). Provide diverse perspectives and perspectives to improve the quality of board decision-making and benefit a variety of stakeholders.

A. Gender goal:
   Female directors accounting for 25% of all the directors (or two seats).
   Achievement situations:
   The company elected one female director in 2018, accounting for 14%. The company will continue to work on this part.

B. Age goal:
   Those below age 60 accounting for 30%.
   Achievement situations:
   Three of the new-elected directors of the 12th session are under the age of 60 and more than 30% in 2021, and reached the goal of younger age.

C. Experience goal：
   Two-thirds of the directors should be masters or above, or professional managers of listed companies.
   Achievement situations:
   The members of the 12th board of directors include one doctor and six masters. The external directors are all professional managers of listed companies or senior professors of national universities. The goal has been achieved.

D. Nationality and cultural goals:
   More than one-half of the directors should have a master's degree or above from an overseas institution, or have worked in the overseas company.
   Achievement situations:
   Two directors obtained a master’s degree from the United States, and two directors obtained a master’s degree from the Guanghua School of Management of Peking University, both of whom have worked or managed overseas companies.

E. Professional goal:
   Operational judgment ability, accounting and financial analysis ability, operational management ability, crisis handling ability, industrial knowledge, international market outlook, leadership, decision-making ability.
   Achievement situation:
   The backgrounds of the directors are as shown in the following table. The goal of diversified complementariness has been achieved.

Name of Director	Specialized Background	Core diversity aspects ●have ability ○Partial ability							
		Operating judgment	Accounting and Finance Analysis Skills	Operational and Management Ability	Crisis Response Ability	Industry Experience	Understanding of International Markets	Leadership	Decision Making
Lam, Tai Seng	Industry, Technology, Sales, Busness Management	●	○	●	●	Computer, Electronics	●	●	●
Wang, Wei Wei	Investment, Finance, Busness Management, Sales	●	●	●	●	Computer, Investment	●	●	●
Shyu, Jia Horng	Industry, Technology, Sales, Management	●	●	●	●	Computer, Investment	●	●	●
Liu, Tian Lai	Industry, Technology, Manufacturing, Management	●	○	●	●	Computer, Electronics	●	●	●
Hsieh, Han Chang	Industry, Finance, Sales, Management	●	●	●	●	Electronics, Investment	●	●	●
Liang, Wei Ming	Industry, Finance, Technology, Management	●	●	●	●	Computer, Electronics	●	●	●
Chiu, Yi Chia	Academic, New innovation Development management, Intellectual property management, Busness Management	○	●	○	●	Investment, Busness Management	●	●	●

(2) Independence of the Board of directors

The Company have seven directors in total, three of whom are independent directors. The board of directors has become independent. The chairman and director Wang Wei-wei are each other's spouses. None of the remaining directors has any of the conditions specified in Items 3 and 4 of Article 26-3 of the Securities and Exchange Act.

3.2.3 Management Team

Apr. 30, 2024

Title	Nationality/ Country of Origin	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	％	Shares	％	Shares	％			Title	Name	Relation	
President & Head of Management Center	R.O.C.	Shyu, Jia Horng	Male	2020.01	24,118	0.02%	—	—	—	—	MS, NYU Electrical Engineering Director of Mediatek Inc	1.President of Flytech Co., Ltd. 2.Chairman of Berry AI in.(corporate representative) 3. Chairman of Box Technologies (Holdings) Limited 4. Director of Box Technologies Limited, 3. Flytech USA International Co., Ltd, 5. Chairman of.Flytech USA International Co., Ltd. 6. Chairman of Flytech HK International Co., Ltd 7. Chairman of Flytech CN International Co., Ltd, 8. Chairman of Fei Hsun Investment Co., Ltd., 9. Chairman of Inefi incorperation (corporate representative)				
Vice President of Marketing Center	R.O.C.	Sung, Ching Sheng	Male	2023.01	—	—	1,000	0.001%	—	—	MBA, University of Texas at Dallas Quality Assurance Engineer, Acer Computer Quality Assurance Engineer, Accton Technology Assistant Manager of Flytech Co., Ltd.,	Director of Berry AI in. (corporate representative)				
Assistant Vice President of Marketing Center	R.O.C.	Hung, Dong Chang	Male	2013.09	88,246	0.06%	28,054	0.02%	—	—	EMBA , Soochow University Manager, Evertop Wire Cable Corporation	Director of Box Technologies Limited				
Assistant Vice President of Marketing Center	R.O.C.	Huang, Jung Shian	Male	2023.01	—	—	—	—	—	—	MS, Electrical Engineering, Georgia Institute of Technology AVP, Paking Technology Limited.	None				
Head of Manufacturing Center (Acting Supervisor)	R.O.C.	Chu, Yun Haw	Male	2023.01	—	—	—	—	—	—	MS, National Chung Cheng University Electrical Engineering Director, Speed Tech Corp.	None				
Head of R&D Center	R.O.C.	Liu, Yun Ping	Male	2011.10	—	—	—	—	—	—	Exceutive program, National Cheng-Chi University EMBA of National Chengchi University Senior AVP, Elitegroup Computer Systems	None				
Assistant Vice President of R&D Center	R.O.C.	Chou Li Chun	Male	2023.01	—	—	—	—	—	—	Senior Manager, Micro-Star International Co., Ltd. Manager, Kinpo Electronics, Inc.	Director of Inefi incorperation (corporate representative)				
Chief Finance Officer	R.O.C.	Wu, Pi Tao	Female	2023.01	2,000	0.01%	—	—	—	—	M.S., Department of Accounting, National Taipei University CFO, GaleMed Corporation Internal Audit Manager, Nytex Composites, Co., Ltd. PwC Taiwan	Supervisor of Berry AI in.				

3.2.3 Remuneration of Directors, Supervisors, President, and Vice President in 2021

1. Remunerations for General Directors and Independent Directors

December 31,2023 Unit: NT$ thousands; shares

Title	Name	Remuneration of Directors								Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 7)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary
		Base Compensation (A) (Note 1)		Severance Pay (B)		Bonus to Directors (C) (Note 2)		Allowances (D) (Note 3)				Salary, Bonuses, and Allowances (E) (Note 4)		Severance Pay (F) (Note 6)		Profit Sharing- Employee Bonus (G) (Note 5)				Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) (Note 7)		
		The Company	Companies in the consolidated financial statements (Note 6)	The Company	Companies in the consolidated financial statements (Note 6)	The Company	Companies in the consolidated financial statements (Note 6)	The Company	Companies in the consolidated financial statements (Note 6)	The Company	Companies in the consolidated financial statements (Note 6)	The Company	Companies in the consolidated financial statements (Note 6)	The Company	Companies in the consolidated financial statements (Note 6)	The Company		Companies in the consolidated financial statements (note 6)		The Company	The Company	
																Cash	Stock	Cash	Stock			
Chairman	Lam, Tai Seng	0	0	0	0	5,600	5,600	1,320	1,320	1.38%	1.38%	8,705	8,705	146	146	3,520	0	3,520	0	3.84%	3.84%	None
Director	Wang, Wei Wei																					
Director	Flytech Foundation Representative : Shyu, Jia Horng																					
Director	Yi Hua Investment Limited Representative : Chuo, Chun Hung (Note 8)																					
Director	Yi Hua Investment Limited Representative : Liu, Tian La (Note 8)																					
Independent Director	Hsieh, Han Chang																					
Independent Director	Liang, Wei Ming																					
Independent Director	Chiu, Yi Chia																					

1. State the relevance of the independent director remuneration payment policy, system, standard, and structure and remuneration amount based on duties, risks, input time, and other factors:

The company's policy of remuneration payments to all the directors (including independent directors) in reference to the following terms has been drafted into a payment plan submitted to the Remunerations Committee and Board of Directors four review and approval. Based on the directors' degree of involvement and the value of contribution in the board of directors for the current year (number of meetings attended, number of motions, risk of motions, majority of motions, review time) and other operations (interviews and discussions with CPAs/internal auditors/management level).

(1) Standards of the same trade at home and abroad.

(2) Annual performance results of individual directors ands the board of directors.

(3) The company's overall operational performance.

(4) Provisions of the Company Charter: If the company has incurred profits for the year, 3 %~15% shall be allocated as remunerations for employees and no higher than 3% shall be allocated as remunerations for directors.

The total amount of remunerations for the company directors paid by company and all the companies in the consolidated statement in 2023 accounts for 1.38% of after-tax net profit.

2 Remunerations claimed by the directors for providing services in the most recent year (such as act as parent company / all the companies in the financial statementserving / non-staff consultants) other than the disclosure in the table above: None.: $0.

Remuneration Scale to Directors of the Company	Name of Director			
	The total of A+B+C+D		The total of A+B+C+D+E+F+G	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Under NT$ 1,000,000	Lam, Tai Seng、Wang, Wei Wei、Flytech Foundation Representative : Shyu, Jia Horng、Yi Hua Investment Limited Representative : Chuo, Chun Hung、Liu, Tian Lai (Note 8)	Lam, Tai Seng、Wang, Wei Wei、Flytech Foundation Representative : Shyu, Jia Horng、Yi Hua Investment Limited Representative : Chuo, Chun Hung、Liu, Tian Lai (Note 8)	Wang, Wei Wei、Yi Hua Investment Limited Representative : Liu, Tian Lai (Note 8)	Wang, Wei Wei、Yi Hua Investment Limited Representative : Liu, Tian Lai (Note 8)
NT$1,000,001 ~ NT$2,000,000	Hsieh, Han Chang、Liang, Wei Ming、Chiu, Yi Chia	Hsieh, Han Chang、Liang, Wei Ming、Chiu, Yi Chia	Hsieh, Han Chang、Liang, Wei Ming、Chiu, Yi Chia, Yi Hua Investment Limited Representative : Chuo, Chun Hung i (Note 8)	Hsieh, Han Chang、Liang, Wei Ming、Chiu, Yi Chia, Yi Hua Investment Limited Representative : Chuo, Chun Hung i (Note 8)
NT$2,000,001 ~ NT$3,500,000				
NT$3,500,001 ~ NT$5,000,000				
NT$5,000,001 ~ NT$10,000,000			Lam, Tai Seng	Lam, Tai Seng
NT$10,000,001 ~ NT$15,000,000			Flytech Foundation Representative : Shyu, Jia Horng	Flytech Foundation Representative : Shyu, Jia Horng
NT$15,000,001 ~ NT$30,000,000				
NT$30,000,001 ~ NT$50,000,000				
NT$50,000,001 ~ NT$100,000,000				
Over NT$ 100,000,000				
Total	7	7	7	7

Note 1: It refers to the remuneration toward directors for 2023(including directors' salary, job allowance, severance payment, various bonuses, incentives, etc.)

Note 2: It refers to the amount of remuneration to directors to be allocated in 2023 as duly resolved in the board of directors meeting.

Note 3: It refers to the traffic allowances payable to directors in 2023.

Note 4: It refers to the salary, job allowances, severance pay, various bonuses, incentives, traffic allowances, special expenditures, various allowances, dormitory fares, provision of vehicles and such objects in kind received by directors and concurrent employees (including the concurrent general manager, deputy general manager(s), other managers and employees) in 2023. Besides, such "shares-based payments" under IFRS 2, including acquired employee stock option certificates, new shares with restricted employee interests, and participation in subscription to new shares through capital increase through cash injection should be counted into the remuneration.

Note 5: Remuneration to employees (including stocks and cash) obtained by directors and concurrent employees (including the concurrent general manager, deputy general managers, other managers, and employees) of the proposed distribution for 2023 based on the actual distribution ratio in 2022.

Note 6: It refers to the total amount of the remuneration paid by all companies (including the Company itself) in the consolidated financial statements to the directors of the Company.

Note 7: It refers to the net profit after tax amidst the individual financial statements of 2023.

Note 8: The original designated representative of director Yi-hua Investment Co., Ltd., President Chuo, Chun Hung retired in May 2023, and Yi-hua Investment appointed Liu, Tian-Lai as he corporate representative in August 2023.

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2. Remuneration of the President and Vice President

December 31,2023 Unit: NT$ thousands; shares

Title	Name	Salary (A) (Note 1)		Severance Pay (B)		Bonuses and Allowances (C) (Note 2)		Profit Sharing- Employee Bonus (D) (Note 3)				Ratio of total compensation (A+B+C+D) to net income (%) (Note 5)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary
								The Company		Companies in the consolidated financial statements (Note 4)				
		The Company	Companies in the consolidated financial statements (Note 4)	The Company	Companies in the consolidated financial statements (Note 4)	The Company	Companies in the consolidated financial statements (Note 4)	Cash	Stock	Cash	Stock	The Company	Companies in the consolidated financial statements (Note 4)	
President	Chuo, Chun Hung (Note 6)	10,712	10,712	470	470	2,060	2,060	5,700	0	5,700	0	3.77%	3.77%	None
President	Shyu, Jia Horng													
Vice President	Liu, Yun Ping													
Vice President	Hsieh, Sheng Wen i (Note 7)													
Vice President	Sung, Ching Sheng													

Range of Remuneration	Name of Presidents and Vice Presidents	
	The Company	Companies in the consolidated financial statements
Under NT$ 1,000,000		
NT$1,000,001 ~ NT$2,000,000	Chuo, Chun Hung	Chuo, Chun Hung
NT$2,000,001 ~ NT$3,500,000	Hsieh, Sheng Wen	Hsieh, Sheng Wen
NT$3,500,001 ~ NT$5,000,000	Liu, Yun Ping , Sung, Ching Sheng	Liu, Yun Ping , Sung, Ching Sheng
NT$5,000,001 ~ NT$10,000,000	Shyu, Jia Horng,	Shyu, Jia Horng,
NT$10,000,001 ~ NT$15,000,000		
NT$15,000,001 ~ NT$30,000,000		
NT$30,000,001 ~ NT$50,000,000		
NT$50,000,001 ~ NT$100,000,000		
Over NT$ 100,000,000		
Total	5	5

Note 1: It refers to the salaries, job allowances, severance pay for the general manager and deputy general managers in 2023.

Note 2: It refers to a variety of award bonuses, incentives, traffic allowances, special expenditures, various allowances, dormitory fares, provision of vehicles and such objects in kind and other remunerations provided to the general manager and deputy general managers in 2023. Besides, such salary expenses, including employee stock option certificates acquired by employees as "shares-based payments" under IFRS 2, including acquired employee stock option certificates, new shares with restricted employee interests and participation in subscription to new shares through capital increase through cash injection should be counted into the remuneration as well.

Note 3: The amount of employee remunerations proposed to be allocated to the general manager and vice presidents (including stocks and cash) for 2023 based on the actual allocation ratio in 2022.

Note 4: It refers to the aggregate total of all sorts of remunerations paid by all companies covered within the Consolidated Financial Statements (including the Company itself) to the Company's general manager and deputy general managers.

Note 5: It refers to the net profit after tax under indescribable financial statements of 2023.

Note 6: President Chuo, Chun Hung retired in May 2023.

Note 7: Vice President of Management Center Hsieh, Sheng Wen retired in Feburary 2024.

3. Names of the managerial officers allocated with remuneration to employees and performance in allocation.

December 31,2023 Unit: NT$ thousands; shares

	Title	Name	Employee Bonus - in Stock (Note 1)	Employee Bonus - in Cash (Note 1)	Total	Ratio of Total Amount to Net Income (%)
Manager	President (Note 2)	Chuo, Chun Hung	0	9,200,000	9,200,000	1.83%
	President	Shyu, Jia Horng				
	Vice President of Marketing Center	Sung, Ching Sheng				
	AVP of Marketing Center	Hung, Dong Chang				
	AVP of Marketing Center	Huang, Jung Shian				
	Vice President of R&D Center	Liu, Yun Ping				
	AVP of R&D Center	Chou Li Chun				
	Vice President of Management Center (Note 3)	Hsieh, Sheng Wen				
	Chief Finance Office	Wu, Pi Tao				
	AVP of Manufacturing Center (Note 4)	Ma, Tsung Tai				

Note 1: The remuneration to employees allocated to managerial officers anticipated for 2023 based on the actual allocation ratio of 2022.

Note 2: Chuo, Chun Hung retired in May 2023.

Note 3: Hsieh, Sheng Wen retired in Feburary 2024..

Note 4: Ma, Tsung Tai resigned in December 2023

3.2.4 Comparison of Remuneration for Directors, Supervisors, Presidents and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, Presidents and Vice Presidents

1. The ratio of the total amount of remuneration paid to the directors and supervisors of the company and all the companies in the consolidated financial statements in the recent two years in the net profit after tax.

	2022Total Amount of Remunerations The ratio of net profit after tax for the current year		2023 Total Amount of Remunerations The ratio of net profit after tax for the current year	
	The Company	All companies included in the consolidated statements	The Company	All companies included in the consolidated statements
Director	2.48%	2.48%	3.84%	3.84%
President and Vice President	2.88%	2.88%	3.77%	3.77%

2. Description and Analysis (Refer to Pages 18～20 of the list of remunerations for directors, GM, and Vice President.

(1) Remunerations paid to directors

The provisions in the “Company Charter.”, if the company incurs profits in the current year, 3 %~15% of the profits should be designated as remunerations for employees and no more than 3% of remunerations for directors. In addition to transportation fees for regularly attending meetings, remunerations paid are based on the periodically completed annual board performance assessment results of the “Board Performance Assessment Guidelines” , The assessment content includes the operation of the board of directors and the self-assessment of directors. Please refer to the description on page 25~26 for the assessment content, and are in reference to the company’s annual overall business performance (performance assessment results of excellence for both 2023 and 2022), which will be reported to the Remunerations Committee and board for review and approval in accordance with the “Compensation Committee Organization Provisions” before remuneration distribution. In addition, the Compensation Committee shall periodically review the reasonability of the remuneration policy, system, standard, and structure; the amounts paid in 2023 were NT$5,600,000 and NT$3,500,000 in 2022 espectively by 7 directors, not exceeding the upper limit. The amounts were deemed reasonable in relation to the board’s annual performance assessment results (The 2023 and 2022 are rated excellent (90 point above)) and operational performance; the “expenses for performing business” referred to transportation fees for attending meetings, accounting for $800,000 in 2023 and $980,000 in 2022.

(2) Remuneration paid to the general manager and the vice general manager (including salary, bonuses, employee remunerations, etc.)

The remuneration standard is determined by the HR department, according to the scope of responsibilities of each position. According to the management regulations "Administrative Measures for Professional Titles and Ranks", "Administrative Measures for Salary and Bonuses", and "Organization Regulations of the Salary and Compensation Committee", and with reference to the salary level of the same industry, to formulate a reasonable salary structure. Annual bonuses and remuneration bonuses are based on the principle of "the company's articles of association" that "if the company has a profit in the year, 3% to 15% should be raised as employee remuneration and no more than 3% as director's remuneration". Review the manager's personal KPI achievement rate for the company's overall operational performance indicators. KPI indicators include two categories: A financial indicators: revenue, gross profit margin, expense ratio, net interest rate, EPS etc.; B non-financial indicators: number of customers added, material cost rate, development time rate, delivery days, inventory turnover rate, Accounts receivable turnover rate, no illegal, no violation of company rules, etc. After calculating its KPI achievement rate, the proposal will be sent to the Salary and Compensation Committee, and it will be issued after review and approval. The remunerations granted to the general manager, vice general managers and managerial officers in 2023 and 2022 were found without a significant gap and prove rational when compared with the Company’s annual business performance.

3.3 Implementation of Corporate Governance

3.3.1 Board of Directors

The Board called 6 (A) meetings in 2023. The attendance of directors is specified as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)【B/A】	Remarks
Chairman	Lam, Tai Seng	6	0	100 % (Required attendance: 6)	Re-elected 12th of director (Re-election date: July 7th, 2021)
Director	Wang, Wei Wei	4	2	67 % (Required attendance: 6)	Re-elected 12th director (Re-election date: July 7th, 2021)
Director	Flytech Foundation Representative : Shyu, Jia-Horng	6	0	100 % (Required attendance: 6)	New elect of 12th director (New-election date: July 7th, 2021)
Director	Yi Hua Investment Limited Representative : Chuo, Chun-Hung	2	0	100 % (Required attendance: 2)	New elect of 12th director (New-election date: July 7th, 2021) The original designated representative Chuo, Chun-Hung retired in May, 2023
Director	Yi Hua Investment Limited Representative : Liu, Tien-Lai	2	1	67 % (Required attendance: 3)	
Independent director	Hsieh, Han Chang	6	0	100 % (Required attendance: 6)	Re-elected 12th of director (Re-election date: July 7th, 2021)
Independent director	Liang, Wei Ming	6	0	100 % (Required attendance: 6)	Re-elected 12th of director (Re-election date: July 7th, 2021)
Independent director	Chiu, Yi-Chia	5	0	83 % (Required attendance: 6)	New elect of 12th director (New-election date: July 7th, 2021)

Other mentionable items:

1. If any of the following circumstances occur, the date of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response shoule be specified:

(1)Matters referred to in Article 14-3 of the Securities and Exange Act.

Board of Directors	Details of the relevant agendas and the subsequent	Issues listed in the Securities and Exchange Act, Article 14- 3	Independent directors opposed or reserved their opinion
2023.1.13 12th Board of Directors 12th Meeting	Recognition of the retirement of Lee, Mei Huei, head of Finance/Accounting and Corporate Governance supervisor of the company, effective on December 31, 2023. Wu, Pi Tao took over the aforementioned positions as Director of Finance/Accounting, as approved by the Audit Committee on January 13, 2023.	V	None
	Company's response to independent director's opinion: not applicable Resolution results: After inquiries made by the chairman, consent and approval were obtained by all the directors present.		
2023.5.10 12th Board of Directors 14th Meeting	1、Approved a proposal to change the company's Financial Statement Auditor starting in the first quarter of 2023 as a result of of KPMG's internal personnel adjustment (approved by the Audit Committee on 2023.05.10) 2、Approved the 2023 Financial Statement Auditor expenses case (approved by the Audit Committee on 2023.05.10) 3、Approval of capital increase to subsidiary "inefi Holding Co., Ltd"., for the purpose of capital increase to its subsidiary" Inefi Incorporation " (approved by the Audit Committee on 2023.05.10)	V V V	None None None
	Company's response to independent director's opinion: not applicable Resolution results: After inquiries made by the chairman, consent and approval were obtained by all the directors present.		
2023.8.10 12th Board of Directors 15th Meeting	Approved the subsidiary "Box Technologies Limited" applying for GBP $1million credit line with 100% guarantee at Changhua Commercial Bank case (approved by the Audit Committee on 2023.8.10) and authorized the chairman to handle contract related matters.	V	None
	Company's response to independent director's opinion: not applicable Resolution results: After inquiries made by the chairman, consent and approval were obtained by all the directors present.		

Board of Directors	Details of the relevant agendas and the subsequent	Issues listed in the Securities and Exchange Act, Article 14- 3	Independent directors opposed or reserved their opinion
2023.9.22 12th Board of Directors 16th Meeting	1、Approved the appointment of Wu. Pi-Tao, Chief head of Finance/Accounting and Corporate Governance supervisor. (approved by the Audit Committee on 2023.9.22) 2、Approved the subsidiary ”inefi Holding Co., Ltd.” increases capital to issue ESOP shares as an incentive package (approved by the Audit Committee on 2023.9.22)	V V	None None
	Company’s response to independent director’s opinion: not applicable Resolution results: After inquiries made by the chairman, consent and approval were obtained by all the directors present.		
2023.11.2 12th Board of Directors 17th Meeting	Approval of cash capital increase to subsidiary ” Flytech USA Inbernational Co.,” (approved by the Audit Committee on 2023.11.2)	V	None
	Company’s response to independent director’s opinion: not applicable Resolution results: After inquiries made by the chairman, consent and approval were obtained by all the directors present.		

2. The avoidance of the conflict of interest by the Directors on related motions, specify the names of the Independent Directors, the content of the motions, the principle of the avoidance of the conflict of interest, and the participation in casting the ballots: None..

3. Director Assessment Implementation Situation

Assessment Cycle	The company has set up the “Board Assessment Guidelines,” on 2017, including: assessment cycle and period, assessment scope, implementation unit, assessment procedure, and description of assessment indicators. The General Manager’s Office (implementation unit) has implemented a performance assessment once a year according to the guidelines, and a questionnaire is produced at the end of the year according to the content of the assessment to assist the directors and Functional Committee members in filling out the implementation self-assessment and compiling it into a report. The assessment results shall be reported at the board meeting in the first quarter the following year to review items to be improved and discuss function strengthening and improvement plan. In the Company’s self-evaluation results for FY2023, scores of 90 points or more are considered excellent. The few items with a score of 4 (out of 5) were due to one director's expectation for more face-to-face communication after the COVID-19 pandemic, and the fact that two directors were unable to return to Taiwan or travel abroad due to the epidemic, and had to attend by proxy. However, there were no major abnormalities identified for the year. In FY2023, the Company's operating results continued the stellar performance of Flytech since its establishment, registering no losses. The Company has also performed well in terms of governance and legal compliance, with no major contentious issues, as reported to the Board of Directors in March , 2024.

Assessment Period	The 2023 board performance (January 1,2023 to December 31, 2022) was assessed.
Assessment Scope	The board, individual board members, Audit Committee, and Compensation Committee.
Assessment Method	The board internal self-assessment, board member self-Assessment, Audit Committee member self-assessment, Compensation Committee member self-assessment
Assessment Content	(1) Board performance assessment indicators include five aspects: The degree of participation in company operations, board decision-making quality, board makeup and structure, director election, training, internal control. The assessment of chairman of the board includes operation KPI and governance result. (2) Individual board member performance assessment indicators include six aspects: Grasp of company goals and missions, recognition of Director duties, degree of participation in company operations, internal relations management and communication, director professionalism and training, internal control. (3) Functional Committee (Audit Committee and Remunerations Committee) performance assessment indicators include five aspects: Degree of participation in company operations, recognition of duties of Functional Committee, improvement of Functional Committee decision-making quality, Functional Committee makeup and member election, internal control.

4. Evaluate goals and status of strengthening the board’s job functions in the past few years:

(1) The Company set up two independent directors starting from 2002 and increased one more independent director in 2018. Here at the Company under the Board of Directors, there is the Audit Committee and Compensation Committee. The Audit Committee (organized in 2018) was organized by three independent directors and the Compensation Committee (organized in 2011) was organized by three independent directors and one expert. The organizational rules of all functional committees have been duly approved by the Board of Directors.

(2)In an attempt to enhance the function and efficiency of the Board of Directors, the Company officially enacted the “Regulations Governing Evaluation of the Performance by the Board of Directors” in 2017. Accordingly, the performance by the Board of Directors is evaluated at end of every fiscal year. In the evaluation process, the General Manager Office first collects the Board of Directors activities related information to work out the questionnaires accordingly and distributes the questionnaires to all directors and all functional committees, assembles the self-evaluation outcome and creates the report which is delivered to the board of directors meeting convened in the first quarter of the ensuing year.

(3)To thoroughly implement corporate governance, the Company set the corporate governance head in 2019 to assume the responsibility to provide the directors with all information and data required for performance of duty and law compliance and further arrange continuing education programs to help the Board of Directors fulfill their responsibilities and powers well.

(4)The Company’s Board of Directors faithfully complies with the “Rules of Procedures Governing Board of Directors Meeting” where both the Auditor Head and Financial Head shall attend as guest participants. In a board of directors meeting, the directors shall, other than discussing the motions within the agenda, request the management level to report on the Company’s business performance, market analyses, business strategy, product layout, managerial operation, human resources, financial data, operation by the respective departments on a regular basis so as to oversee the management teams to faithfully fulfill their duties and responsibilities.

3.3.2 Implementation of the Audit Committee or supervisors' participating in the operation of the Board of Directors:

The Auditing Committee convened for 6 times (A) in 2023. The attendance of the independent directors is shown below:

Title	Name	Actual number of attendance (B)	Attend through proxy	Percentage of actual attendance (%) [B/A]	Note
Independent director	Hsieh, Han Chang	6	0	100 % (Required attendance: 6)	Re-elected (Re-election date: July 7th, 2021)
Independent director	Liang, Wei Ming	6	0	100 % (Required attendance: 6)	Re-elected (Re-election date: July 7th, 2021)
Independent director	Chiu, Yi Chia	5	0	83 % (Required attendance: 6)	New elect (date of election: July 7th, 2021)

Other mentionable items:

1. For the operation of the Audit Committee in any of the following circumstances, please specify the date, term, the contents of the proposals, the resolution of the Audit Committee, and the process of the opinions proposed by the Audit Committee:

(1) The major work of the Audit Committee for FY2023 included reviewing the consolidated and parent company only financial statements for FY2022, reviewing the consolidated financial statements for the first, second, and third quarters of FY2023, assessing the effectiveness of the design and implementation of the internal control system, reviewing the establishment of significant investments in subsidiaries, reviewing the endorsement and guarantees for subsidiaries, and evaluating the independence of the attesting CPAs for financial reporting and related audit expenses.Matters referred to in Article 14-5 of the Securities and Exange Act is showed below.

Audit Committee	Details of the relevant agendas and the subsequent	Issues listed in the Securities and Exchange Act, Article 14-5	Independent directors opposed or reserved their opinion
2023.1.13 The 8th of The 2th Commitee	Recognition of the retirement of Lee, Mei Huei, head of Finance/Accounting and Corporate Governance supervisor of the company, effective on December 31, 2023. Wu, Pi Tao took over the aforementioned positions as Director of Finance/Accounting, as approved by the Audit Committee on January 13, 2023.	V	None
	Company's response to independent director's opinion: not applicable Resolution: Passed by all the independent directors present.		
2023.3.17 The 9th of The 2th Commitee	1、Approved the 2022 financial statement (including consolidated financial statement) 2、Approved the company's 2022 "Internal Control System Announcement", which deems effective the company's Internal Control System Design	V V	None None
	Company's response to independent director's opinion: not applicable Resolution: Passed by all the independent directors present.		

Audit Committee	Details of the relevant agendas and the subsequent	Issues listed in the Securities and Exchange Act, Article 14-5	Independent directors opposed or reserved their opinion
2023.5.10 The 10th of The 2th Commitee	1、Approved a proposal to change the company's Financial Statement Auditor starting in the first quarter of 2023 as a result of of KPMG's internal personnel adjustment 2、Approved the 2023 financial statement auditor expenses case 3、Approved the 2023 Q1 consolidated financial statement. 4、Approval of capital increase to subsidiary "Inefi Holding Co., Ltd"., for the purpose of capital increase to its subsidiary" Inefi Incorporation "	V V V	None None None
	Company's response to independent director's opinion: not applicable Resolution: Passed by all the independent directors present.		
2023.8.10 The 11th of The 2th Commitee	1、Approved the 2023 Q2 consolidated financial statement. 2、Approved the "Subsidiary Box Technologies Limited applying for GBP $1million credit line with 100% guarantee at Changhua Commercial Bank" case.	V V	None None
	Company's response to independent director's opinion: not applicable Resolution: Passed by all the independent directors present.		
2023.9.22 The 12th of The 2th Commitee	1、Approved the appointment of Wu. Pi-Tao, Chief head of Finance/Accounting and Corporate Governance supervisor. (approved by the Audit Committee on 2023.9.22) 2、Approved the subsidiary "inefi Holding Co., Ltd." increases capital to issue ESOP shares as an incentive package (approved by the Audit Committee on 2023.9.22)	V V	None None
	Company's response to independent director's opinion: not applicable Resolution: Passed by all the independent directors present.		
2023.11.2 The 13th of The 2th Commitee	Approved the 2023 Q3 consolidated financial statement.	V	None
	Company's response to independent director's opinion: not applicable Resolution: Passed by all the independent directors present.		

(2) In addition to the aforementioned motions, other motions without approval by the Auditing Committee but passed by the Board with 2/3 of the Directors: None.

2. With respect to the avoidance of conflicting interest agendas, describe the names of independent directors, details of the relevant agendas, reasons for avoiding conflicting interest, and the voting decisions: None.

3. Performance of communications by and between independent directors, audit head and Certified Public Accountant(s) (should include the Company's financial, business operation affairs, issued, methods and outcomes of communications among them).

The company’s Audit Committee is made up of three independent directors. The internal audit supervisors and financial statement CPAs assist independent directors in fulfilling their duties and urging the board to engage in more effective operations through the following communication meetings:

(1) Here at the Company, the internal audit head shall join a meeting with the independent directors in the Audit Committee at least on a quarterly basis. The contents of communications shall include performance of the internal audit and key issues linked up with business operation. In case of an extraordinary circumstance, the internal audit head shall report to the independent directors in the Audit Committee in real time. In 2023, there was not any extraordinary circumstance as mentioned above. The Company’s internal audit head has been in very close and sound communications with the Audit Committee.

(2)The Company’s certified public accountants would, after completing the review process of the Company’s financial statements, hold a symposium with the directors to explain the audit opinions, findings in the auditing over the internal control system, updates of major laws and proposals on countermeasures. In case of an extraordinary circumstance, the certified public accountants shall report to the independent directors in the Audit Committee in real time. In 2023, there was not any extraordinary circumstance as mentioned above. The certified public accountants have been in very close and sound communications with the Audit Committee, and communicated with the Audit Committee members on March 8 and November2, 2023 .

Communication between Independent Directors and internal audit officers and CPA in 2023:

Date	Summary of Talks
2023.1.13	The 8th meetings were convened by the 2nd Audit Committee. The communication of the audit supervisor matters and results are as follows: 1. Reported the summary of internal audit for December of 2022. 2. Communication and explanation the head of Finance/Accounting and Corporate Governance supervisor Change Case Opinion of independent director: No objections
2023.3.17	The 9th meetings were convened by the 2nd Audit Committee. The communication of the audit supervisor matters and results are as follows: 1. Reported the summary of the actual audit for 2022. 2. Reported the company’s 2022 “Internal Control System Announcement”, which deems effective the company’s Internal Control System Design 3. Reported the summary of internal audit from January to Feburary of 2023 The CPA reported on the audit of the consolidated and parent company only financial reports for 2022, the communication with the corporate governance unit, and the dissemination of laws and regulations, as well as the communication with the independent directors alone (the first individual meeting in 2023). Opinion of independent director: No objections
2023.5.10	The 10th meetings were convened by the 2nd Audit Committee. The communication of the audit supervisor matters and results are as follows: 1. Reported the summary of internal audit from March to April of 2023 2. Reported on the improvements to the flaws in 2022’ s internal control system and unusual affairs. Opinion of independent director: No objections

Date	Summary of Talks
2023.8.10	The 11th meetings were convened by the 2nd Audit Committee. The communication of the audit supervisor matters and results are as follows: 1. Reported the summary of internal audit from May to July of 2023. 2. Reported about the Company’ s subsidiary Box Technologies Limited that to meet its need to expand European markets, the subsidiary applies to Chang Hwa Commercial Bank for credit line amounting to GBP 1 million. Opinion of independent director: No objections
2023.9.22	The 12th meetings were convened by the 2nd Audit Committee. The communication of the audit supervisor matters and results are as follows: 1. Reported the summary of internal audit of August of 2023. 2. Communication and explanation the head of Finance/Accounting Supervisor and Corporate Governance supervisor Change Case 3. Communication and explanation he subsidiary ”inefi Holding Co., Ltd.” increases capital to issue ESOP shares as an incentive package Opinion of independent director: No objections
2023.11.2	The 13th meetings were convened by the 2nd Audit Committee. The communication of the audit supervisor matters and results are as follows: 1. Reported the summary of internal audit from September to October of of 2023. 2. Communication and explanation cash capital increase to subsidiary ” Flytech USA Inbernational Co.,”case. Opinion of independent director: No objections

The annual work focuses of the company’s Audit Committee are as follows:

- Review the internal control system.
- Evaluate the effectiveness of the internal control system.
- Review the Procedures for the Acquisition and Disposal of Assets, the trade of derivatives, loaning of funds, making of endorsement/guarantees or amended
- Review matters that involve the best interests of the directors.
- Review material assets or derivative transactions.
- Review the lending, endorsement, or guarantee of capital in huge sum.
- Review the establishment or review the public offering, issuance, or private placement of equity-type securities.
- Review the appointment, dismissal, or compensation of the CPAs.
- Review CPA independence and performance assessments.
- Appointment and dismissal of the Finance Officer, Accounting Officer, or Internal Chief Auditor.
- Review audit plans and reports.
- Review the integrity operation system and implementation results.
- Audit Committee self-assessment of performance
- Review the annual and the first, second, and third quarter financial reports signed by the chairman, manager, and accounting supervisor that must be reviewed by CPAs.
- Review other significant matters required by the Company or the competent authorities.

3.3.3 Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1.Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”?	V		The Company has established the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” on May 2015 (the latest edition was revised in May, 2023). The information has been disclosed on the Company’s website.	None
2.Shareholding structure & shareholders’ rights (1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure? (2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares? (3) Does the company establish and execute the risk management and firewall system within its conglomerate structure? (4) Does the company establish internal rules against insiders trading with undisclosed information?	V		(1) In addition to the existing hotline and email channels, the Company has established an internal operating procedure, and has designated appropriate departments, such as spokesman, deputy spokesman, investor Relations, to handle shareholders’ suggestions, doubts, disputes and litigation. (2) The Finance & Shared Services Division is responsible for collecting the updated information of major shareholders and the list of ultimate owners of those shares. (3) The company has created the “Guidelines for Transactions with Specific Companies and Related Parties “, the "Measures for the Operation and Management of Reinvested Companies", th “Rules Governing Financial and Business Matters Between this Corporation and its Related Parties “, rules Governing Financial and Business Matters Between this Corporation and its Related Parties, internal control’s Supervision and Management of Subsidiary Companies, the Regulations for Transactions Between Stakeholders, and other relevant management standards, in which we clearly specify and regulate management authority and control methods among companies with connected interests. Moreover, we can supervise our subsidiaries as they establish and carry out necessary internal control systems, and as they build good risk-control systems and firewalls in compliance with our Company Governance Principles (4) The company has made the following management regulations (A) The ”Code for Integrity Operations” and the“Code for Moral Conduct”, which stipulate that internal personnel should not take advantage of unpublicized information and engage in insider trading or disclose information to others so they can engage in insider trading.	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			(B) The Procedures for “Handling of Internal Materal Information and Prevention of Insider Trading” state that internal personnel aware of major internal news should not disclose the information to others, and prenention of insider trading. The above regulations are all compliant with our Company Governance Principles. (1)~(4) above were implemented in 2023 as provisioned.	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
3.Composition and Responsibilities of the Board of Directors (1) Does the Board develop and implement a diversified policy for the composition of its members?	V		(1) The company made its Company Governance Principles based on the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies. In these principles, below the strengthening of the board's job functions part, is a regulation that reads, "the Board of Directors should consist of a diverse group of members. The company's operations, management models and development needs should embrace a principle of diversity that shall include two major aspects: (I) Basic personal information and values: gender, age, nationality, and cultural background; (II) Expertise and skills: specialized background (such as law, accounting, industry, finance, sales, or technology), specialized skills, industry experience, etc."The specific goal achievement situations are explained below: (A) Gender goal: Female directors accounting for 25% of all the directors (or two seats). Achievement situations: The company elected one female director in 2018, accounting for 14%. The company will continue to work on this part. (B) Age goal: Those below age 60 accounting for 30%. Achievement situations: Three of the new-elected directors of the 12th session are under the age of 60 and more than 30% in 2021, and reached the goal of younger age. (C) Experience goal：Two-thirds of the directors should be masters or above, or professional managers of listed companies. Achievement situations: The members of the 12th board of directors include one doctor and six masters. The external directors are all professional managers of listed companies or senior professors of national universities. The goal has been achieved.	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	

(D) Nationality and cultural goals:More than one-half of the directors should have a master's degree or above from an overseas *institution*, or have worked in the overseas company.
Achievement situations:Two directors obtained a master’s degree from the United States, and two directors obtained a master’s degree from the Guanghua School of Management of Peking University, both of whom have worked or managed overseas companies.

(E) Professional goal: Operational judgment ability, accounting and financial analysis ability, operational management ability, crisis handling ability, industrial knowledge, international market outlook, leadership, decision-making ability.

Achievement situation: The backgrounds of the directors are as shown in the following table. The goal of diversified complementariness has been achieved.

Name of Director	Specialized Background	Core diversity aspects ●have ability ○Partial ability							
		Operating judgment	Accounting and Finance Analysis Skills	Operational and Management Ability	Crisis Response Ability	Industry Experience	Understanding of International Markets	Leadership	Decision Making
Lam, Tai Seng	Industry, Technology, Sales, Busness Management	●	○	●	●	Computer, Electronics	●	●	●
Wang, Wei Wei	Investment, Finance, Busness Management, Sales	●	●	●	●	Computer, Investment	●	●	●
Shyu, Jia Horng	Industry, Technology, Sales, Management	●	●	●	●	Computer, Investment	●	●	●
Liu, Tian Lai	Industry, Technology, Manufacturing, Management	●	○	●	●	Investment, Busness Management	●	●	●
Hsieh, Han Chang	Industry, Finance, Sales, Management	●	●	●	●	Electronics, Investment	●	●	●
Liang, Wei Ming	Industry, Finance, Technology, Management	●	●	●	●	Computer, Electronics	●	●	●
Chiu, Yi Chia	Academic, New innovation Development management, Intellectual property management, Busness Management	○	●	○	●	Investment, Busness Management	●	●	●

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(2) Does the company voluntarily establish other functional committees in addition to the Compensation Committee and the Audit Committee? (3) Does the company set board performance assessment guidelines and the assessment method? Is a performance assessment periodically carried out each year, and are the performance assessment results reported to the board as a reference for remunerations of individual directors and re-election nominations?			(2) The company has established the following functional committee (A) In October 2011, the company set up the Compensation Committee and established the Organizational Protocols of the Compensation Committee by which the committee will be guided. (B) The Audit Committee was set up in June 2018 and the “Organizational Regulations for the Audit Committee” was formulated and implemented in accordance with the regulations. (3) The company passed the “board assessment guidelines” on March , 201729(the latest edition was revised in Janaury, 2021), including assessment cycle and period, assessment scope, implementation unit, assessment procedure, and assessment indicators. The General Manager’s Office (implementation unit) implements a performance assessment once a year according to the guidelines and reports and summarizes assessment results at the board meeting in the first quarter the following year. The assessment indicators and implementation method are as follows: (A) Evaluation criteria for the board include level of participation in the company’s operations, improvement in the board’s decision making, organization and structure of the board, election of directors, continued education, internal control and the operation KPI/governance proformance of the chaireman. (B) Evaluation criteria for board members include mastery of the company’s goals and tasks, knowledge of director’s job responsibilities, level of participation in the company’s operations, management of internal relationships and communication, expertise, continued education of directors, internal control, etc. (C) The designated implementation unit General Manager’s office is responsible for conducting a performance assessment on the board and individual directors from the end of year to early the following year. The performance assessment results are reported to the board in the first quarter to review items for improvement and discuss the function strengthening improvement plan as a reference for remunerations of individual directors and re-election nominations. The 2023 assessment results of the performance of all the directors and the overall performance of the board were excellent, which were reported to the board on March 8, 2024.	

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(4) Does the company regularly evaluate the independence of CPAs?			(4) During the board meeting on May 10, 2023, according to the Statement of Independence made by Huei-Chen Chang CPA and Shih-Chun Hsu CPA from KPMG Taiwan, the company audited the following items reference “AQIs” in order to evaluate the accountants' independence. All directors agreed that there were no violations and that accountants auditing the company’s financial report were sufficiently objective and independent: (A) Does the attesting CPA have a direct or material indirect financial interest in the Company? (B) Does the attesting CPA have any financing or assurance relationship with the Company or the Company's directors? (C) Does the attesting CPA have any close business relationships or potential employment relationships with the Company? (D) Has the attesting CPA and the members of his or her audit team currently or over the last two years held any directorships, managerial positions, or positions of significant influence over the audit work of the Company? (E) Has the attesting CPA provided any non-audit services to the Company that could have a direct effect on the audit work? (F) Has the attesting CPA brokered any stock or other securities issued by the Company? (G) Has the attesting CPA acted as an advocate for the Company or coordinated conflicts with other third parties on behalf of the Company? (H) Is the attesting CPA related to any of the Company's directors, officers, or persons with significant influence on the audit? (1)~(4) above were implemented in 2023 as provisioned. ◦	

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td>4.Does the company allocated an appropriate number of competent corporate governance staff members, has it designated a corporate governance supervisor responsible for corporate governance related matters (including but not limited to information required by directors and supervisors for business operations), matters at board and shareholders’ meetings conducted in accordance with the law, production of board and shareholders’ meeting proceedings, etc.)?</td><td>V</td><td></td><td>Here at the Company, the General Manager Office teams up with the Management Center to jointly organize the “Sustainable Management Task Force” to assume the responsibility of carrying out corporate governance. The “Sustainable Management Task Force” is one of the five branch task forces under the “ESG Sustainability Committee.” Vice General Manager Li of the Management Center concurrently serves as the Corporate Governance Head to oversee the members to help the Board of Directors faithfully carry out their duties. The responsibilities and powers and key issues of implementation as well as continued refresher programs in 2023 are as enumerated below::
Corporate governance supervisor’s authority
(A) Conducted board of director meetings and shareholder meetings in accordance with the law.
(B) Produced board of directors and shareholders' meeting records and handle the application/revisions to the company’s registration certificate.
(C) Assisted directors in their appointment and continued education.
(D) Provided the information required by the directors to conduct business
(E) Arrangement for directors to comply with the law
(F) Handle matters stipulated in the company's articles of association or contracts
(G) Arrangement for meetings between directors, internal auditors, and auditing accountants
(H) Arrangement for meetings between the board and leaders of the company’s business branches to better understand the company
(I) Followed legislation updates relevant to the company’s operations and governance
(J) Supervise sustainable management implementation by members: Collect, formulate, and promote corporate governance related policies.</td><td>None</td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			Implementation status in 2023 (A) Assisted all directors to perform their duties and provide information required by directors, including: board meeting information, legal updates related to business areas and corporate governance, important company information, and quarterly general manager operating performance reports. (B) Research, formulation, and modification of company policies or management regulations related to corporate governance. . (C) Arrangement for all directors to complete a six-hour training course for professional development. (D) Schedule meetings between the directors, internal auditor, and CPA. (E) Arrangement fo between department heads, subsidiary managers, and the board directors. (F) Conducting the notification, convening, provision of meeting materials, and preparation of minutes for board meetings and shareholder meetings in accordance with the law (G) Responsible for tracking the completion of agenda items following board and shareholder meetings. (H) Upload shareholder meeting materials and handle company registration in accordance with the law	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	

The 2023 training situations are as follows:

Training date	Organizer	Course name	Training hours
2023.4.27	TWSE	Promotion event for sustainable development action plans for listed companies	3
2023.7.10~19	Accounting Research and Development Foundation	Education Course for Accounting Supervisors of Issuing Securities Firms and Stock Exchanges (12 hours on accounting, 3 hours on auditing, 3 hours on finance, 、3 hours on financial laws 、3 hours on corporate governance, 6 hours on ethics and legal responsibility)	30
2023.8.31	Accounting Research and Development Foundation	Recent Developments in ESG Sustainability and Financial Reporting Self-Compilation Policies, and Practical Internal Control Management	6
2023.9.4	Financial Supervisory Commission R.O.C.	The 14th Taipei Corporate Governance Forum	6
2023.11.17	Taiwan Corporate Governance Association	Practical Compliance Work for Corporate Governance Director	3

Evaluation Item	Yes	No	Abstract Illustration	Deviations and Reasons
5.Does the company establish a communication channel and build a designated section on its website for stakeholders, as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The company has established a stakeholder section on the website in both Chinese and English (http://www.flytech.com), categorizing significant concerns by stakeholder type and providing communication channels and contact information. We continuously strive to interact and respond to stakeholder needs, expectations, and concerns, aiming to review and enhance internal management, provide feedback, and take action, thereby fulfilling our responsibility as a responsible corporate entity. Additionally, through the process of preparing our ESG (Environmental, Social, and Governance) Sustainability Report (initially issued in 2019 and recent edition of 2022 report released in July 2023), we understand the major themes of stakeholder concern, formulate management policies, and continuously ensure their effectiveness through tracking, assessment, and evaluation processes, serving as our annual improvement targets. In 2023, the above tasks were implemented.	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
6.Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company designates Capital Securities Inc. to deal with shareholder affairs.	None
7.Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance? (2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)? (3) Does the company announced and declared annual financial statements within two months after the end of the scouting year and announced and declared the financial statements for the first, second, and third quarter and the monthly operational situations in advance before the provisioned deadline?	V V	 V	(1) The company established the precedure "Handling of Internal Materal Information and Prevention of Insider Trading", Prescribed procedures for the handling and disclosure of Internal Materal Information a, and the PR and accounting departments will organize news about company finances and operations, as well as about Results Conference Calls, which are legally required to be revealed for public knowledge. The news will then be sent by a spokesperson to the Market Observation Post System as well as the company's corporate website (http://www.flytech.com). Important information about the company's financial state and governance includes company governance and functional committee , Company regulations, board resolutions, communications between independent directors and internal auditors and accountants, internal control organization, corporate social responsibility and ESG, implementation of ethical management, environmental and energy conservation policies, supplier management, information security management, intellectual property management, risk management and specialized space for stakeholders, etc., were implemented in 2023 as provisioned. (2) Is the same as the description in (1). (3) The company announced announce and submit the 2022 annual financial report and the Q1,Q2,Q3 financial reports in Chinese and English in accordance with the legal time limit, and announce the operation status of each month in advance.	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
8.Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)? Accordingly, we have set up sound managerial framework and countermeasures against potential major risks.	V		(1) The company's year of founding and 2021 spans 37 years. The company has adhered to the belief of "focusing on its specialization, be honest and accountable, sustainable management, and pursuit of excellence" and "create excellence and sustainable innovation" as the vision of ESG sustainable management. We have held the advantages of "complete products, advanced technology, excellent manufacturing and strong commitment from partners in full." Our Company already obtained verified ISO 9001/13485 Quality Management System, ISO 14001 Environmental Management System, ISO 45001 Occupational Safety and Health Management System, and ISO 27001 Information Security System Certification. We have further set up the Company's intellectual property management system exactly in accordance with the Ministry of Economic Affairs' "Taiwan Intellectual Property Management Systems (TIPS)" providing high-quality products and services and sound protection of intellectual property rights. Further, under the philosophy of Ethical Corporate Best-Practice Principles, through risk management to set up a sound corporate governance environment, we have duly formulated: Internal control system, management regulations, accounting system, budget system, ISO Standard Operating Procedures, intellectual property management systems and risk control designs such as the ERP system which have been duly operated as hierarchically authorized by employees at respective levels to perform their own duties and operations. The Company's Board of Directors and Audit Committee would perform the respective functions to check and balance.	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			(2) Amidst our continued watchfulness over all sorts of potential risks either internally or externally that are likely to impact our business operation, we have duly set up appropriate managerial measures and countermeasures to render sound and accurate risk management toward out stakeholders. Thanks to such sound system, whenever an incident takes place, we can continually carry out our key business operation without interruption. Our "Risk Management Policy and Operating Rules" (including scope of risk management, policies of risk management, organization chart of risk management, powers and responsibilities in risk management, categories of risks, risk management PDCA flowcharts) were officially resolved by the Board of Directors on January 20, 2021 and the latest edition was revised in Janaury,13, 2023. The latest edition includs risk management: purpose, principle, policy, goal, governance and compony culture, organizational structure and responsibilities, management procedures, reporting and disclosure, information disclosure, in order to establish a proper risk management system. (3) The company has made the following management regulations related to company governance: (A) Company Governance Principles: Clearly stipulates systems and regulations that should be covered. (B) The company has set up the "Code for Integrity Operations" , "Code for Moral Conduct" , "Integrity Operation Procedure and Conduct Guidelines", "Guidelines for Transactions with Specific Companies and Related Parties," "Related Partie Transaction Management Operation," "Measures for the Operation and Management of Reinvested Companies" "Rules Governing Financial and Business Matters Between this Corporation and its Related Parties ", "Handling of Internal Materal Information and Prevention of Insider Trading " and related regulations and systems. These regulations stipulate moral principles that should be followed during exchanges among related parties, clients, suppliers, investors, employees, and other people of interest so that they can build harmonious and trust-based relationships.	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			(C) Board Performance Evaluation Protocols: These protocols determine the evaluation cycle and time frame, evaluation range, executive units, evaluation processes, evaluation criteria, etc. Through periodical evaluation, we will continue to discuss how to improve the board's functions. (4) The company has created the Employee Benefits Committee and the Environment, Health, and Safety Committee, providing each employee with benefits and guarantees of safety and sanitation. In the company HR Guidelines, the committee also clearly defines employee behavior guidelines, job clearance, safety and sanitation, benefits/bonuses/penalties, raise evaluation, education/training, etc. The company offers employees a safe, steady, communicative, and excellent work environment. (5) The management of the company attaches great importance to corporate governance. During regular business meetings, they continue to pay attention to the system (division of powers and responsibilities, risk management, operating procedures, information transmission, etc.) and the effectiveness of actual operation and evaluation and adjustment. The directors will communicate it through the Board with management team and internal auditors to understand the company's governance operations and make suggestions. In 2023, the above tasks were verifiably implemented.	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	

The company has purchased liability insurance for all directors as of January 2023. We have also arranged periodic trainings and professional lessons that have to do with specific job responsibilities and company governance; the arrangement for 2023 is as follows:

Title	Name	Election Date	Training date	Organizer	Course name	Training hours	Compliance with Regulations
Chairman	Lam, Tai Seng	2021.7.7	2023.9.15	Taiwan Corporate Governance Association	How to Conduct Board Meetings? Common Operational Deficiencies in Board Meetings of Listed Companies - Practical Insights.	3	YES
			2023.10.4	Taiwan Corporate Governance Association	How Boards Formulate ESG Sustainable Governance Strategies	3	YES
Director	Wang, Wei Wei	2021.7.7	2023.8.18	Taiwan Corporate Governance Association	Big Data Analysis and Fraud Prevention	3	YES
			2023.8.25	Taiwan Corporate Governance Association	Exploration of Corporate Financial Statement Fraud and Case Studies	3	YES
Corporate Director representative	Shyu Jia Horng	2021.7.7	2023.8.18	Taiwan Corporate Governance Association	Big Data Analysis and Fraud Prevention	3	YES
			2023.9.8	Taiwan Corporate Governance Association	Inception of Succession Plan - Employee Incentive Program and Equity Succession	3	YES
Corporate Director representative	Liu, Tien Lai	2021.7.7	2023.10.13	Securities & Futures Institute	Advanced Board Practices Seminar - Carbon Trading Mechanisms and Corporate Management Applications	3	YES
			2023.11.15	Securities & Futures Institute	Advanced Board Practices Seminar - The 2030/2050 Green Industrial Revolution	3	YES
independent director	Hsieh, Han Chang	2021.7.7	2023.5.31	Chinese National Association of Industry and Commerce Taiwan (CNAIC)	Sustainability Transformation Series Course - Global Circular Economy Trends and Their Challenges and Opportunities	3	YES
			2023.6.5	Chinese National Association of Industry and Commerce Taiwan (CNAIC)	Corporate Information Security Governance Issues in the Boardroom - Performance and Risk Agenda	3	YES
Independent Director	Liang, Wei Ming	2021.7.7	2023.7.25	Taiwan Corporate Governance Association	Business secret protection and fraud detection and prevention practices	3	YES
			2023.7.25	Taiwan Corporate Governance Association	Introduction to Corporate Governance 4.0	3	YES
Independent Director	Chiu, Yi Chia	2021.7.7	2023.7.21	Taiwan Corporate Governance Association	How Startups Conduct Equity Planning and Organizational Structure Design	3	YES
			2023.8.4	Taiwan Corporate Governance Association	The Role of Directors and Compliance Responses to Management Authority Challenges in Corporate Governance 3.0	3	YES

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td colspan="5">9.Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures.
The company has ranked between 21% and 35% in corporate governance evaluations for the second to fourth and tenth editions. For the fifth to ninth editions, our ranking ranged from 6% to 20% No improvement measures have been requested by regulatory authorities. The corporate governance promotion unit within our company autonomously continues to improve on the non-scored items, including Proactively Compiling English Version Quarterly Financial Reports and English Version ESG Reports, Enhanced English Information Disclosure, Commencing Annual Compilation of Corporate Social Responsibility Reports (CSR Reports) since Fiscal Year 2019 (Renamed to ESG Sustainability Reports for Fiscal Year 2022).</td></tr>
</table>

3.3.4 Composition, Responsibilities and Operations of the Compensation Committee

1.Professional Qualifications and Independence Analysis of Compensation Committee Members

Member type	Condition / Name	Professional Qualification and Experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Convener	Hsieh, Han Chang (independent director:)	Re-elected as the 5th Compensation Committee Members in July 7 2021, and became the Converner. First appointment as a director of a listed cabinet company was in 2005, and the first appointment as a independent director of the company in 2012. Professionals in industry, finance, sales, management, used to be the President of the listed company Shihlin Electric and Engineering Corp. Professionals in financial analysis and operational management capabilities. The provisions of Article 30 of the Company Act are not applicable.	Compliant (Note 1)	0
Member	Liang, Wei Ming (independent director:)	Re-elected as the 5th Compensation Committee Members in July 7 2021. First appointment as a director of a listed cabinet company was in 2005, and the first appointment as a independent director of the company in 2019. Professionals in industry, finance, technology, management, used to be the President of the listed company Sinbon Electronics Company Ltd. Professionals in financial analysis and operational management capabilities. The provisions of Article 30 of the Company Act are not applicable.	Compliant (Note 1)	0
Member	Chiu, Yi Chia (independent director:)	New-elected as the 5th Compensation Committee Members in July 7 2021. First appointment as a director of a listed cabinet company was in 2006, and the first appointment as a independent director of the company in 2021. Professionals in academic, new innovation development management, intellectual property management, busness management, taught EMBA program of Business School of NCCU. The provisions of Article 30 of the Company Act are not applicable.	Compliant (Note 1)	Compensation Committee member of Wowprime Compensation Committee member of Dynamic Electronics

Note1 : The amount of remuneration obtained from providing business, legal, financial, accounting and other services to the company or related companies in the last 2 years is 0.

2. Attendance of Members at Compensation Committee Meetings

(1) There are 3 members in the Compensation Committee.

(2) The term in office of the members (5th term): from July 7, 2021 to July 6, 2024. The Compensation Committee convened 3(A) meetings in 2023. The qualification of members and their attendance status are as follows:

Title	Name	Actual number of attendance (B)	Attend through proxy	Percentage of actual attendance (%) [B/A]	Note
Convener	Hsieh, Han Chang (independent director:)	3	0	100 % (Required attendance: 3)	Re-elected as the 5th Compensation Committee Members (Re-election date: July 7th, 2021)
Member	Liang, Wei Ming (independent director:)	3	0	100 % (Required attendance: 3)	Re-elected as the 5th Compensation Committee Members (Re-election date: July 7th, 2021)
Member	Chiu, Yi Chia (independent director:)	1	0	100 % (Required attendance: 1)	New-elected as the 5th Compensation Committee Members (election date: July 7th, 2021)

Other mentionable items:

1. The Board may not accept the recommendations of the Compensation Committee, or revise the recommendations, specify the date of the Board meeting, the term, the content of the motion, the resolution of the Board, and the response of the Board towards the opinions of the Compensation Committee (e.g., the remuneration package passed by the Board is superior to the recommendation of the Compensation Committee, specify the difference and the reasons): None.
2. If any of the members of the Compensation Committee hold adverse opinion or qualified opinions with record or in written declaration against the resolutions of the committee, specify the date and the session of the committee meeting, the content of the motion, the opinions of all members and the response to the opinions of the members: None.

Compensation Committee	Details of the relevant agendas and the subsequent	Compensation Committee member's objection or reservation	The company's handling of the Compensation Committee's opinions
2023.1.13 The 5th of the 5th Committee	1.Review the company's 2022 performance bonus (year-end bonus) case. 2.Reviewed the company's 2022 manager performance bonus (year-end bonus) case. 3.Reviewed Review the company's head of Finance/Accounting and Corporate Governance supervisor Change Case	None	Board of Directors Meeting on 1/13 Approved by all attending directors
	The company's handling of the Compensation Committee member's opinion: not applicable Resolution: All present member of the Compensation Committee agreed and passed every proposal		
2023.3.17 The 6th of the 5th Committee	1.Regular Assessment of Policies, Systems, Standards, and Structures for Evaluating the Performance and Compensation of Directors and Executive. 2.Reviewed the Company's 2022 remunerations for employees and directors case.	None	Board of Directors Meeting on 3/17 Approved by all attending directors
	The company's handling of the Compensation Committee member's opinion: not applicable Resolution: All present member of the Compensation Committee agreed and passed every proposal		
2023.9.22 The 7th of the 5th Committee	1. Reviewed the company's 2022 remunerations distributed to directors" case 2.Review the 2023 salary adjustment and manager salary adjustment case.. 3.Reviewed the company's 2022 distribution of bonuses to managers case. 4. Reviewed the company's Compensation Committee 2024 calendar schedule case	None	Board of Directors Meeting on 9/22 Approved by all attending directors
	The company's handling of the Compensation Committee member's opinion: not applicable Resolution: All present member of the Compensation Committee agreed and passed every proposal		

3.3.5 Implementation of the promotion of sustainable development and the differences and reasons for the code of practice for sustainable development of the TWSE/TPEx Listed Companies

Evaluation Item	Implementation			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
1. Does the Company establish a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, which is authorized by the board of directors to handle senior management, and supervised by the board of directors?	V		(1) Flytech has set up "Corporate Social Responsibility Code of Practice"(it renamed as " Corporate Sustainability Princeple " in May 2022) based on "Corporate Governance Best Practice Principles for TWSE List Companies" and approved it on 2015 May board of director meeting. It has been disclosed on company official website: http://www.flytech.com and M.O.P.S. (2) Implementation status of each organization (A) The company has set up a "Corporate Social Responsibility Promotion Group" for many years. It was renamed the "CSR Committee" in 109 and then the "ESG Committee" in 2011. The board of directors is the highest governing body for Flytech's sustainable development, the "ESG Committee" is affiliated to the board of directors. The chairman of the committee serves as the convener, and the president serves as the chairman. The promotion office under its jurisdiction is responsible for supervising four teams: Sustainability Operations Team / Green Operations Team / Corporate Commitments Team / Social Engagement Team, arrange Allocate resources and plan management methods, and responsible for tracking the responsibilities of each team. (B) Refer to our company's corporate website under the sections 'About Flytech,/Investor Relations/Corporate Governance/Corporate Sustainability and ESG, or the explanation in our 'ESG Report' for the respective roles and responsibilities of each team. These teams collectively fulfill the responsibility for corporate sustainable development and review their performance	None

Evaluation Item	Implementation			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			(C) The promotion office is tasked with presenting progress, significant sustainability issues, improvement plans, and stakeholder interactions to the Board of Directors in the first half of each year. In the second half, the office reports the approval of the 'ESG Report' by the Board of Directors to ensure continued implementation of corporate sustainability responsibilities. For the year 2023, the report dates were March 17 and November 2, respectively, with no significant abnormalities or risk events, and positive stakeholder interactions. In 2023, the above tasks were verifiably implemented.	

Evaluation Item	Implementation			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
2. Does the company conducted a risk assessment on the company's operational plan related environment and social and corporate governance issues, and has it formulated related risk management policies or strategies?	V		(1) The boundary of the Company's major topic risk assessment is limited to Flytech Technology Co., Ltd., excluding subsidiaries. (2) Identifying significant environmental, social, and corporate governance-related issues and assessing their risks involves four major steps: Understanding organizational context→ Identifying actual and potential impacts→ Assessing impact significance→ Prioritizing reporting order based on the most significant impacts. Identifying key issues related to the three major dimensions of [Economic, Environmental, Social], the overview is as follows (For detailed operations, please refer to Chapter 2 of the 2022 ESG Sustainability Report) (A) :The ESG Promotion Office under the Company's ESG Committee convenes internal experts to identify a list of 18 major environmental, social, and corporate governance-related topics from GRI standards, SASB and TCFD guidelines, industry trends, and corporate strategies. (B) The ESG Promotion Office submits questionnaires to six major stakeholders category to understand their concerns about the list of issues. The ESG Promotion Office convened internal experts to evaluate the potential and actual positive and negative impacts of the list of material topics on Flytech, and then selected 11 material sustainability topics by presenting the stakeholder concern scores and impact scores on Flytech in a matrix	None

Evaluation Item	Implementation			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			(C) The ESG Promotion Office and the four sub-teams formulate management policies and strategies for sustainability issues and submit them to the ESG Committee for approval and to the Board of Directors for endorsement. Through the delegation of tasks that should be implemented, improved, and optimized, and through continuous monthly meetings to regularly track, communicate, and coordinate to reach consensus, ensure that sustainability strategies are thoroughly implemented and resources are effectively allocated, so that all employees can work toward a consistent direction on sustainability, so that the integration of sustainability and operational core becomes an integral part of Flytech's competitiveness. Significant topics of concern have been identified for risk management in 2023, and the "ESG Report" completed in accordance with this procedure in 2022 has been submitted to the TWSE MOPS and announced on the official website.	

Evaluation Item	Implementation			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
3. Environmental Issues (1) Does the company establish proper environmental management systems based on the characteristics of their industries? (2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		(1) The company's "Corporate Sustainability Princeple" have set principles for sustainable development by which the company should abide. These principles including obeying environmental legislation and related international guidelines, increasing resource utility efficiency, building a proper environmental management system, setting up dedicated departments/units/staff for environmental management that will draft, implement and maintain related environmental management systems and concrete action plans; organize environmental educational classes for management and employees; properly utilize water resources; and conduct company greenhouse gas emission audits to reduce the company's environmental impact on the environment. With ethical and sustainability as principles, we will build a positive operational environment. We will focus on our expertise and develop excellent products to generate revenue and profit that we can share with customers, suppliers, shareholders, employees, and other stakeholders, all the while fulfilling our sustainable responsibilities. The company obtained International Environmental Management System ISO14001 certification in 2011 (passed certificate renewal review in 2022: 2015 version (validity period from September 22, 2019 through September 21, 2025). (2) The company continues to focus on enhancing energy efficiency and utilizing environmentally friendly recycled materials. In the fourth quarter of 2022, we initiated a Carbon Management Project, and by 2023, we established equipment and product carbon footprint management platform. This platform enable us to concentrate on energy-saving improvement projects, monitor energy savings and waste benchmark data, and track achievements. For further details, please refer to Chapter 6 of our company's "ESG Report." In addition to daily operational measures aimed at reducing GHG emissions, Feijie also integrates green design principles into new product development. Below is a brief overview of related explanations.	None

Evaluation Item	Implementation			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
	V		(A) Modularized mechanism design aims to extend the lifespan of primary system products while promoting low-carbon circulation (B) Product design simplification significantly reduces carbon emissions associated with supplier tooling and production of related part (C) Dedicated to enhancing the efficiency of motherboard power supply to improve the energy efficiency of machines. (D) Simplified packaging minimizes the volume of packaging materials and maximizes cushioning design (E) Incorporate recycled paper packaging materials, environmentally friendly recyclable materials, and green certified materials to increase the usage rate of paper packaging. This initiative has been implemented starting from certain standard products and customized models. (F) production process fully adopts lead-free processes. In addition to ensuring that product components comply with the EU RoHS environmental standards, the finished products have also obtained RoHS certification The company has completed greenhouse gas inventories for the years 2022 and 2021, as well as external verification according to ISO 14064-1 standards. The inventory results serve as the basis for calculating benchmarks for policies and objectives aimed at improving energy efficiency and using recycled materials. After approval by the ESG Committee, these are submitted to the Board of Directors for approval and continuously monitored through regular monthly meetings.. .	

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation</th><th rowspan="2">Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td>(A) In accordance with ISO 14064-1, the company conducted an inventory of organizational GHG emissions for the year 2021. We defined a five-year energy-saving and carbon reduction plan, with the year 2021 as the base year. The total electricity consumption and GHG emissions should decrease by 1% annually compared to the base year, achieving a 5% reduction by the year 2024. Given that the primary source of our GHG emissions is indirect energy consumption (Scope 2), our main strategy focuses on energy conservation. We actively implemented measures, including investing NT$15 million in 2021 to upgrade the air conditioning equipment at our Neihu headquarters to improve energy efficiency, replace R-410a with environmentally friendly refrigerants, and invest NT$2.5 million in 2023 to install independent air conditioning systems on the SMT floor of the factory to avoid using the entire factory's air conditioning system during night shifts. We successfully achieved the energy-saving and GHG reduction targets for the fiscal years 2022 and 2023.
(B) The Company also duly observes applicable laws and intensifies the recycling and reuse of resources, and prevents the pollution of water and air through proper monitoring and testing through its waste management plan. Furthermore, the Company also advocates a carbon reduction and energy saving, and proceeds to sustainable development of the environment by mitigating the impact on the environment to the expectation of the international trend and customers.
In 2023, the above tasks were verifiably implemented.
.</td><td></td></tr>
</table>

Evaluation Item	Implementation			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
(3) Does the company assessed the risks and opportunities arising from climate change on the present and future of the enterprise? Have coping measures for climate change related issues been adopted?			(3) The board of directors is the highest governance body for sustainable development of Flytech. The "ESG Committee" is affiliated to the board of directors. The convener serves as the chairman of the board, and the general manager serves as the chairman. The Promotion Office is headed by the ESG department and implements response measures on climate-related issues through the following four major directions: (A) Evaluate significant climate change issues related to the company's value chain and establish targets for mitigation and adaptation. Report to the Board of Directors quarterly. (B) Communicate the strategies and objectives approved by the Board of Directors to each executive subgroup, and have each subgroup develop specific measures to implement the objectives. (C) Quantify the financial impacts of climate change risks and opportunities, establish performance indicators and quantitative targets, and regularly assess effectiveness for reporting to the Board of Directors. (D) Continuously monitor the severity of climate change and international trends, and adjust strategies and objectives as needed in a timely manner. In 2023, the above tasks were verifiably implemented	

<table>
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<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td>(4) Does the company monitor the impact of climate change on its operations and conduct greenhouse gas inspections, as well as establish company strategies for energy conservation and carbon reduction?</td><td></td><td></td><td>(4) The company commenced self-inspection of GHG emission beginning 2015, has formulated management strategies, methods, goals, and carbon emission reduction goals, and continues to conduct monitoring and improvement. Management policies pertaining to energy conservation, carbon reduction, greenhouse gas emission, water usage reduction, or other waste and their implementations, please refer to the page 120-122.
1. Statistics and intensity of the last two years
(A)GHG (Calculate the intensity by product sales)
According to the ISO14064-1, the Company conducted a self-inspection of the GHG emission Scope 1, 2 and 3 of the Neihu headquarters and the Linkou factory (excluding subsidiaries). The results are as follows, mainly from the electricity emissions in Scope2:
<table>
<tr><th>Neihu Headquarter and Linkou Plant</th><th>2022</th><th>2023</th></tr>
<tr><td>Scope 1</td><td>172.31 t</td><td>168.42 t</td></tr>
<tr><td>Scope 2</td><td>1,806.64 t</td><td>1483.86 t</td></tr>
<tr><td>Scope 3</td><td>578.53 t</td><td>554.47 t</td></tr>
<tr><td>Total (t CO_2e)</td><td>2,557.48 t</td><td>2,206.75 t</td></tr>
<tr><td>unit product emissions (kgCO_2e)</td><td>12.19</td><td>15.33</td></tr>
</table>
For detailed information, please refer to Chapter 6, "Green Operations," in our 2022 "ESG Report”
The average (kg CO_2e) for 2023 is lower compared to 2022. This reduction is due to several factors: the replacement of the air condition system at Neihu headquarters in 2021, which improved energy efficiency, and the installation of independent air condition system in the SMT floors of Linkou factory in 2023. Additionally, a decrease in customer orders and subsequent reduction in production volume contributed to the lower average. However, our main source of GHG emissions is (scope 2) indirect electricity consumption, which is unavoidable in daily operations. As a result, the emissions per unit of production equipment have increased compared to the previous year.</td><td></td></tr>
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<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td>
(B) Water consumption (Calculate the intensity by the person at the end of year)
<table>
<tr><th></th><th></th><th>2022</th><th>2023</th></tr>
<tr><td rowspan="3">Neihu</td><td>Total and water consumption</td><td>3,079</td><td>3,159</td></tr>
<tr><td>water consumption/person</td><td>15.95</td><td>16.80</td></tr>
<tr><td>water consumption of unit /person</td><td>15,953 liter</td><td>16,803 liter</td></tr>
<tr><td rowspan="3">Linkou</td><td>Total and water consumption</td><td>7,840</td><td>6,076</td></tr>
<tr><td>water consumption/person</td><td>33.50</td><td>27.87</td></tr>
<tr><td>water consumption of unit /person</td><td>33,504 liter</td><td>27,872 liter</td></tr>
</table>
Ther company actively promote the conservation of water resources. This includes collecting rainwater at the Linkou factory for irrigating surrounding plants and installing water-saving devices to reduce faucet water flow. These efforts are part of my ongoing commitment to protecting environmental resources..
(C)Waste (No hazardous waste, Calculate the intensity by the person at the end of year)
<table>
<tr><th>Neihu Headquarter and Linkou Plant</th><th>2022</th><th>2023</th></tr>
<tr><td>Domestic waste</td><td>12.91 t</td><td>11.17 t</td></tr>
<tr><td>business waste</td><td>31.311 t</td><td>14.76 t</td></tr>
<tr><td>Industrial waste</td><td>29.311 t</td><td>13.70 t</td></tr>
<tr><td>Emissions of Unit /Person</td><td>0.1 t</td><td>0.06 t</td></tr>
</table>
In 2023, sales orders decreased, leading to reduced production and consequently, a decrease in waste.
</td><td></td></tr>
</table>

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<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td>2.The company has set 2021 as the base year, aiming to reduce electricity consumption and GHG emissions by 1% annually compared to the base year. The target is to achieve a total reduction of 5% by 2025. This energy-saving goal and specific measures have been confirmed by the “ESG Committee” and approved by the Board of Directors. We will continue to implement and monitor this plan.
3.The Company has completed the GHG inventory for the individual company (Flytech Technology Co. Ltd.) for the years 2022 and 2021, and has obtained ISO 14064-1 external verification statements from SGS for both years.
(1)~(4) above were implemented in 2023 as provisioned. Through the “ESG Committee”, targets and specific measures have been established. After being approved by the Board of Directors, these initiatives are continuously implemented and monitored.</td><td></td></tr>
<tr><td>4. Social Issues
(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</td><td>V</td><td></td><td>(1) In consideration to the fulfillment of ESG sustainable development responsibility and human rights protection and in reference to the Universal Declaration of Human Rights, Un Global Compact, ILO Declaration on Fundamental Principles and Rights at Work, and other internationally recognized human rights standards, the company has set up the “human rights policy,” which was announced in January for implementation in order to prevent conduct infringing upon and violating human rights, include human rights assessments, human rights concerns and practices (provide safe and healthy work place, ensure the equal job opportunities,child labor prohibition, physical and mental health and work balance,physical and mental health and work balance, pre-employment / on-the-job / occupational safety / integrity and ethics training for human rights protection) and appeal systems. In addition to providing a reasonable and safe environment and ensuring current employees are given reasonable and dignified treatment. The recent revision date is April 2024, with the addition of due diligence provisions to ensure effective implementation. This has been announced on Flytech’s website.</td><td>None</td></tr>
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<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td>(2) Does the company set up and implemented reasonable employee welfare measures (including salaries, holidays, and other benefits), and have business performance or results been appropriately reflected in employee remunerations?</td><td></td><td></td><td>(2) Employee is the most important asset of Flytech. Flytach takes "diversity and non-discrimination" as our tenet. The employment, salary and career development of employees focus on professional ability and job performance, rather than age, education, race, or gender. On the end of 2023, female employee ratio is 44.8% and female supervisor ratio is 29%; Due to the flat organization of the Company, except for the president, vice president and AVP, the rest of the management hierarchy is mainly composed of middle-level managers. Leaves and various welfare measures are equal and non-discriminatory. The company's employee welfare measures (including salary, leaves and other welfare) are summarized as follows.
1.Remuneration policies
The provisions in the “Corporate Charter”, if the company has made profits for the year, 3%~15% shall be designated as employee remunerations. In addition, the company has set up the “Salary and Bonus Management Guidelines,” “Performance Management Guidelines,” and “Award and Punishment Management Guidelines” to provision remuneration policies such as fixed salaries, bonuses, and employee remunerations, etc. The Remunerations Committee shall periodically conduct reviews, which are supplemented by performance operation assessments including: employee performance, internal control system compliance situation, and compliance to various company policies including the social responsibility system. Awards or punishments are granted accordingly based on the remuneration policies and Award and Punishment Management Guidelines. the description are as below:</td><td></td></tr>
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<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td>(A) Fixed salary (this salary, professional addition, job addition): According to the labor law and the employee's academic experience and work ability, it is not determined by age, gender and ethnicity.
(B) Year-end bonus and performance bonus: The year-end bonus is based on on two months. According to the performance of each employee's performance appraisal, the bonus amount is determined. The performance bonus is based on the business/production/R&D/project performance of each department and the contribution of each employee. And approved.
(C) Salary policy: The annual salary adjustment is based on the previous year's business performance and market salary status. Individual promotion and salary adjustment will be handled in accordance with the “Management Measures for Awards and Punishments.
(D) Employee compensation:The provisions in the “Corporate Charter”, if the company has made profits for the year, 3%~15% shall be designated as employee remunerations. Based on the performance appraisal results of each employee, and reviewing the achievement of the KPIs formulated and approved by each employee at the beginning of the year (each department has different KPIs depending on the nature of operations), like revenue achievement rate, Gross Profit Margin, and delivery achievement rate etc.Calculate the approved individual allocation amount.</td><td></td></tr>
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<tr><td></td><td></td><td></td><td>2.Leave and welfare policy
The company has set up the ‘Leave Category Management Guidelines” to regulate the leave-taking and holiday management system. In 1992, the Employee Welfare Committee was set up to provide various employee welfare activities and subsidies, include monthly birthday parties and birthday cash gifts, wedding and funeral cash gifts, three gifts during three major Chinese holidays, domestic and international company trips, club events, Festive company meals, health inspections, recognition of senior staff, a sports and games room maternity and paternity leave, parental leave, post-return work assistance. and fly’s book rooms etc.
Employees with family factors or special needs can apply for flexible working hours to adjust their commute time. Female employees are entitled to maternity leave and welfare committee subsidies. They can also apply for parental leave and work assistance after reinstatement depending on their family situation.
3.Employee Stock Ownership
In 2016, the company established the "Flytech Technology Co., Ltd. Employee Stock Ownership Association", and colleagues raised a fixed amount from their salaries. Then the Companyallocated the same amount of incentive money and deposited it into financial institutions to increase employees' recognition of the company. Assist members to obtain the company's stock, and enhance the stability of members' future retirement and resignation life.</td><td></td></tr>
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<tr><td>(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?</td><td></td><td></td><td>(3) 1. Obtain the relevant Certification
The Company successfully obtained the ISO 14001 (2018 version, validity period from September 22, 2022 through September 21, 2025) in 2001 and obtained the ISO 45001 2018 versoin (Renewal approved. , valid from December 1, 2023 to November 30, 2026). In 2023. That means the Company has integrated and established a complete and very sound safety and health working environment.
2.Measures for employee safety and health work environment, education policy and its implementation.
The Company has duly established a “Labor Safety and Health Committee” in accordance with the Occupational Safety and Health Act and laws and ordinances concerned (which was consolidated and upgraded into the “Environmental Safety and Health Committee” after the Company obtained the ISO 45001 system certification in 2020). The members of such Committee include the supervisors and staff members working with the Neihu Headquarters and the Linkou Plant. Other than such duties to draft methods of operation, the Committee assumes the responsibilities for occupational safety training at the Neihu Headquarters and the Linkou plant in such professional duties including reviewing the training programs for safety of machinery, equipment and raw materials, reviewing occupational calamity investigation reports, assessing on-the-spot occupational safety performance and the like to carry out all aspects of security. Further, on a regular basis, the Committee sponsors and carries out educational & training programs focusing on safety and health, fire protection and other related contents, and takes necessary preventive measures against potential occupational disaster to minimize the potential risk factors of the working environment. Through all such efforts in combination, the Committee establishes and ensures a safe and healthy workplace. The hands-on implementation status is as enumerated below:</td><td></td></tr>
</table>

Evaluation Item	Implementation			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			(A) Take labor insurance, health insurance, and group insurance for the protection of the employees. Ensure safe workplace environments and provide qualified operating equipment in accordance with the Labor Facilities Safety Regulations. (B) Have regular quarterly inspections and maintenances of fire-fighting facilities (fire extinguishers, fire prevention refuge facilities, emergency lights, electrical appliances, fire pumps and fire hydrants), annual inspections and maintenances of smoke ventilation equipment, employee safety educational training sessions and disaster prevention drills every 6 months. (C) Conduct daily / weekly / month / quarterly maintenance for various types of manufacturing equipment according to the ISO's "Equipment Maintenance Procedures." (D) Appoint professional technicians to inspect electrical equipment monthly. (E) Daily patrols by the Company's security personnel. (F) Routine health examination for the employees every year. (G) Maintenances, replacement of filters, and water quality inspections for the company drinking-water equipment every 3 months. (H) Providing nutritious and healthy group lunch services for employees of the Linkou factory. The management center is responsible for carrying out training courses on environment, occupational safety and health (environmental safety and health) for new employees and current employees in accordance with the ISO "Education and Training Management Procedures" to ensure that all employees understand the environmental safety and health policies, methods to be followed and due rights and interests.	

Evaluation Item	Implementation			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			3.The company's Neihu headquarters functions as an office, while the Linkou factory only has SMT lines and assembly lines without heavy machinery operations. We conduct hazard identification and risk assessment in accordance with ISO 45001 standards and have established environmental, health, and safety management procedures. In 2023, there were only 5 minor injury records (cuts and scrapes) with no occupational accidents or fires reported.	
(4) Does the company have an effective career development training program for employees?			(4) Exactly in accordance with ISO “Education and Training Management Program”and internal control procedures, the Company has duly mapped out employee training programs (include general staff, managers and employees). The training methods are included in outsourced training programs and in-house courses. In terms of outsourced training programs, each and every department is required to submit its respective training programs and budgets to be approved at the end of each fiscal year and the employees shall submit their training applications based on the annual programs and their substantial needs. After the training programs are satisfactorily completed, they are required to submit their training experience report or opinion questionnaire to the Human Resources Training Department to register credits and share the course information or share training internally. The internal training programs include: (A) New recruit training. New recruits enter the basic course training on the day upon their registry in employment to ensure that they can quickly understand the team concept and culture at the very beginning when they join Flytech. (B) Project training. Such training programs are exclusive courses specifically intended to reserve cadres and middle- and high-level elite cadres, allowing the talent trainees from all levels to inherit the wisdom and practical operation of Flytech members to cultivate more elites and leaders in the future.	

Evaluation Item	Implementation			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
(5) Does the company complied with relevant regulations and international standards with regard to the health and safety of customers purchasing products or services, customer privacy, marketing, and labeling? Have relevant consumer or client rights protection policies and appeal procedures been set up?			(C) Credit system learning programs. Flytech sets the basic training credit requirements that all colleagues must achieve within the year and colleagues are participating to accumulate credits from various in-house and outsourced programs to leave a firm record for their own learning process to continually improve professional skills and self-growth. (D) Irregular seminars, inviting external experts to share their professional insights. (E) I Learning Online Education and Training Platform (F) Designating colleagues to participate in professional courses and reading clubs. The aforementioned training program aims to enhance employees' professional skills and career planning abilities. (5) The company's " Business Sustainability Development Code" stipulate that the sale and signage of the company's products and services should comply with relevant legislation and international guidelines. Behavior such as cheating, misleading, fraud, etc., which breach consumers' trust and rights, are strictly prohibited. The company is a B2B operation type and does not directly face the final consumer. In 2019, in compliance with GDPR, Taiwan's Personal Information Protection Act and other regulations. The Flytech personal data management has been established, include Personal Data Management Policy, Points for setting up personal data protection organizations, Measures for the Security Management of Personal Data Files, and Personal Data Protection Impact Analysis Management Procedure to protect customers' privacy. With "RMA policy" and customer complaint mechanism to provide customer complaints and repair channels.	

Evaluation Item	Implementation			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(6) Does Does the company set up supplier management policies and requested suppliers comply with relevant regulations on environmental protection, vocational safety and health, the human rights of laborers, and other issues? What is the implementation situation?			(6) The company has provisioned in the "Business Sustainability Development Code" that during contract signing between the company and the main supplier, it is recommended that the content includes corporate social responsibility policies of both sides” and a clause (i.e. in the event the community environment and society of the supply source cause significant impacts, the contract may be terminated or withdrawn at any time). According to the company's ISO 9001 "Supplier Qualification Procedure", when selecting new suppliers, management from the source, ISO 9001, ISO 14001, ISO 45001 are taken into consideration, By the end of 2023, nearly seventy percent of our suppliers have signed the "Environmental Protection and Carbon Reduction Commitment Statement," the "Corporate Social Responsibility and Integrity Commitment Letter," and the "Policy Statement on Non-Use of Conflict Minerals," indicating their commitment to jointly establish a green supply chain that protects the environment and ensures labor safety and human rights. We provide guidance to suppliers to adhere to business ethics, government environmental regulations, occupational health and safety regulations, labor laws, and regulations prohibiting child labor. Together, we are dedicated to implementing ESG sustainable responsibilities. Through our "Supplier Rating and Performance Tracking Procedure" and regular distribution of environmental surveys to suppliers, we conduct regular environmental health and safety assessments each year. This process encourages suppliers to prioritize environmental sustainability issues and comply with government environmental regulations and policies, thereby collectively fulfilling corporate social responsibilities. (1)~(6) above were implemented in 2023 as provisioned.	

Evaluation Item	Implementation			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
5. Has the company compiled Sustainability Report and other reports disclosing the company's non-financial information in reference to internationally accepted report preparation standards or guides? Has the abovementioned report acquired validation or guarantee opinions from a third-party verification unit?	V		The company's "ESG Committee" issued "CSR Reports"for the years 2019 and 2020 in February and June 2021, respectively. These reports were compiled according to the 2016 version of the GRI standards. In June 2022, we issued an "ESG Report" incorporating SASB standards and TCFD guidelines. Furthermore, the ESG Report for the year 2022, released in July 2023, was prepared in accordance with the 2021 version of GRI standards, SASB standards, and TCFD guidelines. All these reports were internally compiled. To ensure the quality of our ESG reports, our company will, for the first time in 2024, commission an independent third-party organization to conduct a verification of our 2023 "ESG Report" using AA1000 AS Type 1 Moderate Assurance level.	None
6. If the Company has established the corporate sustainable development principles based on "Code for Corporate Sustainable Development for TWSE/TPEx Listed Companies", please describe any discrepancy between the Principles and their implementation: None. The company has created the Code for Corporate Social Responsibility (it renamed as "Code of Business Sustainability Development" in May 2022), which is published on the corporate website and Market Observation Post System. It it in compliance with the Corporate Sustainable Development Principles for TWSE/TPEx Listed Companies.				

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<tr><td colspan="5">7. Other important information to facilitate better understanding of the company’s sustainable development
(1) The company encourage all employees to participate in social services, give back to the society and fulfill their business obligations through community services and participation in various public welfare activities. The annual activities are as follow:
(A) Cooperate with the "Blessing Committee" to set up "“Flytech Loves Public Welfare Club " to organize and care for the weak activities and give gifts every two months.
(B) As always, on an annual basis, we team up with universities/colleges to sponsor the “Star Training Camp” during the summer and winter vacations. Through such an elaborately designed Camp, we provide a seven-day training program for university/college and graduate school students. Through the experience sharing with the Company’s senior executives and close practical interactions, the student trainees will be instructed with the updates of industry trends and will have a more direct understanding of the application field of industrial computers, the business model and products of the industrial computer industry. In turn, we promote cross-field and cross-professional student exchange programs. In 2023, the training camp is held in summer and winter vacation, A total of 53 students participated, trainees from northern, central and southern areas of Taiwan to gather together in the significant learning process. Student trainees from different fields, expertise and backgrounds learn together in the well-designed training courses and grow together. To date, we have organized 18 editions of the workshop, with over 1,800 college and above students participating. Additionally, we regularly host "Stellar Alumni Association" lectures and gatherings. In 2023, we organized a two-day camping exchange activity. We continue to track the experiences and learning outcomes of alumni from various sessions, and since inception, several alumni have joined our ranks at FeiJie as outstanding executives, showcasing remarkable achievements.
(C) In coordination with the “Flytech Foundation” we organize activities to cultivate underprivileged students and promote technological innovation, including notably: (a) We generously offer scholarships to students from Taitung County High School (Vocational) schools for the outstanding students from poverty-stricken families. After the name list of the target students is confirmed, award programs to broaden their horizons through the well-organized corporate visits. (b) The Design For Taiwan “DFT Workshop”: We have successfully ven held "Design For Taiwan" workshops, a total of 13 international speakers and 44 domestic lecturers have been invited to teach, a total of 594 college students have been trained, and a total of 7 physical or online social design exhibitions have been held, attracting More than 45,000 people from the public visited the museum, and 7 innovative lectures on different themes were held to exert social influence.
(D) Sponsored social service units or academic events.
(E) Held a company-wide energy conservation and carbon-reduction performance competition, held mountain-cleaning event in conjunction with the company’s annual factory celebration to realize the company’s environmental protection policy.
(F) Collect receipts monthly and donate to the Genesis Social Welfare Foundation, and donate books and magazines and recycled items to the Tzu Chi Foundation.</td></tr>
</table>

(2) The details of the events, the number of participants and the beneficiaries, industry-academia collaborations are as listed:

Event Type	Event Name	Month of Event	Contents of Event	Amount of Participating Employees	Beneficiaries / Number of Participants
Talent development	Star Training Camp	1.8	Star Summer Training Camp, seven days of activities	123	53 attendees
		11	“Star Training Camp Alumni Association”: DIY Planting & Day Trip	6	42 attendees
	Desigh fo Taiwan	3,4,5,7,,9, 10,12	Seven "DFT Workshop" "DFT Seminar" in October and December	281	392 attendees
		7	“DFT Workshop” results display exhibition “DFT Workshop” results Seminar	80	Visitors: 5,603 Ssminar attendees: 350 participating non-profit/social innovation organizations: 24 Exhibition sales: NTD$38,390 participating exhibition groups: 7
Social welfare care	“Flytech Loves Public	2	Caring for seniors who live alone. Donation of materials to the Huashan Foundation.	14	20 attendees
		4	North Coast & Guanyinshan National Scenic Area co-organized "Find the Blue Sea" beach cleanup activity(Yilan)	75	Clean up 402kg
		6	Shimen farming volunteer activities	29	50 attendees
		7	Flytech 39th Anniversary Celebration: Mountain Clean-Up & Charity Booth	356	Charity sale raised approximately NTD$44,000
		8	Accompanying care for disadvantaged children at the Love Home	19	50 attendees, 10 boxes of wet wipes, 3 boxes of powdered milk
		10	Meat-free Diet Challenge	35	Reduced carbon emissions by 568.8 kilograms through completed 711 meals
		11-12	Sending love to remote villages - Christmas gift collection	65	219 Christmas gifts; valued at approximately NTD$163,000
	Flytech scholarship	8	Scholarship for the impoverished or outstanding students of Taitung County’s Senior High Schools & beach cleanu activity	15	17 attendees & clean up 402kg
Sponsored Events		5	Sponsored Association of Police Friends in the amount of NTD$300,000.		
Energy-conservation and Carbon-reduction Competition	Competition	Monthly	Electricity usage Evaluations and Awards Competition	All Employees	

Evaluation Item	Implementation			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
8.If the Company's products or ESG report have passed the verification criteria of the relevant verification agree upon, they should be stated expressly: ● ISO 9001 Quality Management Systems: The 2015 version passed the certification review (validity period from August 24, 2022 through August 23, 2025). ● ISO 13485 Medical Equipment Quality System: The 2016 version passed the certificate renewal review (validity period from April 19, 2021 through April 18, 2024). ● ISO 14001 Environmental Management System: The 2015 version passed the certificate renewal review (validity period from September 22, 2022 through September 21, 2025). ● ISO 45001 Occupational Safety and Health Management System: 2018 versoin (Renewal approved, valid from December 1, 2023 through November 30, 2026). ● IATF 16949 for Quality management system for the automotive industry 2016 Version (first time certification, valid from December 12, 2021 through December 11, 2024). ● ISO-14064-1 Third-party verification statement for organizational GHG inventory report (2021 and 2022) ● ISO-14067 Third-party verification statement for product carbon footprint inventory report (K737F34, 2022)				

3.3.6 Ethical Corporate Management and deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reason

Evaluation Item	Implementation Status			deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reason
	Yes	No	Abstract Explanation	
1. Establishment of ethical corporate management policies and programs (1) Has the company set up integrity operation policies passed by the board and explicitly stipulated integrity operation policies and practices in the regulations and external documents, as well as the board and senior management level's commitment to active operational policy implementation? (2) Has the company established a dishonest conduct risk assessment mechanism to periodically analyze and assess business activities with higher dishonest conduct risk within the business cope, based on which plans for preventing dishonest conducts have been set up, at least covering the preventive measures of the conducts in Paragraph 2, Article 7 of the "Code for Integrity Operations of TAIEX and OTC Listed Companies"?	V		(1) The company has established the "Code for Integrity Operations" based on the "Code for Integrity Operations of TAIEX and OTC Listed Companies", submitted it, which was passed by the board in May 2015 and implemented(the recent edition was revised in March,2022) and disclosed on Flytech website. The Principles determine that the company and related enterprises/organizations should clearly demonstrate their ethical management policies in both their regulations and documents meant for the public. The board and management must ensure the policies are implemented both in internal management and business operations. (2) The company has set up the "Integrity Management Procedures and Behavior Guidelines" in accordance with the "Code for Integrity Operations" which was passed by the board in November, 2016 and implemented(the latest edition was revised in March,2022). The "Integrity Operation Promotion Team" under the board is the dedicated unit for the amendment, implementation, interpretation of this operational procedure and the conduct guidelines, as well as the supervision and implementation of consultation services, report content registration, archiving, and related operations. It periodically reports to the board (at least once a year) and is responsible for the following matters: (A) Assist in incorporating the value of integrity into the company's operational strategies and set up anti-fraud measures to ensure integrity operations in accordance with the regulatory system. (B) Periodically analyze and assess the risk of dishonest conduct within the business scope and set up plans for preventing "dishonest conduct," and set up work-related standard operational procedures and conduct guidelines in the plans.	None

Evaluation Item	Implementation Status			deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reason
	Yes	No	Abstract Explanation	
(3) Has the company explicitly stipulated and implemented operational procedures, conduct guidelines, violation punishments, and appeal system in the plan for preventing dishonest conduct? Is the abovementioned plan periodically reviewed and revised?			(C) Set up a monitoring and balance mechanism for high-risk business activities prone to "dishonest behaviors" within the business scope. (D) Promote and plan integrity operation policy propaganda activities. (E) Plan and implement the offense reporting system to ensure the effectiveness of implementations. (F) Assist the board and management level in checking and assessing whether measures, plans, and mechanisms established to prevent "dishonest conduct" operate effectively, and which are periodically made into reports. (G) Produce and properly keep integrity operation policies and compliance declarations, fulfillment commitment, and implementation situation related documented information. (3) The company's "Conduct Guidelines provision specific integrity operation" related practices, definition of dishonest conduct, procedures to comply when providing/receiving/promising interests, internal propaganda/establishment of awards and punishments/appeal system and disciplinary actions, inclusion of integrity operation in the employee performance assessment and human resources policies, and establishment of specific and effective award, punishment, and appeal systems. Management regulations for preventing dishonest conduct include: Management regulations "Basic Service Regulations" "Award and punishment management guidelines," " Whistleblower Report Processing Guideline" and declaration of incorruptibility in the recruitment contract duly signed by the employee provisioning incorruptibility clauses including the prohibition of personal fraud, public property misappropriation, public	

Evaluation Item	Implementation Status			deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reason
	Yes	No	Abstract Explanation	
			fund embezzlement, bribery commission acceptance, and avoidance of conflict of interest clause to be complied by employees as provisioned. Violations will be dealt with according to the severity of events in order to ensure the company's integrity operations. As stated in No. 2 of Item (2), the "Ethical Operation Promotion Team" is responsible for periodically analyzing and assessing the risk of dishonest conduct within the business scope, based on which reviews and amendments are carried out. In 2023, the annual review was completed, No anomalies pertaining to dishonest conduct occurred in 2023, and the policy system review situation and supervision implementation results were compiled and reported at the board meeting in March, 2024. (1)~(3) above were implemented in 2023 as provisioned.	
2.Fulfill operations integrity policy (1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	V		(1) Since its beginning, the company has upheld its core policies of "pursue excellence, be honest and accountable, focus on expertise." Apart from our risk management system (which was built according to laws and accounting regulations), internal control system, and auditing regulations, we also include in our contracts with clients and suppliers terms regarding liabilities and protection of both parties' rights. We exclude the possibility of insider trading and conduct business fairly and transparently. We have also created the Ethical Management and Behavior Guidelines, which stipulate that before signing contracts with any party, we must fully understand the extent of their business practices. Observation of our ethical business practice policies should be included in contracts, or issues of ethical transactions should be clearly defined in the contracts. After the contracts are checked against the Contract Vetting Methods, they can be approved for signing. There were no dishonest matters from the transacting parties in 2023.	None

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<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td>(2) Has the company set up a dedicated unit to promote enterprise integrity operations and periodically (at least once a year) report to the board regarding the integrity operation policy, the plans for preventing dishonest conduct, and the supervision implementation situation?
(3) Does the company formulate policies to prevent conflicts of interest, provide appropriate reporting channels, and implement them?</td><td></td><td></td><td>(2) In accordance with the provisions in the “Integrity Operation Procedure and Conduct Guidelines,” the company set up the “Integrity Operation Promotion Team” in November 2016 as the dedicated unit under the board for the amendment, implementation, interpretation of the said procedure guidelines, as well as the supervision and implementation of consultation services, report content registration, archiving, and related operations. The Guideline Regulation Promotion Team periodically reports to the board (at least once a year). The 2023 annual review report has been completed and reported to the board of directors in March, 2024 Including Random audit of training and dishonesty behavior.
No anomalies pertaining to dishonest conduct occurred in 2023.
(3) The company has established the "Basic Service Regulations", "Reward and Punishment Management Measures," which state that employees are prohibited from using the company's name to operate other businesses without permission, from engaging in outside employment without company approval, and from engaging in or investing in profit-making enterprises similar to the company's business, to avoid conflicts of interest. The "Board Meeting Rules" also include provisions for directors to avoid conflicts of interest. Additionally, our company has developed the "Integrity Operation Procedures and Code of Conduct," which governs directors, executives, and other stakeholders with conflicts of interest attending or participating in board meetings. They must disclose any material conflicts of interest related to agenda items at the board meeting. If there is a risk of harming the company's interests, they are prohibited from participating in discussions and voting, and they must abstain from voting. They also cannot act as proxies for other directors. Directors must self-regulate and refrain from improper mutual support or assistance. The "Integrity Operation Promotion Team" is responsible for supervising and implementing these integrity operation procedures.</td><td></td></tr>
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Evaluation Item	Implementation Status			deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reason
	Yes	No	Abstract Explanation	
(4) Does the company established an effective accounting system and internal control system for implementing integrity operations? Has the internal audit unit formulated relevant audit plans according to the assessment results of dishonest conduct related risks, based on which the situation of compliance with plans to prevent dishonest conduct can be checked, or checking can be implemented by commissioning CPAs? (5) Does the company regularly hold internal and external educational trainings on operational integrity?			Prior to this, they must explain to the board important points in conflicts of interests, especially when these points negatively affect the company's interests. Directors should also practice self-discipline and not support each other's agendas when conflicts of interest occur. Terms above are implemented and supervised by the "Ethical Operation Promotion Team" (4) The company has set up an effective accounting system, internal control system, and related management regulations, while sales, procurements, inspection and acceptance, payments and collections, financial management, investment, and other operations have taken integrity operation objectives into account. The internal audit unit formulated and reported the annual audit plan based on the risk assessment results of various operations, which was passed by the board. Based on the plan implementation audit and annual internal control self-assessment, the effectiveness and compliance situation of the internal control design was reported to the board. The internal control system for 2023 was deemed effective, and no major anomalies were found after implementation inspection. There were no major deficiencies in the internal accounting control checking report presented by the financial statement CPAs. In November 2023, the company's board of directors passed the "Handling of Internal Materal Information and Prevention of Insider Trading", which prohibits directors or employees and other insiders from using undisclosed information in the market to buy and sell securities, including directors who are not allowed to do so before the announcement of the annual financial report. 30, and the closed period of 15 days before the announcement of quarterly financial reports.	

Evaluation Item	Implementation Status			deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies” and Reason
	Yes	No	Abstract Explanation	
			(5) The company has set up the “Integrity Operation Procedure and Conduct Guidelines” provisioning that internal propaganda should be conducted yearly to convey the importance of integrity to the directors and employees. Beginning 2020, e-education training with I-Learning online platform has been conducted. During pre-service training for incoming employees, the internal control system and management regulations related to integrity operations are explained. In addition, the company conducts education and publicity on the “Handling of Internal Materal Information and Prevention of Insider Trading“ and related laws to directors, managers and employees at least once a year, and provides education and promotion to new directors, managers and employees. Education and publicity will be provided within one month after each employee takes office. The content of the publicity includes the scope of major internal information and confidentiality operations, the definition and management of insider trading, and penalties for violations. In 2023, no insider trading occurred. (1)~(5) were implemented as provisioned in 2023, without major abnormalities in violation of integrity operations.	

Evaluation Item	Implementation Status			deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies” and Reason
	Yes	No	Abstract Explanation	
3. Operation of the integrity channel (1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up? (2) Has the company set up investigation standard operational procedures regarding offense reports accepted, subsequent measures to be adopted after investigation completion, and related confidentiality mechanisms? (3) Does the company provide proper whistleblower protection?	V		(1) On November 10, 2016, the company established its ” Whistleblower Report Processing Guideline”(the latest edition was revised in May,2020), which define complaint and reward systems. The Task Group for Ethical Management is the recipient of complaints. (2) The company’s ” Whistleblower Report Processing Guideline” provisions offense report acceptance, confidentiality, appeals, reviews, records, information disclosure, and other mechanisms. An offense report mailbox has been set up on the company’s website and internal website, channels for employees or other stakeholders to file appeals. Subsequent measures to adopt after investigation are as follows: For offense report cases, in case the following events apply, immediately report to independent directors: Events in offense reports involve directors or senior management level, are major violations that subject the company to extensive damage. (3) The company’s ” Whistleblower Report Processing Guideline”also establish confidential programs after complaints are received, so that unfair treatment of staff can be prevented. (1)~(3) were implemented as provisioned in 2023, and no important aberrations from ethical management practices were found.	None

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies” and Reason</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td>4. Strengthening information disclosure
Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?</td><td>V</td><td></td><td>The company has set up the company website (http://www.Flytech Technology Co., Ltd..com）for disclosure of corporate governance major information, including: Corporate governance and Functional Committee, company major regulations, important resolutions of the board of directors, communication situation of independent directors, internal audit supervisors, and CPAs, situation of the internal audit organization , enterprise social responsibility and ESG, situation of integrity operation fulfillment, environmental protection and energy conservation policies, supplier management, cyper information security management, intellectual property management, risk management, and stakeholder area, which are disclosed on the official website or the Market Observation Post System, including: Corporate Governance Code, Moral Conducts Code, Integrity Operations Code, Business Sustainability Development Code, Integrity Procedure and Conduct Guidelines, etc.
In 2023, the above were implemented and fulfilled.</td><td>None</td></tr>
<tr><td colspan="5">5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation.
The company has created the “Integrity Operations Code”,”Integrity Operation Procedure and Conduct Guidelines”and ”Whistleblower Report Processing Guideline”, all of which are published on the corporate website and Market Observation Post System. They are all in compliance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies. In 2022, the Task Group for Ethical Management supervised all departments to ensure they were complying with the guidelines, and no violations of ethical management were found. The above findings were reported to the board in the March 2023 meeting.</td></tr>
<tr><td colspan="5">6. Other important information that helps understand the implementation of ethical corporate management of the Company: (e.g. discussion and correction of the Ethical Corporate Management Rules established by the Company):
Based on the ”Code for Integrity Operations”, the company formulated the “Integrity Operation Procedure and Conduct Guidelines”, which was approved by the board of directors on November 10, 2016 and took effect on the same day. The latest version was revised in March 2022 in accordance with the laws . These principles set out specific procedures, guidelines for conduct, penalties for non-compliance and a complaints system. The Task Force liaises directly with the Board and is responsible for the revision, implementation, interpretation, and consultation of the guidelines. The group holds an announcement event every year and reports to the board of directors to express the importance of ethics and principle execution to all employees, directors and supervisors. The board meeting in March 2024 reported the results of ethical management in 2023.</td></tr>
</table>

3.3.7 Corporate Governance Guidelines and Regulations

The ”Corporate Governance Code”, ”Code for Integrity Operations”, “Integrity Operation Procedure and Conduct Guidelines”,”Whistleblower Report Processing Guideline”,”Business Sustainability Development Code”, “Code for Moral Conduct”, “Board Performance Evaluation Methods”,”Company Corporate Charter”, “Rules of Procedure for Shareholder Meetings“, “Procedure for Election of Directors“, “Duties and Responsibilities of Independent Directors“, “Organizational Regulations for the Audit Committee“, “Rules of Procedure for Board Meetings“, “Handling of Internal Materal Information and Prevention of Insider Trading“, “Regulations Governing the Acquisition and Disposal of Assets“, “Operational Procedures for Loaning of Company Funds”, “Operational Procedures for Endorsements and Guarantees”, “Rules Governing Financial and Business Matters Between this Corporation and its Related Parties “This has been uploaded to the Market Observation Post System, and is also disclosed on the company website’s corporate governance section.

3.3.8 Other Important Information Regarding Corporate Governance: None.

3.3.9 Internal Control Systems

1. Please refer to the Statement of Internal Control System showed on page 283
2. If CPAs is entrusted to review the internal control system, the accountant's review report shall be disclosed: None

3.3.10 In 2023 and up to the date of publication of the annual report, the company and its internal personnel were punished according to law, the company’s internal control system was punished by the company, and the situation of deficiencies and improvements: None

3.3.11 In 2023 and up to the date of publication of the annual report, major Resolutions of Shareholders’ Meeting and Board Meetings

1. Important resolutions and their implementation status at the 2023 General Shareholders Meeting
   (1) Passed the 2022 Business Operation Report, Accounting Balance Sheet and the remuneration proposal for employees, directors and supervisors.
   (2) Passed the 2022 surplus profit distribution proposal.
   (3) Approved partial amendments to: ”Company Corporate Charter” and ”Rules of Procedure for Shareholder Meetings”.

2. 2023 Board meeting and important resolutions by the Board as of the print day of this yearly report
   (1) Passed the company’s 2023 Audit Plan.
   (2) Proposal to report status of liability insurance for directors and managers in 2023
   (3) ESG committee report on major sustainability Topics for 2023.
   (4) Passed the Business Plan in 2023.
   (5) Passed the 2022 annual performance bonus (year-end bonus) case approved by the Compensation Committee
   (6) Passed a proposal to set the 2023 general shareholders meeting location, date, and other related issues
   (7) Passed a proposal to changes to the company's Finance/Accounting Officer and Corporate Governance Officer.
   (8) Passed the promotion of the AVP of the marketing center to vice president

(9) Passed partial amendments to the " Company Corporate Charter".
(10) Passed partial amendments to the "Risk Management Policy and Procedures".
(11) Annual reports for year 2022 "performance evaluation report of the board of directors and functional committees", "Intellectual property management plan and year 2022 implementation report", "Integrity management report", "cyber security management report", "Risk management report". No significant anomalies were found.
(12) The ESG promotion office reported no anomalies in the 2022 corporate social responsibility (ESG) sustainable development and stakeholder communication.
(13) Report on the inventory plan of consolidated subsidiaries for the first quarter of 2023.
(14) Passed the 2022 employee remuneration and director remuneration proposals submitted by the Remuneration Committee
(15) Approved the company’s 2022 financial statements (including the consolidated financial statements)
(16) Passed the motion of the distribution of earnings in 2022
(17) Passed the company’s 2022 ”Statement of Internal Control System”, which deems effective the company’s internal control system Design.
(18) Passed partial amendments to the " Rules of Procedure for Shareholder Meetings "
(19) Passed the “company’s convening the 2023 general shareholders’ meeting” motions.
(20) ESG Committee report on 2023 Q1 GHG Inventory and verification schedule and sustainable development business execution.
(21) Passed the change in CPAs for financial statements due to Internal staff adjustments at KPMG.
(22) Passed the periodic evaluation of the independence of the attesting CPAs of the company’s financial statements based on Audit Quality Indicators (AQIs).
(23) Passed the 2023 financial statement auditor expenses case.
(24) Approved the company's consolidated financial statements for the first quarter of FY2023 as approved by the Audit Committee
(25) Passed the non-assurance services proposed by KPMG and its affiliated firms and related entities to be provided to the company and its subsidiaries in 2023
(26) Passed the capital increase for subsidiary inefi Holding Co., Ltd.
(27) Passed the change in president of the company.
(28) Passed partial amendments to the " Corporate Governance Code "
(29) ESG Committee report on 2023 Q2 GHG Inventory and verification schedule and sustainable development business execution.
(30) Passed the adjustments to the company's “statement of earnings distribution in 2022” due to reversal of legal reserve of NT$626,255 as a result of accounting standards changes
(31) Passed the company's consolidated financial statements for the second quarter of FY2023 as approved by the Audit Committee
(32) Passed a proposal to apply for a line of credit of £1 million from Chang Hwa commercial Bank for its subsidiary box Technologies Limited and authorized the chairman to handle the procedures.
(33) Passed the renewal of the financial credit line case at Chang Hwa Commercial Bank.
(34) Passed the apointment of CyberI Security Officer
(35) Passed the case of the remuneration allocation for each director for FY2022 as approved by the Remuneration Committee
(36) Passed the case of the FY2023 annual salary adjustment principle and management level salary adjustment as approved by the Remuneration Committee .

(37) Passed the case of FY2022 annual bonus distribution for managers and employees as approved by the Remuneration Committee
(38) Passed the Appointment of to the company's Finance/Accounting Officer and Corporate Governance Officer.
(39) Passed the cash capital increase in inefi Holding Co., Lte., then cash capital increase in Inefi Incorporation.
(40) Report on the review of compliance with relevant laws and regulations during the Term of Independent Director appointment
(41) ESG Committee reported: 2023 Q3 GHG Inventory and verification schedule and sustainable development business execution and the ESG report for FY2022, ranked 8th in the medium-sized enterprises group of the "World Sustainable Citizenship Award" by Common Wealth Magazine in 2023.
(42) Approved the Company's consolidated financial statements for the third quarter of FY2023 as approved by the Audit Committee
(43) Passed the capital increase for subsidiary Flytech USA Inbernational Co., Ltd
(44) Passed partial amendments to the "Handling of Internal Materal Information and Prevention of Insider Trading".
(45) Passed the formulation to the "Rules Governing financial and business matters between this corporation and its related parties".
(46) Passed the formulation to the " Procedures for the Preparation and Verification of Sustainability Reports"
(47) Annual reports for year 2023 "performance evaluation report of the board of directors and functional committees", "Intellectual property management plan and year 2023 implementation report", "Integrity management report", "cyber security management report", "Risk management report". No significant anomalies were found.
(48) The ESG promotion office reported no anomalies in the 2022 corporate social responsibility (ESG) sustainable development and stakeholder communication.
(49) ESG Committee report on 2024 Q1 GHG Inventory and verification schedule and sustainable development business execution.
(50) Passed the case of the remuneration allocation for each director for FY2023 as approved by the Remuneration Committee
(51) Approved the company’s 2023 financial statements (including the consolidated financial statements)
(52) Passed the motion of the distribution of earnings in 2023
(53) Passed the cash dividends from capital surplus.
(54) Passed the company’s 2023 ” Statement of Internal Control System”, which deems ffective the company’s internal control system Design.
(55) Passed the election of the 13th Board of Directors of the company.
(56) Passed the proposal for exemption of the limitation of non-competition on the directors of the company,
(57) Passed the “company’s convening the 2024 general shareholders’ meeting” motions.
(58) Passed the periodic evaluation of the independence of the attesting CPAs of the company’s financial statements based on Audit Quality Indicators (AQIs).
(59) Passed the 2024 financial statements auditor expenses case.
(60) Passed the non-assurance services proposed by KPMG and its affiliated firms and related entities to be provided to the company and its subsidiaries in 2024
(61) Passed partial amendments to the "Risk Management Policy and Procedures ".

(62) Passed the company's 2024 general shareholders' meeting, the list of candidates for the 13th term of directors (including independent directors) will be accepted from shareholders holding more than 1% of the shares.

(63) Passed the review of shareholder proposals for the Company's 2024 annual general meeting for shareholders holding one percent or more of the shares

(64) Passed the change in acting Spokesperson of the Company.

(65) Passed partial amendments to the "Human Right", " Measures for the Operation and Management of Reinvested Companies ".

(66) Passed the formulation to the "Biodiversity Commitment "

3.3.12 In 2023 and as of the date of publication of the Annual Report, If the directors or supervisors have different opinions on the important resolutions passed by the board of directors and there are records or written statements , the main content: None

3.3.13 The facts regarding resignation, discharge in assembling by relevant personnel of the Company (including the chairman, general manager, accountant supervisor, finance supervisor, internal audit supervisor, R&D supervisor and corporate governance supervisor, etc.) in 2023 and as of the date of publication of the Annual Report:

April 30, 2024

Title	Name	Arrival date	Termination date	Cause of Termination
President	Chuo, Chun Hung	new recruit March, 2010 President: January, 2019	May, 2023	retirement

3.4 Information Regarding the Company’s Audit Fee and Independence

Unit: NT$ 1,000

Firm Name	CPA Name	The duration of the audit	Auditing fee	Non-Auditing fee	Total	Remark
KPMG	Huei-Chen Chang Shih-Chun Hsu	2023.1.1 ~2023.12.31	3,827	196	4,023	Non-Auditing fee include: NT$150,000 of transfer pricing report, and others

3.5 Replacement of CPAs:

3.5.1 the former CPAs

<table>
<tr><td>Date of replacement</td><td colspan="3">Jan. 1, 2023</td></tr>
<tr><td>Replacement reason and description</td><td colspan="3">Cooperate with KPMG’s internal personnel adjustment</td></tr>
<tr><td rowspan="3">The commissioner or CPA terminates or declines the commission</td><td>Counterparty
Condition</td><td>CPA</td><td>Commissioner</td></tr>
<tr><td>Decided to terminate the appointment</td><td>N/A</td><td>N/A</td></tr>
<tr><td>Decided to not to continue the appointment</td><td>N/A</td><td>N/A</td></tr>
<tr><td>Opinions and reasons of audit reports issued during the most recent two years, excluding those issued with unqualified opinion.</td><td colspan="3">None.</td></tr>
<tr><td>Any differences in opinions with the issuers?</td><td colspan="3">None.</td></tr>
<tr><td>Other matters for disclosure (Matters covered from item 1-4 to 1-7, subparagraph 6, Article 10 of the regulations should be disclosed)</td><td colspan="3">N/A</td></tr>
</table>

3.5.2 On the successor CPAs

Firm Name	KPMG
Name of CPA	Huei-Chen Chang、Shih-Chun Hsu
Date of appointment	Jan. 1, 2023
Matters regarding the accounting treatment of or application of accounting principles to a specific transaction or the type of audit opinion that might be rendered on the company’s financial report, and the successor CPAs’ opinion thereto.	N/A
Written disagreements from the succeeding auditor against the opinions made by the former CPA	N/A

3.6 The Company’s Chairman, Chief Executive Officer, Chief Financial Officer, and managers in charge of its finance and accounting operations did not hold any positions in the Company’s independent auditing firm or its affiliates during 2022: None.

3.7 Transfer of shareholder equity transfer and equity pledge by directors and supervisors, managerial officers and key shareholders holding more than 10% in 2023 and as of the date of publication of the Annual Report.

3.7.1 Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

Unit: Shares

Title	Name	2023		As of Apr. 30, 2024	
		Holding Increase (Decrease)	IPledged Holding Increase (Decrease)	Holding Increase (Decrease)	IPledged Holding Increase (Decrease)
Chairman (major shareholder)	Lam, Tai Seng	—	—	—	—
Director	Wang, Wei Wei	—	—	—	—
Director/ President	Flytech Foundation	300,000	—	—	—
	Representative : Shyu, Jia Horng	—	—	—	—
Director/ President	Yi Hua Investment Limited	—	—	—	—
	Representative : Liu, Tian Lai	—	—	—	—
Independent director	Hsieh, Han Chang	—	—	—	—
Independent director	Liang, Wei Ming	—	—	—	—
Independent director	Chiu, Yi Chia	—	—	—	—
Vice President of Marketing Center	Sung, Ching Sheng	—	—	—	—
Assistant Vice President of Marketing Center	Hung, Dong Chang	—	—	—	—
Assistant Vice President of Marketing Center	Huang, Jung Shian	—	—	—	—
Vice President of Management Center	Hsieh, Sheng Wen(Note 2)	—	—	—	—
Assistant Vice President of Manufacturing Center	Ma, Tsung Tai(Note 3)	—	—	—	—
Vice President of R&D Center	Liu, Yun Ping	—	—	—	—
Assistant Vice President of R&D Center	Wang, Ming Chen(Note 4)	—	—	—	—
Assistant Vice President of R&D Center	Chou Li Chun	—	—	—	—
Chief Finance Officer	Wu, Pi Tao	—	—	—	—

Note 1: The original designated representative of director Yi-hua Investment Co., Ltd., President Chuo, Chun Hung retired in May 2023, and Yi-hua Investment appointed Liu, Tian-Lai as he corporate representative in August 2023.

Note 2: Hsieh, Sheng Wen retired in Feburary 2024.

Note 3: Ma, Tsung Tai resigned in December 2023

Notd 4: Wang, Ming Chen reigned in November 2023

3.7.2 Shares Trading with Related Parties: None.

3.7.3 Shares Pledge with Related Parties: None.

3.8 Relationship among the Top Ten Shareholders

April 30,2024 Unit: Shares

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Lam, Tai Seng	16,423,263	11.48 %	11,040,443	7.72 %	—	—	Wang, Wei Wei	Spouse	
							Lin, I Chih	Daughtor	
							Lin, Yi Chung	Son	
							Bi Da Investment Zhong Chuan Investment	Son	
Wang, Wei Wei	11,040,443	7.72 %	16,423,263	11.48 %	—	—	Lam, Tai Seng	Spouse	
							Lin, I Chih	Daughtor	
							Lin, Yi Chung	Son	
							Bi Da Investment Zhong Chuan Investment	Son	
Ji Te Investment Development Co., Ltd.	4,475,253	3.13 %	4,475,253	3.13 %	—	—	None	None	
Representative of Bi Da Investment Development Co., Ltd.: Lin, Yi Chung	3,840,925	2.69 %	3,840,925	2.69 %	—	—	Lam, Tai Seng Wang, Wei Wei	Son	
Blue House Ltd.'s investment account of HSBC Taiwan	2,960,000	2.07 %	2,960,000	2.07 %	—	—	None	None	
Taiwan Life Insurance Co., Ltd.	2,742,442	1.92 %	2,742,442	1.92 %	—	—	None	None	
Fei Te Investment Co., Ltd.	2,581,729	1.81 %	2,581,729	1.81 %	—	—	None	None	
Representative of Zhong Chuan Investment Development Co., Ltd.: Lin, Yi Chung	2,422,133	1.69 %	2,422,133	1.69 %	—	—	Lam, Tai Seng Wang, Wei Wei	Son	
Lin, I Chih	1,980,668	1.38 %	1,980,668	1.38 %	—	—	Lam, Tai Seng Wang, Wei Wei	Daughtor	
Lin, Yi Chung	1,980,668	1.38 %	1,980,668	1.38 %	—	—	Lam, Tai Seng Wang, Wei Wei	Son	

3.9 Ownership of Shares in Affiliated Enterprises

Dec.31, 2023 Unit: Shares;

Affiliated Enterprises	The company's investment		Directors, supervisors, managers and investments directly or indirectly controlling the business		Comprehensive investment	
	Shares	%	Shares	%	Shares	%
Flytech USA International Co., Ltd. (Flytech USA BVI)	3,000,000	100.00	—	—	3,000,000	100.00
Flytech HK International Co., Ltd.. (Flytech HK BVI)	50,000	100.00	—	—	50,000	100.00
Flytech CN International Co., Ltd. (Flytech CN BVI)	200,000	100.00	—	—	200,000	100.00
Fei Shiun investment Co. Ltd. (Fei Shiun investment)	19,000,000	100.00	—	—	19,000,000	100.00
inefi Holding Co., Ltd. (inefi Holding)	28,000,000	100.00	—	—	28,000,000	100.00
Box Technologies(Holdings)Ltd. (Box Holdings)	4,000	100.00	—	—	4,000	100.00
Flytech Technology (USA) Inc. (Flytech USA)	—	—	2,700,000	100.00	2,700,000	100.00
Flytech Technology (HK) Ltd (Flytech HK)	—	—	1,000,000	100.00	1,000,000	100.00
Flytech CN International Co., Ltd, (Flytech Shanghai)	—	—	Note 1	100.00	Note 1	100.00
Box Technologies Ltd. (Box UK.)	—	—	10,000	100.00	10,000	100.00
Inefi Incorporation	—	—	18,000,000	100.00	18,000,000	100.00
Berry AI Inc. (Berry AI)	—	—	21,000,000	70.00	21,000,000	70.00
Tac Dynamics	—	—	653,134	18.91	653,134	18.91
BTechnologies AB (Box Nordic)	—	—	5,000	100.00	5,000	100.00
Berry AI International Co., Ltd (Berry AI BVI)	—	—	50,000	100.00	50,000	100.00
Berry AI USA INC	—	—	1,000,000	100.00	1,000,000	100.00

Note 1: It is a limited company, and thus it has no shares.

IV. Funding Status

4.1 Capital stock and stock shares

4.1.1 Source of capital

April 30, 2024 Unit: Shares; NT$

Year / month	Issue price	Authorized capital		Paid-up capital		Note		
		Shares	Amount	Shares	Amount	Source of capital	Offset by assets beyond cash	Other
1984.08	10	100,000	1,000,000	100,000	1,000,000	Capital increase by cash	None	Note 1
1985.12	10	250,000	2,500,000	250,000	2,500,000	Capital increase by cash	None	Note 2
1988.04	10	1,000,000	10,000,000	1,000,000	10,000,000	Capital increase by cash	None	Note 3
1991.02	10	6,000,000	60,000,000	6,000,000	60,000,000	Capital increase by cash	None	Note 4
2000.11	15	48,000,000	480,000,000	18,000,000	180,000,000	Capitalization of retained earnings NT$ 18,000,000 Capital increase by cash NT$ 102,000,000	None	Note 5
2001.05	30	48,000,000	480,000,000	24,000,000	240,000,000	Capitalization of retained earnings NT$ 9,000,000 Capitalization of capital reserve NT$ 18,000,000 Capital increase by cash NT$ 33,000,000	None	Note 6
2002.06	10	48,000,000	480,000,000	31,200,000	312,000,000	Capitalization of retained earnings NT$ 48,000,000 Capitalization of capital reserve NT$ 24,000,000	None	Note 7
2003.06	10	48,000,000	480,000,000	36,348,000	363,480,000	Capitalization of retained earnings NT$ 51,480,000	—	Note 8
2004.04	—	48,000,000	480,000,000	36,503,767	365,037,670	Capitalization of convertible bonds NT$ 1,557,670	—	Note 9
2004.11	10	70,000,000	700,000,000	42,855,648	428,556,480	Capitalization of retained earnings NT$ 62,755,650 Capitalization of convertible bonds NT$ 763,160	—	Note 10
2005.04	—	70,000,000	700,000,000	43,578,614	435,786,140	Capitalization of convertible bonds NT$ 7,229,660	—	Note 11
2005.07	—	70,000,000	700,000,000	43,691,226	436,912,260	Capitalization of convertible bonds NT$ 1,126,120	—	Note 12
2005.10	10	70,000,000	700,000,000	49,976,554	499,765,540	Capitalization of retained earnings NT$ 55,578,610 Capitalization of convertible bonds NT$ 7,274,670	—	Note 13
2006.01	—	70,000,000	700,000,000	50,409,189	504,091,890	Capitalization of convertible bonds NT$ 4,326,350	—	Note 14
2006.04	—	70,000,000	700,000,000	51,471,351	514,713,510	Capitalization of convertible bonds NT$ 10,621,620	—	Note 15
2006.07	—	70,000,000	700,000,000	52,567,201	525,672,010	Capitalization of convertible bonds NT$ 10,958,500	—	Note 16
2006.09	10	120,000,000	1,200,000,000	61,748,395	617,483,950	Capitalization of retained earnings NT$ 91,811,940	—	Note 17
2006.10	—	120,000,000	1,200,000,000	61,798,395	617,983,950	Capitalization of convertible bonds NT$ 500,000	—	Note 18
2007.01	—	120,000,000	1,200,000,000	62,329,645	623,296,450	Capitalization of convertible bonds NT$ 5,312,500	—	Note 19
2007.09	10	120,000,000	1,200,000,000	73,679,092	736,790,920	Capitalization of retained earnings NT$ 113,494,470	—	Note 20
2008.09	10	120,000,000	1,200,000,000	83,547,001	835,470,010	Capitalization of retained earnings NT$ 98,679,090	—	Note 21
2009.04	—	120,000,000	1,200,000,000	78,694,001	786,940,010	Cancellation of treasury shares NT$ 48,530,000	—	Note 22
2010.09	10	120,000,000	1,200,000,000	82,628,701	826,287,010	Capitalization of retained earnings NT$ 39,347,000	—	Note 23

Year / month	Issue price	Authorized capital		Paid-up capital		Note		
		Shares	Amount	Shares	Amount	Source of capital	Offset by assets beyond cash	Other
2011.01	—	120,000,000	1,200,000,000	82,633,701	826,337,010	Capitalization of ESO NT$ 50,000	—	Note 24
2011.04	—	120,000,000	1,200,000,000	82,675,701	826,757,010	Capitalization of ESO NT$ 420,000	—	Note 25
2011.07	—	120,000,000	1,200,000,000	82,975,701	826,957,010	Capitalization of ESO NT$ 200,000	—	Note 26
2011.09	—	120,000,000	1,200,000,000	90,963,271	909,632,710	Capitalization of capital reserve NT$ 82,675,700	—	Note 27
2011.10	—	120,000,000	1,200,000,000	91,011,697	910,116,970	Capitalization of convertible bonds NT$ 484,260	—	Note 28
2012.04	—	120,000,000	1,200,000,000	91,171,697	911,716,970	Capitalization of ESO NT$ 1,600,000	—	Note 29
2012.09	—	120,000,000	1,200,000,000	100,288,867	1,002,888,670	Capitalization of retained earnings NT$ 91,171,700	—	Note 30
2012.10	—	120,000,000	1,200,000,000	100,303,867	1,003,038,670	Capitalization of ESO NT$ 150,000	—	Note 31
2013.01	—	120,000,000	1,200,000,000	100,424,867	1,004,248,670	Capitalization of ESO NT$ 1,210,000	—	Note 32
2013.03	—	120,000,000	1,200,000,000	103,079,138	1,030,791,380	Capitalization of ESO NT$ 4,420,000 Capitalization of convertible bonds NT$ 22,122,710	—	Note 33
2013.07	—	120,000,000	1,200,000,000	107,035,223	1,070,352,230	Capitalization of ESO NT$ 4,660,000 Capitalization of convertible bonds NT$ 34,900,850	—	Note 34
2013.09	—	120,000,000	1,200,000,000	117,446,863	1,174,468,630	Capitalization of retained earnings NT$ 104,116,400	—	Note 35
2013.10	—	120,000,000	1,200,000,000	119,297,543	1,192,975,430	Capitalization of ESO NT$ 3,430,000 Capitalization of convertible bonds NT$ 15,076,800	—	Note 36
2014.01	—	120,000,000	1,200,000,000	119,965,138	1,199,651,380	Capitalization of ESO NT$ 200,000 Capitalization of convertible bonds NT$ 6,475,950	—	Note 37
2014.04	—	180,000,000	1,800,000,000	120,080,248	1,200,802,480	Capitalization of ESO NT$ 450,000 Capitalization of convertible bonds NT$ 701,100	—	Note 38
2014.07	—	180,000,000	1,800,000,000	120,091,318	1,200,913,180	Capitalization of convertible bonds NT$ 110,700	—	Note 39
2014.09	—	180,000,000	1,800,000,000	132,099,343	1,320,993,430	Capitalization of company reserves NT$ 120,080,250	—	Note 40
2014.10	—	180,000,000	1,800,000,000	132,612,678	1,326,126,780	Capitalization of ESO NT$ 4,180,000 Capitalization of convertible bonds NT$ 953,350	—	Note 41
2015.02	—	180,000,000	1,800,000,000	132,947,202	1,329,472,020	Capitalization of ESO NT$ 2,220,000 Capitalization of convertible bonds NT$ 1,125,240	—	Note 42
2015.05	—	180,000,000	1,800,000,000	138,316,623	1,383,166,230	Capitalization of convertible bonds NT$ 53,694,210	—	Note 43
2015.07	—	180,000,000	1,800,000,000	139,452,492	1,394,524,920	Capitalization of convertible bonds NT$ 11,358,690	—	Note 44
2015.09	—	180,000,000	1,800,000,000	146,368,324	1,463,683,240	Capitalization of capital reserve NT$ 69,158,320	—	Note 45
2018.02	—	180,000,000	1,800,000,000	143,062,324	1,430,623,240	Cancellation of treasury shares NT$ 33,060,000	—	Note 46

Not 1: Approved by the Department of Commerce, MOEA under Notice (73) Shang-Zi No. 138462 dated August 13, 1984.

Not 2:	Approved by the Department of Commerce, MOEA under Notice (74) Shang-Zi No. 160682 dated December 4, 1985.
Not 3:	Approved by the Department of Commerce, MOEA under Notice (77) Shang-Zi No. 152023 dated April 22, 1988.
Not 4:	Approved by the Department of Commerce, MOEA under Notice (80) Shang-Zi No. 101879 dated February 11, 1991.
Not 5:	Approved by the Department of Commerce, MOEA under Notice (89) Shang-Zi No. 141350 dated November 9, 2000.
Not 6:	Approved by the Department of Commerce, MOEA under Notice (90) Shang-Zi No. 09001190800 dated May 28, 2001.
Not 7:	Approved by the Securities and Futures Bureau under Notice Tai-Cai-Zheng-Zi (1) No. 0910135158 dated June 27, 2002.
Not 8:	Approved by the Securities and Futures Bureau under Notice Tai-Cai-Zheng-Zi (1) No. 0920128244 dated June 19, 2003.
Not 9:	Approved by the Central Region Office, Ministry of Economic Affairs under Notice Jing-Shou-Zhong-Zi No. 09331996430 dated April 23, 2004.
Not 10:	Approved by the Taipei City Government under Notice Fu-Jian-Shang-Zi No. 09321089910 dated November 3, 2004.
Not 11:	Approved by the Taipei City Government under Notice Fu-Jian-Shang-Zi No. 09408058910 dated April 25, 2005.
Not 12:	Approved by the Taipei City Government under Notice Fu-Jian-Shang-Zi No. 09411451400 dated July 26, 2005.
Not 13:	Approved by the Taipei City Government under Notice Fu-Jian-Shang-Zi No. 09423341100 dated October 14, 2005.
Not 14:	Approved by the Department of Commerce, MOEA under Notice Jing-Shou-Shang -Zi No. 09501018380 dated January 27, 2006.
Not 15:	Approved by the Department of Commerce, MOEA under Notice Jing-Shou-Shang -Zi No. 09501070490 dated April 19, 2006.
Not 16:	Approved by the Department of Commerce, MOEA under Notice Jing-Shou-Shang -Zi No. 09501151620 dated July 14, 2006.
Not 17:	Approved by the Department of Commerce, MOEA under Notice Jing-Shou-Shang -Zi No. 09501211830 dated September 15, 2006.
Not 18:	Approved by the Department of Commerce, MOEA under Notice Jing-Shou-Shang -Zi No. 09501232110 dated October 13, 2006.
Not 19:	Approved by the Department of Commerce, MOEA under Notice Jing-Shou-Shang -Zi No. 09601004100 dated January 9, 2007.
Not 20:	Approved by the Department of Commerce, MOEA under Notice Jing-Shou-Shang -Zi No. 09601231850 dated September 20, 2007.
Not 21:	Approved by the Department of Commerce, MOEA under Notice Jing-Shou-Shang -Zi No. 09701235800 dated September 15, 2008.
Not 22:	Approved by the Department of Commerce, MOEA under Notice Jing-Shou-Shang -Zi No. 09801072810 dated April 14, 2009.
Not 23:	Approved by the Department of Commerce, MOEA under Notice Jing-Shou-Shang -Zi No. 09901204910 dated September 10, 2010.
Not 24:	Approved by the Department of Commerce, MOEA under Notice Jing-Shou-Shang -Zi No. 10001009390 dated January 17, 2011.
Not 25:	Approved by the Department of Commerce, MOEA under Notice Jing-Shou-Shang -Zi No. 10001076400 dated April 18, 2011.
Not 26:	Approved by the Department of Commerce, MOEA under Notice Jing-Shou-Shang -Zi No. 10001154680 dated July 19, 2011.
Not 27:	Approved by the Department of Commerce, MOEA under Notice Jing-Shou-Shang -Zi No. 10001206560 dated September 8, 2011.
Not 28:	Approved by the Department of Commerce, MOEA under Notice Jing-Shou-Shang -Zi No. 10001239630 dated October 19, 2011.
Not 29:	Approved by the Department of Commerce, MOEA under Notice Jing-Shou-Shang -Zi No. 10101072070 dated April 24, 2012.
Not 30:	Approved by the Department of Commerce, MOEA under Notice Jing-Shou-Shang -Zi No. 10101184680 dated September 6, 2012.

Not 31: Approved by the Department of Commerce, MOEA under Notice Jing-Shou-Shang -Zi No. 10101214920 dated October 16, 2012.
Not 32: Approved by the Department of Commerce, MOEA under Notice Jing-Shou-Shang -Zi No. 10201011370 dated January 16, 2013.
Not 33: Approved by the Department of Commerce, MOEA under Notice Jing-Shou-Shang -Zi No. 10201055210 dated March 27, 2013.
Not 34: Approved by the Department of Commerce, MOEA under Notice Jing-Shou-Shang -Zi No. 10201141670 dated July 19, 2013.
Not 35: Approved by the Department of Commerce, MOEA under Notice Jing-Shou-Shang -Zi No. 10201183250 dated September 4, 2013.
Not 36: Approved by the Department of Commerce, MOEA under Notice Jing-Shou-Shang -Zi No. 10201212520 dated October 18, 2013.
Not 37: Approved by the Department of Commerce, MOEA under Notice Jing-Shou-Shang -Zi No. 10301007230 dated January 16, 2014.
Not 38: Approved by the Department of Commerce, MOEA under Notice Jing-Shou-Shang -Zi No. 10301069410 dated April 23, 2014.
Not 39: Approved by the Department of Commerce, MOEA under Notice Jing-Shou-Shang -Zi No. 10301139430 dated July 14, 2014.
Not 40: Approved by the Department of Commerce, MOEA under Notice Jing-Shou-Shang -Zi No. 10301185160 dated September 11, 2014.
Not 41: Approved by the Department of Commerce, MOEA under Notice Jing-Shou-Shang -Zi No. 10301217920 dated October 21, 2014.
Not 42: Approved by the Department of Commerce, MOEA under Notice Jing-Shou-Shang -Zi No. 10401010400 dated February 6, 2015.
Not 43: Approved by the Department of Commerce, MOEA under Notice Jing-Shou-Shang -Zi No. 10401080500 dated May 4, 2015.
Not 44: Approved by the Department of Commerce, MOEA under Notice Jing-Shou-Shang -Zi No. 10401147880 dated July 21, 2015.
Not 45: Approved by the Department of Commerce, MOEA under Notice Jing-Shou-Shang -Zi No. 10401193810 dated September 22, 2015.
Not 46: Approved by the Department of Commerce, MOEA under Notice Jing-Shou-Shang -Zi No. 10701017840 dated February 13, 2018.

April 30, 2024; Unit: shares

Share category	Authorized capital			Note
	Outstanding shares	Unissued shares	Total	
Common shares listed in the stock exchange	143,062,324	76,937,676	220,000,000	—

4.1.2 Shareholders structure

April 30, 2024 Unit: shares; %

Shareholders structure Volume	Government institutions	Financial institutions	Other corporations	Foreign institutions and foreigners	Individuals	Total
Head count	3	6	87	118	14,597	14,811
Number of shares held	1,414,400	3,384,677	23,198,992	18,556,408	96,507,847	143,062,324
Shareholding percentage	0.99 %	2.36 %	16.22 %	12.97 %	67.46 %	100.00 %

4.1.3 Ownership diversification

Ordinary shares: face value NT$ 10 per share. (The Company has not issued preferred shares)

April 30, 2024

Shareholding rank	Number of shareholders	Number of shares held	Shareholding percentage %
1 to 999 shares	3,560	713,580	0.50 %
1,000 to 5,000 shares	8,809	17,942,851	12.54 %
5,001 to 10,000 shares	1,243	9,507,707	6.65 %
10,001 to 15,000 shares	399	5,046,638	3.53 %
15,001 to 20,000 shares	205	3,683,620	2.58 %
20,001 to 30,000 shares	217	5,386,391	3.77 %
30,001 to 40,000 shares	111	3,885,204	2.72 %
40,001 to 50,000 shares	61	2,808,938	1.96 %
50,001 to 100,000 shares	97	6,877,809	4.81 %
100,001 to 200,000 shares	43	5,730,748	4.01 %
200,001 to 400,000 shares	29	8,624,579	6.03 %
400,001 to 600,000 shares	11	5,058,856	3.53 %
600,001 to 800,000 shares	5	3,380,209	2.36 %
800,001 to 1,000,000 shares	4	3,730,566	2.60 %
1,000,001 or over	17	60,684,628	42.41 %
合 計	14,811	143,062,324	100.00 %

4.1.4 List of major shareholders: shareholders with shareholding exceeding 5% or shareholders with top 10 shareholding percentages

April 30, 2024

Shareholding Name of major shareholder	Number of shares held	Shareholding percentage %
Lam, Tai Seng	16,423,263	11.48 %
Wang, Wei Wei	11,040,443	7.72 %
Ji Te Investment Development Co., Ltd.	4,475,253	3.13 %
Representative of Bi Da Investment Development Co., Ltd.	3,840,925	2.69 %
Blue House Ltd.'s investment account of HSBC Taiwan	2,960,000	2.07 %
Taiwan Life Insurance Co., Ltd.	2,742,442	1.92 %
Fei Te Investment Co., Ltd.	2,581,729	1.81 %
Representative of Zhong Chuan Investment Development Co.,	2,422,133	1.69 %
Lin, I Chih	1,980,668	1.38 %
Lin, Yi Chung	1,980,668	1.38 %

4.1.5 Market price, net value, earnings, dividend per share and related information in the last 2 years

Unit: NT$; thousands shares

Year Item			2022	2023	As of 2024/04/30
Market price per share	Highest		99.5	75.8	86.0
	Lowest		60.9	61.1	66.1
	Average		75.78	68.88	74.8
Net worth per share	Before dividend distribution		34.46	32.57	32.57
	After dividend distribution (Note 1)		Note 2	Note 2	—
Earnings per share	Weighted average shares (in thousands shares)		143,062	143,062	143,062
	Earnings per share (ex-right)		7.29	3.51	—
Dividends per share (Note 2)	Cash dividend		5.5	4.0	—
	Stock dividends	From earnings	0.0	0.0	—
		From capital reserves	0.0	0.0	—
	Retained Dividends		—	—	—
Analysis of investment returns	P/E ratio (Note 3)		10.40	19.62	—
	Price to dividends ratio (Note 4)		13.78	17.22	—
	Cash dividend yield (Note 5)		7.26	5.81	—

Note 1: The resolution of the Shareholders Meeting for the next year on the distribution of income.

Note 2: The motion on the distribution of stock dividends in 2023 has been passed by the Board of Directors in a session dated March 8, 2024 pending the final approval of the Shareholders Meeting.

Note 3: P/E ratio = Average closing price per share for the year / earnings per share.

Note 4: Price to dividend ratio = Average closing price per share for the year / cash dividends per share.

Note 5: Cash dividend yield = Cash dividend per share / average closing price per share for the current year.

4.1.6 The company's dividend policies and execution

1. Dividend policies

(1) The Shareholders Meeting resolved on June 8, 2016 to amend the Articles of Incorporation in the aspect of dividend policy specified as follows:

If the Company has earnings after the annual account settlement, it shall appropriate for the payment of applicable taxes and covering carryforward loss, followed by the appropriation of 10% as legal reserve, and appropriate for the special reserve where necessary and as required by law. If there is still a balance, it shall pool up with the undistributed income accumulated in previous periods for distribution at the proposal of the Board, subject to the final approval of the Shareholders Meeting. The amount of distribution shall not fall below 60% of the corporate earnings net of the offsetting of carryforward loss, appropriation for the legal reserve, and the special reserve.

(2) The Company takes into account equilibrium and stability in making its dividend policy, and in conjunction with the specific nature of the overall environment and the development of the industry with consideration of long-term financial planning and satisfaction of cash flow needs of the shareholders. Likewise, cash dividend shall not

fall below 10% of the total cash dividend and stock dividend resolved to distribute in the year.

4.1.7 Impacts on business performance and earnings per share if the stock dividend proposal is approved during the annual general meeting

Item/year			2023 (estimates)
Paid-in capital at the beginning of the period (NT$1,000)			1,430,623
Stock Dividend in the current period	Cash dividend per share (NT$) (Note 1)		3.5
	Number of shares allotted for each share held under the capitalization of retained earnings into new shares (Note 1)		0
	Number of shares allotted for each share held under the capitalization of additional paid-in capital (Note 1)		0.5
Changes in business performance	Operating profit		NA (Note 2)
	Proportion of change in the operating income from the same period of the previous year (%)		
	Net profit after tax		
	Proportion of change in net income from the same period of the previous year (%)		
	Earnings per share (NT$)		
	Proportion of change in EPS from the same period of the previous year (%)		
	Annual average ROI (%)		
Pro forma EPS and P/E ratio	If the retained earnings for capitalization into new shares were switched to payment of a cash dividend in the full amount	Pro forma EPS (NT$)	
		Pro forma annual average ROI	
	If there was no capitalization of additional paid-in capital	Pro forma EPS (NT$)	
		Pro forma annual average ROI	
	If there was no capitalization of additional paid-in capital and the entire amount of retained earnings were switched to payment of a cash dividend	Pro forma EPS (NT$)	
		Pro forma annual average ROI	

Note 1: Resolved by the regular session of the Shareholders Meeting in 2024.

Note 2: According to the “Regulations Governing the Publication of Financial Forecasts of Public Companies”, the Company is not required to disclose its financial forecasts in 2023.

4.1.8 Remuneration for employees, directors and supervisors

1. The percentage or scope of remuneration to the employees, Directors, and Supervisors as stated in the Articles of Incorporation:

Article 23 of the ”Corporate Governance Code” of Incorporation states that the company should offer 3%-15% of the profits as employee compensation and no more than 3% of the profits as compensation to directors if the company is profitable that year. This is subject to a special resolution meeting by the board of directors and it should be reported during the shareholder meeting. Remuneration to employees may be paid in cash or stock. The recipients include the employees of subsidiaries meeting specific conditions.

However, when the company still has accumulated losses, an amount equivalent to the loss should be reserved for making up the loss.

The company board passed the “2023 director and employee remuneration distribution case” on March 8, 2024. The remunerations for employees were estimated according to the profitability in 2023 and in reference to the distribution ratios in previous years. The actual remunerations distributed to directors were estimated in reference to the employee performance assessment results and KPI achievement situation. The remunerations for directors were estimated in reference to amounts distributed in previous years and the 2023 board performance assessment results. The actual amounts distributed were in reference to the annual performance assessment results of the directors. If there is a difference between the estimated amount and the actual issued amount, it will be treated as changes in accounting estimates and enter accounts when issuing annual adjustments.

2. The estimation of remunerations to the employees and Directors for the current period was based on the calculation of the quantity of shares distributed to the employees and the actual amount paid, and the accounting of the difference between the estimates and the actual payment:

   The estimated amount of compensation for employees and directors/supervisors in 2023 will included in the operating costs or expenses based on their natures. If the allotted amount decided during the shareholder meeting is different from the estimated number on the financial statements, then it will be listed as changes in estimates for the current period’s net income or losses

3. The approved distribution of compensation on March 8, 2024 by the board of directors is as follows:

   (1) The differences, reasons and handling of the estimated amount and actual compensation amount for employees and directors in cash or stocks is as follows:

   The cash remunerations for employees totaled NT$43,800,000, and the remunerations for the directors totaled NT$5,600,000, showing no differences in estimated credited amount in the 2023 financial statement.

   (2) The amount of payment to employees in the form of stocks in proportion to the net income stated in the separate financial statements in proportion to the total amount of remuneration to the employees:

   No release of stocks as remuneration to the employees in the current period.

4. The actual payment to the employees, Directors, and Supervisors in the previous year (including quantity of shares, amount, and stock price):

   The cash remunerations for employees totaled NT$110,000,000, and the remunerations for the directors totaled NT$5,600,000, showing no difference in estimated credited amount in the 2023 financial statement. In 2023, no remunerations were distributed through shares.

4.1.9 Shares repurchased by The Company: None

4.2 Execution status of issuing corporate bonds: None.

4.3 Issuance of preferred shares: None.

4.4 Disclosure relating to depository receipts: None.

4.5 Status of employee stock certificates: None.

4.6 The new shares from restricted employee stock option: None.

4.7 Disclosure on new shares issued in exchange of other company shares: None.

4.8 Progress on the use of funds

4.8.1 Content of the plan

As of the end of the 1st quarter prior to the printing of this report, uncompleted offering of securities in tranches or through private placement, or offering of securities that was completed but the purpose of the plan has not been realized in the last 3 year: N/A.

4.8.2 Execution: N/A.

V. Operation overview

5.1. Business content

5.1.1 Business scope:

1. Business scope:

(1) Major contents:

The design, manufacturing, and sale of industrial computers and related peripherals.

(2) Business proportion:

Unit: NT$ 1,000

Year / Item	2022		2023	
	Amount	Percentage %	Amount	Percentage %
Industrial computers	4,298,698	89.0	2,468,596	85.7
Peripherals	491,793	10.2	377,497	13.1
Other (Note)	36,628	0.8	35,880	1.2
Total	4,827,119	100.00	2,881,973	100

Note: Others are revenues from the development and designed project to the appointment of the customers.

(3) The carrying items of products (services) and new products (services) of the Company planned for development

(A)Premium items of the Company:

All-in-one POS, Panel PC, Mobile POS, KIOSK, KIOSK, box PC, Non-POS and POS Monitors series.

(B) New products planned for development:

New specifications All-in-one POS, Panel PC, Mobile POS, KIOSK, box PC, Non-POS and POS Monitors series, and brand-new UEM service provided by”Inefi”.

5.1.2 Industry overview

1. Present state of the industry and development

(1) POS System

The POS system is a type of customized product aiming at the specific needs of the users in design, and is different from the standard specification mass production mode of consumer electronics such as the PC industry. The main targeted group of customers is system integration service providers and value adding distributors. For meeting the diversified specification standards of the firms and the wide array of customization in software, hardware manufacturers must have the capacity of integrating high stability and quality, and flexible design in manufacturing. As such, the high added value of the POS industry comes from the quality and service of the firms, and there is a relatively high entrance barrier and less likelihood to confront cut-throat competition from other competitors. The evolution of the information communication technology (ICT) compelled the leading firms of the industry to use technologies in satisfying the newly developed needs of the customers. The All-in-one Touch POS multiple function touch control screen has been used extensively in food and beverages, hotels, retail and department stores, supermarkets, lottery and entertainment, distribution services, finance and banking, and other service industries to provide the timely functions of massive sale, inventory, customer information inquiry, computing, analysis and management. The sustainable innovative function and well-developed hardware integrated technology allowed the entrance of POS into the extensive Point-of-Service application sector. The latest innovative AI has also become an important part of application in smart retailing, smart restaurants, and smart cashier service and related high added value services. The variety of new stimulations and the continued expansion of the demand market will continue to drive the POS industry toward further growth.

The popular application of mobile products in the market of consumer electronics, and the rise of the ideas of the IoT, cloud computing, and smart living provided ground for the stable and mature development of mobile product core technologies such as related hardware computing speed, system software, and wireless information communication. These devices provide a description of portable devices, product search, inventory inquiry, data search, portable account settlement printout, transmission of information to terminal servers and related functions, and could flexibly be used in different industries in a diversity of functions including acceleration service, no constraint of time and space, avoidance of account settlement over-the-counter, portable services, and other high added value services. It is still the biggest driving force for continuously pushing the Point-of-Service industry into a brand new application market.

Due to the impact of the COVID-19 pandemic that started in 2020 and the rise of new technologies and mobile consumption models have had a profound impact on the traditional food service retail industry. Bolstered by the rapid development of AIoT technologies, solutions related to smart retail, smart catering, smart transportation, smart city, etc. have driven the POS system and Mobile POS industry to create new application opportunities in line with market trends. In 2023, as the global pandemic eased and the market began to recover, although customers' inventory levels remained high from their purchases after the 2022 pandemic, leading to a slowdown in new orders, our company continued to develop new products by integrating AI solutions. We have maintained our position as a leading POS manufacturer globally.

(2) Industrial Computers-Panel PC and KIOSK

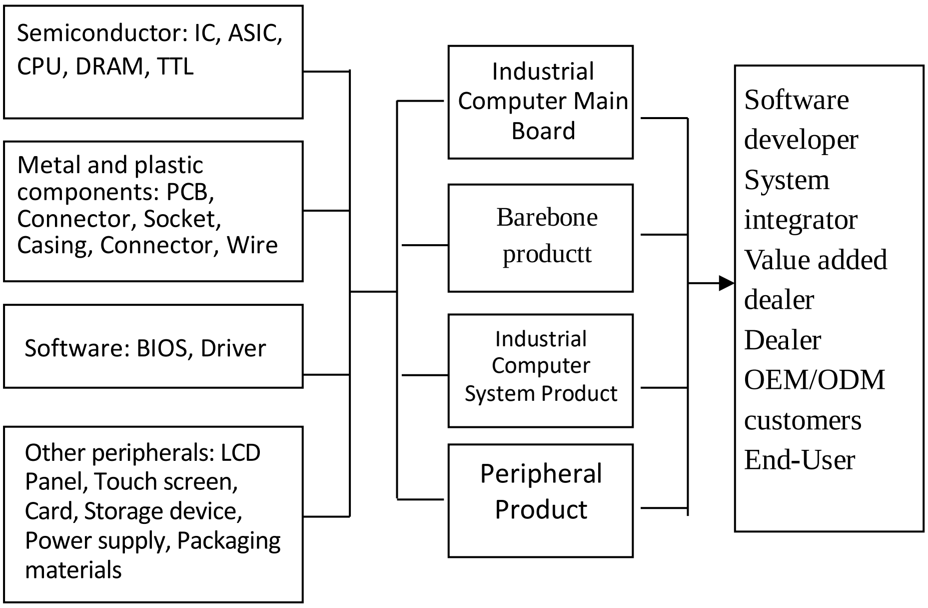
In the industrial computer sector, Panel PC integrates the system, hardware and monitor into a space saving panel. Panel PC is a solid device featuring water resistance, dust proof, shock proof and tamper-proof, and could be easily integrated to needs, energy efficient, light weight, and portable to meet application needs, and provides the best integrated services. Currently, this item has been extensively used in industrial control/medical devices/security control/traffic control/restaurant kitchens/transport vehicles/outdoor exhibition and others in an environment of mobility, high dust, high temperature, and humidity. The proper development of wireless network infrastructure allows Panel PC to provide a diversity of applications through data transmission from a server at the remote end that makes a much wider scope of applications available, including industrial control, medical use, commercial use, public information service, transportation, table reservation and ticket booking, e-home, games, KVS, and gaming and similar markets.

Artificial intelligence (AI) and automation trends are the most important technological innovation and revolution, while related applications are undergoing overwhelming development. It is expected that the future industrial development must combine AI applications to create more advanced smart convenience. Under this trend, related system products will also be widely applied to the application end. The company’s second production line Panel PC will also be applied in smart medicine, smart engineering control, smart management, and other related fields, while consumers’ preference and demand for self-service has opened up new markets for KIOSK widely applied in newly set self-service routes of general stores and unmanned store check-out machine products.

The COVID-19 pandemic, which began in 2020, has had a significant impact on and changed consumption patterns. Under the trend of AIoT intelligence, the prosperity of smart clinics, factory automation, and smart cities has also driven the growth of Panel PC and KIOSK, Flytech is in control of new demands. In response to changes in consumer behavior patterns and consumption patterns, we will continue to invest in relevant new technologies, develop new products, and successfully develop medical application product series and mass production shipments, turning the crisis into a turning point. In 2023, as the global pandemic eased, the market began to recover, in the future, Flytech develop intelligent solutions from field applications by integrating AI and continue to create new application business opportunities. Panel PC and KIOSK are still the company's important product series that create business opportunities through application innovation.

2. The association of industries from upstream to downstream

The premium items of the Company are POS System, Panel PC, Mobile POS, and PC POS. The upstream industry is similar to PC and the key components are LCD/LED Panel, Touch screen, CPU, Chipset, DRAM, Storage device, PCB, logic IC, passive components, Power adapter, and input/output device. The downstream industry is different from PC and varies with customers. Most of them are system integration service providers, value adding distributors, or ODM customers and hardly sold directly to consumers. The following chart shows the association of the upstream, midstream, and downstream industries:



3. Trends of development of various products and competition

The features of the premium products of the Company:

(1) POS System

We are ahead of the industry peers in professional customized POS design, know-how and development of production process, and pioneered the trend of hardware specification in the POS industry. We have 84 patented intellectual property rights through in-depth development and innovation in technology. We were the first to invest in the POS market as early as 1999. From 2002 onwards, POS has emerged as the premium item of the Company. Accordingly, we positioned ourselves for selling projects for enterprises and international giant firms as our marketing strategy and provide research and development design, manufacturing, and service, and aim to emerge as a first rate international professional POS (Point-of-Service) hardware designer and manufacturer. The Company has launched a series of Touch POS integrated with touch control and LCD into one device since 2003, and integrated the peripherals into a Customer Display POS system. Currently, the key item for shipment is the 4th generation All-in-one Touch POS with touch control screen. From 2009 onwards, the Company has committed resources to the research and development of a micro embedded system platform for developing integrated devices with different screen sizes and processors with different levels of performance, and upgraded customized design with higher flexibility so that the system integration service providers could develop markets in a much broader horizon (highly acclaimed by the customers) and expand the business territory. The Company launched the PTS (Payment Terminal Solution) series in 2015, and effected mass production shipment in 2016. This move turned the traditional image of POS upside down. With the built-in thermal inductance paper printer, the touch control panel could be used as a tablet PC and also provides function as a desk-top printer. This will be an ideal item for the payment intermediaries with its compact appearance, portable application and price advantage, and will help the Company to penetrate into the market of the small shopping malls and shops which would otherwise be difficult for the launch of POS products, and develop the leasing or purchase market of a single device for the micro business.

In the wake of the rapid development of technologies and different needs of applications at the customer end, the application of smart POS systems is becoming increasingly diversified. We launched the 1st generation Mobile POS system at the 2014 COMPUTEX. This device performs the function of payment integration, and is a brand new item for mobile service in smart cities under the latest trend of development around the world. We also launched the new generation Mobile POS 274 in the 2018 COMPUTEX by matching Mobile POS with Wi-Fi and 3G module, MSR, IC card reader (accredited by EMV Level 1.2), Scanner, NFC, fingerprint, and related settings. This device performs the IP54 water repellent and resistance function, with long-life and replaceable battery, and could be used in conjunction with other mobile card reading devices and printing equipment to provide a description of a portable item, product search, inventory inquiry, data search, portable account settlement printout, and transmission of information to terminal servers. This item could be used flexibly in a number of industries for a simplified consumption process and occupies very little space for high added value portable service. Series of peripherals for using in iOS have also been developed so that customers can get a viable solution through fingerprint unlocking, mobile payment, and linking to peripheral equipment.

In 2017, the company developed the patented System Diagnostic Recorder (SDR) device and the corresponding mobile phone APP. Users can monitor the status of key components of the POS system through the mobile phone APP, and users can monitor key components, system CPU, and fans through mobile phones. speed and system temperature. In the medical and industrial fields, it is expected to continue to lead Point-of-Service to create new application specifications.

With the expansion of market demand for mobile products, the company launched a new Mobile POS series in 2019. The new products successfully overcame the space constraints of application sites, providing “code-scanning table ordering services weigh speedy connection and excellent quality and receiving positive feedback and orders from well-known international brands, thereby creating more application momentum for the POS system product series of Leyte has Technology Co., Ltd.

We make our own design from MB, and have 3 SMT process lines and perfect quality control systems since the operation started at the newly built facilities in Hwa Ya Technology Park. The vertical operation is completed in a single process from MB to the finished device. As compared with other suppliers, we are more seasoned and stable in research and development, production technology, and customization. We also have complete product lines with widely spread price ranges, high/mid/low-end models with different specifications and options for different solutions of different markets. We are ready to accept purchase orders from international giant firms and customization of projects for customers.

Amidst 2020 until now, the impact by COVID-19 upon the global catering and retail industry was virtually beyond description. We established subsidiary “Berry AI“ in 2019, to provide intelligent solutions to customers. In addition, it is also actively developing AIoT software and hardware solutions to provide customers with a full range of services and expanding the software and hardware requirements for application fields. it successfully developed in 2020 and started to sell cloud monitoring UEM software “Inefi“ in 2021. Provide software services for remote monitoring hardware on a subscription basis, this value-added function is expected to save customers considerable maintenance and operation costs, and improve the competitiveness of Flytech products in the market at the same time, allowing customers to more effectively maintain and operate remote control hardware. Flytech, as well, continually expanded its functions in response to market needs in order to provide customers with the most complete software value-added services. Flytech starts from the very innovation point to respond to severe economic challenges and market tests.

As always, we take the “Design For Service, Design for Cost, and Design for Quality” as the principal axis of POS design. Further to the continued expansion in the markets of Europe, Asia and America as well as the newly emerging economies for export, we also are continuing in the market of domestic demand and Greater China. Our core competence includes: serious commitment to the customers, unique product strategy, key professional technologies, good professional experience in systems, flexible manufacturing capacity, quick and good quality service, exclusive market positioning, proper market segmentation, and the development of high value-added differentiated products in different areas of applications. Our complete product lines could provide quick and good quality customized services including product design, manufacturing, supply management, and post-delivery service. The scope of services covers Point-of-Service value chain that differentiates us from our industry peers in market segmentation to avoid malicious competition. In the future, the Company will continue to provide full-range customized service packages with an attempt to secure more orders for enterprise projects and international giant firms, and form strategic alliances with these international giant firms so as to emerge as a benchmark enterprise of “Point-of-Service hardware Systems” with “complete product line, advanced know-how, outstanding manufacturing, and strong partnership commitment”.

The year 2023 has been a challenging one for Flytech Technology. In the first half of the year, due to high inventory levels from customers' post-pandemic purchases in 2022, there was a slowdown in new orders. Additionally, the demand market experienced a qualitative shift due to the trends towards intelligent and unmanned applications. Despite these challenges, Flytech continued its innovation and development efforts, designing and manufacturing POS application products for various fields. We have also integrated hardware, software, and artificial intelligence (AI) to launch advanced comprehensive intelligent solutions in the market. By the end of 2023, we introduced our Retail AI solution. Looking ahead, we will continue to provide comprehensive, customized services to capture corporate projects and orders from major international companies. We will form strategic alliances with major firms, aiming to become a benchmark 'Point-of-Service System Provider' with complete products, advanced technology, excellent manufacturing, and strong partner commitments. Flytech will lead the POS market into a new era of AI applicat The year 2023 has been a challenging one for Flytech Technology. In the first half of the year, due to high inventory levels from customers' post-pandemic purchases in 2022, there was a slowdown in new orders. Additionally, the demand market experienced a qualitative shift due to the trends towards intelligent and unmanned applications. Despite these challenges, Flytech continued its innovation and development efforts, designing and manufacturing POS application products for various fields. We have also integrated hardware, software, and artificial intelligence (AI) to launch advanced comprehensive intelligent solutions in the market. By the end of 2023, we introduced our Retail AI solution. Looking ahead, we will continue to provide comprehensive, customized services to capture corporate projects and orders from major international companies. We will form strategic alliances with major firms, aiming to become a benchmark 'Point-of-Service System Provider' with complete products, advanced technology, excellent manufacturing, and strong partner commitments. Flytech will lead the POS market into a new era of AI applications

Amidst 2020 until now, while the world was hit hard by the COVID-19 pandemic. Flytech saw the crisis turning into a turnaround. We took advantage of the increased demand for medical resources to vigorously develop new business horizons and new products and successfully won the purchase orders of the respirator Panel PC. With the development trend of AIoT in the post-COVID, the prosperity of smart medical care and factory automation, the trend towards unmanned and intelligent markets Flytech will continue to develop diversified new products, provide intelligent solutions from the needs of field applications, and continue to deepen and innovate in technology and develop new applications. developing new business opportunities and integrating hardware, software, and artificial intelligence (AI) to provide comprehensive solutions. The Panel PC series and KIOSK represent the Company’s second largest business entities, innovating product features with the latest technology along with applying innovative developer machines. Using customized, differentiated, excellent quality and good service to strive for cooperation projects with well-known counterparts is an important success factor for our Company to stabilize the niche in the market.

5.1.3 Technology and R&D Overview

1. The R&D expenditure in the last 5 years to the date this report was printed.

Unit: NT$ 1,000

Year	2019	2020	2021	2022	2023	Up till April 30, 2024
R&D expenditure	169,628	158,736	169,227	181,473	155,570	59,874

2. Technologies or products successfully developed in the most recent year

Date of completion	R & D results
2021	1. Successfully developed industrial computer series and new peripherals (POS system, Mobile POS, Panel PC, KIOSK, PC POS system) : POS337N2、POS457、POS495D、P665、PC46、K959T、K889、PC16、PC35、PC41、B6000 2. Successfully developed new MB series: F12R、F34、F36、84U、F91U、F92S、F95、F98
2022	1. Successfully developed industrial computer series and new peripherals (POS system, Mobile POS, Panel PC, KIOSK, PC POS system) : B6140、B6120、PC40、PC42、PC56、PC49、PC55、M285、K75A、PC51、PC54 2. Successfully developed new MB series: F32、F33、F3A、F8A、F8B、F87、F91U、F96、F99S
2023	1. Successfully developed industrial computer series and new peripherals (POS system, Mobile POS, Panel PC, KIOSK, PC POS system): POS316/317/319、POS335X2、POS337X2、POS627、POS657、POS615N2、POS617N2、POS665N2、POS667N2、POS5000N2、B6120、PC51、PC54、PC56、PC63、PC65、KPC2、KPC5、KPC6N 2. Successfully developed new MB series: G17、G69S、G94S、F35、F85、F87、F32、F33、F37、F38

5.1.4 Long and short-term business development plans

1. Short-term development plan

(1) Marketing strategy

①Develop different applications with different products, extend different applications in the depth and scope of products (restaurants/hotels/supermarkets/superstores/retailers/price inquiry/ticketing/food ordering/shopping/multimedia advertising/medical use/industrial control/traffic control/gaming) for enlargement of the territory of Point-of-Service product line application.

②Keep abreast and control of the trend of smart application technology and respond to the needs of mobility and self-service of the industry, launch new Mobile POS products capable of integrating payment and KIOSK products for using in unmanned shops, multilateral expansion to different applications with diversified product lines, and continue to develop innovative application markets. Furthermore, we focus on more diverse fields so that customers from all walks of life would have the best intelligent solutions. Such vast fields include Animal husbandry farms, food processing mills, electric vehicle factories, medical places and Internet of Things applications.

③With the wealth of experience in system integration and flexible production under customization accumulated for years, we will continue to secure more orders for enterprise projects and international well-known brands for the effective use of differentiated R&D design, rapid manufacturing, superior quality, cost control and related core competence to heighten the entrance barrier against the competitors.

④Invest to establish subsidiaries for the pursuit of branding strategy and development of sale channels for new products. Provide resources to the subsidiaries in the mode of a “central kitchen”, keep up with the core competence including the development of advanced technologies, product design approximating market needs, procurement of key components, and flexible production and manufacturing, and continue to provide the customers with the best service.

⑤Focus on key customers and develop potential customers. Design and develop a new style and multi-functional niche items for the customers, and assist the customers to broaden their scope of applications, boost sales, and increase market share.

⑥Acquire overseas subsidiaries through equity control for expansion with their brand marketing expertise, existing clientèle base, and channels in Europe for yielding synergy under the vertical integration of supply chain.

⑦Based on the successful sale experience in Europe and America for further development into the markets of Asia, Greater China, and newly emerged economies. Establish regional market strategic partnerships to develop local markets for new customers through the service platform of the partners, and provide quick service for the customers.

⑧Developing the new solutions, and starte from field applications, so that customers can purchase all hardware and software in one stop, and create new application business opportunities for customers.

⑨Developing brand marketing in the Asia-Pacific and Greater China regions

(2) R&D and Production Policy

①We introduced cost management in design in the R&D phase aiming at simplicity, sturdiness, and practicality to develop the most efficient physical and electronic design. With the use of shared modules and the convergence of key components and materials in the specification to align with the strategic purchase plan for adaptation to the changes in the material supply market.

②The Company introduced a full-range of products in alignment with the global market trend. In the R&D phase, the Company adopted green design to mitigate the impact on the environment. Through green procurement, the Company moved the environmental protection requirements upstream to the supply of components and materials. This move was also extended to the entire life cycle of the product from the process of use to treatment after dumping.

③From the perspective of the users, we established an effective quality assurance system through SOP for strengthening the control of design quality/part quality/production process quality. From R&D to shipment, we upgraded the product quality throughout the full range with strict selection of parts/full-range/product inspection and validation.

④With the use of high-efficiency and high-quality automated equipment for significant enhancement of stability and capacity of production. With the use of a self-development production process management system, we could bolster process planning and scheduling management for the flexible use of production capacity, and perform flexible adjustment of scheduling and modularized production in line with the volume and content of purchase orders to enhance production efficiency and cost reduction. We provide customers with high quality services and products from design/production to post-delivery service through extensive and intact integration.

⑤In conjunction with the development of the software subsidiary and new teams, develop hardware products and software services required for intelligence and automation, to provide more diversified software and hardware integration solutions to strengthen growth momentum and grow together with partners.

⑥Implementing a modular integrated shared design concept in the main system design, where customers can upgrade without replacing the entire machine. This can be achieved by a plug-and-play design, allowing for direct replacement of the motherboard or universal modules, thus extending product lifespan and promoting low-carbon recycling.

(3) The scale of operation is congruent with the financial position:

①The corporate headquarters in Taiwan serves as the base for R&D and production with globalization and in-depth local marketing through the subsidiaries in Taiwan, the UK, USA, Hong Kong, and Mainland China, as well as the strategic partners in different regions.

②The Company seeks to root in Taiwan with its corporate headquarters in Neihu Technology Park and proprietary plants located at Hwa Ya Manufacturing Center at Linkou Technology Park, which was completed in 2011, and bolster its global logistics mechanism and financial operation stability with an upgrade in operation efficiency.

③We will further our efforts in operation with innovative products and application functions, upgrade the capacity of the management team for in-depth development of the product market and competitive advantage of our core competence.

④We will create a positive training environment to provide the opportunity of continuing education in professional skills and internal control for the new and existing employees, providing continuous professional and internal control training for new hires and existing colleagues to enhance their skills. This initiative aims to uplift mid-level members and inspire senior executives, fostering an outstanding team and ultimately improving overall operational performance.

2. Long -term development plan

(1) Marketing strategy

①We positioned ourselves as a “Service Manufacturer” with “a complete product line, advanced know-how, outstanding manufacturing, and strong partnership commitment”. Under the corporate philosophy of honesty and integrity in business, and commitment to the stakeholders, we cultivated a profound partnership with the customers and provide product planning and post-delivery service with global, multilateral, and completed service and customized products.

②The corporate headquarters at Neihu Technology Park is the global logistics and R&D center, while the new facility at Hwa Ya in Linkou Technology Park is the manufacturing center. These two centers working in conjunction with the business locations at home and overseas in the form of strategic alliance could enlarge the business territory through in-depth development with key customers and supply of the best innovative design and manufacturing services. We also positioned ourselves as a hardware supplier to assist customers develop niche products for better business opportunities and markets, and emerge as a first class professional system manufacturer of the world.

③Integration with the technologies, products, application software and channels of the partner firms through strategic alliance in combination with the advantages of R&D and production in the industry, as well as the advantages of strategic partnership and technologies, we could create the soundest performance.

④The Company will increase its market share through the brand marketing and new sale channels of the subsidiaries.

⑤The Company will continue to develop new products, applications, and function from an innovative and differentiated perspective, and take sustainable growth in business performance as the perpetual goal.

⑥We aimed at the global market and will continue to expand the markets with innovative applications to strengthen the cooperation with the distribution and value adding distributors, and launch products of high/mid/low-end to different market segments with different positioning in different regions of applications for broadening the foundation of sales.

⑦Continue to develop intelligent software service products through subsidiaries and new team, and provide completed service of software and hardware to client.

(2) Production policy and product development direction

①The Company will aim at the industry with innovation and high profit through proper market segmentation and positioning to improve the added value of products and keep abreast of key technology and professional experience to develop customized niche products with high added value.

②Development of models that could be used in different environments such as Desktop, Wall mount, Tower, Mobile, Mini, and Self Service and continuation in improving the embedded function and speed, innovative application areas, strengthening the design of physical appearance ID, and pioneered products in diversity and with competitive power in the innovative market.

③Targeting niche products from the high/mid/low-end product lines with the supply of the best models and customized service for diversified applications. In addition, the Company will design high quality and high added value standard item series, provide quick delivery service, and emerge as the best choice for the small and medium size customers so as to maximize the results of production, sales, research and development.

④Horizontalization of the organization helps to improve decision-making and execution of policies. Through the tight combination of upstream to downstream process including product planning, R&D, material control, procurement, warehouse management, manufacturing and quality control, the Company could provide a flexible production schedule through quick and accurate response.

⑤With the control of production, quality and delivery process on shop floors with timely feedback and records, the Company can bolster process planning and scheduling management and upgrade capacity efficiency and overall product quality to satisfy customer needs.

⑥The Company will continue the proper implementation of the ISO 9001 quality system, the ISO13485 product quality system of medical devices, and ISO 14001 environmental management system, and get closer to the customers through its exclusive technical support window by providing quick and good quality service. The Company will also fortify its customer service function for higher customer satisfaction, and improve the application capacity of the customers with the products and hence develop better business opportunities for related products.

⑦The Company will choose advantageous suppliers from mainland China to collaborate on mold technology development.

⑧Continually develop cloud service software and Non-POS products.

⑨Establish a carbon management platform to assess product carbon footprints, creating a green supply chain, developing high-efficiency motherboards to build environmentally friendly and energy-saving models, assisting customers in planning energy-saving solutions, and exploring sustainable business opportunities.

(3) The scale of operation is congruent with the financial position

①With customized service and outstanding R&D and production capacity, the Company designed a wide array of niche products for the customers to increase its market share. It was matched with the series of standard items with added value for expanding the business territory of the small and medium size customers for creating revenue growth.

②Continue the proper implementation of the internal control system, internal audit system, and budget management for the overall improvement of operation efficiency.

③Continue the advocacy of corporate governance and focus in innovation and in-depth development of the operation under the corporate philosophy of honesty and integrity and sustainability in development to create value for the shareholders, employees, customers, suppliers and other stakeholders where all are the winners.

④Effective control of inventory levels, costs, and expenses with the budget system and performance indicator management for revenue growth and higher rate of return.

⑤Integrate the information systems of the parent company and global subsidiaries, comprehensively coordinating enterprise resources and operations management, and implementing ISO 27001 to strengthen the security management of information assets.

(4) Implementation of Corporate ESG

Since its establishment, Flytech has always focused on its core business and adhered to integrity in operations. We deeply recognize that sustainable business practices require the collaborative efforts of stakeholders such as employees, suppliers, customers, investors, communities, and non-profit organizations. Our goal for sustainable business is to fulfill our responsibilities as operators, maximize operational performance, and consider the interests of all stakeholders. ESG (Environmental, Social, and Governance) issues, which are globally prominent, have been central to our core values of enhancing governance efficiency, protecting the environment, and fulfilling social responsibilities. Flytech firmly believes in the principle of "from society, for society," understanding that a company's responsibility extends beyond its own interests to contributing positively to society as a whole.

The company has established an "ESG Committee" directly reporting to the Board of Directors. The committee is chaired by the Chairman of the Board, with the Managing Director serving as the Chief Commissioner. It oversees the "Promotion Office" led by the ESG department and four executive teams. The committee identifies significant sustainability issues for Flytech, utilizes resources to focus on the correct areas for improvement and strategies, and aims to achieve the vision of "advancing together in excellence, sustainable innovation" in collaboration with all stakeholders for “mutual benefit, sharing, prosperity, and common good”.

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5.2 Market and production and sales overview

5.2.1 Market analysis

1. The regions for the sale of premium products

Unit: NT$ 1,000

Region \ Year		2022		2023	
		Amount	Percentage %	Amount	Percentage %
Domestic demand		574,590	11.90	64,220	2.23
Export	American	2,779,358	57.58	1,659,315	57.57
	Europe and Africa	1,102,679	22.84	870,032	30.19
	Asian	370,492	7.68	288,406	10.01
	Subtotal	4,252,529	88.10	2,817,753	97.77
Total		4,827,119	100.00	2,881,973	100.00

2. Market share, the supply/demand and growth of the market in the future

(1) POS System

In the wake of the ceaseless innovation and diversification of technologies, application areas, and function, the early definition of POS (Point-of-Sales), which was simply focused on the management of the sale and inventory system, has been surpassed by POS (Point-of-Service) designed with the integration of different application services. The target market not only includes the traditional restaurant business, hotels, retailing and distribution but also the diversity of commercial activities including food, clothing, transportation, education, and entertainment, even in the computer systems for industrial control, medical and healthcare, transportation, security control, and military use, and the smart functions of combining AI and automation management. The PC-based POS system could be linked to the back-end database and front-end operating system to achieve the objective of rapid control of sale and inventory information to precision management. The Touch POS that combined touch control screen and multiple functions in one device is the mainstream item for the time being. It features real-time data gathering/inquiry/processing/ computing and interactive function, and is an indispensable tool for competition in business. The space for the growth of the POS business is growing perpetually in line with the ceaseless enlargement of the scope of application. It also triggers the needs for innovation. The evolutionary development of innovative technologies and the ever changing needs of the customer end has triggered the demand for innovative applications of a smart POS system. Realizing the exploding growth of the market of mobile items, the Company launched the Mobile POS in 2014 for a new horizon of POS application needs by combining the embedded module with mobile peripherals to provide portable service functions of product description, product search, inventory inquiry, data search, account settlement printout, and transmission of data to the terminal server, and is attuned to the latest mobile payment trend. The Company has pioneered the Point-of-Service business into an innovative and brand new market. In

2017, the Company developed the patented product, System Diagnostic Recorder (SDR), and corresponding cell phone APP. With this item, users could keep the key parts and components of the POS system under control with the use of the cell phone APP. Accordingly, users could just use their cell phone to control key parts and components, system CPU, cooler fan speed and system temperature. The Brand new application specification will bring about momentum for the demand of the POS market. With the rapid development of demand for Mobility products, the company launched the new Mobile POS series in 2019 to respond to the mobile market demand. The new products provide “code-scanning ordering at the table” service with excellent connection speed and quality, successfully receiving orders from customers (well-known international brands) and commencing shipments. With the brands’ store development in Asian regions, the company has gained market recognition and sound sales performance. The company also developed a series of smart retailing, smart catering, smart check-out, and other new high value adding applications applied on the POS system to meet the demand. The Company has also developed a series of smart retailing, smart restaurant, smart account settlement, and related high added value innovative applications in line with the development of AI.

The upgrade of the POS system application triggered the vigorous demand for replacement of new devices, and led to the continued expansion of the global market for replacement of new devices. In 1999, the Company was the first manufacturer in Taiwan to engage in the development of a POS exclusive device. The core competence includes: complete product line, the wealth of experience in system integration, the capacity in R&D of customization and engineering technology, successful cost control and supply chain management, multiple-line flexible production scheduling, stable quality, perfect customer service, and flexible sales strategy. The Company assisted the customers to prepare the most differentiated products at high customization level, specification from high to low-end, with competitive power in price, and quick delivery.

With continuous innovation in applying new standards, the demand market continues to expand. Our company maintains a leading position in domestic industries with strong key technologies, manufacturing capabilities, and market share stability. During the COVID-19 pandemic, it had a significant impact on the foodservice and retail industries. The pandemic led to changes in people's lifestyles and the widespread adoption of mobile devices, which in turn altered consumer habits. there has been an increased demand for intelligent and unmanned solutions, while the replacement cycle for traditional machines has slowed down, resulting in a qualitative change in the demand market, In addition to deepening our technical expertise and innovation, Flytech has been developing diversified new products based on field application demands to explore new business opportunities. we have also been leveraging the software and AI technologies from our subsidiaries and new teams. Integrating hardware, software, and artificial intelligence to provide comprehensive solutions in response to evolving market demands. For example, in 2021, we launched the Inefi subscription-based UEM software, which provides system integrator customers with remote monitoring of hardware through cloud-based monitoring services. It has significantly lowered operational costs and increased the added value of the product, with the number of subscriptions already starting to grow. In 2022, we successfully secured a major project for POS systems with a well-known domestic chain store and completed the installation. Additionally, in 2023, we launched the Retail AI solution, both of which are excellent examples of strategic transformation in response to market changes. Flytech also established a carbon management platform last year and began inventory product carbon footprints according to ISO 14067. We provide quantified data and have developed high-efficiency motherboards to create environmentally friendly and energy-saving models. This initiative assists customers in planning energy-saving solutions and explores sustainable business opportunities.

The year 2023 was challenging for both POS hardware manufacturers and Flytech. However, our efforts have paid off in 2024, and we continue to maintain a leading position in the global POS market.

(2) Industrial Computers-Panel PC and KIOSK

A Panel PC is a slim light single board device combining the system, hardware, and monitor. It is light and compact in style, easy to integrate, energy efficient, light weight, and highly mobile without any constraint in time and space, and could provide durable and diversified application integration and interactive services.

In the wake of the evolution of ICT, proper development and stability of product technology, and the diversification of application functions, the sustained and rapid development of Panel PCs required a new market. “Medical service” is an area of innovative application with promising growth, among others. Seeing that the combination of advanced technology and good quality service will be an irreversible trend of development in the market of medical care products, the Company engaged in a joint venture with an internationally well-known firm to develop the Bedside Terminal, a successful device for the exclusive use in the medical care sector accredited with the ISO13485 medical system quality. This device is a compact Panel PC that allows the patients to use computer/Internet/telephone/video call/multimedia/food order/information search and tracking medical records for hospital room management/hospital bed caring/managing bedside medical records and history in an electronic format, and could be used in ambulances or as a remote healthcare platform, and has been highly accepted by the users. The Company will continue to develop a new generation of such devices for mass production shipment. The launch of this item is a success and the Company has received orders from many internationally well-known medical device manufacturers for developing different models for medical care control and has effected mass production shipments. The Company has also launched a series of Panel PC products further to medical use devices. These products were made from food and medical grade stainless steel, passed the water resistance, tamper-proof, impact resistance tests, with the best signal transmission interface in physical design, and the abundance of expandable function and I/O interface for adaptation to different rough environments such as: food processing industry/restaurant kitchens/medical equipment/factory automation/security control/traffic control/public information service/Transportation

/outdoor exhibition/KVS/gaming/food ordering and ticket reservation/eSports/ e-home and others for continued development of Panel PC demand market. In addition to Panel PC, the shipments of KIOSK machines used in unmanned stores, airport self-check in, and hotel self-check in/out have also gradually increased. In 2019, the new-generation ultra-slim KIOSK solution was launched. It is not only in line with the ADA (American Disability Act) barrier-friendly design, but also has achieved zero shaking with the total weight reduced by more than half compared to other models available in the market, which successfully received large orders from chain stores in North America with representative significance. Mass shipments commenced beginning 2019, successfully seizing the market domain.

In addition, with the development of artificial intelligence (AI) and industrial applications gradually reaching maturity, the company established subsidiary "Berry AI". Specialized in AI and deep learning software technology, combined with the parent company's complete product line and professional integration technology and the retail catering industry's rich channeling, goods shipments have commenced, with positive feedback from customers. The company will continue to create more demand momentum's and provide smart retailing, smart catering, smart checkout, and other high value adding services that cater to market needs.

Amidst 2020 until now, while the entire world was hit extremely hard by the COVID-19 pandemic, Flytech and customers jointly faced the market impact. Flytech successfully controlled the new needs of the medical industry and the changes in consumer behavior patterns. We responded well in real time, successfully developing multiple medical application product series and mass production shipments, turning the crisis into a brilliant opportunity and finally ushered in the market recovery in 2022. In the future, the company will capitalize on the post-pandemic consumer demand for smart and unmanned solutions. By leveraging the software services from our subsidiaries and new teams, we will integrate hardware, software, and artificial intelligence to offer comprehensive solutions. We anticipate continuing to expand our footprint in the industrial computer market.

An analysis of the overall supply side of the market indicated that POS systems, Panel PCs, and KIOSK systems are highly customized products to the specification of the customers that entail a thick margin with intelligent solutions integrating software and hardware. This is a niche market where economy of scale through mass production is not a key element of competitive advantage. The technical capacity of R&D, the capacity of flexible customized production, quality stability, and sound post-delivery service of individual firms in providing a total solution for production application will be a prime factor of competitive power and market share. With the wealth of experience and skills in the application market for years, the Company is experienced in producing customized products. The Company is also good at quality control and post-delivery service, and has earned a good reputation and strong customer loyalty in the market. This is the advantage of the Company for a larger market share. In recent years, the company has integrated software services from subsidiaries and new teams to offer integrated hardware, software, and artificial intelligence solutions. We have also conducted carbon footprint assessments and developed green products to assist customers in planning sustainable energy-saving solutions. These initiatives represent new highlights in our efforts to expand market share. From the demand side, with the rapid advancement of technology and changes in consumer habits in the post-COVID-19 era, we continue to create new application areas, technological innovation drives industry innovation, with demand for mobility, intelligence, and automation bringing new business opportunities. Market dynamics are shifting, but opportunities remain for companies that can seize them, in 2021, Flytech launched the Inefi subscription-based UEM cloud monitoring software service. This service caters to the reduced contact scenarios caused by the pandemic, leveraging technology to provide customers with remote, contactless monitoring and hardware maintenance solutions—a new emerging business opportunity, Flytech team integrates hardware, software, and artificial intelligence to offer comprehensive solutions, transitioning from hardware services to seize new business opportunities driven by emerging demands. the focus on developing energy-efficient and environmentally-friendly designs is expected to make our products stand out as stars in the global sustainability discussion today. Having overcome the challenges of the post-pandemic year of 2023, Flytech will swiftly respond to market demands by investing in the development of relevant software, hardware, and energy-saving technologies, we continue to collaborate with sales partners in various countries and expand our customer base in sales channels. Crisis is also an opportunity

3. The competitive edge, factors favorable and unfavorable for development in the long run, and responses

(1) Competitive edge

①Optimistic outlook of business opportunity for the industry

②Proper market positioning

③Completed product lines

④Wide-ranged price products and diversity in specifications from high to low-end devices.

⑤Responsive product R&D team

⑥Flexibility, quick response and stable quality in customized technologies

⑦Proper control of fundamental technologies and system integration technology and integrate software application services capabilities

⑧Professional marketing, R&D, and manufacturing team

⑨Flexible sale strategies and sounded sales channel

⑩Firm commitment to the customers, suppliers, employees, shareholders and all stakeholders: “completed product lines, advanced know-how, outstanding manufacturing, and strong partnership commitment”.

(2) Factors favorable and unfavorable for development in the long run, and responses

①Favorable factors:

A. Innovative design, positioning in niche market
B. Short delivery lead-time in stable quality
C. A well-organized R&D, marketing, and manufacturing team
D. Control key R&D and manufacturing integration technology
E. Flexible and efficient use of production capacity
F. Proper control of cost
G. Flexibility in marketing
H. Complete product lines with expandability and wide range of applications
I. Customized customer service, promise to customers and strong long-term cooperative relation
J. Long-term and stable product supply

②Unfavorable factors:

Customized production involves small-batch, high-variety characteristics. The production scale of a single product cannot be compared with that of generally large-scale standardized products. Consequently, production costs and component procurement costs are relatively higher. Furthermore, during the COVID-19 pandemic, changes in people's lifestyles and the widespread adoption of mobile devices have brought about a qualitative change in consumer patterns and demand in the market, Flytech must adjust its sales strategy and product application solutions to meet the new patterns of market demand.

Responses:

A. Promotion through modularized projects and engagement in joint venture with system integration service providers for mitigating the impact from price competition.
B. Design customized items with a competitive advantage in the market with high added value for the customers and provide technical solutions to intensify the differentiation from standard items, and avoid price competition with industry peers.
C. Tighten cost control from the design end, and introduce shared use of materials and modularized design to enlarge the scale of purchase for particular item of materials to achieve a better bargaining position.
D. Control the cost and inventory of key parts and components through strategic purchase.
E. Offer mass production standard items to small and medium size customers for holding the cost down and bringing up profit.
F. Intensify the service to key customers and potential customers, develop new and profitable areas of application and niche products, and create innovative business opportunities for Flytech and the customers.
G. To meet the new patterns of market demand, Flytech provides application products for different fields and comprehensive solutions that integrate hardware with software.
H. Developing new green design products to respond to sustainability trends

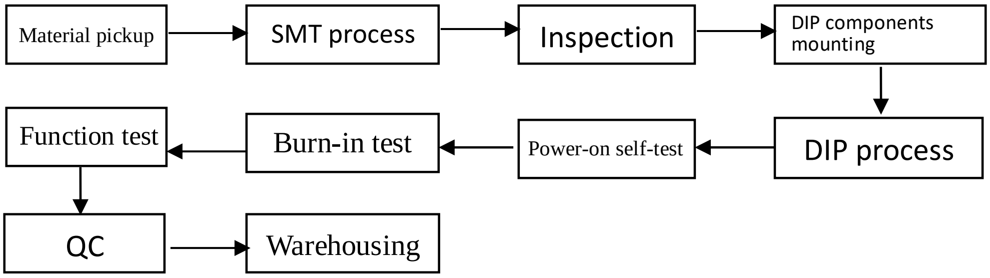
5.2.2 The function and production process of key products

1. The function of key products:

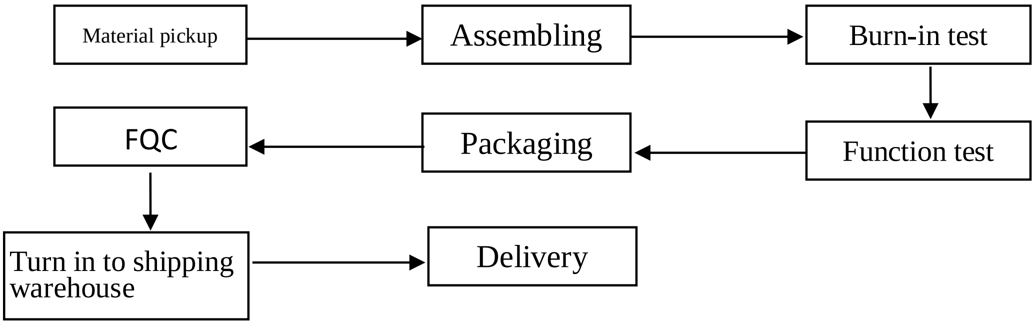
Product	Primary scope of application
POS system All-in-One POS、 PC POS、 Mobile POS	Areas of mobile applications such as chain stores/distribution industry/the cashier system of superstores, ordering and cashier system of restaurants, counter system of airlines/hotels, lottery machine of pleasure and entertainment industry, mobile food ordering/portable data search and account settlement.
Industrial computer Panel PC、KIOSK、 KPC	Commercial and public information equipment, multimedia advertising, human-machine interface automation mechanical control, medical equipment, touch control display, industrial control, security control, transportation, touch control game and entertainment. Multimedia information inquiry system, unmanned retailer, self-service devices, multimedia sample audition device, self-service photo development device, self-service room reservation and food ordering value storage system, self-service/multimedia interactive service and self-service product identification.
Peripherals	Card reader, customer display.

2. The manufacturing process of key items

(1) Self-manufactured and outsourced semi-finished items:



(2) Self-manufactured and outsourced system server:



3. The supply of key materials

The key components of Flytech are electronic materials, physical part materials, and packing materials, including: LCD Panel, Touch screen, CPU, Chipset, DRAM, Storage device, PCB, Power adapter, metal and plastic physical parts. For electronic materials, some IC semiconductors, LCD/LED Panels were purchased from abroad, and most were purchased from domestic suppliers. The physical metal and plastic structure were designed by the Company and produced by outsourced domestic suppliers after tooling. The diversification of the source of purchase is the strategy used for purchase with domestic suppliers or agents for assuring the diversity of supply and higher flexibility of price with stable and reliable sources of supply.

4. List of key customers for purchase and sale

(1) Information on suppliers accounted for more than 10% of the total purchase of the Company in the last 2 years to 2024 Q1:

Unit: NT$ 1,000

Item	2022				2023				2024 to the end of Q1 (note)			
	Name	Amount	Ratio to net purchase in the year (%)	Relationship with the company	Name	Amount	Ratio to net purchase in the year (%)	Relationship with the company	Name	Amount	Ratio to net purchase in the year (%)	Relationship with the company
1	Synnex	513,398	19.51	None	Synnex	221,605	18.07	None	—	—	—	—
2	ACMEPOINT	273,529	10.39	None	ACMEPOINT	153,628	12.52	None	—	—	—	—
	Other	1,844,632	70.10		Other	851,481	69.41					
	Net purchase	2,631,559	100.00	—	Net purchase	1,226,714	100.00	—	—	—	—	—

Note: As of April 30 2024, audited financial information covering 2024 Q1 was still unavailable.

(2) Note to the changes

The Company produces industrial use computers and there is a great variety of its parts and components. In light of the finer line of professional division of labor, IC suppliers are mostly agents or distributors. The other suppliers of electronic, electrical, or physical parts and components are mostly manufacturers. There is a wide array of parts and components in several brands and the purchase has been evenly distributed among the suppliers that none accounted for particular high or low share of total purchase.

(3) Information on customers accounted for more than 10% of the total sale in the last 2 years to 2024Q1:

Unit: NT$ 1,000

Item	2022				2023				2024 1o end of Q1 (Note)			
	Name	Amount	Ratio to net sale in the year (%)	Relationship with the company	Name	Amount	Ratio to net sale in the year (%)	Relationship with the company	Name	Amount	Ratio to net sale in the year to the end of Q1 (%)	Relationship with the company
1	TI	1,120,684	23.22	None	TI	739,844	25.67	None	—	—	—	—
3	Other	3,706,435	76.78	None	Other	2,142,129	74.33	None	—	—	—	—
	Net sales	4,827,119	100.00	—	Net ales	2,881,973	100.00	—	—	—	—	—

Note: As of April 30 2024, audited financial information covering 2024 Q1 was still unavailable.

(4) Note to the changes

The Company is a professional manufacturer of industrial computer hardware and the key customers are hardware brands, system integration service providers, agents and channel marketers, corporate program/projects, and international well-known giant firms. The decrease in revenue compared to the previous year is due to the completion of the project. The changes in key customers in the last 2 years are explained below: TI is a POS system brand.

5. Production value and volume in the last 2 years

Unit: NT$ 1,000- set

Year Production value and volume Premium products	2022			2023		
	Production capacity (Note)	Volume	Value	Production capacity (Note)	Volume	Value
Industrial computers	250,000	209,741	2,660,174	250,000	143,966	1,402,593
Peripherals	—	—	935,372	—	—	249,511
Total	250,000	209,741	3,595,546	250,000	143,966	1,652,104

Note: Annual production capacity of front-end MB along the production process and cards of the Company is at 600,000 pieces. The back-end assembly line process is system integration service and varied with individual projects and orders for flexible production of various types of products with maximum capacity of 600,000 units.

6. Sale volume and value in the last 2 years

Unit: NT$ 1,000- set

Year Sale volume and value Premium products	2022				2023			
	Domestic sales		Export		Domestic sales		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Industrial computers	13,149	502,594	213,409	3,796,104	1,637	30,261	142,136	2,438,335
Peripherals	—	70,126	—	421,667	—	32,512	—	344,985
Other (Note)	—	1,871	—	34,757	—	1,447	—	34,433
Total	13,149	574,591	213,409	4,252,528	1,637	64,220	142,136	2,817,753

Note: Others are revenues from the development and designed project to the appointment of the customers.

5.3 Number of employees in the last 2 years to the date this report was printed.

Unit: person

Year		2022	2023	Up till April 30, 2024
Number of employees	Production	225	208	223
	Research and Development	94	84	94
	Sale	53	49	50
	Administration	60	65	56
	Total	432	406	423
Average age		40.76	41.36	40.50
Average seniority		7.64 years	8.45 years	8.06 years
Education Background	Masters and higher	17.36%	18.97%	18.44%
	College	52.31%	51.72%	50.59%
	Senior high schools and vocational school	27.08%	25.86%	28.13%
	Junior high schools and below	3.24%	3.45%	2.84%

5.4 Environmental expenditure information

5.4.1 Total amount of loss (including compensation for damages) and fines caused by environmental protection in the last 2 years to the date this report was printed, the remedies and possible expenditure: None.

5.4.2 Projected expenditures on environmental protection in 3 years ahead: In late 2023, the Linkou factory invested NT$2,500,000 to install an independent variable frequency air conditioning system on the SMT floor. This system avoids using the entire factory area's air conditioning during nighttime operation, with an expected annual savings of 75,000 kWh. Additionally, We plan to purchase green energy in 2024.

5.4.3 The company has set up the "Enterprise Sustainable Development Code". Flytech's environmental safety and health policy is "safety, environmental protection and sustainability". In addition to the Labor Safety and Health Management procedures, the company obtained ISO 45001 certification (2018 versoin , 2023 update audit: validity valid from December 1, 2023 through November 30, 2026)), integrating ISO 14001 certified in 2001 (2022 update audit: (validity period from September 22, 2022 through September 21, 2025), and established a complete environmental safety and health management system.. During the product design stage, the purpose of reducing environmental impacts was achieved through energy-saving and environmental protection green design and the low-pollution manufacturing of environmentally friendly consumables. In the area of procurement, the Company extends its environmental protection requirements to the production process and materials adopted by upstream suppliers through supplier management and green purchase. In the area of production, the specific nature of the industry of the Company allows for no water and air pollution in the production process of products. A lead-free process has been introduced all through the production process. All parts conform to RoHS of the EU and are accredited under RoHS. The Company also duly observes applicable laws and intensifies the recycling and reuse of resources, and prevents the pollution of water and air through proper monitoring and testing through its waste management plan. Furthermore, the Company also advocates a carbon reduction and energy saving, and proceeds to sustainable development of the environment by mitigating the impact on the environment to the expectation of the international trend and customers. The aforementioned activities have been implemented through the Company's "ESG Sustainability Committee" and the promotion offices thereunder to continuously supervise the implementation of the four sub-sections to fulfill corporate social responsibility, green product design and green operation. For details, please refer to the "2019 CSR Report" "2020 CSR Report" and "2021 ESG Reports " "2022ESG Reports " published by the Company on the Company's official website.

5.4.4 The company commenced self-inventory of GHG emission beginning 2015, has formulated management strategies, methods, goals, and carbon emission reduction goals, and continues to conduct monitoring and improvement. FLYTECH has established a GHG inventory system that complies with the ISO 14064-1 specification in 2022, and completed the 2021 and 2022 annual inventory report ㄝ and obtained the external verification of ISO 14064-1. After the inspection, it is known that the FLYTECH generated during the operation process Greenhouse gases are mainly energy indirect (Scope 2) emissions, a small amount comes from the dissipation of refrigerants produced by air-conditioning (Scope 1), and Emissions from gasoline and diesel combustion in business travel transportation, inbound transportation, and outbound transportation, as well as emissions from waste incineration (Scope 3). The results of the GHG inventories for the years 2022 and 2021 have both been verified and certified with ISO 14064-1 statements by SGS. are also announced on Flytech's official website, and the 2023 annual inventory report is expected to be completed by the end of Q3 2024. Management policies pertaining to energy conservation, carbon reduction, greenhouse gas emission, water usage reduction, or other waste and their implementations are explained below:

1. GHG & energy resourcesManagement Strategies and method

The carbon dioxide emissions generated from power use in Scope 2 are the company's main source of greenhouse gas emissions. The energy conservation and carbon reduction plan should focus on saving electricity.

(1) In late 2023, the Linkou factory invested NT$2,500,000 to install an independent variable frequency air conditioning system on the SMT floor. This investment allows the factory to avoid using the entire plant's air conditioning during nighttime operation, with an expected annual savings of 75,000 kWh.

(2) Manufacturing process: The company established the "carbon management project" in 2023, cooperate with the product carbon footprint assessment, we conducted an inventory of the factory's carbon emissions sources and equipment energy consumption. We established a carbon management dashboard to optimize equipment operation through continuous monitoring.

(3) Waste management: relevant production waste is handed to a certified recycling unit for disposal in order to reduce its impact on the overall environment.

(4) Evaluate the replacement of machinery with higher energy efficiency and the purchase of energy-saving devices to reduce electricity consumption.

(5) Plan to invest in purchasing green energy in 2024 as part of our greenhouse gas reduction plan.

(6) daily operations:

- Neihu HQ uses energy-efficient glass to reduce indoor greenhouse effects and air conditioning losses.
- Continuously replacing lighting in public areas with energy-saving LED lights.
- Promo Replace te video conferencing to save transportation energy consumption from commuting personnel.
- Install shades in sunlit areas to reduce solar radiation heat.
- Recycling and reusing paper documents to reduce paper resource waste.
- Turning off lights during lunch breaks, in unused meeting rooms, and during off-hours.
- Properly perform garbage sorting and recycling.
- Installing motion sensor lights in the parking lot, which turn fully on when people or vehicles pass by, reduces electricity waste.
- The 6th floor SMT factory has installed an independent variable frequency air conditioning system to avoid using the entire factory's air conditioning system at night, focusing only on the single floor.
- Provision the average office air-conditioning temperature setting of not lower than 25℃.
- Monitor and record the electricity usage of our operations and manufacturing equipment, assessing energy-saving methods and considering the purchase of energy-efficient devices.
- Plan to purchase renewable energy to gradually reduce our reliance on high-carbon electricity.
- Install a water-saving baffle to reduce the water output of the faucet
- Recover rainwater to water trees in the plant.

(7) Plan to expand the electronic processes and move toward paperless to reduce paper and toner use, thereby reducing power consumption and carbon dioxide emissions.

- Promote electronic internal official document, signing and approval systems.
- In 2022, we implemented the SAP system, utilizing ERP electronic forms and a BPM electronic approval system..
- Set the office machines to power-saving mode and enter the power saving mode if machines are not in use for an extended period of time.

2. According to ISO 14064-1, when conducting the organizational GHG inventory for the year 2021, we formulated a short-term five-year reduction plan. Using 2021 as the base year, we aim to reduce both total electricity consumption and greenhouse gas emissions by 1% annually compared to the base year. By 2025, we should achieve a cumulative reduction of 5%. For details on the results of Scope 1, 2, and 3 emissions for the years 2022-2023, please refer to pages 57-58 of this report.

3. The company's current GHG reduction related plans undergoing implementation and planning are as follows:
   - (1) Set up a "carbon management platform" to support product carbon footprint inventories to optimize equipment operations through continuous monitoring.
   - (2) Adjusting processes and schedules to save energy.
   - (3) Energy conservation measures in offices and factories.
   - (4) Reusing and recycling office copy paper as much as possible
   - (5) Turn off lights in the office at all times, turn off lights during lunch breaks, and check all lights are turned off after work hours.
   - (6)Properly promote garbage sorting and recycling.
   - (7) Fresh air inlet, toilet ventilation and exhaust discharge, time-controlled management of open office and cubicle office air-conditioning to reduce cold air loss and unnecessary power consumption.
   - (8) Adoption of Alternating Lighting in the Parking Lot
   - (9) Introduce the concept of energy conservation on the product design phase, developing high-performance and energy-efficient models
   - (10) Use environmentally friendly design materials. Sclect the new suppliers that meet international standards, coach existing suppliers to obtain international quality, environmental, and occupational safety and health certifications, and jointly developing low-carbon and environmentally friendly raw materials, manufacturing processes, and transportation modes.

5.5 Labor Management Relations

5.5.1 Employee benefit policy, continuing education, training, and retirement system and the implementation of these systems, labor-management agreement and the protection of employee rights:

1. Benefit policy and the state of pursuit

Since its establishment, the Company has pursued the belief of putting the employees first and viewing them as important assets of the Company. The Company also places an emphasis on the communication between employers and employees. In addition to establishing the Employee Welfare Committee in 1992, the welfare committee members establish annual plans to host various welfare get-togethers, have monthly birthday parties and birthday cash gifts, quarterly domestic company trips, international company trips every 2 years, three gifts during three major Chinese holidays, year-end company meals, educational training sessions, club events, health inspections, labor insurance/health insurance/group insurance, recognition of senior staff, employee stock ownership association, factory group lunches, a sports and games room, employee profit-sharing, wedding and funeral cash gifts, year-end bonuses, project bonuses and other welfare measures to fully take care of the Company’s employees.

2. Continuing education, training system and implementation

Exactly in accordance with ISO education and training methods and internal control procedures, we have planned employee training programs. The training methods are divided into in-house and outsourced programs.

In the outsourced training program department, each department is advised to submit training plans and budgets at the end of each fiscal year. Employees are advised to submit training applications based on the annual programs and their own substantial needs. After completion of the training program, they submit training experience reports or opinion surveys to the Human Resources Training Unit to register for their credits to share course information or share training internally.

The Compamy passed the TTQS（Talent Quality-management System） by the workforce Development Agency of the Executive Yuan, ensure the reliability and correctness of traing process, improve the training quality and continuously review and correct the training quality.

The internal training programs include: A. New recruit training. All new recruits enter the basic course training on the day they register for employment to ensure that new recruits can quickly orient themselves to the team philosophy and culture at the very beginning of joining Flytech; B. Project training programs. This is intended to reserve cadres and middle and high-level elite cadres, with such exclusive courses so that talents of all levels can inherit the wisdom and practical operation of Flytech people, and cultivate more elites in leadership talents in the future; C. Credit system learning. Through such credit system, Flytech sets all colleagues every year with the very fundamental training credits that must be achieved. Those colleagues accumulate credits through participating in various in-house and outsourced courses to keep a record of their own learning process and continually improve their professional skills and self-growth; D.Irregular external expert lectures; E.E-Learning Online Education and Training Platform; F. Assign colleagues to attend professional courses and study groups. This training program aims to enhance employees' professional skills and career planning abilities.

In 2023, participants in the programs by head count and hours are shown below:

By department	Marketing Center	R&D Center	Manufacturing Center	Management Center
Actual number of participants by head count	383	757	3,265	321
Actual hours of training	796	1,207	3,770	885

3. Retirement procedure and implementation

The Company takes care of the employees and their retirement for motivating their morale in service with the Company throughout the duration of their careers. The Company has instituted the Regulations Governing Pension for Retirement and Bereavement in accordance with the Labor Standards Act and established the Labor Pension Reserve Monitoring Committee in accordance with applicable laws. Accordingly, the Company appropriates 2% of the total salaries of the employees to a pension reserve fund in accordance with the “Regulations for the Allocation and Management of the Workers’ Retirement Reserve Funds”. The funds will be deposited in a special account at the Central Trust of China under the title of the Pension Reserve Monitoring Committee and managed by the committee. The Labor Pension Act (hereinafter referred to as the “new system”) became effective as of July 1, 2005. The years of service of the employees who are entitled to the aforementioned regulations and the employees who registered for duties since the enactment of the new system are under the defined appropriation system thereby the Company shall appropriate 6% of their salaries as pension reserve funds to the individual special accounts of the employees for deposits.

The Company's applied regulations for the Labor Pension Statutes are as follows:

(1) Self-requested Retirement: Employees with one of the following circumstances may request retirement:

①Employees that have worked for more than 15 years and have reached the age of 55.

②Employees that have worked for more than 25 years.

③Employees that have worked for more than 10 years and have reached the age of 60.

④Other employees that have their requests approved by the Company.

(2) Mandatory Retirement: Employees with one of the following circumstances are forced to retire:

①Employees that are 65 years old or older.

②Demented or physically disabled employees that are unfit to work.

The age specified in the preceding paragraph ① shall be reported to the central competent authority for adjustment, but employees manning positions that are dangerous or require a strong physique cannot be forced to retire if they are less than 55 years old.

The pension fund (the “Fund”) contributed by the Company is managed and administered by the Bureau of Labor Funds of the Ministry of Labor (the Bureau of Labor Funds). According to the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, with regard to the utilization of the Fund, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks. Foreign subsidiaries with defined benefit plans make pension contributions to pension management institutions in accordance with their respective local regulations.

The company’s Bank of Taiwan labor retirement reserve balances are: NT$26,368 in thousand for 2022 December 31 In July 2023, the company reached an agreement with employees to settle the old system seniority, according to relevant regulations for settling retirement benefits, and to disburse the remaining balance of the Taiwan Bank Employees' Retirement Reserve Fund Account to the employees.

4. Labor-management agreement

The Company has instituted the “Regulations Governing Labor-Management Conferences” in order to provide the mechanisms for labor-management consultation. The organization of the Company is managed under Horizontalization. The managers and the employees may engage in two-way communication through routine meetings or interviews. The labor-management relation of the Company has been harmonious since its establishment and there is no labor-management dispute.

5. The protection of employee rights

The responsibilities and rights of the employees have been explicitly stated in the internal control system and management regulations of the Company. In addition, the Company has established the Employee Welfare Committee to organize welfare activities. Employees are entitled to a bonus, salary adjustment, bonus, promotion or other incentives through routine performance evaluation. The company has also set up the “human rights policy”and compliance with regular due diligence investigation standards. to prevent conduct infringing upon and violating human rights. In addition to providing a reasonable and safe environment and ensuring current employees are given reasonable and dignified treatment.

6. Employee Stock Ownership Trust

In terms of the labor pension system of the Company, in addition to the above-mentioned Point 3, the Company has also established the "Flytech Employee Stock Ownership Association" in 2014, and the members contribute 100% of their own funds in accordance with the approved incentive fund. In order to increase employees' recognition of and participation in the Company, and to enhance the stability of their future retirement and retirement life. The incentive funds, together with the self-contributed funds or bonuses from the Company, are entrusted to CTBC Bank (the trustee) for management and operation to assist employees in acquiring shares of the Company, increase their recognition and participation in the Company, and enhance the stability of their future retirement and post-employment life.

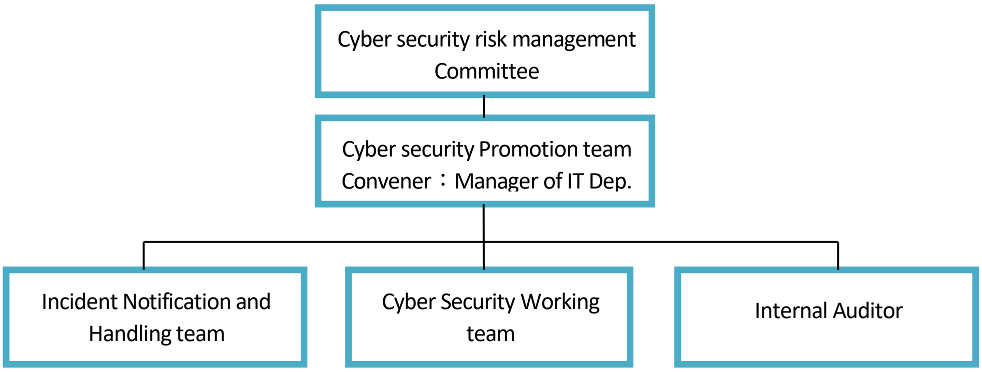
5.5.2 The loss caused by labor-management disputes in the last 2 years to the date this report was printed, and disclose the estimated amount of loss at present and in the future, and the remedial action to be taken: None.

5.6 Cyber security Management

5.6.1 Cyber security risk management framework, cyber security policy, specific management plan and resources for implementing the cyber security management

In order to implement the cyber security goals by the cyber security management system (ISMS), the Company must include "cyber security policy", "cyber security management procedures", "cyber security applicability statement", "cyber security risk management procedures" and "cyber security". Security Objective Management Procedures", "Organization Panorama Evaluation Management Procedures", "Cyber security Organization Management Procedures" and other related procedures, and have obtained ISO27001 certification in 2013 (validity period from 2022/10/21~2025/6/25).

1. Cyber security risk management framework



2. Cyber security policy

The policy of the Company is to establishing a safe and perfect information system service, and comply with relevant rules and regulations, continue to operate, reduce the risk of information operation, and protect the rights and interests of customers. It periodically reports to the board at least once a year

The Company's Cyber security policy is "to establish secure and reliable information system services, to comply with relevant laws and regulations, to maintain business continuity, to reduce information operation risks, and to protect the rights and interests of customers. This policy is evaluated at least once a year, and the Board of Directors reports on the management of information security in the first quarter of each year. The performance for FY2023 is as follows, as reported to the Board of Directors on March 8, 2024:

(1) ISO 27001 internal and external audits were completed and the certification was renewed and approved this year.

(2) Completed the annual internal audit of the "Business Secrets Information Management Measures" and found no significant deficiencies.

(3) The Company has established one cyber security supervisor and two cyber security security officer, whose role shall be held by the network administrator.

(4) No major cyber security incidents occurred in 2023.

3. Cyber security management procedures

According to the resolutions of the Cyber security Management Committee and the "Cyber security Management Procedures", the planning, establishment, implementation, maintenance, review and continuous improvement of the cyber security management system are carried out for all employees to follow. It Include three teams: Incident Notification and Handling team, Cyber security Working team, Internal Auditor.

(1) The Cyber security Working team formulates the "Cyber security Policy Guiding Principles". According to the ISO 27001 control items and "cyber security management procedures" to establish "ISMS effectiveness measurement table". "cyber security applicability statement". Implement various risk control measures according to the control items selected in the "Cyber security Applicability Statement", review the risks of information assets, and implement various risk control mechanisms after being approved by the Risk Management Committee.

(2) Cyber security incidents are handled by the incident notification processing group in accordance with the "Cyber security Incident Management Procedures".

(3) The implementation and operation of the cyber security management system shall be monitored and reviewed by the internal audit team in accordance with the "Internal Quality Audit Operational Procedures" and "Management Responsibility Review Procedures" to maintain the effectiveness of various activities, risk prevention, and cotinuous improvement. Audit at least once a year.

(4) Regularly compile the cyber security security reports annually and present them to the board of directors for the first quarter of the following year. No significant cybersecurity incidents occurred in 2023. The report was submitted to the board on March 8, 2024

4. Invest resource of Cyber security Management

The company follows a process-oriented (establishment, implementation, review and continuous improvement) management system to maintain cyber security. We introduce the ISO 27001 management system in 2013 include: systematic management and risk assessment operations. Resources including the cyber security promotion team are responsible for the supervision and implementation of all colleagues to implement information security management in daily work and ensure that the system is safe and effective .The important input resources are as follows:

(1) Manpower and Facilities

The Company's IT Department includes one cyber security supervisor and two cyber security security officer, and six other system and program maintenance and administrators. In addition, we invested NT$2 million to purchased a new firewall in 2023 to strengthen website protection.

(2) Regular Meeting

The Company's IT Department is part of the Management Center. Except for the regular communication between the IT Department's weekly meetings and the

Management Center's bi-weekly meetings, the IT Department also reports important issues at the monthly senior management meeting. No major cyber security incidents occurred in 2023.

5.6.2 The impact of the loss, possible and cause due to major cyber safety incidents in the most recent years to the date this report was printed, and the response measures: None

5.7 Important contracts: None

5.8 Licensing and certification of personnel related to financial transparency by the competent authority

The financial supervisor, accounting supervisor, and internal auditor and the proxies of internal auditor have professional training. The chief financial officer has been certified by the Accounting Research and Development Foundation as a professional accounting officer. Likewise, the internal auditor have been certified as CIA. The aforementioned auditors received continuing education every year as required by the competent authority.

5.9 Employee Code of Conduct and Ethical Corporate Management Best Practice Principles

The Company has instituted the “Integrity Management Code”, Integrity Management Procedures and Behavior Guidelines”, “Ethical Conduct Code”, “Service Regulations”, “Regulations Governing the Reward and Punishment of Personnel”, “Regulations Governance Attendance of Employees”, “Regulations Governing Performance Evaluation” and other internal control procedures as the guidelines for the employees in business integrity and performance of duties, including: rules for work hours, rules for relevant grades and levels of the corporate hierarchy, rules for attendance and taking leave, prohibition of taking part-time jobs, confidentiality of business and business secrets, rules for business trips, environmental protection and responsibility of custody of company assets, rules for sharing resources and equipment, the use of information systems and network facilities, observation of internal control regulations, and routine evaluation.

The Company has posted related rules and regulations and the internal control system on the intranet of the Company for the viewing of the employees. In addition, the Company also holds OJT training for the employees and orientation of the new employees. Through annual evaluation of all employees, the Company makes sure that the employees understand and observes related rules and regulations.

5.10 Procedure for handling internal information in materiality

The Company has instituted the “Procedure for Handling Internal Information in Materiality”(revised as “Handling of Internal Materal Information and Prevention of Insider Trading“ in 2023), which is applicable to the Directors, Supervisors, Managers, and employees.

In addition to the provisions stipulated in the original regulations regarding aggregation, countersigning, review, and publication of significant information responsibilities and operational procedures, strengthening confidentiality procedures for internal significant information, and prohibiting directors or employees or other insiders from engaging in insider trading using undisclosed market information, the company has established a " Team for Handling Internal Material information" abnormal situation handling, regular education and advocacy, and other management methods. This is to ensure that all information released by the company undergoes appropriate approval procedures, complies with laws and regulations, and does not involve insider trading, thereby safeguarding shareholder rights and interests.

5.11 Work environment and the protection of labor safety

5.11.1 The Company conducts routine maintenance and inspection on all machines and equipment in accordance with the ISO 9001 quality management system to ensure normal running and avoid possible occupational accident.

5.11.2 The Company monitors and manages the quality of the environment, air, and water in accordance with ISO 14001 environmental management system to maintain positive work environment.

5.11.3 On the grounds of the ISO 45001 occupational safety and health management system, the Company control measures to minimize the risk of potential occupational injuries and occupational diseases toward employees to create a"safety, environmental protection and sustainability" friendly workplace to our entire staff.

5.11.4 Here at our Company, the entire office zones and manufacturing plants are not classified into high-risk at all. Our Company has carried out regular maintenance and testing of machines and equipment accurately in accordance with the ISO 9001 quality management system to maintain their sound operation and avoid potential industrial safety accidents. Further, in compliance with ISO 14001 environmental management system and ISO 45001 occupational safety and health management system, we accurately monitor and manage the quality of the environment, air, water, and the like. The Company has also set up an “environmental safety and health committee (consolidated into ISO 14001 and 45001, upgraded ” Labor Safety and Health Committee”). On a regular basis, we conduct relevant educational & training programs on safety and health, fire drills, emergency response, and the like, and take necessary preventive measures to assure being free of an occupational disaster, thereby minimizing the risk factors of the working environment to safeguard workers in their health and safety to establish and implement, maintain and continuously improve the environmental and occupational safety and health management system.

The implementation of other specific measures pertaining to the work environment and employee safety is as follows:

1. Take labor insurance, health insurance, and group insurance for the protection of the employees.
2. Ensure safe workplace environments and provide qualified operating equipment in accordance with the Labor Facilities Safety Regulations.
3. Have regular quarterly inspections and maintenances of fire-fighting facilities (fire extinguishers, fire prevention refuge facilities, emergency lights, electrical appliances, fire pumps and fire hydrants), annual inspections and maintenances of smoke

ventilation equipment, employee safety educational training sessions and disaster prevention drills every 6 months

4. Conduct daily / weekly / month / quarterly maintenance for various types of manufacturing equipment according to the ISO's "Equipment Maintenance Procedures."
5. Appoint professional technicians to inspect electrical equipment monthly.
6. Daily patrols by the Company's security personnel.
7. Routine health examination for the employees every two years.
8. Maintenances, replacement of filters, and water quality inspections for the company drinking-water equipment every 3 months.
9. Providing nutritious and healthy group lunch services for employees of the Linkou factory

VI. Financial summary

6.1 Condensed balance sheet, comprehensive income statement, name of the CPAs, and their auditing opinions within the last five years

6.1.1 Condensed balance sheet and consolidated income statement

1. The condensed and consolidated balance sheet for the last 5 years - consolidated

Unit: NTD thousand

Year Item		Financial information for the latest 5 years (Note 1)					2024 to end of Q1 (Note 2)
		2019	2020	2021	2022	2023	
Current assets		4,112,065	3,971,272	4,729,183	4,677,418	4,200,664	—
Property, plant, and equipment		1,141,842	1,109,754	1,067,096	1,016,813	1,023,305	—
Intangible assets		350,067	301,028	268,899	203,103	201,478	—
Other assets		4,363	3,841	5,144	14,657	7,986	—
Total assets		5,749,792	5,592,068	6,318,171	6,110,172	5,633,107	—
Current liabilities	Before dividend distribution	914,617	850,452	1,441,047	1,053,069	905,558	—
	After Distribution	1,629,928	1,494,232	2,013,296	1,839,912	Not yet appropriated	—
Non-current liabilities		136,812	132,581	135,989	53,272	23,075	—
Total liabilities	Before dividend distribution	1,051,429	983,033	1,577,036	1,106,341	928,633	—
	After Distribution	1,766,740	1,626,813	2,149,285	1,893,184	Not yet appropriated	—
Equity of the parent company		4,403,356	4,334,170	4,432,215	4,929,510	4,659,257	—
Capital stock		1,430,623	1,430,623	1,430,623	1,430,623	1,430,623	—
Capital surplus		674,247	597,122	528,355	536,947	538,938	—
Retained earnings	Before dividend distribution	2,347,888	2,364,364	2,546,710	3,011,351	2,726,365	—
	After Distribution	1,632,577	1,720,584	1,974,461	2,224,508	Not yet appropriated	—
Other equity		(49,402)	(57,939)	(73,473)	(49,411)	(36,669)	—
Treasury stock		—	—	—	—	—	—
Non-controlling interest		295,007	274,865	308,920	74,321	45,217	—
Total equity	Before dividend distribution	4,698,363	4,609,035	4,741,135	5,003,831	4,704,474	—
	After Distribution	4,126,114	3,965,255	4,168,886	4,216,988	Not yet appropriated	—

Note 1: The 5-year financial information is examined and audited by CPA.

Note 2: As of April 30 2024, audited financial information covering 2024 Q1 was still unavailable.

2. The condensed and consolidated income statement for the last 5 years - International Financial Reporting Standards

Unit: NTD thousand

Year / Item	Financial information for the latest 5 years (Note 1)					2024 to end of Q1 (Note 2)
	2019	2020	2021	2022	2023	
Operating revenue	5,330,472	4,432,961	5,185,155	5,544,225	3,488,426	—
Gross profit	1,869,256	1,543,506	1,703,454	1,982,741	1,351,563	—
Operating gains and losses	909,977	701,392	821,761	1,106,678	559,313	—
Non-operating revenues and expenses	(27,473)	38,570	421	100,937	45,145	—
Net profit before taxation	882,504	739,962	822,182	1,207,615	604,458	—
Current year profit of continuing business units	722,285	597,928	691,086	1,020,202	472,710	—
gain(loss) from discontinued operations	—	—	—	—	—	—
Net income or loss for current period	722,285	597,928	691,086	1,020,202	472,710	—
Current period other comprehensive income (post-tax profit or loss)	(11,059)	(8,978)	(15,168)	24,742	12,785	—
Current period other comprehensive income (Gross)	711,226	588,950	675,918	1,044,944	485,495	—
Net profit attributable to parent company	736,522	589,644	683,064	1,043,153	501,857	—
Net profit attributable to non-controlling interest	(14,237)	8,284	8,022	(22,951)	(29,147)	—
Total comprehensive income attributable to owners of the parent company	727,464	581,107	667,530	1,066,698	514,599	—
Comprehensive income, gross, attributable to non-controlling interest	(16,238)	7,843	8,388	(21,754)	(29,104)	—
Earnings per share (ex-right)	5.15	4.12	4.77	7.29	3.51	—

Note 1: The 5-year financial information is examined and audited by CPA.

Note 2: As of April 30 2024, audited financial information covering 2024 Q1 was still unavailable.

3. The condensed individual balance sheet for the last 5 years - individual

Unit: NTD thousand

Year		Financial information from the past five years (note)				
Item		2019	2020	2021	2022	2023
Current assets		2,843,326	2,827,382	3,454,609	3,672,189	3,010,038
Property, plant, and equipment		1,082,594	1,048,708	1,006,005	974,466	985,941
Intangible assets		3,434	1,273	10,970	12,351	26,395
Other assets		552	448	1,580	13,139	6,355
Total assets		5,077,694	4,992,260	5,551,038	5,847,233	5,392,149
Current liabilities	Before dividend distribution	618,835	605,417	1,064,977	900,209	731,699
	After Distribution	1,334,147	1,249,197	1,637,226	1,687,052	Not yet appropriated
Non-current liabilities		55,503	52,673	53,846	17,514	1,193
Total liabilities	Before dividend distribution	674,338	658,090	1,118,823	917,723	732,892
	After Distribution	1,389,650	1,301,870	1,691,072	1,704,566	Not yet appropriated
Capital stock		1,430,623	1,430,623	1,430,623	1,430,623	1,430,623
Capital surplus		674,247	597,122	528,355	536,947	538,938
Retained earnings	Before dividend distribution	2,347,888	2,364,364	2,546,710	3,011,351	2,726,365
	After Distribution	1,632,576	1,720,584	1,974,461	2,224,508	Not yet appropriated
Other equity		(49,402)	2,364,364	(73,473)	(49,411)	(36,669)
Treasury stock		—	—	—	—	—
Total equity	Before dividend distribution	4,403,356	4,334,170	4,432,215	4,929,510	4,659,257
	After Distribution	3,688,044	3,690,390	3,859,966	4,142,667	Not yet appropriated

Note: The 5-year financial information is examined and audited by CPA.

4. The condensed individual composite income statement for the last 5 years - individual

Unit: NTD thousand

Year Item	Financial information for the latest 5 years (Note)				
	2019	2020	2021	2022	2023
Operating revenue	3,926,733	3,278,733	3,846,939	4,827,119	2,881,973
Gross profit	1,364,656	1,131,575	1,195,884	1,688,832	1,091,940
Operating gains and losses	916,709	725,868	779,171	1,178,517	637,495
Non-operating revenues and expenses	(33,613)	31	18,495	45,462	(14,816)
Net profit before taxation	883,096	725,899	797,666	1,223,979	622,679
Current year profit of continuing business units	736,522	589,644	683,064	1,043,153	501,857
gain(loss) from discontinued operations	—	—	—	—	—
Net income or loss for current period	736,522	589,644	683,064	1,043,153	501,857
Current period other comprehensive income (post-tax profit or loss)	(9,058)	(8,537)	(15,534)	23,545	12,742
Current period other comprehensive income (Gross)	727,464	581,107	667,530	1,066,698	514,599
Earnings per share (ex-right)	5.15	4.12	4.77	7.29	3.51

Note: The 5-year financial information is examined and audited by CPA.

6.1.2 Condensed balance sheet and consolidated income statement

Year	Name of CPA Firm	Name of CPAs	Auditor/s opinion
2019	KPMG	Wei Ming Shih, Yung-Sheng Wang	Unqualified opinion
2020	KPMG	Wei Ming Shih, Yung-Sheng Wang	Unqualified opinion
2021	KPMG	Wei Ming Shih, Huei-Chen Chang	Unqualified opinion
2022	KPMG	Wei Ming Shih, Huei-Chen Chang	Unqualified opinion
2023	KPMG	Huei-Chen Chang, Shih-Chun Hsu	Unqualified opinion

6.2 Financial analysis for the latest 5 years

6.2.1 Financial Analysis - consolidated

Year Analysis items (Note 2)		Financial analysis for the latest 5 years (Note 1)					2024 to end of Q1 (Note 2)
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt to assets ratio	18.29	17.58	24.96	18.11	16.49	—
	Ratio of long-term capital to property, plant and equipment	423.45	427.27	457.05	497.35	461.99	—
Solvency (%)	Current ratio	449.59	466.96	328.18	444.17	463.88	—
	Liquid ratio	367.01	381.28	225.37	355.21	399.05	—
	Interest coverage ratio	311.85	335.98	494.80	1,084.06	472.86	—
Operating ability	Account receivable turnover (times)	6.38	6.16	5.80	5.63	4.42	—
	Days sales in account receivable	57.17	59.26	62.98	64.79	82.57	—
	Inventory turnover (times)	4.53	4.23	3.35	3.04	2.90	—
	Account payable turnover (times)	7.22	8.77	6.76	6.35	6.23	—
	Average days in sales	80.59	86.35	109.07	120.15	125.86	—
	Property, plant, and equipment turnover (times)	4.67	3.99	4.86	5.45	3.41	—
	Total assets turnover (times)	0.93	0.79	0.82	0.91	0.62	—
Profitability	ROA (%)	12.54	10.57	11.63	16.43	8.07	—
	Return on equity (%)	15.40	12.85	14.78	20.94	9.74	—
	Pre-tax profits to paid-up capital ratio (%)	61.69	51.72	57.47	84.41	42.25	—
	Net profit rate (%)	13.55	13.49	13.33	18.40	13.55	—
	After the earnings per share (yuan) is traced back	5.15	4.12	4.77	7.29	3.51	—
Cash flows	Cash flow ratio (%)	92.35	122.09	0.53	132.73	71.98	—
	Cash flow adequacy ratio (%)	118.43	123.86	103.92	103.56	81.18	—
	Cash flow reinvestment ratio (%)	2.48	7.60	(10.58)	14.68	-2.53	—
Leverage	Operating leverage	1.23	1.24	1.19	1.12	1.18	—
	Financial leverage	1.00	1.00	1.00	1.00	1.00	—

Note 1: The 5-year financial information is examined and audited by CPA.

Note 2: As of April 30 2024 audited financial information covering 2024 Q1 was still unavailable.

Note 3: The formula for the table above is as follows

1. Financial structure
   (1) Liabilities to total assets =Total liabilities/total assets.
   (2) Ratio of long-term capital to property, plant and equipment=(Total equities+noncurrent liabilities) /property, plant and equipment
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio=(current assets-inventories-prepaid expense) /current liabilities
   (3) Interest coverage ratio = net profit before interest and tax / interest expenses for the current period.
3. Operating ability

(1) Turnover of receivables (including accounts receivable and notes receivable due to business)

= Net sales / balance of average receivables for each period (including accounts receivable and notes receivable due to business).

(2) Days sales in account receivable = 365 / Account receivable turnover (times)

(3) Inventory turnover (times) = Cost of goods sold / average inventory amount

(4) Turnover rate of payables (including accounts payable and notes payable due to business).

= Cost of Sales / average of payables for each period (including accounts payable and notes payable due to business).

(5) Average days in sales = 365 / Inventory turnover (times)

(6) Property, plant, and equipment turnover (times) = Net sales / Net average property, plant, and equipment

(7) T Total assets turnover (times) = Net sales / Average total assets

4. Profitability

(1) Return on assets = (after tax net profit + interest expenses x (1- tax rate)) / average asset balance.

(2) Return on shareholders' equity = after tax net profit/ total average equity.

(3) Profit ratio=net income/net sales

(4) Earnings per share=(profits or loss attributable to owners of the parent company-preferred stock dividend) /weighted average stock shares issued

5. Cash flow

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

(2) Cash flow adequacy ratio=net cash flow from operating activities within five years / (capital expenditure+inventory increase +cash dividend) within five years

(3) Cash re-investment ratio = (net cash flow from operating activity-cash dividend) /(gross property , plant, and equipment + long-term investment + other noncurrent assets + working capital)

6. Leverage

(1) Operating leverage = (Net operating income - Changes in operating cost and expense) / Operating profit

(2) Financial leverage = Operating profit / (Operating profit - interest expense)

6.2.2 Financial Analysis - individual

Year Analysis items (Note 2)		Financial analysis for the latest 5 years (Note 1)				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt to assets ratio	13.28	13.18	20.16	15.69	13.59
	Ratio of long-term capital to property, plant and equipment	411.87	418.31	445.93	507.67	472.69
Solvency (%)	Current ratio	459.46	467.01	324.38	407.93	411.38
	Liquid ratio	396.42	401.55	235.46	321.58	344.73
	Interest coverage ratio	29,437.53	20,740.97	46,922.53	51,239.87	16,346.03
Operating ability	Account receivable turnover (times)	5.49	5.20	4.57	5.28	4.07
	Days sales in account receivable	66.54	70.15	79.81	69.11	89.68
	Inventory turnover (times)	6.08	5.66	3.98	3.69	2.86
	Account payable turnover (times)	7.23	8.74	6.37	6.73	5.86
	Average days in sales	60.07	64.54	91.82	98.83	127.62
	Property, plant, and equipment turnover (times)	3.63	3.13	3.82	4.95	2.92
	Total assets turnover (times)	0.77	0.66	0.69	0.83	0.53
Profitability	ROA (%)	14.34	11.71	12.96	18.30	8.93
	Return on equity (%)	16.75	13.50	15.58	22.29	10.47
	Pre-tax profits to paid-up capital ratio (%)	61.73	50.74	55.76	85.56	43.53
	Net profit rate (%)	18.76	17.98	17.76	21.61	17.41
	After the earnings per share (yuan) is traced back	5.15	4.12	4.77	7.29	3.51
Cash flows	Cash flow ratio (%)	138.46	124.04	16.09	162.22	99.35
	Cash flow adequacy ratio (%)	112.26	111.98	98.24	105.72	89.84
	Cash flow reinvestment ratio (%)	2.74	2.07	(7.57)	15.3	(1.08)
Leverage	Operating leverage	1.09	1.10	1.15	1.04	1.91
	Financial leverage	1.00	1.00	1.00	1.00	1.00

Note 1: The 5-year financial information is examined and audited by CPA.

Note 2: The formula for the table above is as follows

1. Financial structure
   (1) Liabilities to total assets =Total liabilities/total assets.
   (2) Ratio of long-term capital to property, plant and equipment=(Total equities+noncurrent liabilities) /property, plant and equipment
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio=(current assets-inventories-prepaid expense) /current liabilities
   (3) Interest coverage ratio = net profit before interest and tax / interest expenses for the current period.

3. Operating ability
    (1) Turnover of receivables (including accounts receivable and notes receivable due to business)
    = Net sales / balance of average receivables for each period (including accounts receivable and notes receivable due to business).
    (2) Days sales in account receivable = 365 / Account receivable turnover (times)
    (3) Inventory turnover (times) = Cost of goods sold / average inventory amount
    (4) Turnover rate of payables (including accounts payable and notes payable due to business).
    = Cost of Sales / average of payables for each period (including accounts payable and notes payable due to business).
    (5) Average days in sales = 365 / Inventory turnover (times)
    (6) Property, plant, and equipment turnover (times) = Net sales / Net average property, plant, and equipment
    (7) T Total assets turnover (times) = Net sales / Average total assets
4. Profitability
    (1) Return on assets = (after tax net profit + interest expenses x (1- tax rate)) / average asset balance.
    (2) Return on shareholders' equity = after tax net profit/ total average equity.
    (3) Profit ratio=net income/net sales
    (4) Earnings per share=(profits or loss attributable to owners of the parent company-preferred stock dividend) /weighted average stock shares issued
5. Cash flow
    (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
    (2) Cash flow adequacy ratio=net cash flow from operating activities within five years / (capital expenditure+inventory increase +cash dividend) within five years
    (3) Cash re-investment ratio = (net cash flow from operating activity-cash dividend) /(gross property , plant, and equipment + long-term investment + other noncurrent assets + working capital)
6. Leverage
    (1) Operating leverage = (Net operating income - Changes in operating cost and expense) / Operating profit
    (2) Financial leverage = Operating profit / (Operating profit - interest expense)

6.3 Audit report on the most recent year financial statements by the supervisor or the audit committee: please refer to page 158

6.4 The most recent annual financial report: please refer to page 159-221

6.5 The Company's individual financial statements audited and certified by a certified public accountant in the most recent fiscal year. Please refer to page 222-282.

6.6 If the company or its affiliated enterprises have experienced financial difficulties during the most recent fiscal year or the current fiscal year up to the date of printing of annual report, the annual report shall explain how said difficulties will affect the company's financial status: None.

VII. Review of financial status, business performance, and risk management issues

7.1 Financial status

Unit: NTD thousand

Item / Year	2022	2023	Variation	
			Increase (decrease) in amount	%
Current assets	4,677,418	4,200,664	(476,754)	(10.19)
Non-Current assets	1,432,754	1,432,443	(311)	(0.02)
Total assets	**6,110,172**	**5,633,107**	**(477,065)**	**(7.81)**
Current liabilities	1,053,069	905,558	(147,511)	(14.01)
Non-current liabilities	53,272	23,075	(30,197)	(56.68)
Total liabilities	**1,106,341**	**928,633**	**(177,708)**	**(16.06)**
Capital stock	1,430,623	1,430,623	0	-
Capital surplus	536,947	538,938	1,991	0.37
Retained earnings	3,011,351	2,726,365	(284,986)	(9.46)
Total shareholders' equity	**5,003,831**	**4,704,474**	**(299,357)**	**(5.98)**

1. The ratio of the changes between the early and later stages more than 20%, and the analysis of changes for amounts exceeding NT$10 million is as follows:
   The decrease in non-current liabilities is mainly due to reductions in net defined benefit liabilities and lease liabilities.

2. Impact of changes in financial situation:
   There is no significant impact to the financial situation.

3. The future response plan: N/A.

7.2 Financial Performance

7.2.1 Comparative analysis of operating results

Unit: NTD thousand

Year Item	2022 Total	2023 Total	Increase (decrease)	Variation (%)
Operating revenue - net	5,544,225	3,488,426	(2,055,799)	(37.08)
Operating cost	(3,561,484)	(2,136,863)	(1,424,621)	(40.00)
Gross profit	1,982,741	1,351,563	(631,178)	(31.83)
Operating expenses	(876,063)	(792,250)	(83,813)	(9.57)
Operating profit	1,106,678	559,313	(547,365)	(49.46)
Non-operating revenues and expenses	100,937	45,145	(55,792)	(55.27)
Net profit before tax	1,207,615	604,458	(603,157)	(49.95)
Income tax expenses	(187,413)	(131,748)	(55,665)	(29.70)
Net income	$ 1,020,202	$ 472,710	$ (547,492)	(53.67)

Analysis of changes with ratios of more than 20% between the early and later stages are as follows:

1. The decrease in net revenue is primarily due to a decrease in operating revenue
2. The decrease in cost of revenue is primarily due to the decrease in operating revenue.
3. The decrease in gross profit is primarily due to the decrease in operating revenue and cost of revenue.
4. The decrease in operation income is primarily due to the decrease in operating revenue and gross profit.
5. The decrease in non-operating income and expenses is primarily due to the loss of exchange gains from foreign currency translation.
6. The decrease in net profit before tax is primarily due to the decrease in operating revenue, gross profit and non-operating income.
7. The decrease in income tax is primarily due to the decrease in income before income tax
8. The decrease in net income is primarily due to the decrease in income before income tax.

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7.2.2 Analysis of changes in gross profit:

Unit: NTD thousand

	Number of increases and decreases from early to later periods	The root cause of the difference			
		Price differentiation	Cost price variance	Sales-mix variance	Quantity variance
Gross profit	279,287	290,499	(115,750)	80,283	24,255
Remark		Note 1	Note 2	Note 3	Note 4

Note 1: Develop regional markets based on different market characteristics. The fluctuation of product prices result in unfavorable price differentiations.

Note 2: The increase of cost caused by the increase of key component cost resulted in an unfavorable cost spread.

Note 3: The difference between the two terms caused by the product sales ratio resulted in a detrimental difference in sales portfolio.

Note 4: The Company is committed to promoting various series of products and gaining the ability to being a market-leading company, therefore generating favorable quantitative differences.

7.3 Cash flow

7.3.1 Cash flow analysis in the most recent year

Unit: NTD thousand

Beginning of year cash balance (1)	Expected net operating cash flow for the whole year (2)	Net annual cash outflow (3)	Cash surplus (deficit) (1)+(2)-(3)	Remediation measures against expected cash flow deficit	
				Investment plans	Wealth management
2,814,795	651,850	957,445	2,509,200	—	—

1. Changes of cash flow in current year analysis:
   (1) Operating Activities: The net cash flow from operating activities was NT$651,850 in thousand, which was mainly composed of cash flow from the net profit generated from 2023 operating activities.
   (2) Investment activities: The net cash outflow of investment activities amounted to NT$167,678 in thousand, mainly the result of a cash outflow of financing assets obtained measured in amortized cost for the current year.
   (3) Financing Activities: The net cash flow from financing activities was NT$801,009 in thousand, which was composed from shareholders' cash dividends.

2. Responsive measures and liquidity analysis on cash flow deficits:

   No cash shortages are expected.

7.3.2 Liquidity analysis for the next year

The company does not need to provide financial forecasts for the coming year, including cash flow forecasts.

7.4 Material capital expenditures in the latest year and impacts on business performance

7.4.1 The implementation of major capital expenditures and the sources of funds:

Unit: NTD thousand

Plan item	Actual/ Expected Sources of Funding	Actual/ Expected Completion Date	Total Required Funding	Actual or Planned Use of Funds		
				2021	2022	2023
Purchase of SMT high-speed machines and related equipment	Own Funds	2023.8.1	39,278	-	-	39,278

7.4.2 Expected effects:

In response to the global decline in the workforce and rising material costs, it is crucial for the manufacturing industry to implement automated smart manufacturing to enhance quality and efficiency. Flytech Technology has invested its own funds to purchase SMT high-speed machines and related equipment to acquire, transmit, analyze data, and optimize programs. The equipment upgrade has improved yield, stability, and accuracy, enhancing product quality and technical advancement. This, in turn, boosts management and decision-making efficiency, achieving visualization and problem-solving capabilities. As a result, production can be effectively monitored, controlled, and optimized based on feedback.

7.5 The major causes for profits or losses incurred by investments during the most recent year; rectifications and investment plans for the next year

Unit: NTD thousand

Remark / Item	Re-investment policy	Invested Company's 2022 profit and loss	Main causes of profit or loss	Improvement Plan	Other future Investment plans
Flytech USA	Expanding the American market and customer services	31	Customer service center cost center		—
Flytech HK	Expanding the Asian market and customer services	29,293	Strategic success and operational growth		—
Flytech Shanghai	Expand the market of Mainland China, production and customer services	1,949	highly competitive market	Expand the market.	—
Berry AI Inc.	Achieve vertical integration synergy	(97,158)	The market is still developing	Actively develop markets and customers	—
Box UK	Achieve vertical integration synergy	28,401			—
Box Nordic (Note 1)	Achieve vertical integration synergy	(228)			—
Inefi Incorporation	Achieve vertical integration synergy	(34,296)	New startup company	Enhance marketing	—
Tac Dynamics	Horizontal integration including large product lines	(24,256)	New startup company	Enhance marketing	—
Berry AI USA	Achieve vertical integration synergy	(10,831)	The market and customers are still in the active development stage.	Actively develop markets and customers	—

Note1: Box Nordic was liquidated and completed in May 2023.

Note2: BVI and Holdings are paper companies with no substantive operations, and information related to reinvestment decisions is not listed.

7.6 Risk assessment

7.6.1 The impact of changes in interest rate, exchange rate, and inflation on the Company's profit or loss in recent years to the date this report was printed, and future response measures

1. The impact of interest rate changes and response measures

Interest rate risks have an impact on the Company's income, which is divided into income and capital cost. For interest income, the Company evaluates the low-risk and high-liquidity investments, and most of the remaining funds are used in bank deposits as a conservative operating procedure to minimize the impact the changes in interest rates. There are no significant changes to future financial management policies. For capital costs, there are no debt plans. Therefore, the assessment is that interest rate changes have no significant impact to the Company's income.

2. The impact of exchange rate changes and response measures

The export of Company's products takes up approximately 90% of the revenue as product prices are mainly listed in US dollars, followed by the British pound. Since some of the imported key components are mostly denominated in US dollars, the exchange rate trends of the US dollar and the British pound is closely related to Company’s exchange gains and losses. The Company mainly uses natural hedging and forward exchange contracts as responses to the impact of exchange rate changes. The response measures are as follows:

(1) Pay attention to the domestic and foreign political and economic situations to quickly grasp the pace of the foreign exchange market and make advance/delayed payment transactions depending on the trending direction of the listed currency.

(2) Consider the exchange rate fluctuation factors to ensure reasonable Company profits and costs providing clients with a quotation and negotiating purchase conditions.

(3) Establish natural hedging for corresponding net positions holding foreign currencies, preferably use the same currency for sales quotations and purchases to reduce exchange rate risks.

(4) Regularly estimate the net import and export demand of foreign currencies, analyze domestic and foreign trade/economic information and recommendations for corresponding banks, study the trends of the foreign exchange market, and hedge risks with forward exchange contracts based on the “Operational Procedures for Loaning of Company Funds Procedures for Acquisition or Disposal of Assets”.

3. The impact of price changes and response measures

The company’s material costs are directly affected by the price fluctuation of raw materials. Influenced key components and structural materials include CPU, LCD Panels, Touch screens, etc., accounting for approximately 40% of the total cost. As the Company's products are manufactured to client specifications, the products are uniquely tailored to client needs. Therefore, the company is at an advantageous position when pricing products and negotiating with clients. In order to reduce the impact of price changes on the company's profit, the measures for material purchase costs are as follows:

(1) Strengthen the “design for cost” cost control during the research and development stage, introduce modular design and converge material specifications when designing the electronics, reduce purchase costs by taking advantages of bulk purchases, and use core technology advantages to develop streamlined, sturdy and practical structural designs. The structural design can reduce size and weight, and also reduce the consumption of metal and plastic parts.

(2) Plan long-term procurement plans or the policy buy project procurements to ensure a constant supply of raw materials and effectively control the material costs for common materials, or for original materials with expected price fluctuations/material shortages/price increases.

(3) Analyze the cost structure of the supplier's quotation, assist suppliers to improve the efficiency and reduce consumption to save costs, provide forecasts to increase the visibility of procurement demands, increase manufacturers' willingness to cooperate, and increase the amount of leverage when negotiating prices.

(4) Continue to enhance the information communication platform for production and sales procurement, accelerate the response speed of market information, and timely adjust procurement plans and sales quotations.

7.6.2 The policy of engaging in high-risk, highly leveraged investments, loaning of funds, endorsements and guarantee, and derivatives trading, the main reason for profit or loss in recent years to the date this report was printed, and future response measures:

1. The Company adopts a steady and conservative financial management policy, and the relevant operating procedures and announcements are handled in accordance with the Company's "Operational Procedures for Acquisition and Disposal of Assets" "Operational Procedures for Endorsements and Guarantees" and "Operational Procedures for Loaning of Company Funds".

2. The Company follows a steady and conservative financial management policy. In the past, the Company did not engage in high-risk and highly leveraged investment activities. The Company will continue to carefully evaluate high-risk investments and financial activities to avoid potential risks. The situation of the Company and its subsidiaries for 2023 and up until the most recent annual report are as follows:

(1) Endorsement and guarantee

Subsidiary Box Technologies Limited (a subsidiary of Box Holdings) has applied for a £1 million credit line to Chang Hwa Commercial Bank in order to expand the operating turnover requirements of the European market. The Company has evaluated this case using the "Operational Procedures for Endorsements and Guarantees" and reported it to the board of directors for approval providing a 100% guarantee for the aforementioned credit case, which did not exceed the limit. The subsidiary has not yet used the facilities as of the annual report's publication date. Apart from this case, all subsidiaries have not been endorsed or guaranteed by others.

(2) Loans to others

The company and all subsidiaries did not extend any loans to external parties in 2023.

(3) Derivative transactions

The Company's derivatives trading strategies are hedge trades that are designed to circumvent the risk of exchange rate fluctuations of existing foreign currency assets or liabilities. All subsidiaries have never engaged in derivative transactions in 2023.

7.6.3 Recent R&D investment plans and progress, and future R&D plans and estimated T&D investment expenses:

The Company's 2023 R&D plans were carried out according to schedule. Apart from a small number of products that have completed testing, verification and production trials for mass production during the first half of 2024, the rest have already been put into mass production and sales. Apart from completing unfinished products from the previous year, expand its product range and existing product series, the company’s 2024 R&D direction will continue to develop competitive new product lines with high added value for different market segments and application areas, and actively expand emerging demand markets to innovatively develop diverse application fields. In addition, the Company controls the R&D progress using projects, and pays constant attention to the development of technology, product trends, the situation of competitors, sales markets and demand changes in the material supply market. They are all factors that can potentially affect the success of the R&D, therefore all R&D plans must meet market demands and completed on schedule.

Year	R&D Plan	Current progress of unfinished R&D Plans	Expected mass production completion time	Reinvested R&D expenses	The main factors affecting successful R&D in the future
2023	1. ndustrial computer series: POS316/317/319, POS335X2, POS337X2, POS627, OS657, POS615N2, POS617N2, POS665N2, POS667N2/ POS5000N2, B6120, PC51, PC54, PC56, PC63, PC65 KPC2, KPC5, KPC6N 2. New motherboard series: G17, G69S, G94S, F35, F85, F87, F32, F33, F37, F38	Most of them have been developed in 2023, and a small number of unfinished products will be mass-produced in the first half of 2024.	Mass production according to the original plan	None	None
2024	1. ndustrial computer series: POS327N3, POS335N3, POS337N3, POS337N, POS458, POS485N3, POS487N3, K737N3,K738N3,K739N3, K757N3, K758N3, K759N3, K797N3, K799N3, K669N3, K655N3, K670, KPC1N2 2. New motherboard series: G18, G35, G75U, G96, G97S, G38	In progress	End of 2024	It is estimated that the research and development expenses will be NTD 178,000 in thousand in 2024	None

7.6.4 The impact of the changes in domestic and foreign major policies and law on the Company’s finance and business in the most recent years to the date this report was printed, and the response measures:

The Company continues to pay attention to changes in domestic and foreign political and economic environments, important policies and laws. The company is always analyzing and reviewing the impact of these changes, and make revisions to company regulations when competent authorities issue important information on corporate governance and risk control. After assessments, the aforementioned changes up until the 2023 annual report publication date have not significantly impacted the Company’s finances and businesses. Therefore, the response measures are not applicable.

7.6.5 The impact of the changes in technology (include the risk of cyber security) and industry on the Company’s finance and business in the most recent years to the date this report was printed, and the response measures:

Since its inception, the Company has been actively involved in the design, sales channels and R&D of computer products. Since the Company’s establishment, Taiwan’s electronic industry has undergone dramatic changes and various innovative technologies have been introduced in recent years, such as mobility payments, big data applications, unmanned stores self service and remote software service. The Company fully understands the pace of technology and industry trends, and has introduced new product designs to provide innovative applications. Therefore, correct product positioning with flexible sales strategies and extensive market channels allows the company to be ahead of its competitors. The Company’s products are customized products tailor-made to client specifications as the Company’s competitive foundation is based on flexible customization and offering products to a wide range of applicative products, and is capable of maintaining stable profits. In terms of cyber security, the Company has obtained ISO 27001 certification in 2013, and conducts internal and external audits every year to maintain the continuous effectiveness of the management system. There was no major abnormality in 2023. After assessments, the changes in technology, risk of cyber security ,and industries up until the Company’s 2023 annual income and annual report publication dates have not significantly impacted the Company's finances and businesses. Therefore, the response measures are not applicable.

7.6.6 The impact of changes in corporate image on the Company’s crisis management in the most recent years to the date this report was printed and the response measures:

Since inception, the company has adhered to the corporate philosophy of “pursuit of excellence, integrity, and steadiness.” Focused on its trade, the company pursues “flexibility” and “innovation,” attaching importance to corporate image and risk control. In terms of organizational operations and system launch, emphasis is given to “the system of a large company and the flexibility of a small company.” Faced with changes in external environment and challenges, the company maintains a high degree of organizational flexibility to quickly respond to market changes. When disasters (including typhoons, floods, earthquakes, information system interruptions, raw material supply, epidemics, or power supply shortages, and other natural and manmade disasters) occur, emergency recovery plans, contingency plans, and task teams are set up, while periodic evaluations, corrections, and drills are conducted to ensure the company can quickly resume normal operations during occurrences of emergency events.

Besides this, in the board of directors meeting convened in January 2021, it was passed that the “Risk Management Policy and Operating Rules” should be duly enacted to set up a sound risk management framework to expressly define the division of responsibilities as follows to ensure that the business operation can continually go ahead to prevent potential losses to achieve sustainable operations purposes:

The company's board of directors is the highest governance unit for risk management. It is responsible for approving risk management policies, procedures, and frameworks to ensure alignment with operational strategies. The Board ensures the establishment of appropriate risk management mechanisms and a risk management culture. It oversees and ensures the effective operation of the overall risk management framework, allocates and assigns adequate and appropriate resources, and holds the ultimate responsibility for the effectiveness of risk management.In 2023 and as of the publication date of the annual report, the Company's internal control system has proved to have been appropriately managed and controlled without any significant risk oriented issues that were likely to impact the business operation taking place. Please refer to the explanation in section 7.6.13 for details on the main risks and their corresponding responses. Considering the company's size, business characteristics, risk nature, and operational activities, we do not establish a Risk Management Committee. Instead, the president and the highest executives of each operating center serve as the "Risk Management Promotion Management team" and the team is handled by the Risk Management Permanent Unit and Risk Management Project Teams. These units replace the functions of a Risk Management Committee, responsible for planning, executing, and monitoring risk management-related matters. The audit unit supervises the execution units and project teams in carrying out their tasks and assists in corrective actions when necessary.

7.6.7 The expected benefits, potential risks and response measures for mergers and acquisitions for the most recent year and up to the date of publication of the annual report are as follows: None

7.6.8 The expected benefits, potential risks and response measures for the factory expansion for the most recent year and up to the date of publication of the annual report are as follows:

The Company has no plans to expand the factory for the most recent year of 2023 and publication date of the annual report.

7.6.9 The risks and corresponding measures faced with the purchase and sale of goods in the most recent year and up to the date of publication of the annual report are as follows:

1. Purchase: During 2023 and up until the publication date of the annual report, the company has not exceeded the net purchase amount of 10%, except for purchases from large-scale IC agency Synnex Technology. The purchases were not overly concentrated either.
2. Sales: The Company is a professional manufacturer of custom development and designs for industrial computers, and its main sales targets include system integrators, enterprise projects, and international companies. The types of clients are more dispersed as there are no concerns of excessive concentration.

7.6.10 The risks and impacts of significant shareholding transfers by directors, supervisors, or major shareholders with more than 10% ownership interest in the most recent years to the date this report was printed and the responsive measures to such risks:

In 2023 and up until the publication date of the annual report, the Company's directors, supervisors or shareholders holding more than 10% of the shares did not have large share transfers or replacements.

7.6.11 The impact, risks and response measures to the changes in management rights on the company in the most recent year and up until the date of publication of the annual report are as follows:

The Company has no circumstances or plans for the transfer of management rights in 2023 and up till the publication date of the annual report.

7.6.12 In the most recent year and up till the publication date of the annual report, lawsuits and non-contentious cases should clearly state the company and the company's directors, supervisors, general managers, substantive people in charge, major shareholders and subordinates with a shareholding ratio of more than 10%, major lawsuits, non-contentious cases, or major administrative disputes with determined judgements or still pending judgement. The results may have a significant impact on shareholders' equity or securities prices, and individuals should disclose the facts of the dispute, the bid amount, the commencement date of the lawsuit, main parties involved and the handling of the situation up until the publication date of the annual report:

The Company has no related lawsuits or non-contentious cases for 2023 and up until the publication date of the annual report.

7.6.13 Other significant risks and responsive measures:

As the COVID-19 pandemic began to subside in late 2022 and the global economy gradually recovered, FlyJet's pandemic response task force ceased operations. The operational risks shifted from labor shortages, material shortages, and flight disruptions to inventory control and market fluctuations. The primary operational risks and corresponding mitigation strategies for 2023 are as follows:

1. Regarding inventory levels, in 2022, inventory was increased in response to global material shortages caused by the pandemic, resulting in higher-than-usual year-end stock. Starting in the first quarter of 2023, efforts were made to adjust and reduce these inventory levels. By the end of 2023, inventory had returned to normal levels, demonstrating effective management and response.
2. Regarding market risks, in the post-pandemic year of 2022, customers placed a large number of orders, resulting in elevated inventory levels. Changes in lifestyle during the pandemic and the increased prevalence of mobile devices led to shifts in consumer behavior and market demand, also impacting customers' needs for new and replacement devices. In response, Flytech adjusted its sales strategy to include offering application-specific products, providing integrated solutions that combine software

services, and developing energy-efficient models. These efforts began to show positive results by the end of 2023, with significant outcomes anticipated in 2024.

Through the collective efforts of all employees, we navigated the revenue decline in 2023. Upon evaluation, our risk management system's operation has been deemed appropriate.

7.7 Other important disclosures: None

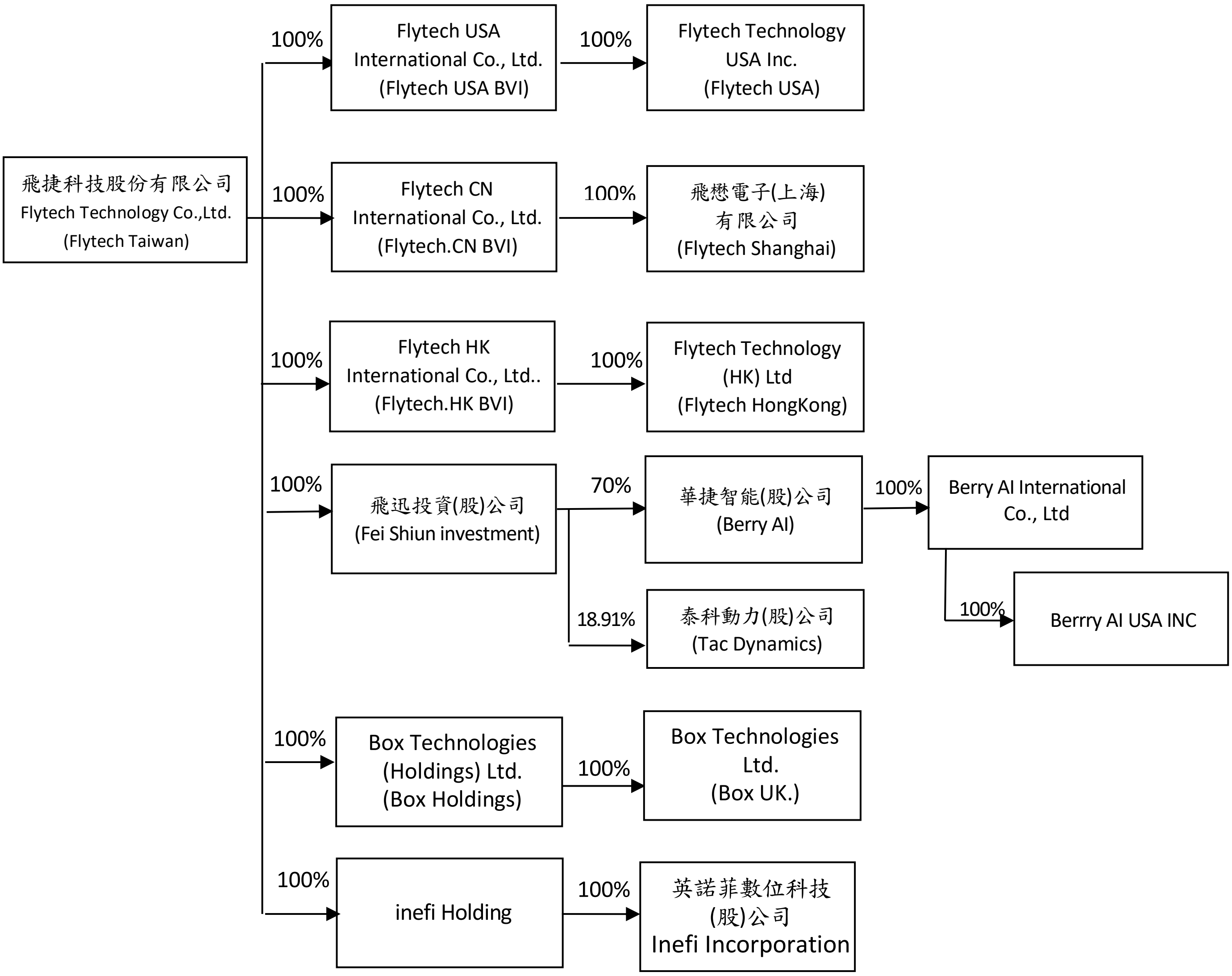
VIII. Special remarks

8.1 Affiliated companies

8.1.1 Affiliates consolidated business report:

1. Affiliated Enterprises overview

   (1) The investment relationship and shareholding ratio of the Company and its subsidiaries are as follows (data deadline: December 31st, 2023)



(2) Profiles of the Affiliated Enterprises

December 31, 2023; Unit: NTD thousand

Name of enterprise	Date of establishment	Address	Paid-in shares Capital	Major operations
Flytech USA BVI	2001.05	BritishVergin islands	9,629	Holdings
Flytech HK BVI	2001.05	BritishVergin islands	1,723	Holdings
Flytech CN BVI	2001.07	BritishVergin islands	6,544	Holdings
Fei Shiun investment	2008.01	Taipei City	190,000	General investment business
inefi Holding	2021.11	British cayman islands	1,052	Holdings
Box Holdings	2004.01	United Kingdom	189	General investment business
Flytech USA	1929.11	U.S.	99,094	Transactions of computers, instrument systems, peripheral equipment
Flytech HK	1929.12	Hong Kong	10,433	Transactions of computers, instrument systems, peripheral equipment
Flytech Shanghai	2001.10	Shanghai	69,089	Transactions of computers, instrument systems, peripheral equipment
Berry AI	108.01	Taipei City	300,000	Operating data software and information processing, integrating software and hardware services
Box UK	2019.06	United Kingdom	472	Transactions of computers, instrument systems, peripheral equipment
Box Nordic	2013.08	Sweden	–	Transactions of computers, instrument systems, peripheral equipment
Inefi Incorporation	2022.03	Taipei City	180,000	Operating data software and information processing, integrating software and hardware services
Berry AI BVI	2021.05	BritishVergin islands	1,398	Holdings
Berry AI USA INC	2021.08	U.S.	27,965	Operating data software and information processing, integrating software and hardware services
Tac Dynamics	2021.04	New Taipei City	34,544	Wholesale of machinery, electrical appliances and precision instruments

Note: Box Nordic was liquidated and completed in May 2023.

(3) Presumed to have control and has affiliation according to Article 369-3 of the Company Act: None

(4) The industries housed in the same business location of the whole Affiliated Enterprises:

The relationship between the Company and the business operations of affiliated companies include: the electronics industry, the computer industry, the manufacturing industry, and merchandising-sector companies.

(5) Profiles of Directors, Supervisors and Presidents of the Affiliated Enterprises:

December 31, 2023

Name of enterprise	Title	Company name or representative	Status of shareholding	
			Number of shares or Contribution amount	Number of shares or Contribution amount
Flytech USA BVI	Chairman	Flytech Technology Co., Ltd. Representative: Shyu, Jia Horng	100,000 shares	100 %
Flytech HK BVI	Chairman	Flytech Technology Co., Ltd. Representative: Shyu, Jia Horng	50,000 shares	100 %
Flytech CN BVI	Chairman	Flytech Technology Co., Ltd. Representative: Shyu, Jia Horng	200,000 shares	100 %
Fei Shiun investment	Chairman	Flytech Technology Co., Ltd. Representative: Shyu, Jia Horng	19,000,000 shares	100 %
Box Holdings	Director	Shyu, Jia Horng	—	—
	Director	Lin, Yi Chi		
	Director	Stuart Walker		
inefi Holding	Chairman	Flytech Technology Co., Ltd. Representative: Hsieh, Sheng Wen	28,000,000 shares	100 %
Flytech USA	Chairman	Lam, Tai Seng	—	—
Flytech HK	Chairman	Lam, Tai Seng	HKD 1,000,000	100 %
	Director	Flytech HK BVI		
Flytech Shanghai	Chairman	Flytech CN BVI Representative: Wang, Wei Wei	USD 2,000,000	100 %
	Director	Flytech CN BVI Representative: Lam, Tai Seng		
	Director	Flytech CN BVI Representative: Wang, Chi Fung		
	Supervisor	Flytech CN BVI Representative: Wu, Pi Tao		
Berry AI	Chairman	Fei Shiun investment Co., Ltd. Representative: Shyu, Jia Horng	21,000,000 shares	70.00 %
	Director	Fei Shiun investment Co., Ltd. Representative:. Hsieh, Sheng Wen		
	Director	Lin, I Chung	1,370,000 shares	4.57 %
	Supervisor	Wu, Pi Tao	—	—
Box UK	Chairman	Walker, Stuart Richard	—	—
	Director	Hung, Dong Chang		
	Director	Hsieh, Sheng Wen		
	Director	Shyu, Jia Horng		
	Director	Lin, Yi Chi		
	Director	Begley, Conor Patrick Anthony		
	Director	Patterson, Ian James		
Inefi Incorporation	Chairman	inefi Holding Co., Ltd. Representative: Shyu, Jia Horng	18,000,000 shares	100 %
	Director	inefi Holding Co., Ltd. Representative: Hsieh, Sheng Wen		
	Director	inefi Holding Co., Ltd. Representative: Chou Li Chun		
	Supervisor	inefi Holding Co., Ltd. Representative: Chiang, Yu Chin		

Name of enterprise	Title	Company name or representative	Status of shareholding	
			Number of shares or Contribution amount	Number of shares or Contribution amount
Tac Dynamics	Chairman	Lin, Chuan Kai	577,157 shares	16.71%
	Director	Fei Shiun investment Co., Ltd.	653,134 shares	18.91%
	Director	Taiwania Capital Buffalo Fund V, LP.	1,270,598 shares	36.78%
	Supervisor	Chen, Hsuan Po	308,933 shares	8.94%
	Supervisor	NFC Fund III,L.P.	317,650 shares	9.2%
Berry AI BVI	Chairman	Berry AI. Representative: Lin, I Chung	50,000 shares	100 %
Berry AI USA INC	Chairman	Lin, I Chung	—	—

2. Business Performance of Affiliated Enterprises

December 31, 2023; Unit: NTD thousand

Name of enterprise	Capital	Total assets	Total Debt	Net value	Operating revenue	Operating profit	Net income (After income tax)	Earnings per share (After income tax)
Flytech USA BVI	9,629	77,862	0	77,862	0	(52)	(5)	—
Flytech HK BVI	1,723	188,794	0	188,794	0	0	29,293	—
Flytech CN BVI	6,544	139,344	0	139,344	0	0	2,537	—
Fei Shiun investment	190,000	268,182	70	268,112	0	(105)	(72,205)	—
inefi Holdings	1,052	188,789	276	188,513	0	(2,173)	(36,419)	—
Box Holdings	189	371,233	40,472	330,761	0	0	27,015	—
Flytech USA	99,094	85,224	8,391	76,833	2,172	(33,716)	31	—
Flytech HK	10,433	233,549	44,778	188,771	156,095	31,514	29,293	—
Flytech Shanghai	69,089	133,942	12,388	121,554	55,689	(212)	1,949	—
Berry AI	300,000	176,528	25,807	150,721	1,486	(87,283)	(97,158)	—
Box UK	472	511,040	145,390	365,650	657,298	38,430	28,401	—
Inefi Incorporation	180,000	185,417	8,596	176,821	164	(35,219)	(34,296)	—
Tac Dynamics	34,544	74,677	12,369	62,308	11,362	(31,062)	(24,526)	
Berry AI BVI	1,398	15,328	0	15,328	0	0	(10,801)	—
Berry AI USA INC	27,965	14,736	1,653	11,426	4,205	(10,831)	(10,831)	—

8.1.2 Consolidated financial statement of affiliated enterprises:

The companies to be included by the Company in the consolidated financial statement of affiliated enterprises in 2023 (January 1 to December 31, 2023) pursuant to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those to be included into the consolidated financial statement of the parent company and subsidiaries pursuant to the Statements of International Financial Reporting Standards (IFRS) No. 10. Further, the related information to be disclosed in the consolidated financial statement of affiliated enterprises has been disclosed in the said consolidated financial statement of parent company and subsidiaries. Accordingly, it is not necessary for the Company to prepare the consolidated financial statement of affiliated enterprises separately.

8.1.3 Affiliated Company Affiliation Report: There is no need to prepare an affiliation report.

8.2 Private placement of securities during the latest year up till the publication date of this annual report: None

8.3 Holding or disposal of the company’s shares by its subsidiaries during the latest financial year, up to the publication date of this annual report: None

8.4 Other supplementary information: None

8.5 Occurrences of events defined under Article 36-3-2 of the Securities and Exchange Act in the latest year up till the publishing date of this annual report that significantly impacted shareholders' equity or security prices: None

Audit Committee’s Review Report

To: The 2023 Annual Meeting of Shareholders of This Company

We reviewed the financial statements (including the consolidated financial statements) of Flytech Technology Co., Ltd. in 2023, which have been audited by Wei-Ming Shih,CPA and Huei-Chen Chang,CPA, with the issuance of the Auditors’ Report. We also reviewed the business report and the proposal for the distribution of earnings, which we found to be conforming to applicable laws and principles. We hereby report on our review pursuant to Article 14-5 of the Securities Exchange Law and Article 219 of the Company Law.

Best regards

Flytech Technology Co., Ltd.
The head of Audit Committee: Hsieh, Han Chang

March 8, 2024

Representation Letter

The entities that are required to be included in the combined financial statements of Flytech Technology Co., Ltd. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 “Consolidated Financial Statements.” endorsed by the Financial Supervisory Commission, In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Flytech Technology Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Flytech Technology Co., Ltd.
Tai-Seng, Lam
Chairman
Date: March 8, 2024

Independent Auditors’ Report

To the Board of Directors
Flytech Technology Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Flytech Technology Co., Ltd. and its subsidiaries, 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 a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Flytech Technology Co., Ltd. and its subsidiaries 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 with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“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 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 Flytech Technology Co., Ltd. and its subsidiaries 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 of 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 the current period. These matters were addressed in the context of our audit of consolidated 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 Flytech Technology Co., Ltd. and its subsidiaries’ consolidated financial statements for the year ended December 31, 2023 are stated as follows:

1. Revenue recognition

   Please refer to Note 4(o) for accounting policy on revenue recognition and Note 6(t) for related disclosures of revenue recognition, respectively, to the notes to the consolidated financial statements.

Description of key audit matter:

Revenue is recognized based on the various trade terms agreed with customers. This exposes Flytech Technology Co., Ltd. and its subsidiaries to the risk that the sales transactions made close to the balance sheet date are not recorded in the appropriate period. Consequently, the revenue recognition has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included testing the design and operating effectiveness of Flytech Technology Co., Ltd. and its subsidiaries' internal controls over financial reporting on sales; assessing whether revenue is recognized based on the trade terms with customers through reviewing the related sales contracts or other trade documents; performing a sample test on the sales transactions that took place before and after the balance sheet date, as well as reviewing and understanding the reasonableness for any identified significant sales returns and allowances that took place after the balance sheet date to ensure that revenue was recognized in the appropriate period.

2. Impairment of goodwill

Please refer to Note 4(m) for accounting policy on impairment of non-financial assets, Note 5(b) for uncertainty of accounting estimates and assumptions for goodwill impairment, and Note 6(k) for related disclosures of goodwill impairment test, respectively, to the notes to the consolidated financial statements.

Description of key audit matter:

Goodwill arising from business combinations is annually subject to impairment test or when there are indications that goodwill may have been impaired. The assessment of the recoverable amount of goodwill involves management's judgment and estimation. Accordingly, the assessment of impairment of goodwill has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included obtaining the assessment of goodwill impairment provided by the management; assessing the appropriateness of the valuation model and key assumptions, including the discount rate, expected sales growth rate and future cash flow projections, used by the management in measuring the recoverable amount; performing a sensitivity analysis to assess the impact of variation in key assumptions; and assessing the adequacy of disclosures of related information on evaluation of goodwill impairment.

Other Matter

The Company has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified audit 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 with the IFRSs, IASs, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing Flytech Technology Co., Ltd. and its subsidiaries' 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 Flytech Technology Co., Ltd. and its subsidiaries 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 Flytech Technology Co., Ltd. and its subsidiaries' 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 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 Flytech Technology Co., Ltd. and its subsidiaries' 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 Flytech Technology Co., Ltd. and its subsidiaries' 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 Flytech Technology Co., Ltd. and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Flytech Technology Co., Ltd. and its subsidiaries 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 identified 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 of the current period 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 audit resulting in this independent auditors' report are Chang, Huei-Chen and Hsu, Shih-Chun.

KPMG
Taipei, Taiwan (Republic of China)
March 8, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the 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 accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollar)

		December 31, 2023		December 31, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 2,509,200	45	2,814,795	46
1110	Financial assets at fair value through profit or loss—current (note 6(b))	9,683	-	9,521	-
1120	Financial assets at fair value through other comprehensive income—current (note 6(b))	3,000	-	-	-
1136	Financial assets measured at amortized cost—current (notes 6(c), (o) and 8)	274,242	5	156,224	3
1150-1170	Notes and accounts receivable, net (notes 6(d) and (t))	817,540	14	760,115	13
130X	Inventories (note 6(e))	557,101	10	918,989	15
1410-1470	Prepayments and other current assets	29,898	1	17,774	-
	Total current assets	4,200,664	75	4,677,418	77
	Non-current assets:				
1535	Financial assets measured at amortized cost—non-current (note 6(c))	101,594	2	96,941	2
1550	Investments accounted for using equity method (note 6(f))	11,782	-	14,748	-
1600	Property, plant and equipment (note 6(i))	1,023,305	18	1,016,813	17
1755	Right-of-use assets (note 6(j))	31,881	-	44,690	1
1780	Intangible assets (note 6(k))	201,478	4	203,103	3
1840	Deferred income tax assets (note 6(p))	54,417	1	41,802	-
1915	Prepayments for equipment	6,070	-	12,853	-
1920	Refundable deposits	1,916	-	1,804	-
	Total non-current assets	1,432,443	25	1,432,754	23
	Total assets	$ 5,633,107	100	6,110,172	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Consolidated Balance Sheets (Continued)
December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollar)

		December 31, 2023		December 31, 2022	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2130	Contract liabilities—current (note 6(t))	85,137	2	56,723	1
2170	Accounts payable	330,840	6	355,515	6
2200	Other payables (note 6(u))	262,409	5	275,952	4
2230	Current income tax liabilities	169,108	3	272,716	4
2250	Provisions—current (note 6(n))	27,998	-	34,461	1
2280	Lease liabilities—current (note 6(m))	12,998	-	12,580	-
2300	Other current liabilities	17,068	-	45,122	1
	Total current liabilities	905,558	16	1,053,069	17
	Non-current liabilities:				
2570	Deferred income tax liabilities (note 6(p))	1,565	-	4,642	-
2640	Net defined benefit liabilities (note 6(o))	-	-	15,317	-
2580	Lease liabilities—non-current (note 6(m))	21,510	-	33,313	1
	Total non-current liabilities	23,075	-	53,272	1
	Total liabilities	928,633	16	1,106,341	18
	Equity attributable to shareholders of the Company (notes 6(f), (g) and (q)):				
3110	Common stock	1,430,623	25	1,430,623	24
3200	Capital surplus	538,938	10	536,947	9
	Retained earnings:				
3310	Legal reserve	1,300,259	23	1,196,570	20
3320	Special reserve	49,435	1	73,473	1
3350	Unappropriated earnings	1,376,671	25	1,741,308	28
3400	Other equity	(36,669)	(1)	(49,411)	(1)
	Total equity attributable to shareholders of the Company	4,659,257	83	4,929,510	81
36XX	Non-controlling interests (notes 6(g), (h) and (q))	45,217	1	74,321	1
	Total equity	4,704,474	84	5,003,831	82
	Total liabilities and equity	$ 5,633,107	100	6,110,172	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollar , Except for Earnings Per Share)

		2023		2022	
		Amount	**%**	**Amount**	**%**
4000	**Revenue (notes 6(t), 7 and 14)**	$ 3,488,426	100	5,544,225	100
5000	**Cost of revenue (notes 6(e), (i), (j), (k), (m), (n), (o), (u) and 12)**	(2,136,863)	(61)	(3,561,484)	(64)
	Gross profit	1,351,563	39	1,982,741	36
	Operating expenses (notes 6(d), (i), (j), (k), (m), (o), (r), (u), 7 and 12):				
6100	Selling expenses	(354,813)	(10)	(380,066)	(7)
6200	Administrative expenses	(170,474)	(5)	(221,447)	(4)
6300	Research and development expenses	(266,963)	(8)	(274,550)	(5)
	Total operating expenses	(792,250)	(23)	(876,063)	(16)
	Operating income	559,313	16	1,106,678	20
	Non-operating income and loss (notes 6(f), (h), (m) and (v)):				
7100	Interest income	42,060	1	11,358	-
7190	Other income	3,023	-	7,572	-
7020	Other gains and losses	6,300	-	87,487	2
7050	Finance costs	(1,281)	-	(1,115)	-
7370	Share of losses of associates accounted for using equity method	(4,957)	-	(4,365)	-
	Total non-operating income and loss	45,145	1	100,937	2
7900	**Income before income tax**	604,458	17	1,207,615	22
7950	Less: Income tax expenses (note 6(p))	(131,748)	(3)	(187,413)	(4)
	Net income	472,710	14	1,020,202	18
	Other comprehensive income (notes 6(o), (p) and (q)):				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Remeasurements of defined benefit plans	480	-	1,448	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss	(96)	-	(289)	-
		384	-	1,159	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign operations	12,401	-	23,583	1
8399	Income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
		12,401	-	23,583	1
	Other comprehensive income for the year	12,785	-	24,742	1
	Total comprehensive income for the year	**$ 485,495**	**14**	**1,044,944**	**19**
	Net income attributable to:				
8610	Shareholders of the Company	$ 501,857	15	1,043,153	18
8620	Non-controlling interests	(29,147)	(1)	(22,951)	-
		$ 472,710	**14**	**1,020,202**	**18**
	Total comprehensive income attributable to:				
8710	Shareholders of the Company	$ 514,599	15	1,066,698	19
8720	Non-controlling interests	(29,104)	(1)	(21,754)	-
		$ 485,495	**14**	**1,044,944**	**19**
	Earnings per share (in New Taiwan Dollar) (note 6(s)):				
9750	Basic earnings per share	**$**	**3.51**		**7.29**
9850	Diluted earnings per share	**$**	**3.48**		**7.20**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollar)

	Equity attributable to shareholders of the Company											
			Retained earnings				Other equity					
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Foreign currency translation differences	Remeasurements of defined benefit plans	Total	Total equity of the Company	Non-controlling interests	Total equity
Balance at January 1, 2022	$ 1,430,623	528,355	1,128,264	57,939	1,360,507	2,546,710	(68,916)	(4,557)	(73,473)	4,432,215	308,920	4,741,135
Appropriation of earnings:												
Legal reserve	-	-	68,306	-	(68,306)	-	-	-	-	-	-	-
Special reserve	-	-	-	15,534	(15,534)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(572,249)	(572,249)	-	-	-	(572,249)	-	(572,249)
Changes in ownership interests in associates accounted for using equity method	-	12,338	-	-	-	-	-	-	-	12,338	-	12,338
Disposal of subsidiaries	-	-	-	-	-	-	517	-	517	517	(285,854)	(285,337)
Changes in ownership interests in subsidiaries	-	(3,746)	-	-	(6,263)	(6,263)	-	-	-	(10,009)	10,009	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	63,000	63,000
Net income (loss) in 2022	-	-	-	-	1,043,153	1,043,153	-	-	-	1,043,153	(22,951)	1,020,202
Other comprehensive income in 2022	-	-	-	-	-	-	22,386	1,159	23,545	23,545	1,197	24,742
Total comprehensive income (loss) in 2022	-	-	-	-	1,043,153	1,043,153	22,386	1,159	23,545	1,066,698	(21,754)	1,044,944
Balance at December 31, 2022	1,430,623	536,947	1,196,570	73,473	1,741,308	3,011,351	(46,013)	(3,398)	(49,411)	4,929,510	74,321	5,003,831
Appropriation of earnings:												
Legal reserve	-	-	103,689	-	(103,689)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(24,038)	24,038	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(786,843)	(786,843)	-	-	-	(786,843)	-	(786,843)
Changes in ownership interests in associates accounted for using equity method	-	1,991	-	-	-	-	-	-	-	1,991	-	1,991
Net income (loss) in 2023	-	-	-	-	501,857	501,857	-	-	-	501,857	(29,147)	472,710
Other comprehensive income in 2023	-	-	-	-	-	-	12,358	384	12,742	12,742	43	12,785
Total comprehensive income (loss) in 2023	-	-	-	-	501,857	501,857	12,358	384	12,742	514,599	(29,104)	485,495
Balance at December 31, 2023	$ 1,430,623	538,938	1,300,259	49,435	1,376,671	2,726,365	(33,655)	(3,014)	(36,669)	4,659,257	45,217	4,704,474

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollar)

	2023	2022
Cash flows from operating activities:		
Income before income tax	$ 604,458	1,207,615
Adjustments for:		
Adjustments to reconcile profit or loss:		
Depreciation	79,911	86,691
Amortization	23,291	42,872
Provision (reversal) of expected credit loss	(2,212)	708
Share of loss of associates accounted for using equity method	4,957	4,365
Gain on disposal of property, plant and equipment	(450)	(416)
Property, plant, and equipment reclassified to expenses	-	438
Interest expense	1,281	1,115
Interest income	(42,060)	(11,358)
Loss (gain) on disposal of subsidiaries	1,143	(22,042)
Impairment loss on investments accounted for using equity method	-	10,915
Total non-cash profit and loss	65,861	113,288
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets mandatorily measured at fair value through profit or loss	(162)	2,001
Financial assets measured at amortized cost	(910)	-
Notes and accounts receivable	(55,313)	333,050
Inventories	361,888	162,010
Prepayments and other current assets	(12,252)	(1,893)
Net changes in operating assets	293,251	495,168
Changes in operating liabilities:		
Contract liabilities	28,414	8,644
Notes and accounts payable	(24,675)	(268,337)
Other payables	(13,543)	(9,062)
Provisions	(6,463)	3,268
Other current liabilities	(28,054)	9,679
Net defined benefit liabilities	(14,837)	(1,107)
Net changes in operating liabilities	(59,158)	(256,915)
Total changes in operating assets and liabilities	234,093	238,253
Cash provided by operations	904,412	1,559,156
Income taxes paid	(252,562)	(161,462)
Net cash provided by operating activities	651,850	1,397,694

(Continued)

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Continued)
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollar)

	2023	2022
Cash flows from investing activities:		
Purchase of financial assets at fair value through other comprehensive income	(3,000)	-
Increase in financial assets measured at amortized cost	(126,200)	(69,167)
Proceeds from disposal of subsidiaries	-	92,613
Additions to property, plant and equipment (including prepayments for equipment)	(77,634)	(53,242)
Proceeds from disposal of property, plant and equipment	450	615
Additions to intangible assets	(7,623)	(4,417)
Increase in refundable deposits	(112)	(328)
Interest received	46,441	8,136
Net cash flows used in investing activities	(167,678)	(25,790)
Cash flows from financing activities:		
Decrease in short-term borrowings	-	(10,066)
Payment of lease liabilities	(12,885)	(12,214)
Cash dividends distributed to shareholders	(786,843)	(572,249)
Capital injection from non-controlling interests	-	63,000
Interest paid	(1,281)	(1,115)
Net cash flows used in financing activities	(801,009)	(532,644)
Effect of foreign exchange rate changes	11,242	21,245
Net increase (decrease) in cash and cash equivalents	(305,595)	860,505
Cash and cash equivalents at beginning of year	2,814,795	1,954,290
Cash and cash equivalents at end of year	**$ 2,509,200**	**2,814,795**

See accompanying notes to consolidated financial statements.

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollar, Unless Otherwise Specified)

1. Organization and business

Flytech Technology Co., Ltd. (the "Company") was incorporated on August 13, 1984, as a company limited by shares under the Company Act of the Republic of China ("R.O.C.") and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is No. 168, Xing-ai Rd., Neihu Dist., Taipei City, Taiwan. The Company and its subsidiaries (collectively the "Group") are engaged in the design, manufacture and sale of POS system, KIOSK, hardware and software integration and peripheral products.

2. Authorization of the consolidated financial statements

These consolidated financial statements were authorized for issue by the Board of Directors on March 8, 2024.

3. Application of new and revised accounting standards and interpretations:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 "International Tax Reform－Pillar Two Model Rules"

(b) The impact of IFRS endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS 21 “Lack of Exchangeability”

4. Summary of material accounting policies

The material accounting policies presented in the consolidated financial statements are summarized as follows and have been applied consistently to all periods presented in these financial statements.

(a) Statement of compliance

The Group’s accompanying consolidated financial statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” (the “Regulations”) and the IFRSs, IASs, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (collectively “Taiwan-IFRSs”).

(b) Basis of preparation

(i) Basis of measurement

The accompanying consolidated financial statements have been prepared on a historical cost basis except for the following items in the balance sheets:

1) Financial instruments at fair value through profit or loss (including derivative financial instruments);

2) Financial assets at fair value through other comprehensive income;

3) The defined benefit liabilities (or assets) measured at present value of the benefit obligation less the fair value of plan assets; and

4) Cash-settled share-based payment liabilities measured at fair value.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The Group’s consolidated financial statements are presented in New Taiwan Dollar, which is the Company’s functional currency. Except when otherwise indicated, all financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of consolidated financial statements

The accompanying consolidated financial statements incorporate the financial statements of the Company and its controlled entities (the subsidiaries) in which the Company is exposed, or has right, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant inter-company balances, transactions, and the resulting unrealized income and loss are eliminated on consolidation. Total comprehensive income (loss) of a subsidiary is attributed to the shareholders of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, financial statements of subsidiaries are adjusted to align their accounting policies with those adopted by the Group.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the adjustment of the non-controlling interests and the fair value of the consideration paid or received is recognized in equity and attributed to the shareholders of the Company.

(ii) List of subsidiaries included in the consolidated financial statements

			Percentage of Ownership		
Name of Investor	**Name of Investee**	**Principal activities**	**December 31, 2023**	**December 31, 2022**	**Note**
The Company	Flytech USA International Co., Ltd. ("Flytech USA BVI")	Investment and holding activity	100.00%	100.00%	-
The Company	Flytech HK International Co., Ltd. ("Flytech HK BVI")	Investment and holding activity	100.00%	100.00%	-
The Company	Flytech CN International Co., Ltd. ("Flytech CN BVI")	Investment and holding activity	100.00%	100.00%	-
The Company	Fei Shiun Investment Co. Ltd. ("Fei Shiun Investment")	Investment and holding activity	100.00%	100.00%	-
The Company	inefi Holding Co., Ltd. ("inefi Holding")	Investment and holding activity	100.00%	100.00%	-
The Company	Box Technologies (Holdings) Ltd. ("Box Holdings")	Investment and holding activity	100.00%	100.00%	-
Box Holdings	Box Technologies Limited ("Box UK")	Sale of computers and peripheral equipment	100.00%	100.00%	-
Box Holdings	BTechnologies AB ("Box Nordic")	Sale of computers and peripheral equipment	-	100.00%	Note 1
inefi Holdings	Inefi Incorporation	Information software services to provide a unified endpoint management platform	100.00%	100.00%	-

			Percentage of Ownership		
Name of Investor	Name of Investee	Principal activities	December 31, 2023	December 31, 2022	Note
Flytech USA BVI	Flytech Technology (U.S.A.) Inc. (“Flytech USA”)	Sale of computers and peripherals equipment	100.00%	100.00%	-
Flytech HK BVI	Flytech Technology Hong Kong Ltd. (“Flytech HK”)	Sale of computers and peripheral equipment	100.00%	100.00%	-
Flytech CN BVI	Flytech Electronic (Shanghai) Co., Ltd. (“Flytech CN”)	Sale of computers and peripheral equipment	100.00%	100.00%	-
Fei Shiun Investment	Berry AI Inc. (“Berry AI”)	Software and data processing services, and software and hardware integration services	70.00%	70.00%	-
Berry AI	Berry AI International Co., Ltd. (“Berry AI BVI”)	Investment and holding activity	70.00%	70.00%	-
Berry AI BVI	Berry AI USA INC (“Berry AI USA”)	Software and data processing services, and software and hardware integration services	70.00%	70.00%	-

Note 1: Box Nordic was liquidated in May 2023.

(iii) List of subsidiaries which are not included in the consolidated financial statements: None.

(d) Foreign currency

(i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for an investment in equity securities designated as at fair value through other comprehensive income are recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

On the disposal of a foreign operation which involves a loss of control over a subsidiary or loss of significant influence over an associate that includes a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the shareholders of the Group are entirely reclassified to profit or loss. In the case of a partial disposal that does not result in the Group losing control over a subsidiary, the proportionate share of accumulated exchange differences is reclassified to non-controlling interests. For a partial disposal of the Group's ownership interest in an associate or joint venture, the proportionate share of the accumulated exchange differences in equity is reclassified to profit or loss.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current when one of following criteria is met; all other assets are classified as non-current assets.

(i) It is expected to be realized, or intended to be sold or consumed in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting date; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when one of following criteria is met; all other liabilities are classified as non-current liabilities:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

(f) Cash and cash equivalents

Cash comprises cash on hand, demand deposits and checking deposits. Cash equivalents are short-term and highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits that meet the aforesaid criteria and are not held for investing purposes are also classified as cash equivalents.

(g) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

On initial recognition, financial assets are classified into the following categories: measured at amortized cost and fair value through profit or loss (FVTPL). Regular way purchases or sales of financial assets are recognized or derecognized on a trade-date basis.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Financial assets at fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any
interest or dividend income, are recognized in profit or loss.

3) Financial assets at fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment loss are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, other comprehensive income accumulated in equity are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income derived from equity investments is recognized on the date that the Group's right to receive the dividends is established (usually the ex-dividend date).

4) Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, "principal" is defined as the fair value of the financial assets on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features)

5) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, financial assets at amortized cost and other financial assets).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following financial assets which are measured as 12-month ECL:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable are always measured at an amount equal to lifetime ECL.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument. 12-month ECL are the portion of ECL that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group’s historical experience and informed credit assessment as well as forward-looking information.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off, either partially or in full, to the extent that there is no realistic prospect of recovery. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

6) Derecognition of financial assets

The Group derecognized a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities

1) Classification of debt or equity

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

2) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

3) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been fulfilled or cancelled, or has expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

4) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group has the legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency exposures. Derivatives are initially measured at fair value, and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss. If the valuation of a derivative instrument results in a positive fair value, it is classified as a financial asset; otherwise, it is classified as a financial liability.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated based on the weighted-average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other cost incurred in bringing them to a location and condition ready for sale. Fixed manufacturing overhead is allocated to finished products and work in process based on the higher of normal capacity or actual capacity; variable manufacturing overhead is allocated based on the actual capacity of machinery and equipment. Net realizable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and necessary selling expenses.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or jointly control, over the financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost, plus, any transaction costs. The carrying amount of the investment in associates includes goodwill identified on acquisition, net of any accumulated impairment losses. When necessary, the entire carrying amount of the investment (including goodwill) will be tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group’s share of its associates’ post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized as other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When changes in an associate’s equity are not recognized in profit or loss or other comprehensive income of the associate, and such changes do not affect the Group’s ownership percentage of the associate, the Group recognizes the change in ownership interests of its associate as “capital surplus” in proportion to its ownership.

Unrealized gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated investors’ interests in the associate.

Adjustments are made to associates’ financial statements to conform to the accounting policies applied by the Group.

When the Group’s share of losses in an associate equals or exceeds its interest in the associate, the recognition of further losses is discontinued. Additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

When an associate issues new shares and the Group does not subscribe to the new shares in proportion to its original ownership percentage, the Group’s interest in the associate’s net assets will be changed. The change in the equity interest is adjusted through the capital surplus and investment accounts. If the Group’s capital surplus is insufficient to offset the adjustment to investment accounts, the difference is charged as a reduction of retained earnings. If the Group’s interest in an associate is reduced due to the additional subscription to the shares of associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of and asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives for property, plant and equipment are as follows: machinery and equipment: 3 to 15 years; mold equipment: 4 to 6 years; office equipment: 3 to 15 years; other equipment: 2 to 15 years; buildings are depreciated over the following useful lives of significant individual components: main structure: 50 years; mechanical & electrical power equipment: 20 years; and air-conditioning system: 10 years.

Depreciation methods, useful lives, and residual values are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

(k) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a leasee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

— there is a change in future lease payments arising from the change in an index or rate;

— there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee;

— there is a change of the Group's assessment on whether it will exercise an option to purchase the underlying asset;

— there is a change in the lease term resulting from a change of the Group's assessment on whether it will exercise a extension or termination option; or

— there is any lease modification in lease subject, scope of the lease or other terms.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the balance sheets.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(Continued)

(l) Intangible assets

(i) Goodwill

Goodwill arising from acquisitions of subsidiaries is accounted for as intangible assets. Goodwill arising from acquisitions of associates is included in the carrying amount of investments in associates. Goodwill is not amortized but is measured at cost less accumulated impairment losses.

(ii) Other intangible assets

Trademarks, patents, acquired software and technology, and customer relationships acquired in a business combination are measured at fair value at the acquisition date. Subsequent to the initial recognition, such intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. Other separately acquired intangible assets are carried at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized in profit or loss on a straight-line basis over the following estimated useful lives: trademarks: 5 to 7 years; patents and technology: 5 years; customer relationships: 5 to 7 years; acquired software: 2 to 15 years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and the weighting of all possible outcomes against their associated probabilities.

(o) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring its control of goods or services to a customer. The accounting policies for the Group's main types of revenue are explained below.

(i) Sale of goods

The Group recognizes revenue when its control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group grants its customers the right to return the faulty goods under the standard warranty terms and has recognized warranty provisions for this obligation, please refer to note 6(n).

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(ii) Revenue from service rendered

Revenue from service rendered is recognized by reference to the stage of completion at the reporting date.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group’s net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The discount rate for calculating the present value of the defined benefit obligation refers to the interest rate of high-quality government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the term of the related pension obligation. The defined benefit obligation is calculated annually by qualified actuaries using the projected unit credit method.

When the benefits of a plan are improved, the expense related to the increased obligations resulting from the services rendered by employees in the past years are recognized in profit or loss immediately.

The remeasurements of the net defined benefit liability (asset) comprise 1) actuarial gains and losses; 2) return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and 3) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset). The remeasurements of the net defined benefit liability (asset) are recognized in other comprehensive income and reflected in other equity.

The Group recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets and any change in the present value of the defined benefit obligation.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed during the period in which employees render services. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to make such payments as a result of past service provided by the employees, and the obligation can be estimated reliably.

(q) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

(r) Income taxes

Income taxes comprise current taxes and deferred taxes. All current and deferred taxes are recognized in profit or loss except for expenses related to business combinations or recognized directly in equity or other comprehensive income.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS 37.

The Group has determined that the global minimum top-up tax which it is required to pay under Pillar Two legislation is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are not recognized for:

(i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction 1) affects neither accounting nor taxable profits (losses) and 2) does not give rise to equal taxable and deductible temporary differences;

(ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(s) Business combinations

Goodwill is measured as the excess of the acquisition-date fair value of consideration transferred (including any non-controlling interest in the acquiree) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed (generally at fair value). If the residual balance is negative, the Group shall re-assess whether it has correctly identified all of the assets acquired and liabilities assumed and recognize any additional assets or liabilities that are identified in that review, and shall recognize a gain on the bargain purchase thereafter.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

Acquisition-related costs are expensed as incurred except for the costs related to issuance of debt or equity instruments.

Components of non-controlling interests in an acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity’s net assets in the event of liquidation are measured individually at either fair value or the present ownership instruments’proportionate share in the recognized amounts of the acquiree’s identifiable net assets. All other components of non-controlling interests are measured at their acquisition-date fair values or other measurement basis in accordance with Taiwan-IFRSs.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value, and recognizes the resulting gain or loss, if any, is recognized in profit or loss. In prior reporting periods, the Group may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income will be recognized on the same basis as would be required if the Group had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount will be reclassified to profit or loss.

The Group recognizes the acquisition-date fair value of the contingent consideration as part of the consideration transferred. The cost of the acquisition and measuring goodwill will retrospectively be adjusted when some changes in the fair value of contingent consideration that the Group recognizes have been made after the acquisition date. Measurement period adjustments is the result of additional information that the Group obtained after that date about facts and circumstances that existed at the acquisition date. The measurement period will not exceed one year from the acquisition date. The Group accounts for the changes in the fair value of contingent consideration that are not measurement period adjustments. The Group's accounting treatment should be based on the classification of contingent consideration. Contingent consideration classified as equity shall not be remeasured and its subsequent settlement will be accounted for within equity.

Others will be measured at fair value at each reporting date and changes in fair value will be recognized in profit or loss or other comprehensive income.

(t) Earnings per share ("EPS")

The basic and diluted EPS attributable to shareholders of the Company are disclosed in the consolidated financial statements. Basic EPS are calculated by dividing net income attributable to shareholders of the Company by the weighted-average number of common shares outstanding during the year. In calculating diluted EPS, the net income attributable to shareholders of the Company and weighted-average number of common shares outstanding during the year are adjusted for the effects of dilutive potential common shares. The Group's dilutive potential common shares include profit sharing for employees to be settled in the form of common stock.

(u) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions on the allocation of resources to the segment and to assess its performance for which discrete financial information is available.

5. Critical accounting judgments and key sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and Taiwan-IFRSs requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in the future periods affected.

There is no information involving critical judgments in applying the accounting policies in the consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year is as follows:

(a) Valuation of inventory

Inventories are measured at the lower of cost or net realizable value. The estimation of net realizable value was based on current market conditions and historical experience with product sales. The inventory cost may exceed its net realizable value due to a price decline and obsolescence of inventory. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon, which could result in significant adjustments.

(b) Impairment of goodwill

The assessment of impairment of goodwill requires the Group to make subjective judgments to identify cash-generating units, allocate the goodwill to relevant cash-generating units, and estimate the recoverable amount of relevant cash-generating units. Any changes in these estimates based on changed economic conditions or business strategies could result in significant adjustments in future years.

6. Significant account disclosures

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 965	836
Demand deposits and checking accounts	1,952,803	2,016,209
Time deposits with original maturities less than 3 months	555,432	797,750
	$ 2,509,200	2,814,795

(b) Financial assets and liabilities at fair value through profit or loss

	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss:		
Convertible bonds	$ 9,683	9,521
Financial assets at fair value through other comprehensive income:		
Domestic unlisted stock	$ 3,000	-

The Group designated the equity investments shown above as financial assets at fair value through other comprehensive income because these investments are held for strategic purposes and not for trading. Please refer to note 6(v) for the amounts of gain (loss) recognized related to financial assets measured at fair value.

(c) Financial assets measured at amortized cost

	December 31, 2023	December 31, 2022
Time deposits with original maturities more than 3 months	$ 370,951	244,751
Other receivables	1,556	646
Interest receivable	3,329	7,768
	$ 375,836	253,165
Presented as:		
Current	$ 274,242	156,224
Non-current	101,594	96,941
	$ 375,836	253,165

The Group intended to hold to maturity in order to receive the contractual cash flows and the contractual cash flows were solely payments of principal and interest on the principal outstanding.

Please refer to note 8 for a description of the Group's financial assets measured at amortized cost pledged as collateral for bank loans.

(d) Notes and accounts receivable, and other receivables

	December 31, 2023	December 31, 2022
Notes receivable from operating activities	$ 2,297	3,020
Accounts receivable measured at amortized cost	815,341	759,305
Less: loss allowance	(98)	(2,210)
	$ 817,540	760,115

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. Forward-looking information is taken into consideration as well. Analysis of expected credit losses on notes and accounts receivable was as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 667,623	-	-
Past due 0-30 days	121,508	-	-
Past due 31-60 days	27,700	0%~12.42%	12
Past due 61-180 days	494	0%~31.81%	10
Past due over 181 days	313	69.33%~100.00%	76
	$ 817,638		98

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 559,688	0%~0.69%	592
Past due 0-30 days	189,806	0%~6.45%	418
Past due 31-60 days	5,726	0%~13.58%	393
Past due 61-180 days	6,918	0%~69.63%	620
Past due over 181 days	187	100.00%	187
	$ 762,325		2,210

Movements of the loss allowance for notes and accounts receivable were as follows:

	2023	2022
Balance at January 1	$ 2,210	1,639
Impairment loss (reversed) recognized	(2,212)	708
Write-off	-	(76)
Derecognition of subsidiaries	-	(59)
Effect of exchange rate changes	100	(2)
Balance at December 31	$ 98	2,210

(e) Inventories

(i) The information of inventories was as follows:

	December 31, 2023	December 31, 2022
Raw materials	$ 308,243	517,523
Work in process	109,647	119,735
Finished goods	63,817	160,299
Merchandise	75,394	121,432
	$ 557,101	918,989

(ii) For the years ended December 31, 2023 and 2022, the amounts of inventories recognized as cost of revenue were $2,068,919 and $3,520,701, respectively. The write-downs of inventories to net realizable value amounted to $75,191 and $24,245, respectively.

(f) Investments accounted for using equity method

			December 31, 2023		December 31, 2022	
Name of associates	Business relationship	Principal place of business/ Registration country	Percentage of voting rights	Carrying amount	Percentage of voting rights	Carrying amount
TAC Dynamics ("TAC")	Sale of machinery and equipment	Taiwan	18.91%	$ 11,782	20.82%	14,748

		2023	2022
Attributable to the Group:			
Net loss (total comprehensive loss)	$	(4,957)	(4,365)

		2023	2022
The Group's shares in equity of associates at January 1	$	25,663	17,690
Net loss attributable to the Group		(4,957)	(4,365)
Capital surplus attributable to the Group		1,991	12,338
The Group's shares in equity of associates at December 31	$	22,697	25,663
Less: accumulated impairment loss		(10,915)	(10,915)
The carrying amount of investments in associates at December 31	$	11,782	14,748

On June 30, 2023, TAC issued new shares for cash, wherein the Group did not subscribe proportionately to its existing ownership percentage, resulting in its ownership in TAC to decrease from 20.82% to 18.91%. The equity method was used to account for the investment in TAC as the Company was elected as one of its three directors to participate in the decision-making on the board and has significant influence over TAC. An increase of $1,991 in its capital surplus was recognized as change in the investment accounted for using equity method.

In addition, on December 23, 2022, TAC issued new shares for cash, wherein the Group did not subscribe proportionately to its existing ownership percentage, resulting in its ownership in TAC to decrease from 35% to 20.82%. The Group recognized the change in ownership interest in the associate accounted for using equity method as an increase in capital surplus by $12,338.

As of March 31, 2022, the impairment loss of $10,915, assessed by the Group in its investment in TAC, was recognized in other gains and losses. In the measurement of impairment loss, the recoverable amounts were determined based on the value in use and the cash flow projections were based on future financial budgets, covering a period of 5 years, approved by the management. Also, the discount rate used to determine value in use was based on the weighted average cost of capital to measure the equity value of TAC.

(g) Subsidiaries and acquisitions of non-controlling interests

(i) Changes in the Group's ownership interest in subsidiary

In March 2022, the Group's subsidiary, Berry AI, issued new shares for cash for a consideration of $252,000, wherein the Group did not subscribe proportionately to its existing ownership percentage, resulting in its ownership in Berry AI to increase from 65.63% to 70%, at the amount of $10,009, and its capital surplus and retained earnings to decrease by $3,746 and $6,263, respectively.

(h) Loss of control in subsidiary

On February 10, 2022, the Group disposed the entire ownership of Poindus System at a disposal price of $310,620, wherein the gain on disposal of $22,042 was recorded as other gains and losses. The relevant details are as follows:

(i) Consideration received

Total consideration received	$	310,620
Expenditure associated with consideration received		(932)
Total consideration received		309,688
Add: Non-controlling interests		285,854
Less: Net assets of Poindus System		(572,983)
Foreign currency translation differences reclassified to profit or loss arising from loss of control in subsidiary		(517)
Gain on disposal of subsidiary	**$**	**22,042**

(ii) Net assets of Poindus System

Cash and cash equivalents	$	217,075
Notes and accounts receivable, net		114,308
Inventories		342,673
Other current assets		39,950
Property, plant and equipment		21,317
Right-of-use assets		37,258
Intangible assets		7,229
Intangible assets－goodwill		21,046
Deferred income tax assets－non-current		18,495
Other non-current assets		2,374
Short-term borrowings		(268)
Notes and accounts payable		(141,704)
Other payables		(31,099)
Current income tax liabilities		(10,642)
Provisions		(2,786)
Lease liabilities－current		(10,701)
Other current liabilities		(5,162)
Deferred income tax liabilities		(1,658)
Net defined benefit liabilities		(17,881)
Lease liabilities－non-current		(26,841)
	$	**572,983**

(i) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Mold equipment	Furniture and fixtures	Other equipment	Total
Cost:							
Balance at January 1, 2023	$ 319,238	782,513	297,152	476,223	72,261	37,239	1,984,626
Additions	-	-	42,146	20,577	8,313	626	71,662
Reclassification	-	-	-	-	(38)	(120)	(158)
Disposals	-	(145)	(3,974)	(10,283)	(584)	-	(14,986)
Effect of exchange rate changes	-	(468)	463	-	184	667	846
Balance at December 31, 2023	$ 319,238	781,900	335,787	486,517	80,136	38,412	2,041,990
Balance at January 1, 2022	$ 319,238	779,838	302,200	514,731	82,308	44,301	2,042,616
Additions	-	-	1,524	26,620	6,234	6,009	40,387
Derecognition of subsidiaries	-	-	(356)	(64,779)	(15,192)	(14,385)	(94,712)
Reclassification	-	-	-	126	(112)	1,944	1,958
Disposals	-	-	(6,194)	(643)	(1,558)	(1,000)	(9,395)
Effect of exchange rate changes	-	2,675	(22)	168	581	370	3,772
Balance at December 31, 2022	$ 319,238	782,513	297,152	476,223	72,261	37,239	1,984,626
Accumulated depreciation:							
Balance at January 1, 2023	$ -	211,519	249,305	427,620	59,435	19,934	967,813
Depreciation	-	18,344	11,169	25,208	5,941	5,010	65,672
Reclassification	-	-	-	-	(7)	(53)	(60)
Disposals	-	(145)	(3,974)	(10,283)	(584)	-	(14,986)
Effect of exchange rate changes	-	(394)	243	-	132	265	246
Balance at December 31, 2023	$ -	229,324	256,743	442,545	64,917	25,156	1,018,685
Balance at January 1, 2022	$ -	191,466	242,402	450,271	66,968	24,413	975,520
Depreciation	-	19,105	13,449	29,825	5,982	4,884	73,245
Derecognition of subsidiaries	-	-	(356)	(52,014)	(12,483)	(8,542)	(73,395)
Reclassification	-	-	-	-	-	(210)	(210)
Disposals	-	-	(6,194)	(519)	(1,483)	(1,000)	(9,196)
Effect of exchange rate changes	-	948	4	57	451	389	1,849
Balance at December 31, 2022	$ -	211,519	249,305	427,620	59,435	19,934	967,813
Carrying amounts:							
Balance at December 31, 2023	$ 319,238	552,576	79,044	43,972	15,219	13,256	1,023,305
Balance at December 31, 2022	$ 319,238	570,994	47,847	48,603	12,826	17,305	1,016,813
Balance at January 1, 2022	$ 319,238	588,372	59,798	64,460	15,340	19,888	1,067,096

(j) Right-of-use assets

	Buildings	Other equipment	Total
Cost:			
Balance at January 1, 2023	$ 45,297	16,283	61,580
Write-off	-	(1,156)	(1,156)
Effect of exchange rate changes	1,290	720	2,010
Balance at December 31, 2023	**$ 46,587**	**15,847**	**62,434**
Balance at January 1, 2022	$ 81,009	7,095	88,104
Additions	11,474	14,898	26,372
Derecognition of subsidiaries	(39,959)	(1,331)	(41,290)
Write-off	(7,974)	(4,462)	(12,436)
Effect of exchange rate changes	747	83	830
Balance at December 31, 2022	**$ 45,297**	**16,283**	**61,580**
Accumulated depreciation:			
Balance at January 1, 2023	$ 14,847	2,043	16,890
Depreciation	10,221	4,018	14,239
Write-off	-	(1,156)	(1,156)
Effect of exchange rates changes	476	104	580
Balance at December 31, 2023	**$ 25,544**	**5,009**	**30,553**
Balance at January 1, 2022	$ 14,814	4,607	19,421
Depreciation	11,348	2,098	13,446
Derecognition of subsidiaries	(3,823)	(209)	(4,032)
Write-off	(7,974)	(4,462)	(12,436)
Effect of exchange rate changes	482	9	491
Balance at December 31, 2022	**$ 14,847**	**2,043**	**16,890**
Carrying amounts:			
Balance at December 31, 2023	**$ 21,043**	**10,838**	**31,881**
Balance at December 31, 2022	**$ 30,450**	**14,240**	**44,690**
Balance at January 1, 2022	**$ 66,195**	**2,488**	**68,683**

(k) Intangible assets

(i) The movements of cost, accumulated amortization and impairment loss of intangible assets were as follows:

	Trademarks	Patents and technology	Customer relationships	Goodwill	Others	Total
Cost:						
Balance at January 1, 2023	$ 34,133	-	238,074	175,358	16,612	464,177
Additions	-	-	-	-	7,623	7,623
Disposals	(392)	-	-	-	-	(392)
Other reclassification	-	-	-	-	13,814	13,814
Effect of exchange rate changes	-	-	-	-	229	229
Balance at December 31, 2023	$ 33,741	-	238,074	175,358	38,278	485,451
Balance at January 1, 2022	$ 99,692	102,847	320,021	202,652	22,777	747,989
Additions	392	-	-	-	4,025	4,417
Derecognition of subsidiaries	(65,951)	(102,847)	(81,947)	(27,294)	(11,005)	(289,044)
Disposals	-	-	-	-	(122)	(122)
Other reclassification	-	-	-	-	800	800
Effect of exchange rate changes	-	-	-	-	137	137
Balance at December 31, 2022	$ 34,133	-	238,074	175,358	16,612	464,177
Accumulated amortization and impairment loss:						
Balance at January 1, 2023	$ 31,766	-	223,903	-	5,405	261,074
Amortization	2,367	-	14,171	-	6,753	23,291
Disposals	(392)	-	-	-	-	(392)
Balance at December 31, 2023	$ 33,741	-	238,074	-	12,158	283,973
Balance at January 1,2022	$ 92,864	102,847	265,809	6,248	11,322	479,090
Amortization	4,853	-	34,457	-	3,562	42,872
Derecognition of subsidiaries	(65,951)	(102,847)	(76,363)	(6,248)	(9,360)	(260,769)
Disposals	-	-	-	-	(122)	(122)
Effect of exchange rate changes	-	-	-	-	3	3
Balance at December 31, 2022	$ 31,766	-	223,903	-	5,405	261,074
Carrying amounts:						
Balance at December 31, 2023	$ -	-	-	175,358	26,120	201,478
Balance at December 31, 2022	$ 2,367	-	14,171	175,358	11,207	203,103
Balance at January 1, 2022	$ 6,828	-	54,212	196,404	11,455	268,899

(ii) The amortization of intangible assets was included in the following line items of the consolidated statements of comprehensive income:

	2023	2022
Cost of revenue	$ 413	133
Operating expenses	22,878	42,739
	$ 23,291	42,872

(iii) Impairment test on goodwill

The carrying amounts of goodwill resulted from business acquisition were allocated to the respective CGUs identified as the following subsidiaries :

	December 31, 2023	**December 31, 2022**
Box	$ 175,358	175,358

Each CGU to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. As of December 31, 2023 and 2022, the recoverable amounts exceeded their carrying amounts based on the results of the impairment tests conducted by the Group. The recoverable amounts of a CGU were determined based on the value in use, and the related key assumptions of the value in use were as follows:

	December 31, 2023	**December 31, 2022**
Revenue growth rates	8%~22.8%	5%~9.8%
Pre-tax discount rates	13.39%	12.65%

1) The cash flow projections were based on future financial budgets, covering a period of 5 years, approved by management. As of December 31, 2023 and 2022, cash flows beyond that 5-year period have been extrapolated using 1.6% and 1.4% growth rate, respectively.

2) The discount rate used to determine value in use is based on the weighted average cost of capital.

(l) Short-term borrowings

	December 31, 2023	**December 31, 2022**
Unused credit facilities	$ 1,438,372	1,221,422
Interest rate	-	-

(m) Lease liabilities

	December 31, 2023	**December 31, 2022**
Current	$ 12,998	12,580
Non-current	$ 21,510	33,313

For the maturity analysis, please refer to note 6(x) for the financial risk management.

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest expense on lease liabilities	$ 1,075	993
Expenses relating to short-term leases	$ 226	1,449
Expenses relating to leases of low-value assets	$ 35	49

The amounts recognized in the statements of cash flows for the Group were as follows:

	2023	2022
Total cash outflow for leases	$ 14,221	14,705

(i) Real estate leases

The Group leases buildings for its offices and factories, with lease terms of one to five years. If the Group needs to renew the lease of contract amount at the end of contract term, lease liabilities and right-of-use assets are remeasured. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Group leases transportation equipment and other equipment, with lease terms of one to three years. These leases are short-term or low-value assets and therefore, the Group applies the exemption and not to recognize right-of-use assets and lease liabilities for these leases.

(n) Provision for warranties

	2023	2022
Balance at January 1	$ 34,461	33,979
Provisions made	1,041	7,079
Amount utilized	(8,680)	(3,700)
Derecognition of subsidiaries	-	(2,786)
Effect of exchange rate changes	1,176	(111)
Balance at December 31	$ 27,998	34,461

The provision for warranties is estimated based on historical warranty data associated with similar products. The Group expects to settle most of the warranty liability in one to three years from the date of the sale of the product.

(o) Employee benefits

(i) Defined benefit plans

The present value of defined benefit obligations and the fair value of plan assets were as follows:

	December 31, 2023	December 31, 2022
Present value of benefit obligations	$ -	41,685
Fair value of plan assets	(673)	(26,368)
Net defined benefit liabilities (assets)	**$ (673)**	**15,317**

The Group makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pension benefits for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive a payment based on years of service and average salary for the six months prior to the employee's retirement.

1) Composition of plan assets

The pension fund (the "Fund") contributed by the Group is managed and administered by the Bureau of Labor Funds of the Ministry of Labor (the Bureau of Labor Funds). According to the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, with regard to the utilization of the Fund, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

As of December 31, 2022, the Company's labor pension fund account balance at Bank of Taiwan amounted to $26,368. In July 2023, the Company reached an agreement with its employees on the early settlement of the defined benefit plan. The labor fund account balance at Bank of Taiwan was entirely withdrawn and paid to employees.

2) Movements in present value of defined benefit obligations

	2023	2022
Defined benefit obligations at January 1	$ 41,685	74,382
Derecognition of subsidiaries	-	(32,305)
Current service costs and interest expense	521	315
Remeasurement on net defined benefit liabilities:		
— Actuarial losses arising from changes in financial assumptions	(361)	430
Past service costs	(1,846)	-
Benefits paid by the plan	(39,999)	(1,137)
Defined benefit obligations at December 31	**$ -**	**41,685**

3) Movements of fair value of plan assets

	2023	2022
Fair value of plan assets at January 1	$ 26,368	38,629
Derecognition of subsidiaries	-	(14,448)
Interest income	330	181
Remeasurement on net defined benefit liabilities:		
– Return on plan assets (excluding current interest expense)	119	1,878
Contributions by plan participants	13,855	1,265
Benefits paid by the plan	(39,999)	(1,137)
Fair value of plan assets at December 31	**$ 673**	**26,368**

4) Changes in the effect of the asset ceiling

In 2023 and 2022, there was no effect of the asset ceiling.

5) Expenses recognized in profit or loss

The expenses recognized in profit or losses were as follows:

	2023	2022
Past service costs	$ (1,846)	-
Net interest expense on net defined benefit liabilities	191	134
	$ (1,655)	**134**
Operating expenses (benefits)	**$ (1,655)**	**134**

6) Actuarial assumptions

The principal assumptions of the actuarial valuation were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.25%	1.25%
Future salary increases rate	2.50%	2.50%

7) Sensitivity analysis

When calculating the present value of the defined benefit obligations, the Group uses judgments and estimations to determine the actuarial assumptions for each measurement date, including discount rates and future salary changes. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

The following table summarizes the impact of a change in the assumptions on the present value of the defined benefit obligation:

	Impact on defined benefit obligations	
	0.25% Increase	**0.25% Decrease**
December 31, 2022		
Discount rate	(641)	663
Future salary change	689	(615)

Each sensitivity analysis considers the change in one assumption at a time, leaving the other assumptions unchanged. This approach shows the isolated effect of changing one individual assumption but does not take into account that some assumptions are related. The method used to carry out the sensitivity analysis is the same as the calculation of the net defined benefit liabilities recognized in the balance sheets.

(ii) Defined contribution plans

The Company and its domestic subsidiaries contribute monthly an amount equal to 6% of each employee’s monthly wages to the employee’s individual pension fund account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Foreign subsidiaries make contributions in compliance with their respective local regulations. Under these defined contribution plans, the Group has no legal or constructive obligation to pay additional amounts after contributing a fixed amount.

The Group recognized expense of the defined contribution plans as follows:

	2023	**2022**
Cost of revenue	$ 4,707	4,554
Operating expenses	17,234	17,808
	$ 21,941	22,362

(p) Income taxes

(i) The components of income tax expense were as follows:

	2023	**2022**
Current income tax expense		
Current period	$ 157,585	262,951
Adjustments for prior periods	(9,998)	(26,253)
	147,587	236,698
Deferred tax benefit		
Origination and reversal of temporary differences	(15,839)	(49,285)
Income tax expense	$ 131,748	187,413

The Group's income tax expense recognized in other comprehensive income was as follows:

	2023	2022
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plans	$ 96	289

The reconciliation of income tax expense and income before income tax was as follows:

	2023	2022
Income before income tax	$ 604,458	1,207,615
Income tax using the Company's statutory tax rate	$ 120,892	241,523
Effect of different tax rates in foreign jurisdictions	611	16,872
Investment tax credits	(16,400)	(11,250)
Changes in unrecognized temporary differences and tax losses	32,646	(27,019)
Additional tax on undistributed earnings	3,988	1,349
Adjustments for prior years	(9,998)	(26,253)
Others	9	(7,809)
	$ 131,748	187,413

(ii) Unrecognized deferred income tax assets and liabilities

Unrecognized deferred income tax assets:

	December 31, 2023	December 31, 2022
Aggregate amount of temporary differences related to investments in subsidiaries	$ 16,525	12,054
Tax losses	69,867	41,302
	$ 86,392	53,356

Unrecognized deferred income tax liabilities:

	December 31, 2023	December 31, 2022
Aggregate amount of temporary differences related to investments in subsidiaries	$ 40,483	40,093

As the Group is able to control the timing of the reversal of temporary differences associated with investments in subsidiaries, and management considers that it is probable that the temporary differences will not reverse in the foreseeable future, such temporary differences were not recognized as deferred income tax assets and liabilities.

Deferred income tax assets have not been recognized in respect of the tax losses because it is not probable that foreseeable taxable profit will be available against which the Company can utilize the tax benefits therefrom. The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. As of December 31, 2023, the tax losses related to unrecognized deferred income tax assets of Berry AI and Inefi Incorporation and the respective expiry years were as follows:

Year of loss	Unrecognized tax losses	Year of expiry
2019	$ 11,281	2029
2020	27,924	2030
2021	63,147	2031
2022	95,407	2032
2023	131,454	2033
	$ 329,213	

Tax losses of the Group’s subsidiaries in America are allowed to be carried forward indefinitely for tax purposes but are limited to 80% of taxable income in any given year. As of December 31, 2023, the related unrecognized deferred income tax amounted to $19,164.

(iii) Recognized deferred income tax assets and liabilities

Deferred income tax assets:

	Defined benefit plans	Inventory provisions	Others	Total
Balance at January 1, 2023	$ 3,511	11,999	26,292	41,802
Recognized in profit or loss	(2,733)	13,800	1,644	12,711
Recognized in other comprehensive loss	(96)	-	-	(96)
Balance at December 31, 2023	**$ 682**	**25,799**	**27,936**	**54,417**
Balance at January 1, 2022	$ 8,828	14,236	31,373	54,437
Recognized in profit or loss	(226)	3,912	2,270	5,956
Recognized in other comprehensive loss	(289)	-	-	(289)
Derecognition of subsidiaries	(4,802)	(6,149)	(7,544)	(18,495)
Effect of exchange rate changes	-	-	193	193
Balance at December 31, 2022	**$ 3,511**	**11,999**	**26,292**	**41,802**

Deferred income tax liabilities:

	Unremitted earnings from subsidiaries	Intangible assets acquired through business combination	Others	Total
Balance at January 1, 2023	$ -	3,237	1,405	4,642
Recognized in profit or loss	-	(3,237)	109	(3,128)
Effect of exchange rate changes	-	-	51	51
Balance at December 31, 2023	**$ -**		**1,565**	**1,565**
Balance at January 1, 2022	$ 35,108	12,794	1,732	49,634
Recognized in profit or loss	(35,108)	(7,899)	(322)	(43,329)
Derecognition of subsidiaries	-	(1,658)	-	(1,658)
Effect of exchange rate changes	-	-	(5)	(5)
Balance at December 31, 2022	**$ -**	**3,237**	**1,405**	**4,642**

(iv) The Company's income tax returns for the years through 2021 were examined and approved by the R.O.C income tax authorities.

(q) Capital and other equity

(i) Common stock

As of December 31, 2023 and 2022, the Company's authorized shares of common stock both consisted of 220,000 thousand shares with par value of NTD 10 per share, both of which 143,062 thousand shares were issued and outstanding.

(ii) Capital surplus

	December 31, 2023	December 31, 2022
Premium derived from the issuance of shares in excess of par value:		
Premium on common stock issued for conversion of convertible bonds	$ 522,161	522,161
Forfeited employee stock options	2,433	2,433
Changes in equity of associates accounted for using equity method	14,329	12,338
Gains on disposal of assets	15	15
	$ 538,938	**536,947**

Pursuant to the Company Act, any realized capital surplus is initially used to cover an accumulated deficit, and the balance, if any, could be transferred to common stock dividends or distributed as cash dividends based on the original shareholding ratio. Realized capital surplus includes the premium derived from the issuance of shares in excess of par value and donations from stockholders received by the Company. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, distribution of stock dividends from capital surplus in any one year shall not exceed 10% of paid-in capital.

(iii) Retained earnings and dividend policy

The Company's Articles of Incorporation stipulate that at least 10% of annual net income after deducting an accumulated deficit, if any, must be retained as a legal reserve until such retention equals the amount of paid-in capital. In addition, a special reserve should be set aside in accordance with applicable laws and regulations. The remaining balance of annual net income, together with the unappropriated earnings from the previous years, should be distributed according to the proposal by the board of directors and thereafter be approved in the shareholders' meeting. Appropriation of earnings should not be less than 60% of the net income after deducting an accumulated deficit, legal reserve, and special reserve.

In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve (which does not qualify for earnings distribution) during earnings distribution. The Company shall make allocation of special reserve for the amount of the current-period total net reduction of other shareholders' equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than the after-tax net profit in the period that are included in the undistributed current-period earnings and the undistributed prior-period earnings. A portion of the undistributed prior-period earnings shall be reclassified to special earnings reserve to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. The amounts of subsequent reversals pertaining to the net reduction of other shareholders'equity shall qualify for additional distributions.

In view of the overall economic environment and the development of the industry, and in order to meet the Company's long-term financial planning and cash requirements of stockholders, the Company has adopted a stable dividend policy in which a cash dividend comprises at least 10% of total distribution of dividends.

The distribution of earnings for 2022 and 2021 had been approved in the meetings of shareholders held on June 9, 2023 and June 8, 2022, respectively. The relevant dividend distributions to shareholders were as follows:

	2022		**2021**	
	Dividends per share (in NTD)	**Total amount**	**Dividends per share (in NTD)**	**Total amount**
Dividends distributed to shareholders:				
Cash dividends	$ 5.50	786,843	4.00	572,249

On March 8, 2024, the Company's Board of Directors proposed to distribute cash dividend of NTD 3.5 per share through 2023 earnings, and to distribute cash of NTD 0.5 per share from capital surplus. The total distributed cash dividend amounted to $572,249, which was NTD 4.0 per share.

The related information of the distribution of earnings would be available at the Market Observation Post System website.

(iv) Other equity items (net after tax)

	Foreign currency translation differences	Remeasurement of defined benefit plans	Total
Balance at January 1, 2023	$ (46,013)	(3,398)	(49,411)
Foreign exchange differences arising from translation of foreign operations	12,358	-	12,358
Remeasurement of defined benefit plans	-	384	384
Balance at December 31, 2023	$ (33,655)	(3,014)	(36,669)

	Foreign currency translation differences	Remeasurement of defined benefit plans	Total
Balance at January 1, 2022	$ (68,916)	(4,557)	(73,473)
Foreign exchange differences arising from translation of foreign operations	22,386	-	22,386
Disposal of subsidiaries	517	-	517
Remeasurement of defined benefit plans	-	1,159	1,159
Balance at December 31, 2022	$ (46,013)	(3,398)	(49,411)

(v) Non-controlling interests (net after tax)

	2023	2022
Balance at January	$ 74,321	308,920
Equity attributable to non-controlling interest:		
Net loss	(29,147)	(22,951)
Decrease in non-controlling interests	-	(222,854)
Foreign currency translation differences	43	1,197
Changes in ownership interest in subsidiaries	-	10,009
	$ 45,217	74,321

(r) Share-based payment

Cash settled phantom stock appreciation rights plan

The Group's subsidiary, Berry AI Inc. ("Berry AI"), granted a cash settled phantom stock appreciation rights plan to employees and consultants who meet certain requirements. Employees and consultants are entitled to exercise their rights under the condition that they continue to provide services to Berry AI ranging from three months to three years in the future, with a value equal to the difference between agreed-upon price and the settlement price. The movements in outstanding phantom stock were summarized as follows:

	2023	
	Units (in thousands)	Weighted average exercise price (in US Dollar)
Outstanding, beginning of the year	1,318	$ 0.52
Granted during the year	290	0.64
Exercised during the year	-	-
Forfeited during the year	(10)	0.43
Outstanding, end of the year	**1,598**	0.55
Exercisable phantom stock, end of year	**-**	

Berry AI adopted the Black-Scholes Model in measuring the fair value of its share-based payment and the assumptions were as follows:

	2023
Fair value at measurement date	$12.78
Expected volatility (%)	109.68%
Expected life (in years)	8 years
Risk-free interest rate (%)	3.87%

Berry AI recognized related expenses for share-based payment amounting to $13,017 as operating expenses.

(s) Earnings per share ("EPS")

(i) Basic earnings per share

	2023	**2022**
Profit attributable to shareholders of the Company	$ 501,857	1,043,153
Weighted-average number of common shares outstanding (in thousands)	143,062	143,062
Basic earnings per share (in New Taiwan Dollar)	**$ 3.51**	**7.29**

(ii) Diluted earnings per share

	2023	2022
Profit attributable to shareholders of the Company	$ 501,857	1,043,153
Weighted-average number of common shares outstanding (in thousands)	143,062	143,062
Effect of dilutive potential common shares:		
Effect of remuneration to employees	955	1,816
Weighted-average number of common shares outstanding (in thousands) (including effect of dilutive potential common stock)	144,017	144,878
Diluted earnings per share (in New Taiwan Dollar)	**$ 3.48**	**7.20**

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

	2023	2022
Primary geographical markets:		
Domestic sales	$ 62,976	571,250
Export sales:		
Asia	444,828	483,070
America	1,666,296	2,789,023
Europe and Africa	1,314,326	1,700,882
	3,425,450	4,972,975
	$ 3,488,426	**5,544,225**
Major products:		
Industrial computers	$ 2,944,466	4,848,810
Peripherals	393,797	572,740
Others	43,614	35,620
	3,381,877	5,457,170
Service income	106,549	87,055
	$ 3,488,426	**5,544,225**

(ii) Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable	$ 817,638	762,325	1,209,813
Less: loss allowance	(98)	(2,210)	(1,639)
	$ 817,540	**760,115**	**1,208,174**
Contract liabilities－current	**$ 85,137**	**56,723**	**48,079**

Please refer to note 6(d) for details on notes and accounts receivable and the loss allowance.

The major changes in the balance of contract liabilities were due to the timing difference between the satisfaction of performance obligation and the receipt of customer's payment.

The amounts of revenue recognized for the years ended December 31, 2023 and 2022 that were included in the contract liability balance at the beginning of period were $52,686 and $35,559, respectively.

(u) Remuneration of employees and directors and supervisors

Pursuant to the Company's articles of incorporation, the Company shall distribute 3% to 15% of its profits in the current period as compensation to its employees and no more than 3% to its directors and supervisors. Nevertheless, the profits in the current period should be reserved for offsetting the accumulated deficit, if any, prior to distributing the compensation to the employees and directors and supervisors. The aforementioned compensation of employees could be distributed in the form of cash or stock to the employees of the Company's subsidiaries conforming to certain requirements.

For the years ended December 31, 2023 and 2022, the Company accrued the remuneration to its employees amounting to $43,800 and $110,000, respectively, and the remuneration to its directors amounting to $5,600, which were calculated based on the net profits before tax of the period (excluding the remuneration to employees and directors), multiplied by the distribution ratio of remuneration to employees and directors under the Company's articles of incorporation, and recognized as cost of revenue and operating expenses. If the actual amounts differ from the estimated amounts, the differences shall be accounted as changes in accounting estimates and recognized as profit or loss in following year.

The aforementioned accrued compensation of employees, directors and supervisors is the same as the amounts approved by the Board of Directors, and will be paid in cash. The related information would be available at the Market Observation Post System website.

(v) Non-operating income and loss

(i) Interest income

	2023	2022
Interest income from bank deposits	$ 42,060	11,358

(ii) Other gains and losses

	2023	2022
Gains on disposal of property, plant and equipment	$ 450	416
Gains (losses) on disposal of subsidiaries (note 6(h))	(1,143)	22,042
Foreign currency exchange gains	6,973	97,888
Net gains (losses) on financial assets and liabilities at fair value through profit or loss	30	(21,837)
Impairment loss on investments accounted for using equity method (note 6(f))	-	(10,915)
Others	(10)	(107)
	$ 6,300	87,487

(iii) Finance costs

	2023	2022
Interest expense on bank loans	$ -	122
Interest expense on lease liabilities	1,075	993
Others	206	-
	$ 1,281	1,115

(w) Financial instruments

(i) Categories of financial instruments

1) Financial assets

	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss:		
Financial assets mandatorily measured at fair value through profit or loss	$ 9,683	9,521
Financial assets at fair value through other comprehensive income:		
Domestic unlisted stock	3,000	-
Financial assets measured at amortized cost:		
Cash and cash equivalents	2,509,200	2,814,795
Financial assets measured at amortized cost (including current and non-current)	375,836	253,165
Notes and accounts receivable	817,540	760,115
Refundable deposits	1,916	1,804
	3,704,492	3,829,879
	$ 3,717,175	3,839,400

2) Financial liabilities

	December 31, 2023	December 31, 2022
Financial liabilities measured at amortized cost:		
Accounts payable	$ 330,840	355,515
Other payables	262,409	275,952
Lease liabilities (including current and non-current)	34,508	45,893
	$ 627,757	677,360

(ii) Fair value valuation—financial instruments not measured at fair value

The Group considers that the carrying amounts of financial assets and financial liabilities measured at amortized cost approximate their fair values.

(iii) Financial instruments that are measured at fair value

The table below analyzes financial instruments that are measured at fair value subsequent to initial recognition, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The different levels have been defined as follows:

1) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

2) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

3) Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	December 31, 2023				
	Carrying Amount	**Fair Value**			
		Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss:					
Convertible bonds	$ 9,683	-	-	9,683	9,683
Financial assets at fair value through other comprehensive income:					
Domestic unlisted stock	$ 3,000	-	-	3,000	3,000

	December 31, 2022				
	Carrying Amount	**Fair Value**			
		Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss:					
Convertible bonds	$ 9,521	-	-	9,521	9,521

There were no transfers between fair value levels for the years ended December 31, 2023 and 2022.

Movement in financial assets included Level 3 fair value hierarchy:

	2023	**2022**
Balance at January 1	$ 9,521	9,581
Additions	3,000	-
Recognized in profit or loss	162	(60)
Balance at December 31	$ 12,683	9,521

(iv) Valuation techniques and assumptions used in fair value measurement

1) Non-derivative financial instruments

The fair value of unlisted stock held by the Group is estimated by using the market or asset valuation approach and is determined by reference to valuations of similar companies, net worth and operating activities. The significant unobservable inputs is primarily the liquidity discounts. No quantitative information is disclosed due to that the possible changes in liquidity discounts would not cause significant potential financial impact.

As quoted prices in active markets for convertible bonds invested by the Group are not available, binomial tree model for convertible bond pricing is adopted.

2) Derivative financial instruments

The fair values of foreign currency forward contracts are computed individually by each contract using the valuation technique.

(x) Financial risk management

The Group is exposed to credit risk, liquidity risk, and market risk (including currency risk and interest rate risk). The Group has disclosed the information on exposure to the aforementioned risks, the Group's policies and procedures to measure and manage those risks, and the quantitative information below.

The Company's Board of Directors is responsible for developing and monitoring the Group's risk management policies. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor adherence to the controls. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's operations.

The Group's management monitors and reviews the financial activities in accordance with procedures required by relevant regulations and internal controls. Internal auditors undertake both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Company's Board of Directors.

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty of a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash and cash equivalents, notes and accounts receivable from customers, and financial assets measured at amortized cost. The maximum exposure to credit risk is equal to the carrying amount of the Group's financial assets.

The Group maintains cash and cash equivalents with reputable financial institutions. Therefore, the exposure related to potential default by those counter-parties is not considered significant.

As of December 31, 2023 and 2022, four clients accounted to a total of 51% and 63%, respectively, of the Group's notes and accounts receivable and therefore, credit risk is significantly centralized. In order to reduce credit risk, the Group has established a credit policy under which each customer is analyzed individually for creditworthiness for the purpose of setting the credit limit. Additionally, the Group continuously evaluates the credit quality of customers and utilizes insurance to minimize the credit risk. For credit risk exposure and loss allowance of notes and accounts receivable, please refer to note 6(d).

Financial assets measured at amortized cost are considered as low-credit-risk financial assets, and thus, loss allowances are measured using 12-months ECL. As of December 31, 2023 and 2022, no loss allowance was provided for these financial assets after management's assessment.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in settling its financial liabilities by delivering cash or other financial assets. The Group manages liquidity risk by monitoring regularly the current and mid- to long-term cash demand, and maintaining adequate cash and cash equivalents, and banking facilities. As of December 31, 2023 and 2022, the Group had unused credit facilities of $1,438,372 and $1,221,422, respectively.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	Contractual cash flows	Within 1 years	1-2 years	More than years
December 31, 2023				
Non-derivative financial liabilities:				
Accounts payable	$ 330,840	330,840	-	-
Lease liabilities	35,910	13,765	11,138	11,007
Other payables	262,409	262,409	-	-
	$ 629,159	607,014	11,138	11,007
December 31, 2022				
Non-derivative financial liabilities:				
Accounts payable	$ 355,515	355,515	-	-
Lease liabilities	48,271	13,620	13,390	21,261
Other payables	275,952	275,952	-	-
	$ 679,738	645,087	13,390	21,261

The Group does not expect that the cash flows included in the maturity analysis would occur significantly earlier or at significantly different amounts.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group utilizes derivative financial instruments to manage market risk and the volatility of profit or loss. All such transactions are carried out within the guidelines set by the Company's Board of Directors.

1) Foreign currency risk

The Group's exposure to foreign currency risk arises from cash and cash equivalents, notes and accounts receivable (payable), financial assets measured at amortized cost and other payables. At the reporting date, the carrying amounts of the Group's significant monetary assets and liabilities denominated in a currency other than the respective functional currencies of Group entities were as follows (including the monetary items that have been eliminated in the accompanying consolidated financial statements):

(Amount in Thousands of Dollar)

	December 31, 2023				
	Foreign currency	**Exchange rate**	**NTD**	**Change in magnitude**	**Pre-tax effect on profit or loss**
Financial assets					
Monetary items					
USD	$ 33,518	30.71	1,029,338	1%	10,293
CNY	9,706	4.33	42,027	1%	420
GBP	1,997	39.17	78,222	1%	782
Financial liabilities					
Monetary items					
USD	5,069	30.71	155,669	1%	1,557

	December 31, 2022				
	Foreign currency	**Exchange rate**	**NTD**	**Change in magnitude**	**Pre-tax effect on profit or loss**
Financial assets					
Monetary items					
USD	$ 43,750	30.73	1,344,438	1%	13,444
CNY	428	4.41	1,887	1%	19
EUR	21	32.75	688	1%	7
SEK	154	2.94	453	1%	5
GBP	2,637	37.07	97,754	1%	978
Financial liabilities					
Monetary items					
USD	4,286	30.73	131,709	1%	1,317

Due to the varieties of functional currency within the Group, the Group disclosed foreign exchange gain (loss) on monetary items in aggregate. For the years ended December 31, 2023 and 2022, the aggregate of realized and unrealized foreign exchange gain (loss) amounted to $6,973 and $97,888, respectively.

2) Interest rate risk

The Group operates primarily with its own working capital and there are no liabilities bearing floating interest rates at the end of the reporting period.

The changes in interest rate would not cause significant potential financial impact on the Group's financial assets, and therefore the management believes that there is no significant interest risk.

(y) Capital management

In consideration of industry dynamics and future development, as well as external environment factors, the Group maintains an optimal capital structure to enhance long-term shareholder value by managing its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, capital expenditures, dividend payments, and other business requirements for continuing operations and to reward shareholders and take into consideration the interests of other stakeholders.

(z) Investing and financing activities not affecting current cash flow

(i) For acquisition of right-of-use assets under operating lease, please refer to note 6(j).

(ii) The reconciliation of liabilities arising from financing activities was as follows:

			Non-cash changes		
	January 1, 2023	Cash flows	Changes in leases	Foreign currency exchange movement	December 31, 2023
Lease liabilities	$ 45,893	(12,885)	-	1,500	34,508

			Non-cash changes			
	January 1, 2022	Cash flows	Disposal of subsidiary	Changes in leases	Foreign currency exchange movement	December 31, 2022
Short-term borrowings	$ 10,334	(10,066)	(268)	-	-	-
Lease liabilities	68,919	(12,214)	(37,542)	26,372	358	45,893
	$ 79,253	(22,280)	(37,810)	26,372	358	45,893

7. Related-party transactions

(a) Name and relationship with related parties

Name of related parties	Relationship with the Group
TAC Dynamics ("TAC")	The Group's associate

(b) Significant related-party transactions

(i) Revenue

Significant sales to related parties were as follows:

	2023	2022
Associate	$ 414	-

The selling prices and payment terms of sales to related parties are not different from those with third-party customers.

(c) Compensation of key management personnel

	2023	2022
Short-term employee benefits	$ 50,984	66,103
Post-employment benefits	1,035	891
	$ 52,019	66,994

8. Pledged assets

The carrying amounts of assets pledged as collateral are detailed below:

Pledged assets	Pledged to secure	December 31, 2023	December 31, 2022
Time deposits (classified as financial assets measured at amortized cost－current)	Guarantee deposit for custom duties	$ 691	684

9. Significant commitments and contingencies: None.

10. Significant losses due to major disasters: None.

11. Significant subsequent events: None.

12. Others

Employee benefits, depreciation, and amortization categorized by function were as follows:

By function / By item	2023			2022		
	Cost of revenue	Operating expenses	Total	Cost of revenue	Operating expenses	Total
Employee benefits:						
Salaries	129,678	478,306	607,984	166,628	519,368	685,996
Insurance	13,061	31,146	44,207	12,986	30,182	43,168
Pension	4,707	15,579	20,286	4,554	17,942	22,496
Others	4,243	12,182	16,425	4,613	10,988	15,601
Depreciation	46,771	33,140	79,911	54,679	32,012	86,691
Amortization	413	22,878	23,291	133	42,739	42,872

13. Additional disclosures

(a) Information on significant transactions:

In accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Company discloses the following information on significant transactions for the year ended December 31, 2023.

(i) Financing provided to other parties: None.

(ii) Guarantees and endorsements provided to other parties:

(Amount in Thousands of New Taiwan Dollar)

No. (Note 1)	Endorsement Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 3)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note 3)	Guarantee Provided by Parent Company	Guarantee Provided by a Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (Note 2)										
0	The Company	Box Technologies limited	2	931,851	40,000	40,000	-	-	0.86%	2,329,629	Y	N	N

Note 1: Parties to the intercompany transactions are identified and numbered as follows:
1. "0" represents the Company.
2. Subsidiaries are numbered from "1".

Note 2: Relationships between the endorsement/guarantee provider and the guaranteed party:
2 for entities directly or indirectly owned by the Company over 50%

Note 3: The Company provides guaranteed to a subsidiary that the parent company owns directly 100% voting shares; the limit on endorsement or guarantee provided by the Company to a single party should not exceed 20% of its net worth. The total amount of endorsement or guarantee provided by the company should not exceed 50% of its net worth.

(iii) Marketable securities held at the reporting date (excluding investments in subsidiaries, associates, and jointly controlled entities):

(Amounts in Thousands of New Taiwan Dollar and shares)

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	Ending Balance				Maximum Percentage of Ownership during 2023		Note
				Shares	Carrying Value	Percentage of Ownership	Fair Value	Shares	Percentage of Ownership	
The Company	Convertible bond: Nextronics engineering core	-	Financial assets at fair value through profit or loss－current	0.1	9,683	-	9,683	0.1	-	-
Flytech CN BVI	Convertible bond: Astra cloud holdings	-	Financial assets at fair value through profit or loss－current	-	-	-	-	-	-	-
Fei Shiun Investment	Common stock: Jenjan Logistics Tech Co. Ltd.	-	Financial assets at fair value through other comprehensive income－current	49	3,000	4.11%	3,000	49	4.11%	-

(iv) Marketable securities for which the accumulated purchase or sale amounts for the year exceed $300 million or 20% of the paid-in capital: None.

(v) Acquisition of real estate which exceeds $300 million or 20% of the paid-in capital: None.

(vi) Disposal of real estate which exceeds $300 million or 20% of the paid-in capital: None.

(vii) Total purchases from and sales to related parties which exceed $100 million or 20% of the paid-in capital:

(Amounts in Thousands of New Taiwan Dollar)

			Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)		
Company Name	Related Party	Relationship	Purchases/ (Sales)	Amount (Note 3)	% of Total Purchases/ (Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total Notes/Accounts Receivable (Payable)	Note
The Company	Box UK	Subsidiary	(Sales)	211,581	7.34%	EOM 75	(Note 1)	(Note 2)	34,687	5.04%	-

Note 1: The selling prices with related parties are determined by the economic environment and market competitiveness in each of the regions.
Note 2: The trade terms of sales with related parties are EOM 75 days, and the trade terms with third parties are OA 30 to 120 days.
Note 3: The intercompany transactions are disclosed only for the amounts of sales; the corresponding purchases are not disclosed.

(viii) Receivables from related parties which exceed $100 million or 20% of the paid-in capital: None.

(ix) Transactions in derivative instruments: None.

(x) Business relationships and significant intercompany transactions:

				Transaction Details			
Number (Note 1)	Company Name	Counter -Party	Relationship	Account (Note 2)	Amount	Transaction Terms	Percentage of Consolidated Total Revenues or Total Assets (Note 3)
0	The Company	Box UK	Subsidiary	Sales	211,581	EOM 75	6.07%

Note 1: Parties to intercompany transactions are identified and numbered as follows:
1. "0" represents the Company.
2. Subsidiaries are numbered from "1"
Note 2: Intercompany relationships and significant intercompany transactions are disclosed only for the amounts that exceed 1% of consolidated revenue or total assets. The corresponding purchases and accounts payable are not disclosed.
Note 3: Based on the transaction amount divided by consolidated revenue or total assets.
Note 4: The above intercompany transactions have been eliminated when preparing the consolidated financial statements.

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2023 (excluding information on investees in Mainland China):

(Amounts in Thousands of shares, foreign currency and New Taiwan Dollar)

				Original Investment Amount		Balance as of December 31, 2023			Maximum Percentage of Ownership during 2023				
Investor	Investee	Location	Main Businesses and Products	December 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership	Net Income (Loss) of the Investee	Investment Income (Loss) (Note 2)	Note (Note 1)
The Company	Flytech USA BVI	British Virgin Islands	Investment and holding activity	101,388	38,652	3,000	100.00%	77,862	3,000	100.00%	(5)	(5)	-
The Company	Flytech HK BVI	British Virgin Islands	Investment and holding activity	10,392	10,392	50	100.00%	187,893	50	100.00%	29,293	29,293	-
The Company	Flytech CN BVI	British Virgin Islands	Investment and holding activity	90,601	90,601	200	100.00%	138,134	200	100.00%	2,537	2,537	-
The Company	Fei Shiun Investment	Taiwan	Investment and holding activity	428,000	428,000	19,000	100.00%	266,705	19,000	100.00%	(72,205)	(72,205)	-
The Company	inefi Holding	Cayman Islands	Investment and holding activity	245,076	83,634	28,000	100.00%	188,513	28,000	100.00%	(36,419)	(36,419)	-
The Company	Box Holdings	United Kingdom	Investment and holding activity	511,307	511,307	4	100.00%	450,068	4	100.00%	27,015	14,072	-
Flytech USA BVI	Flytech USA	USA	Sale of computers and peripheral equipment	99,094 (USD 3,072)	36,358 (USD 1,072)	2,700	100.00%	76,833 (USD 2,502)	2,700	100.00%	31 (USD 1)	-	-
Flytech HK BVI	Flytech HK	Hong Kong	Sale of computers and peripheral equipment	10,433 (USD 298)	10,433 (USD 298)	1,000	100.00%	188,771 (USD 6,147)	1,000	100.00%	29,293 (USD 940)	-	-
Fei Shiun Investment	Berry AI	Taiwan	Software and data processing services, and software and hardware integration services	306,600	306,600	21,000	70.00%	105,505	21,000	70.00%	(97,158)	-	
Fei Shiun Investment	TAC Dynamics	Taiwan	Sale of machinery and equipment	18,000	18,000	653	18.91%	11,782	653	20.82%	(24,526)	-	-
Box Holdings	Box UK	United Kingdom	Sale of computers and peripheral equipment	472 (GBP 10)	472 (GBP 10)	10	100.00%	369,930 (GBP 9,445)	10	100.00%	28,401 (GBP 733)	-	-
Box Holdings	Box Nordic	Sweden	Sale of computers and peripheral equipment	-	2,330 (GBP 49)	-	-	-	5	100.00%	(228) (GBP (6))	-	Note 3
inefi Holding	Inefi Incorporation	Taiwan	Information software services to provide a unified endpoint management platform	230,000 (USD 7,511)	80,000 (USD 2,858)	18,000	100.00%	176,821 (USD 5,758)	18,000	100.00%	(34,296) (USD (1,101))	-	-
Berry AI	Berry AI BVI	British Virgin Islands	Investment and holding activity	30,000	30,000	50	100.00%	15,328	50	100.00%	(10,801)	-	-
Berry AI BVI	Poindus UK	USA	Software and data processing services, and software and hardware integration services	27,965 (USD 1,000)	27,965 (USD 1,000)	1,000	100.00%	13,084 (USD 426)	1,000	100.00%	(10,831) (USD (348))	-	-

Note 1: The intercompany transactions have been eliminated when preparing the consolidated financial statements.
Note 2: Investment income (loss) included the movement in unrealized gross profit or loss.
Note 3: Box Nordic was liquidated in May 2023.

(c) Information on investments in Mainland China:

(i) Information on investment in Mainland China:

(Amounts in Thousands of New Taiwan Dollar and US Dollar)

Investee	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Loss) of Investee	% of Ownership of Direct and Indirect Investment	Maximum Percentage of Ownership during 2023		Investment Income (Loss)	Carrying Value as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow				Shares (in thousands)	Percentage of Ownership			
Flytech CN	Sale of computers and peripheral equipment	69,089 (USD 2,000)	(Note 1)	69,089 (USD 2,000)	-	-	69,089 (USD 2,000)	1,949 (USD 63)	100.00%	(Note 2)	100.00%	1,949 (USD 63)	121,554 (USD 3,958)	-

Note 1: Indirect investment in Mainland China through a holding company, Flytech CN BVI, was established in a hird country
Note 2: There were no shares as the company is a limited liability company.

(ii) Limits on investment in Mainland China:

(Amounts in Thousands of New Taiwan Dollar and US Dollar)

Accumulated investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA
90,767 (USD 2,700)	103,107 (USD 3,100)	2,795,554

(iii) Significant transactions with the investee in Mainland China: None.

(d) Major shareholders:

Shareholding Shareholder's Name	Shares	Percentage
Lam Tai Seng	16,423,263	11.47%
Wang Wei Wei	11,040,443	7.71%

14. Segment information

(a) General information

The Group uses income before income tax as the measurement for segment profit and the basis of resource allocation and performance assessment. The reporting amount is consistent with the report used by chief operating decision maker.

The Group's operating segment information and reconciliation are as follows:

	2023				
	Domestic sale segment	Sale segment in Europe	Others	Adjustments and eliminations	Total
Revenues from external customers	$ 2,613,233	657,298	217,895	-	3,488,426
Intra-group revenue	268,740	-	450	(269,190)	-
Total segment revenue	$ 2,881,973	657,298	218,345	(269,190)	3,488,426
Segment income before income tax	$ 622,679	36,628	(169,387)	114,538	604,458

	2022					
	Domestic sale segment	Sale segment in Europe	Poindus Systems	Others	Adjustments and eliminations	Total
Revenues from external customers	$ 4,471,156	787,619	146,755	138,695	-	5,544,225
Intra-group revenue	355,963	229	713	582	(357,487)	-
Total segment revenue	$ 4,827,119	787,848	147,468	139,277	(357,487)	5,544,225
Segment income before income tax	$ 1,223,979	52,969	8,092	(122,806)	45,381	1,207,615

(b) Product information

Revenues from external customers are detailed below:

Products	2023	2022
Industrial computers	$ 2,944,466	4,848,810
Peripherals and others	543,960	695,415
	$ 3,488,426	5,544,225

(c) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

Revenues from external customers are detailed below:

Region	2023	2022
Europe and Africa	$ 1,314,326	1,700,882
Americas	1,666,296	2,789,023
Asia	444,828	483,070
Taiwan	62,976	571,250
	$ 3,488,426	5,544,225

Non-current assets:

Region	December 31, 2023	December 31, 2022
Taiwan	$ 1,031,691	1,020,479
Asia	19,285	19,430
Americas	6,018	8,188
Europe	205,740	229,362
	$ 1,262,734	1,277,459

Non-current assets include prepayments for equipment, property, plant and equipment, right-of-use assets and intangible assets, but do not include financial instruments, investments accounted for using equity method and deferred income tax assets.

(d) Major customer information

	2023	2022
Total consolidated revenue from Customer A	$ 740,295	1,121,369

Independent Auditors’ Report

To the Board of Directors
Flytech Technology Co., Ltd.:

Opinion

We have audited the parent-company-only financial statements of Flytech Technology Co., Ltd., which comprise the parent-company-only balance sheets as of December 31, 2023 and 2022, the parent-company-only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including a summary of material accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and 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 Parent-Company-Only Financial Statements section of our report. We are independent of Flytech Technology Co., Ltd. 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 of 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 the current period. These matters were addressed in the context of our audit of 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 Flytech Technology Co., Ltd.’s parent-company-only financial statements for the year ended December 31, 2023 are stated as follows:

1. Revenue recognition
   Please refer to Note 4(n) for accounting policy on revenue recognition and Note 6(o) for related disclosures of revenue recognition, respectively, to the notes to the parent-company-only financial statements.

Description of key audit matter:
Revenue is recognized based on the various trade terms agreed with customers. This exposes Flytech Technology Co., Ltd. to the risk that the sales transactions made close to the balance sheet date are not recorded in the appropriate period. Consequently, the revenue recognition has been identified as one of the key audit matters.
How the matter was addressed in our audit:
In relation to the key audit matter above, our principal audit procedures included testing the design and operating effectiveness of Flytech Technology Co., Ltd.' s internal controls over financial reporting on sales; assessing whether revenue is recognized based on the trade terms with customers through reviewing the related sales contracts or other trade documents; performing a sample test on the sales transactions that took place before and after the balance sheet date, as well as reviewing and understanding the reasonableness for any identified significant sales returns and allowances that took place after the balance sheet date to ensure that revenue was recognized in the appropriate period.

2. Impairment of goodwill included in investments in subsidiaries accounted for using equity method
   Please refer to Note 4(l) for accounting policy on impairment of non-financial assets, Note 5(b) for uncertainty of accounting estimates and assumptions for goodwill impairment, and Note 6(f) for related disclosures of goodwill impairment test, respectively, to the notes to the parent-company-only financial statements.
   Description of key audit matter:
   Goodwill arising from business combinations is annually subject to impairment test or when there are indications that goodwill may have been impaired. The assessment of the recoverable amount of goodwill involves management' s judgment and estimation. Accordingly, the assessment of impairment of goodwill has been identified as one of the key audit matters.
   How the matter was addressed in our audit:
   In relation to the key audit matter above, our principal audit procedures included obtaining the assessment of goodwill impairment provided by the management; assessing the appropriateness of the valuation model and key assumptions, including the discount rate, expected sales growth rate and future cash flow projections, used by the management in measuring the recoverable amount; performing a sensitivity analysis to assess the impact of variation in key assumptions; and assessing the adequacy of disclosures of related information on evaluation of goodwill impairment.

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

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

In preparing the parent-company-only financial statements, management is responsible for assessing Flytech Technology 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 Flytech Technology Co., Ltd. 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 Flytech Technology Co., Ltd.' s financial reporting process.

Auditors’ esponsibilities 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 auditor’ s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent-company-only financial statements.

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

1. Identify and assesse the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Flytech Technology 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 exists related to events or conditions that may cast significant doubt on Flytech Technology 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 Flytech Technology Co., Ltd. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the investment in other entities accounted for using equity method to express an opinion on these parent-company-only financial statements. We are responsible for the direction, supervision and performance of the audit. We remained solely responsible for our audit opinion.

We communicated 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 identified 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 determined those matters that were of most significance in the audit of the parent-company-only financial statements of the current period and are therefore the key audit matters. We described these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determined 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 audit resulting in this independent auditors' report are Chang, Huei-Chen and Hsu, Shih-Chun.

KPMG
Taipei, Taiwan (Republic of China)
March 8, 2024

Notes to Readers

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

The independent auditors' report and the accompanying parent-company-only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent-company-only financial statements, the Chinese version shall prevail.

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

FLYTECH TECHNOLOGY CO., LTD.
Parent-Company-Only Balance Sheets
December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollar)

		December 31, 2023		December 31, 2022	
	Assets	Amount	%	Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 1,820,262	34	2,154,463	37
1110	Financial assets at fair value through profit or loss－current (note 6(b))	9,683	-	9,521	-
1136	Financial assets measured at amortized cost－current (notes 6(c), (k), 7 and 8)	4,370	-	2,002	-
1150-1170	Notes and accounts receivable, net (notes 6(d) and (o))	644,002	12	644,459	11
1180	Accounts receivable from related parties (notes 6(d), (o) and 7)	44,056	1	82,477	2
130X	Inventories (note 6(e))	474,031	9	773,708	13
1410-1470	Prepayments and other current assets	13,634	-	3,605	-
	Total current assets	3,010,038	56	3,672,189	63
	Non-current assets:				
1550	Investments accounted for using equity method (note 6(f))	1,309,175	24	1,132,353	19
1600	Property, plant and equipment (note 6(g))	985,941	18	974,466	17
1755	Right-of-use assets	1,658	-	2,764	-
1780	Intangible assets (note 6(h))	26,395	1	12,351	-
1840	Deferred income tax assets (note 6(l))	52,587	1	39,971	1
1915	Prepayments for equipment	6,070	-	12,854	-
1920	Refundable deposits	285	-	285	-
	Total non-current assets	2,382,111	44	2,175,044	37
	Total assets	$ 5,392,149	100	5,847,233	100

See accompanying notes to parent-company-only financial statements.

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

FLYTECH TECHNOLOGY CO., LTD.
Parent-Company-Only Balance Sheets (Continued)
December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollar)

		December 31, 2023		December 31, 2022	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2130	Contract liabilities—current (note 6(o))	$ 58,319	1	53,348	1
2150-2170	Accounts payable	295,894	6	315,314	6
2200	Other payables (note 6(p))	206,748	4	238,537	4
2220	Other payables to related parties	2,007	-	-	-
2230	Current income tax liabilities	158,900	3	261,129	5
2250	Provisions—current (note 6(j))	7,413	-	13,320	-
2280	Lease liabilities—current (note 6(i))	1,113	-	1,095	-
2300	Other current liabilities	1,305	-	16,878	-
	Total current liabilities	731,699	14	900,209	16
	Non-current liabilities:				
2570	Deferred income tax liabilities (note 6(l))	629	-	520	-
2640	Net defined benefit liabilities (note 6(k))	-	-	15,317	-
2580	Lease liabilities—non-current (note 6(i))	564	-	1,677	-
	Total non-current liabilities	1,193	-	17,514	-
	Total liabilities	732,892	14	917,723	16
	Equity (notes 6(f), (k), (l) and (m)):				
3110	Common stock	1,430,623	27	1,430,623	24
3200	Capital surplus	538,938	10	536,947	9
	Retained earnings:				
3310	Legal reserve	1,300,259	24	1,196,570	21
3320	Special reserve	49,435	1	73,473	1
3350	Unappropriated earnings	1,376,671	25	1,741,308	30
3400	Other equity	(36,669)	(1)	(49,411)	(1)
	Total equity	4,659,257	86	4,929,510	84
	Total liabilities and equity	$ 5,392,149	100	5,847,233	100

See accompanying notes to parent-company-only financial statements.

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

FLYTECH TECHNOLOGY CO., LTD.
Parent-Company-Only Statements of Comprehensive Income
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollar , Except for Earnings Per Share)

		2023		2022	
		Amount	%	Amount	%
4000	**Revenue (notes 6(o) and 7)**	$ 2,881,973	100	4,827,119	100
5000	**Cost of revenue (notes 6(e), (g), (h), (i), (j), (k), (p), 7 and 12)**	(1,790,033)	(62)	(3,138,287)	(65)
	Gross profit	1,091,940	38	1,688,832	35
5910	Realized gross profit on sales to subsidiaries and associates	1,022	-	20,814	-
	Realized gross profit	1,092,962	38	1,709,646	35
	Operating expenses (notes 6(g), (h), (i), (k), (p), 7 and 12):				
6100	Selling expenses	(152,963)	(5)	(175,940)	(4)
6200	Administrative expenses	(146,934)	(5)	(173,716)	(3)
6300	Research and development expenses	(155,570)	(6)	(181,473)	(4)
	Total operating expenses	(455,467)	(16)	(531,129)	(11)
	Operating income	637,495	22	1,178,517	24
	Non-operating income and loss (notes 6(i) and (q)):				
7100	Interest income	31,755	1	6,060	-
7010	Other income	5,974	-	6,403	-
7020	Other gains and losses	10,221	1	73,465	2
7050	Finance costs	(39)	-	(23)	-
7375	Share of losses of subsidiaries and associates accounted for using equity method	(62,727)	(2)	(40,443)	(1)
	Total non-operating income and loss	(14,816)	-	45,462	1
	Income before income tax	622,679	22	1,223,979	25
7950	Less: Income tax expenses (note 6(l))	(120,822)	(5)	(180,826)	(3)
	Net income	501,857	17	1,043,153	22
	Other comprehensive income (notes 6(k) and (l)):				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Remeasurements of defined benefit plans	480	-	1,448	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss	(96)	-	(289)	-
		384	-	1,159	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign operations	12,358	1	22,386	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
		12,358	1	22,386	-
	Other comprehensive income for the year	12,742	1	23,545	-
	Total comprehensive income for the year	$ 514,599	18	1,066,698	22
	Earnings per share (in New Taiwan Dollar) (note 6(n)) :				
9750	Basic earnings per share	$	3.51		7.29
9850	Diluted earnings per share	$	3.48		7.20

See accompanying notes to parent-company-only financial statements.

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

FLYTECH TECHNOLOGY CO., LTD.
Parent-Company-Only Statements of Changes in Equity
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollar)

			Retained earnings				Other equity			
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Foreign currency translation differences	Remeasurements of defined benefit plans	Total	Total equity
Balance at January 1, 2022	$ 1,430,623	528,355	1,128,264	57,939	1,360,507	2,546,710	(68,916)	(4,557)	(73,473)	4,432,215
Appropriation of earnings:										
Legal reserve	-	-	68,306	-	(68,306)	-	-	-	-	-
Special reserve	-	-	-	15,534	(15,534)	-	-	-	-	-
Cash dividends	-	-	-	-	(572,249)	(572,249)	-	-	-	(572,249)
Disposal of subsidiaries	-	-	-	-	-	-	517	-	517	517
Changes in ownership interests in subsidiaries	-	(3,746)	-	-	(6,263)	(6,263)	-	-	-	(10,009)
Changes in ownership interests in associates accounted for using equity method	-	12,338	-	-	-	-	-	-	-	12,338
Net income in 2022	-	-	-	-	1,043,153	1,043,153	-	-	-	1,043,153
Other comprehensive income in 2022	-	-	-	-	-	-	22,386	1,159	23,545	23,545
Total comprehensive income in 2022	-	-	-	-	1,043,153	1,043,153	22,386	1,159	23,545	1,066,698
Balance at December 31, 2022	1,430,623	536,947	1,196,570	73,473	1,741,308	3,011,351	(46,013)	(3,398)	(49,411)	4,929,510
Appropriation of earnings:										
Legal reserve	-	-	103,689	-	(103,689)	-	-	-	-	-
Reversal of special reserve	-	-	-	(24,038)	24,038	-	-	-	-	-
Cash dividends	-	-	-	-	(786,843)	(786,843)	-	-	-	(786,843)
Changes in ownership interests in associates accounted for using equity method	-	1,991	-	-	-	-	-	-	-	1,991
Net income in 2023	-	-	-	-	501,857	501,857	-	-	-	501,857
Other comprehensive income in 2023	-	-	-	-	-	-	12,358	384	12,742	12,742
Total comprehensive income in 2023	-	-	-	-	501,857	501,857	12,358	384	12,742	514,599
Balance at December 31, 2023	$ 1,430,623	538,938	1,300,259	49,435	1,376,671	2,726,365	(33,655)	(3,014)	(36,669)	4,659,257

See accompanying notes to parent-company-only financial statements.

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

FLYTECH TECHNOLOGY CO., LTD.
Parent-Company-Only Statements of Cash Flows
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollar)

	2023	2022
Cash flows from operating activities:		
Income before income tax	$ 622,679	1,223,979
Adjustments for:		
Adjustments to reconcile profit or loss:		
Depreciation	58,151	64,312
Amortization	6,433	3,443
Share of loss of subsidiaries and associates accounted for using equity method	62,727	40,443
Gain on disposal of property, plant and equipment	(448)	(199)
Interest expense	39	23
Interest income	(31,755)	(6,060)
Realized gross profit on sales to subsidiaries and associates	(1,022)	(20,814)
Total non-cash profit and loss	94,125	81,148
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets mandatorily measured at fair value through profit or loss	(162)	2,001
Notes and accounts receivable	457	296,526
Accounts receivable from related parties	38,421	75,670
Financial assets measured at amortized cost	(1,407)	-
Inventories	299,677	152,016
Prepayments and other current assets	(9,380)	17,677
Net changes in operating assets	327,606	543,890
Changes in operating liabilities:		
Accounts payable	(19,420)	(297,644)
Accounts payable to related parties	1,419	(3,610)
Other payables	(31,789)	13,680
Provisions	(5,907)	2,947
Other current liabilities	(10,602)	48,147
Net defined benefit liabilities	(14,837)	(1,131)
Net changes in operating liabilities	(81,136)	(237,611)
Total changes in operating assets and liabilities	246,470	306,279
Cash provided by operations	963,274	1,611,406
Income taxes paid	(236,303)	(151,128)
Net cash provided by operating activities	726,971	1,460,278

(Continued)

See accompanying notes to parent-company-only financial statements.

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

FLYTECH TECHNOLOGY CO., LTD.
Parent-Company-Only Statements of Cash Flows (Continued)
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollar)

	2023	2022
Cash flows from investing activities:		
Decrease (increase) in financial assets measured at amortized cost	(7)	8,713
Acquisition of investments accounted for using equity method	(224,178)	(83,634)
Additions to property, plant and equipment (including prepayments for equipment)	(74,590)	(44,133)
Proceeds from disposal of property, plant and equipment	448	272
Additions to intangible assets	(7,623)	(4,024)
Interest received	32,755	6,062
Net cash flows used in investing activities	(273,195)	(116,744)
Cash flows from financing activities:		
Payment of lease liabilities	(1,095)	(1,077)
Cash dividends distributed to shareholders	(786,843)	(572,249)
Interest paid	(39)	(23)
Net cash flows used in financing activities	(787,977)	(573,349)
Net increase (decrease) in cash and cash equivalents	(334,201)	770,185
Cash and cash equivalents at beginning of year	2,154,463	1,384,278
Cash and cash equivalents at end of year	**$ 1,820,262**	**2,154,463**

See accompanying notes to parent-company-only financial statements.

FLYTECH TECHNOLOGY CO., LTD.
Notes to the Parent-Company-Only Financial Statements
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollar, Unless Otherwise Specified)

1. Organization and business

Flytech Technology Co., Ltd. (the "Company") was incorporated on August 13, 1984, as a company limited by shares under the Company Act of the Republic of China ("R.O.C.") and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is No. 168, Xing-ai Rd., Neihu Dist., Taipei City, Taiwan. The Company is engaged in the design, manufacture and sale of POS system, KIOSK, hardware and software integration and peripheral products.

2. Authorization of the parent-company-only financial statements

These parent-company-only financial statements were authorized for issue by the Board of Directors on March 8, 2024.

3. Application of new and revised accounting standards and interpretations:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its parent-company-only financial statements, from January 1, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Company has initially adopted the following new amendments, which do not have a significant impact on its parent-company-only financial statements, from May 23, 2023:

- Amendments to IAS 12 "International Tax Reform－Pillar Two Model Rules"

(b) The impact of IFRS endorsed by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its parent-company-only financial statements:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its parent-company-only financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 21 “Lack of Exchangeability”

4. Summary of material accounting policies

The material accounting policies presented in the parent-company-only financial statements are summarized as follows and have been applied consistently to all periods presented in these financial statements.

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

The accompanying parent-company-only financial statements have been prepared on a historical cost basis except for the following items in the balance sheets:

1) Financial instruments at fair value through profit or loss (including derivative financial instruments); and

2) The defined benefit liabilities (or assets) are measured at present value of the benefit obligation less the fair value of plan assets.

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The Company’s parent-company-only financial statements are presented in New Taiwan Dollar, which is the Company’s functional currency. Except when otherwise indicated, all financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Foreign currency

(i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for an investment in equity securities designated as at fair value through other comprehensive income are recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

On the disposal of a foreign operation which involves a loss of control over a subsidiary or loss of significant influence over an associate that includes a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the shareholders of the Company are entirely reclassified to profit or loss. In the case of a partial disposal that does not result in the Company losing control over a subsidiary, the proportionate share of accumulated exchange differences is reclassified to non-controlling interests. For a partial disposal of the Company’s ownership interest in an associate or joint venture, the proportionate share of the accumulated exchange differences in equity is reclassified to profit or loss.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current when one of following criteria is met; all other assets are classified as non-current assets.

(i) It is expected to be realized, or intended to be sold or consumed in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when one of following criteria is met; all other liabilities are classified as non-current liabilities:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

(e) Cash and cash equivalents

Cash comprises cash on hand, demand deposits and checking deposits. Cash equivalents are short-term and highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits that meet the aforesaid criteria and are not held for investing purposes are also classified as cash equivalents.

(f) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

On initial recognition, financial assets are classified into the following categories: measured at amortized cost and fair value through profit or loss (FVTPL). Regular way purchases or sales of financial assets are recognized or derecognized on a trade-date basis.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

3) Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, “principal” is defined as the fair value of the financial assets on initial recognition. “Interest” is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company’s claim to cash flows from specified assets (e.g. non-recourse features)

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses(ECL) on financial assets measured at amortized cost (including cash and cash equivalents, financial assets at amortized cost, notes and accounts receivable, accounts receivable from related parties and other financial assets).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following financial assets which are measured as 12-month ECL:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable are always measured at an amount equal to lifetime ECL.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument. 12-month ECL are the portion of ECL that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECL are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off, either partially or in full, to the extent that there is no realistic prospect of recovery. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Company derecognized a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities

1) Classification of debt or equity

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

2) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

3) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been fulfilled or cancelled, or has expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

(iii) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company has the legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iv) Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency exposures. Derivatives are initially measured at fair value, and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss. If the valuation of a derivative instrument results in a positive fair value, it is classified as a financial asset; otherwise, it is classified as a financial liability.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated based on the weighted-average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other cost incurred in bringing them to a location and condition ready for sale. Fixed manufacturing overhead is allocated to finished products and work in process based on the higher of normal capacity or actual capacity; variable manufacturing overhead is allocated based on the actual capacity of machinery and equipment. Net realizable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and necessary selling expenses.

(h) Investments in subsidiaries

When preparing the parent-company-only financial statements, investments in subsidiaries, which are controlled by the Company, are accounted for using the equity method. Under equity method, the net income, other comprehensive income and equity in the parent-company-only financial statement are the same as those attributable to the shareholders of the Company in the consolidated financial statements.

Changes in the Company's ownership interest in a subsidiary that do not result in the loss of control are accounted for as equity transactions.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of and asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives for property, plant and equipment are as follows: machinery and equipment: 3 to 15 years; mold equipment: 4 to 6 years; office equipment: 3 to 15 years; other equipment: 2 to 15 years; buildings are depreciated over the following useful lives of significant individual components: main structure: 50 years; mechanical & electrical power equipment: 20 years; and air-conditioning system: 10 years.

Depreciation methods, useful lives, and residual values are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

(j) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a leasee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee;
- there is a change of Company's assessment on whether it will exercise am option to purchase the underlying asset;
- there is a change in the lease term resulting from a change of the Company's assessment on whether it will exercise an extension or termination option; or
- there is any lease modification in lease subject, scope of the lease or other terms.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the balance sheets.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(k) Intangible assets

The Company's intangible assets are acquired software, which are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized in profit or loss on a straight-line basis over 2 to 5 years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Provisions

Provisions are recognized when the Company has a present obligation as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and the weighting of all possible outcomes against their associated probabilities.

(n) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring its control of goods or services to a customer. The accounting policies for the Company's main types of revenue are explained below.

(i) Sale of goods

The Company recognizes revenue when its control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company grants its customers the right to return the faulty goods under the standard warranty terms and has recognized warranty provisions for this obligation, please refer to note 6(j).

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(ii) Revenue from service rendered

Revenue from service rendered is recognized by reference to the stage of completion at the reporting date.

(o) Government grants

The Company recognizes an unconditional government grant related to its operation and salary as other income when the grant becomes receivable.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company’s net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The discount rate for calculating the present value of the defined benefit obligation refers to the interest rate of high-quality government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the term of the related pension obligation. The defined benefit obligation is calculated annually by qualified actuaries using the projected unit credit method.

When the benefits of a plan are improved, the expense related to the increased obligations resulting from the services rendered by employees in the past years are recognized in profit or loss immediately.

The remeasurements of the net defined benefit liability (asset) comprise 1) actuarial gains and losses; 2) return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and 3) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset). The remeasurements of the net defined benefit liability (asset) are recognized in other comprehensive income and reflected in other equity.

The Company recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets and any change in the present value of the defined benefit obligation.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed during the period in which employees render services. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to make such payments as a result of past service provided by the employees, and the obligation can be estimated reliably.

(q) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

(r) Income taxes

Income taxes comprise current taxes and deferred taxes. All current and deferred taxes are recognized in profit or loss except for expenses related to business combinations or recognized directly in equity or other comprehensive income.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS 37.

The Company has determined that the global minimum top-up tax which it is required to pay under Pillar Two legislation is an income tax in the scope of IAS 12. The Companyhas applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are not recognized for:

(i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction 1) affects neither accounting nor taxable profits (losses) and 2) does not give rise to equal taxable and deductible temporary differences;

(ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(s) Business combinations

Goodwill is measured as the excess of the acquisition-date fair value of consideration transferred (including any non-controlling interest in the acquiree) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed (generally at fair value). If the residual balance is negative, the Company shall re-assess whether it has correctly identified all of the assets acquired and liabilities assumed and recognize any additional assets or liabilities that are identified in that review, and shall recognize a gain on the bargain purchase thereafter.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

Acquisition-related costs are expensed as incurred except for the costs related to issuance of debt or equity instruments.

Components of non-controlling interests in an acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity’s net assets in the event of liquidation are measured individually at either fair value or the present ownership instruments’ proportionate share in the recognized amounts of the acquiree’s identifiable net assets. All other components of non-controlling interests are measured at their acquisition-date fair values or other measurement basis in accordance with Taiwan-IFRSs.

In a business combination achieved in stages, the Company remeasures its previously held equity interest in the acquiree at its acquisition-date fair value, and recognizes the resulting gain or loss, if any, is recognized in profit or loss. In prior reporting periods, the Company may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income will be recognized on the same basis as would be required if the Company had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount will be reclassified to profit or loss.

The Company recognizes the acquisition-date fair value of the contingent consideration as part of the consideration transferred. The cost of the acquisition and measuring goodwill will retrospectively be adjusted when some changes in the fair value of contingent consideration that the Company recognizes have been made after the acquisition date. Measurement period adjustments is the result of additional information that the Company obtained after that date about facts and circumstances that existed at the acquisition date. The measurement period will not exceed one year from the acquisition date. The Company accounts for the changes in the fair value of contingent consideration that are not measurement period adjustments. The Company's accounting treatment should be based on the classification of contingent consideration. Contingent consideration classified as equity shall not be remeasured and its subsequent settlement will be accounted for within equity.

Others will be measured at fair value at each reporting date and changes in fair value will be recognized in profit or loss or other comprehensive income.

(t) Earnings per share ("EPS")

The basic and diluted EPS attributable to shareholders of the Company are disclosed in the parent-company-only financial statements. Basic EPS are calculated by dividing net income attributable to shareholders of the Company by the weighted-average number of common shares outstanding during the year. In calculating diluted EPS, the net income attributable to shareholders of the Company and weighted-average number of common shares outstanding during the year are adjusted for the effects of dilutive potential common shares. The Company's dilutive potential common shares include profit sharing for employees to be settled in the form of common stock.

(u) Operating segments

The Company discloses the operating segment information in the consolidated financial statements. Therefore, it does not disclose the operating segment information in the parent-company-only financial statements.

5. Critical accounting judgments and key sources of estimation uncertainty

The preparation of the parent-company-only financial statements in conformity with the Regulations and IFRSs endorsed by FSC requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in the future periods affected.

There is no information involving critical judgments in applying the accounting policies in the parent-company-only financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year is included as follows:

(a) Valuation of inventory

Inventories are measured at the lower of cost or net realizable value. The estimation of net realizable value was based on current market conditions and historical experience with product sales. The inventory cost may exceed its net realizable value due to a price decline and obsolescence of inventory. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon, which could result in significant adjustments.

(b) Impairment of goodwill

The entire carrying amount of investments in subsidiaries includes goodwill arising from initial recognition. The assessment of impairment of goodwill requires the Company to make subjective judgments to identify cash-generating units, allocate the goodwill to relevant cash-generating units, and estimate the recoverable amount of relevant cash-generating units. Any changes in these estimates based on changed economic conditions or business strategies could result in significant adjustments in future years.

6. Significant account disclosures

(a) Cash and cash equivalents

	December 31, 2023	**December 31, 2022**
Cash on hand	$ 755	580
Demand deposits and checking accounts	1,533,135	1,590,833
Time deposits with original maturities less than 3 months	286,372	563,050
	$ 1,820,262	**2,154,463**

(b) Financial assets and liabilities at fair value through profit or loss－current

	December 31, 2023	**December 31, 2022**
Mandatorily measured at fair value through profit or loss:		
Convertible bonds	**$ 9,683**	**9,521**

Please refer to note 6(q) for the amounts of gain (loss) recognized related to financial assets measured at fair value.

(c) Financial assets measured at amortized cost—current

	December 31, 2023	December 31, 2022
Time deposits with original maturities more than 3 months	$ 691	684
Other receivables (including related parties)	3,458	2,051
Interest receivable	221	1,221
	$ 4,370	3,956

The Company intended to hold to maturity in order to receive the contractual cash flows and the contractual cash flows were solely payments of principal and interest on the principal outstanding.

Please refer to note 8 for a description of the Company's financial assets measured at amortized cost pledged as collateral for bank loans.

(d) Notes and accounts receivable (including related parties)

	December 31, 2023	December 31, 2022
Notes receivable from operating activities	$ 2,297	3,020
Accounts receivable measured as amortized cost	641,705	641,439
	644,002	644,459
Accounts receivable from related parties	44,056	82,477
	$ 688,058	726,936

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. Forward-looking information is taken into consideration as well. Analysis of expected credit losses on notes and accounts receivable was as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 571,525	0.00%	-
Past due 0-30 days	89,578	0.00%	-
Past due 31-60 days	26,955	0.00%	-
	$ 688,058		-

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 546,797	0.00%	-
Past due 0-30 days	180,139	0.00%	-
	$ 726,936		-

(e) Inventories

(i) The information of inventories was as follows:

	December 31, 2023	December 31, 2022
Raw materials	$ 308,238	517,508
Work in process	109,646	119,718
Finished goods	56,147	136,482
	$ 474,031	773,708

(ii) The amounts of inventories recognized as cost of revenue were as follows:

	2023	2022
Costs of inventories sold	$ 1,691,185	3,083,224
Write-downs of inventories	69,000	19,800
Losses on scrap in inventories	12,140	20,479
Reclassified to repairment costs	5,092	4,612
	$ 1,777,417	3,128,115

(f) Investments accounted for using equity method

	December 31, 2023	December 31, 2022
Subsidiaries	$ 1,309,175	1,132,353

(i) Please refer to the consolidated financial statements for the year ended December 31, 2023.

On June 30, 2023, TAC Dynamics, held by Fei Shiun Investment Co. Ltd. (“Fei Shiun Investment”), issued new shares for cash, wherein the Company did not subscribe proportionately to its existing ownership percentage, resulting in its ownership in TAC to decrease from 20.82% to 18.91%. The equity method was used to account for the investment in TAC as the Company was elected as one of its three directors to participate in the decision-making on the board and has significant influence over TAC. An increase of $1,991 in its capital surplus was recognized as change in the investment accounted for using equity method.

In addition, on December 23, 2022, TAC issued new shares for cash, wherein the Company did not subscribe proportionately to its existing ownership percentage, resulting in its ownership in TAC to decrease from 35% to 20.82%. The Group recognized the change in ownership interest in the associate accounted for using equity method as an increase in capital surplus by $12,338.

(ii) Impairment test on goodwill

At the end of each reporting period, the carrying amount of goodwill included in the investments in subsidiaries is tested for impairment. No impairment losses were recognized. Please refer to the consolidated financial statements for the year ended December 31, 2023.

(g) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Mold equipment	Furniture and fixtures	Other equipment	Total
Cost:							
Balance at January 1, 2023	$ 319,238	737,596	287,845	476,221	54,596	10,884	1,886,380
Additions	-	-	41,386	20,577	5,930	627	68,520
Disposals	-	-	(3,974)	(10,283)	(488)	-	(14,745)
Balance at December 31, 2023	**$ 319,238**	**737,596**	**325,257**	**486,515**	**60,038**	**11,511**	**1,940,155**
Balance at January 1, 2022	$ 319,238	737,596	293,210	449,106	51,101	11,644	1,861,895
Additions	-	-	829	26,620	3,728	100	31,277
Reclassification	-	-	-	495	-	-	495
Disposals	-	-	(6,194)	-	(233)	(860)	(7,287)
Balance at December 31, 2022	**$ 319,238**	**737,596**	**287,845**	**476,221**	**54,596**	**10,884**	**1,886,380**
Accumulated depreciation:							
Balance at January 1, 2023	$ -	185,249	244,069	427,619	47,336	7,641	911,914
Depreciation	-	17,676	10,141	25,208	3,092	928	57,045
Disposals	-	-	(3,974)	(10,283)	(488)	-	(14,745)
Balance at December 31, 2023	**$ -**	**202,925**	**250,236**	**442,544**	**49,940**	**8,569**	**954,214**
Balance at January 1, 2022	$ -	167,421	237,895	398,871	44,151	7,552	855,890
Depreciation	-	17,828	12,369	28,748	3,345	949	63,239
Disposals	-	-	(6,195)	-	(160)	(860)	(7,215)
Balance at December 31, 2022	**$ -**	**185,249**	**244,069**	**427,619**	**47,336**	**7,641**	**911,914**
Carrying amounts:							
Balance at December 31, 2023	**$ 319,238**	**534,671**	**75,021**	**43,971**	**10,098**	**2,942**	**985,941**
Balance at December 31, 2022	**$ 319,238**	**552,347**	**43,776**	**48,602**	**7,260**	**3,243**	**974,466**
Balance at January 1, 2022	**$ 319,238**	**570,175**	**55,315**	**50,235**	**6,950**	**4,092**	**1,006,005**

(h) Intangible assets

(i) The movements of cost and accumulated amortization of intangible assets were as follows:

		Computer software
Cost:		
Balance at January 1, 2023	$	54,071
Additions		20,477
Disposals		(36,315)
Balance at December 31, 2023	**$**	**38,233**
Balance at January 1, 2022	$	49,247
Additions		4,824
Balance at December 31, 2022	**$**	**54,071**
Accumulated amortization:		
Balance at January 1, 2023	$	41,720
Amortization		6,433
Disposals		(36,315)
Balance at December 31, 2023	**$**	**11,838**
Balance at January 1,2022	$	38,277
Amortization		3,443
Balance at December 31, 2022	**$**	**41,720**
Carrying amounts:		
Balance at December 31, 2023	**$**	**26,395**
Balance at December 31, 2022	**$**	**12,351**
Balance at January 1, 2022	**$**	**10,970**

(ii) Amortization

The amortization of intangible assets was included in the following line items of the statement of comprehensive income:

		2023	2022
Cost of revenue	$	413	133
Operating expenses		6,020	3,310
	$	**6,433**	**3,443**

(i) Lease liabilities

	December 31, 2023	December 31, 2022
Current	$ 1,113	1,095
Non-current	$ 564	1,677

For the maturity analysis, please refer to note 6(s) for the financial risk management.

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest expense on lease liabilities	$ 39	23
Expenses relating to leases of low-value assets	$ 35	35

The amounts recognized in the statement of cash flows for the Company was as follows:

	2023	2022
Total cash outflow for leases	$ 1,169	1,135

The Company leases other equipment (parking space), with lease terms of three years. These leases are short-term or low-value assets and therefore, the Company applies the exemption and not to recognize right-of-use assets and lease liabilities for these leases.

(j) Provision for warranties

	2023	2022
Balance at January 1	$ 13,320	10,373
Provisions made	2,773	6,947
Amount utilized	(8,680)	(4,000)
Balance at December 31	$ 7,413	13,320

The provision for warranties is estimated based on historical warranty data associated with similar products. The Company expects to settle most of the warranty liability in one to three years from the date of the sale of the product.

(k) Employee benefits

(i) Defined benefit plans

The present value of defined benefit obligations and the fair value of plan assets were as follows:

	December 31, 2023	December 31, 2022
Present value of benefit obligations	$ -	41,685
Fair value of plan assets	(673)	(26,368)
Net defined benefit liabilities (assets)	$ (673)	15,317

The Company makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pension benefits for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive a payment based on years of service and average salary for the six months prior to the employee's retirement.

1) Composition of plan assets

The pension fund (the "Fund") contributed by the Company is managed and administered by the Bureau of Labor Funds of the Ministry of Labor (the Bureau of Labor Funds). According to the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, with regard to the utilization of the Fund, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

As of December 31, 2022, the Company's labor pension fund account balance at Bank of Taiwan amounted to $26,368. In July 2023, the Company reached an agreement with its employees on the early settlement of the defined benefit plan. The labor fund account balance at Bank of Taiwan was entirely withdrawn and paid to employees.

2) Movements in present value of defined benefit obligations

	2023	2022
Defined benefit obligations at January 1	$ 41,685	42,077
Current service costs and interest expense	521	315
Remeasurement of net defined benefit liabilities:		
–Actuarial loss arising from changes in financial assumptions	(361)	430
Past service costs	(1,846)	-
Benefits paid by the plan	(39,999)	(1,137)
Defined benefit obligations at December 31	**$ -**	**41,685**

3) Movements of fair value of plan assets

	2023	2022
Fair value of plan assets at January 1	$ 26,368	24,181
Interest income	330	181
Remeasurement on net defined benefit liabilities:		
–Return on plan assets (excluding current interest expense)	119	1,878
Contributions by plan participants	13,855	1,265
Benefits paid by the plan	(39,999)	(1,137)
Fair value of plan assets at December 31	**$ 673**	**26,368**

4) Changes in the effect of the asset ceiling

In 2023 and 2022, there was no effect of the asset ceiling.

5) Expenses recognized in profit or loss

	2023	2022
Past service costs	$ (1,846)	-
Net interest expense on net defined benefit liabilities	191	134
	$ (1,655)	134
Operating expenses	$ (1,655)	134

6) Actuarial assumptions

The principal assumptions of the actuarial valuation were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.25%	1.25%
Future salary increases rate	2.50%	2.50%

7) Sensitivity analysis

When calculating the present value of the defined benefit obligations, the Company uses judgments and estimations to determine the actuarial assumptions for each measurement date, including discount rates and future salary changes. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

The following table summarizes the impact of a change in the assumptions on the present value of the defined benefit obligation:

	Impact on defined benefit obligations	
	0.25% Increase	0.25% Decrease
Balance at December 31, 2022		
Discount rate	(641)	663
Future salary change	689	(615)

Each sensitivity analysis considers the change in one assumption at a time, leaving the other assumptions unchanged. This approach shows the isolated effect of changing one individual assumption but does not take into account that some assumptions are related. The method used to carry out the sensitivity analysis is the same as the calculation of the net defined benefit liabilities recognized in the balance sheets.

(ii) Defined contribution plans

The Company contributes monthly an amount equal to 6% of each employee's monthly wages to the employee's individual pension fund account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plans, the Company has no legal or constructive obligation to pay additional amounts after contributing a fixed amount.

The Company recognized expense of the defined contribution plans were as follow:

	2023	2022
Cost of revenue	$ 4,707	4,436
Operating expenses	10,448	10,013
	$ 15,155	14,449

(l) Income taxes

(i) The components of income tax expense were as follows:

	2023	2022
Current income tax expense		
Current period	$ 143,248	249,327
Adjustments for prior years	(9,823)	(27,050)
	133,425	222,277
Deferred tax benefit		
Origination and reversal of temporary differences	(12,603)	(41,451)
Income tax expense	$ 120,822	180,826

The Company's income tax expenses recognized in other comprehensive income were as follows:

	2023	2022
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plans	$ 96	289

The reconciliation of income tax expense and income before income tax was as follows:

	2023	2022
Income before income tax	$ 622,679	1,223,979
Income tax using the Company's statutory tax rate	$ 124,536	244,796
Investment tax credits	(16,400)	(11,250)
Changes in unrecognized temporary differences	4,081	(27,019)
Investment loss recorded under equity method	14,440	-
Adjustments for prior years	(9,823)	(27,050)
Additional tax on undistributed earnings	3,988	1,349
	$ 120,822	180,826

(ii) Unrecognized deferred income tax assets and liabilities

Unrecognized deferred income tax assets:

		December 31, 2023	December 31, 2022
Aggregate amount of temporary differences related to investments in subsidiaries	$	16,525	12,054

Unrecognized deferred income tax liabilities:

		December 31, 2023	December 31, 2022
Aggregate amount of temporary differences related to investments in subsidiaries	$	40,483	40,093

As the Company is able to control the timing of the reversal of temporary differences associated with investments in subsidiaries, and management considers that it is probable that the temporary differences will not reverse in the foreseeable future, such temporary differences were not recognized as deferred income tax assets and liabilities.

(iii) Recognized deferred income tax assets and liabilities

Deferred income tax assets:

		Defined benefit plans	Inventory provisions	Others	Total
Balance at January 1, 2023	$	3,510	12,000	24,461	39,971
Recognized in profit or loss		(2,733)	13,800	1,645	12,712
Recognized in other comprehensive loss		(96)	-	-	(96)
Balance at December 31, 2023	**$**	**681**	**25,800**	**26,106**	**52,587**
Balance at January 1, 2022	$	4,026	8,040	22,173	34,239
Recognized in profit or loss		(227)	3,960	2,288	6,021
Recognized in other comprehensive loss		(289)	-	-	(289)
Balance at December 31, 2022	**$**	**3,510**	**12,000**	**24,461**	**39,971**

Deferred income tax liabilities:

		Unremitted earnings from subsidiaries	Others	Total
Balance at January 1, 2023	$	-	520	520
Recognized in profit or loss		-	109	109
Balance at December 31, 2023	**$**		**629**	**629**
Balance at January 1, 2022	$	35,107	843	35,950
Recognized in profit or loss		(35,107)	(323)	(35,430)
Balance at December 31, 2022	**$**	**-**	**520**	**520**

(iv) The Company's income tax returns for the years through 2021 were examined and approved by the R.O.C income tax authorities.

(m) Capital and other equity

(i) Common stock

As of December 31, 2023 and 2022, the Company's authorized shares of common stock both consisted of 2,200,000 thousand shares with par value of NTD 10 per share, both of which 143,062 thousand shares were issued and outstanding.

(ii) Capital surplus

	December 31, 2023	December 31, 2022
Premium derived from the issuance of share in excess of par value:		
Premium on common stock issued for conversion of convertible bonds	$ 522,161	522,161
Forfeited employee stock options	2,433	2,433
Changes in equity of associates accounted for using equity method	14,329	12,338
Gains on disposal of assets	15	15
	$ 538,938	536,947

Pursuant to the Company Act, any realized capital surplus is initially used to cover an accumulated deficit, and the balance, if any, could be transferred to common stock dividends or dividends as cash dividends based on the original shareholding ratio. Realized capital surplus includes the premium derived from the issuance of shares in excess of par value and donations from stockholders received by the Company. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, distribution of stock dividends from capital surplus in any one year shall not exceed 10% of paid-in capital.

(iii) Retained earnings and dividend policy

The Company's Articles of Incorporation stipulate that at least 10% of annual net income after deducting an accumulated deficit, if any, must be retained as a legal reserve until such retention equals the amount of paid-in capital. In addition, a special reserve should be set aside in accordance with applicable laws and regulations. The remaining balance of annual net income, together with the unappropriated earnings from the previous years, should be distributed according to the proposal by the board of directors and thereafter be approved in the shareholders meeting. Appropriation of earnings should not be less than 60% of the net income after deducting an accumulated deficit, legal reserve, and special reserve.

In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve (which does not qualify for earnings distribution) during earnings distribution. The Company shall make allocation of special reserve for the amount of the current-period total net reduction of other shareholders' equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than the after-tax net profit in the period that are included in the undistributed current-period earnings and the undistributed prior-period earnings. A portion of the undistributed prior-period earnings shall be reclassified to special earnings reserve to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. The amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

In view of the overall economic environment and the development of the industry, and in order to meet the Company's long-term financial planning and cash requirements of stockholders, the Company has adopted a stable dividend policy in which a cash dividend comprises at least 10% of total distribution of dividends.

The distribution of earnings for 2022 and 2021 had been approved in the meetings of shareholders held on June 9, 2023, and June 8, 2022, respectively. The relevant dividend distributions to shareholders were as follows:

	2022		2021	
	Dividends per share (in NTD)	**Total amount**	**Dividends per share (in NTD)**	**Total amount**
Dividends distributed to shareholders:				
Cash dividends	$ 5.50	786,843	4.00	572,249

On March 8, 2024, the Company's Board of Directors proposed to distribute cash dividend of NTD 3.5 per share through 2023 earnings, and to distribute cash of NTD 0.5 per share from capital surplus. The total distributed cash dividend amounted to $572,249, which was NTD 4.0 per share.

The related information of the distribution of earnings would be available at the Market Observation Post System website.

(iv) Other equity items (net after tax)

	Foreign currency translation differences	**Remeasurement of defined benefit plans**	**Total**
Balance at January 1, 2023	$ (46,013)	(3,398)	(49,411)
Foreign exchange differences arising from translation of foreign operations	12,358	-	12,358
Remeasurement of defined benefit plans	-	384	384
Balance at December 31, 2023	$ (33,655)	(3,014)	(36,669)

	Foreign currency translation differences	Remeasurement of defined benefit plans	Total
Balance at January 1, 2022	$ (68,916)	(4,557)	(73,473)
Foreign exchange differences arising from translation of foreign operations	22,386	-	22,386
Disposal of subsidiaries	517	-	517
Remeasurement of defined benefit plans	-	1,159	1,159
Balance at December 31, 2022	**$ (46,013)**	**(3,398)**	**(49,411)**

(n) Earnings per share ("EPS")

(i) Basic earnings per share

	2023	2022
Profit attributable to shareholders of the Company	$ 501,857	1,043,153
Weighted-average number of common shares outstanding (in thousands)	143,062	143,062
Basic earnings per share (in New Taiwan Dollar)	**$ 3.51**	**7.29**

(ii) Diluted earnings per share

	2023	2022
Profit attributable to shareholders of the Company	$ 501,857	1,043,153
Weighted-average number of common shares outstanding (in thousands)	143,062	143,062
Effect of dilutive potential common shares:		
Effect of remuneration to employees	955	1,816
Weighted-average number of common shares outstanding (in thousands) (including effect of dilutive potential common stock)	144,017	144,878
Diluted earnings per share (in New Taiwan Dollar)	**$ 3.48**	**7.20**

(o) Revenue from contracts with customers

(i) Disaggregation of revenue

	2023	2022
Primary geographical markets:		
Domestic sales	$ 64,220	574,590
Export sales:		
Asia	288,406	370,492
America	1,659,315	2,779,358
Europe and Africa	870,032	1,102,679
	2,817,753	4,252,529
	$ 2,881,973	**4,827,119**

	2023	2022
Major products:		
Industrial computers	$ 2,468,596	4,298,698
Peripherals	377,497	491,793
Others	1,675	15,362
	2,847,768	4,805,853
Service income	34,205	21,266
	$ 2,881,973	4,827,119

(ii) Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable (including related parties)	$ 688,058	726,936	1,101,086
Contract liabilities	$ 58,319	53,348	19,433

Please refer to note 6(d) for details on notes and accounts receivable and its loss allowance.

The amounts of revenue recognized for the years ended December 31, 2023 and 2022, that were included in the contract liability balance at the beginning of period were $42,807 and $9,668, respectively.

(p) Remuneration of employees and directors and supervisors

Pursuant to the Company’s articles of incorporation, the Company shall distribute 3% to 15% of its profits in the current period as compensation to its employees and no more than 3% to its directors and supervisors. Nevertheless, the profits in the current period should be reserved for offsetting the accumulated deficit, if any, prior to distributing the compensation to the employees and directors and supervisors. The aforementioned compensation of employees could be distributed in the form of cash or stock to the employees of the Company’s subsidiaries conforming to certain requirements.

For the years ended December 31, 2023 and 2022, the Company accrued the remuneration to its employees amounting to $43,800 and $110,000, respectively, and the remuneration to its directors amounting to $5,600, which were calculated based on the net profits before tax of the period (excluding the remuneration to employees and directors), multiplied by the distribution ratio of remuneration to employees and directors under the Company's articles of incorporation, and recognized as cost of revenue and operating expenses. If the actual amounts differ from the estimated amounts, the differences shall be accounted as changes in accounting estimates and recognized as profit or loss in following year.

The aforementioned accrued compensation of employees, directors and supervisors is the same as the amounts approved by the Board of Directors, and will be paid in cash. The related information would be available at the Market Observation Post System website.

(q) Non-operating income and loss

(i) Interest income

	2023	2022
Interest income from bank deposits	$ 31,755	6,060

(ii) Other gains and losses

	2023	2022
Net gains (losses) on financial assets and liabilities at fair value through profit or loss	$ 30	(21,837)
Foreign currency exchange gains	9,743	95,132
Gains on disposal of property, plant and equipment	448	199
Others	-	(29)
	$ 10,221	73,465

(iii) Finance costs

	2023	2022
Interest expense on lease liabilities	$ 39	23

(r) Categories and fair value of financial instruments

(i) Categories of financial instruments

1) Financial assets

	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss:		
Financial assets mandatorily measured at fair value through profit or loss	$ 9,683	9,521
Financial assets measured at amortized cost:		
Cash and cash equivalents	$ 1,820,262	2,154,463
Financial assets measured at amortized cost	4,370	3,956
Notes and accounts receivable (including related parties)	688,058	726,936
Refundable deposits	285	285
	$ 2,512,975	2,885,640

2) Financial liabilities

	December 31, 2023	December 31, 2022
Financial liabilities measured at amortized cost:		
Accounts payable	$ 295,894	315,314
Other payables (including related parties)	208,755	239,125
Lease liabilities (including current and non-current)	1,677	2,772
	$ 506,326	557,211

(ii) Fair value information—financial instruments not measured at fair value

The Company considers that the carrying amounts of financial assets and financial liabilities measured at amortized cost approximate their fair values.

(iii) Financial instruments that are measured at fair value

The table below analyzes financial instruments that are measured at fair value subsequent to initial recognition, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The different levels have been defined as follows:

1) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

2) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

3) Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	December 31, 2023				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Convertible bonds	$ 9,683	-	-	9,683	9,683

	December 31, 2022				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Convertible bonds	$ 9,521	-	-	9,521	9,521

There were no transfers between fair value levels for the years ended December 31, 2023 and 2022.

Movement in financial assets included Level 3 fair value hierarchy:

	2023	2022
Balance at January 1	$ 9,521	9,581
Recognized in profit or loss	162	(60)
Balance at December 31	**$ 9,683**	**9,521**

(iv) Valuation techniques and assumptions used in fair value measurement

1) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily available. For unquoted equity instruments which cannot be transferred freely in public market, their fair values are determined by using the valuation techniques adopted by the Corporation based on the information from the Market Observation Post System, the Taiwan Stock Exchange, etc. and calculated by using the Black-Scholes Model. The Company uses the quoted market prices and the price-book ratios of similar publicly traded companies into consideration by using the market comparison approach. The estimates had been adjusted by the depreciation from lack of market liquidity.

2) Derivative financial instruments

The fair values of foreign currency forward contracts are computed individually by each contract using the valuation technique.

(s) Financial risk management

The Company is exposed to credit risk, liquidity risk, and market risk (including currency risk and interest rate risk). The Company has disclosed the information on exposure to the aforementioned risks, the Company’s policies and procedures to measure and manage those risks, and the quantitative information below.

The Company’s Board of Directors is responsible for developing and monitoring the Company’s risk management policies. The Company’s risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor adherence to the controls. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company’s operations.

The Company’s management monitors and reviews the financial activities in accordance with procedures required by relevant regulations and internal controls. Internal auditors undertake both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Company’s Board of Directors.

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty of a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash and cash equivalents, notes and accounts receivable from customers (including related parties) and financial assets measured at amortized cost. The maximum exposure to credit risk is equal to the carrying amount of the Company's financial assets.

The Company maintains cash and cash equivalents with reputable financial institutions. Therefore, the exposure related to potential default by those counter-parties is not considered significant.

As of December 31, 2023 and 2022, four clients accounted to a total of 58% and 74%, respectively, of the Company's notes and accounts receivable (including related parties) and therefore, credit risk is significantly centralized. In order to reduce credit risk, the Company has established a credit policy under which each customer is analyzed individually for creditworthiness for the purpose of setting the credit limit. Additionally, the Company continuously evaluates the credit quality of customers and utilizes insurance to minimize the credit risk. For credit risk exposure and loss allowance of notes and accounts receivable, please refer to note 6(d).

Bank deposits and other receivables are considered as low-credit-risk financial assets, and thus, the loss allowance are measured using 12-mondths ECL. As of December 31, 2023 and 2022, no loss allowance was provided for these financial assets after management's assessment.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in settling its financial liabilities by delivering cash or other financial assets. The Company manages liquidity risk by monitoring regularly the current and mid- to long-term cash demand, and maintaining adequate cash and cash equivalents, and banking facilities. As of December 31, 2023 and 2022, the Company had unused credit facilities of $1,399,204 and $1,184,350, respectively.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	Contractual cash flows	Within 1 years	1-2 years	More than 2 years
December 31, 2023				
Non-derivative financial liabilities:				
Accounts payable	295,894	295,894	-	-
Lease liabilities	1,700	1,133	567	-
Other payables (including related parties)	208,755	208,755	-	-
	$ 506,349	505,782	567	-

	Contractual cash flows	Within 1 years	1-2 years	More than 2 years
December 31, 2022				
Non-derivative financial liabilities:				
Accounts payable	$ 315,314	315,314	-	-
Lease liabilities	2,833	1,133	1,133	567
Other payables (including related parties)	239,125	239,125	-	-
	$ 557,272	555,572	1,133	567

The Company does not expect that the cash flows included in the maturity analysis would occur significantly earlier or at significantly different amounts.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company utilizes derivative financial instruments to manage market risk and the volatility of profit or loss. All such transactions are carried out within the guidelines set by the Company's Board of Directors.

1) Foreign currency risk

The Company's exposure to foreign currency risk arises from cash and cash equivalents, notes and accounts receivable (payable) (including related parties), financial assets measured at amortized cost and other payables. At the reporting date, the carrying amounts of the Company's significant monetary assets and liabilities denominated in a currency other than the respective functional currencies of Company entities were as follows:

(Amount in Thousands of Dollar)

	December 31, 2023				
	Foreign currency	**Exchange rate**	**NTD**	**Change in magnitude**	**Pre-tax effect on profit or loss**
Financial assets					
Monetary items					
USD	$ 33,372	30.71	1,024,854	1%	10,249
CNY	364	4.33	1,576	1%	16
GBP	1,982	39.17	77,635	1%	776
Financial liabilities					
Monetary items					
USD	4,717	30.71	144,859	1%	1,449

	December 31, 2022				
	Foreign currency	**Exchange rate**	**NTD**	**Change in magnitude**	**Pre-tax effect on profit or loss**
Financial assets					
Monetary items					
USD	$ 43,577	30.73	1,339,121	1%	13,391
CNY	364	4.40	1,602	1%	16
EUR	1	32.75	33	1%	-
GBP	2,634	37.07	97,642	1%	976
Financial liabilities					
Monetary items					
USD	3,979	30.73	122,275	1%	1,223

For the years ended December 31, 2023 and 2022, the aggregate of realized and unrealized foreign exchange loss (gain) amounted to $9,743 and $95,132, respectively.

2) Interest rate risk

The Company operates primarily with its own working capital and there are no liabilities bearing floating interest rates at the end of the reporting period.

The changes in interest rate would not cause significant potential financial impact on the Company's financial assets, and therefore the management believes that there is no significant interest risk.

(t) Capital management

In consideration of industry dynamics and future development, as well as external environment factors, the Company maintains an optimal capital structure to enhance long-term shareholder value by managing its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, capital expenditures, dividend payments, and other business requirements for continuing operations and to reward shareholders and take into consideration the interests of other stakeholders.

(u) Investing and financing activities not affecting current cash flow

(i) The reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2023	**Cash flows**	**Non-cash changes** **Changes in leases**	**December 31, 2023**
Lease liabilities	$ 2,772	(1,095)	-	1,677

	January 1, 2022	**Cash flows**	**Non-cash changes** **Changes in leases**	**December 31, 2022**
Lease liabilities	$ 532	(1,077)	3,317	2,772

7. Related-party transactions

(a) Name and relationship with related parties

The followings are subsidiaries and other related parties that have had transactions with the Company during the reporting periods.

Name of related parties	Relationship with the Company
Flytech USA International Co., Ltd. (Flytech USA BVI)	The Company's subsidiary
Flytech HK International Co., Ltd. (Flytech HK BVI)	The Company's subsidiary
Flytech CN International Co., Ltd. (Flytech CN BVI)	The Company's subsidiary
Fei Shiun Investment Co., Ltd. (Fei Shiun Investment)	The Company's subsidiary
Box Technologies (Holdings) Ltd. (Box Holdings)	The Company's subsidiary
Box Technologies Limited (Box UK)	The Company's subsidiary
BTechnologies AB (Box Nordic)	As the Company's former subsidiary, Box Nordic was liquidated in May 2023.
Inefi Holding Co., Ltd (Inefi Holding)	The Company's subsidiary
Inefi Incorporation	The Company's subsidiary
Flytech Technology (U.S.A.) Inc. (Flytech USA)	The Company's subsidiary
Flytech Technology Hong Kong Ltd. (Flytech HK)	The Company's subsidiary
Flytech Technology (Shanghai) Co., Ltd. (Flytech CN)	The Company's subsidiary
Berry AI Inc. (Berry AI)	The Company's subsidiary
Berry AI International Co., Ltd (Berry AI BVI)	The Company's subsidiary
Berry AI USA INC. (Bery AI USA)	The Company's subsidiary
iRuggy System Co., Ltd. (iRuggy System)	As the Company's former subsidiary, iRuggy System was liquidated in November 2022.
Poindus Systems Corporation (Poindus Systems)	Poindus (and its subsidiaries) (Note)
Poindus Systems UK Limited (Poindus UK)	Poindus (and its subsidiaries) (Note)
Adasys GmbH Elektronische Komponenteas (Adasys)	Poindus (and its subsidiaries) (Note)
Qijie Electronics (Shenzhen) Co., Ltd	Poindus (and its subsidiaries) (Note)
Poindus Systems GmbH GroBhandel mit EDV. Oberursel (Poindus GmbH)	Poindus (and its subsidiaries) (Note)
TAC Dynamics ("TAC")	The Company's associate

Note : Prior to December 2022, the entities were formerly the Company's subsidiaries. In February 2022, the Company disposed its entire equity interests in these entities.

(b) Significant related-party transactions

(i) Revenue

		2023	2022
Subsidiaries:			
Box UK	$	211,581	299,397
Other subsidiaries		57,159	61,452
Associates		414	-
	$	269,154	360,849

The selling price and payment terms of sales offered to related parties depend on the economic environment and market competition, the trade terms of sales to related parties are EOM 60~90 days, and there are occasional late collections from related parties in consideration of their working capital management. In addition, the trade terms offered to third parties are OA 30~120 days. Receivables from related parties were not secured with collateral and did not require provisions for expected credit loss.

(ii) Operating expenses

Operating expenses related to the commissions and product development by related parties were as below:

Account	Related-party categories		2023	2022
Operating expenses	Subsidiaries	$	37,594	33,886

(iii) Receivables from related parties

Account	Related party categories		December 31, 2023	December 31, 2022
Accounts receivable from related parties	Subsidiaries－Box UK	$	34,687	72,912
Accounts receivable from related parties	Other subsidiaries		9,369	9,565
Other receivables from related parties	Subsidiaries		2,291	1,954
		$	46,347	84,431

(iv) Payables to related parties

Account	Related party categories		December 31, 2023	December 31, 2022
Other payables to related parties	Subsidiaries	$	2,007	588

(c) Compensation of key management personnel

	2023	2022
Short-term employee benefits	$ 18,544	35,961
Post-employment benefits	567	594
	$ 19,111	36,555

8. Pledged assets

The carrying amounts of assets pledged as collateral are detailed below:

Pledged assets	Pledged to secure	December 31, 2023	December 31, 2022
Time deposits (classified as financial assets measured at amortized cost－current)	Guarantee deposit for custom duties	$ 691	684

9. Significant commitments and contingencies: None.

10. Significant losses due to major disasters: None.

11. Significant subsequent events: None.

12. Others

Employee benefits, depreciation, and amortization expenses, categorized by function, were as follows:

By function	2023			2022		
By item	Cost of revenue	Operating expenses	Total	Cost of revenue	Operating expenses	Total
Employee benefits:						
Salaries	129,678	244,565	374,243	162,962	298,589	461,551
Insurance	13,062	20,593	33,655	12,650	19,417	32,067
Pension	4,707	8,793	13,500	4,436	10,147	14,583
Remuneration to directors	-	6,640	6,640	-	6,580	6,580
Others	4,243	5,780	10,023	4,423	5,765	10,188
Depreciation	46,771	11,380	58,151	53,069	11,243	64,312
Amortization	413	6,020	6,433	133	3,310	3,443

	2023	2022
The number of employees	406	435
The number of non-employee directors	5	4
Average employee benefits	$ 1,076	1,203
Average employee salaries	$ 933	1,071
Average employee salaries increased (decreased) by	(12.89)%	18.74%
Supervisors' remuneration (note)	$ -	-

Note: As the Company had established an Audit Committee, there was no remuneration policy for supervisors.

The Company's salary and remuneration policy, including directors, supervisors, managers and employees, is as follows:

(a) The remuneration to directors (including independent directors) is based on the rationality of their duties, risks and contribution to the Company in reference to the following conditions to be approved by the Remuneration Committee and the Board of Directors.

  (i) The director's contribution to their participation in the board meetings, including their attendance, quantity and quality of their proposals and their time commitment, as well as the operation of the Company, such as discussion with external and internal auditors as well as the management

  (ii) Domestic and overseas industry norms

  (iii) Individual performance and overall performance of the board

  (iv) Overall operating performance of the Company

  (v) Pursuant to the Company's articles of incorporation, the Company shall distribute 3% to 15% of its profits in the current period as remuneration to its employees and no more than 3% to its directors.

(b) The remuneration policy for managers and employees is determined by the human resource department based on their duties, personal KPI and contribution to the Company's overall operating performance in reference to the domestic and overseas industry norms. Pursuant to Regulations Governing Job Position, Salaries and Bonus and the Remuneration Committee, the remuneration policy is adopted to be approved by the Remuneration Committee and the Board of Directors and regularly reviewed by the Remuneration Committee to ensure its reasonableness.

13. Additional disclosures

(a) Information on significant transactions:

In accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Company discloses the following information on significant transactions for the year ended December 31, 2023.

(i) Financing provided to other parties: None.

(ii) Guarantees and endorsements provided to other parties:

(In Thousands of New Taiwan Dollar)

No. (Note 1)	Endorsement/ Guarantee Provider	Guarantee Party		Limit on Endorsement/ Guarantee Amount Provided to Each Guarantee Party (Note 3)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note 3)	Guarantee Provided by Parent Company	Guarantee Provided by a Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Name of Relationship (Note 2)										
0	The Company	Box Technologies limited	2	931,851	40,000	40,000	-	-	0.86%	2,329,629	Y	N	N

Note 1: Parties to the intercompany transactions are identified and numbered as follows:

1. "0" represents the Company.
2. Subsidiaries are numbered from "1".

Note 2: Relationships between the endorsement/guarantee provider and the guaranteed party:

2 for entities directly or indirectly owned by the Company over 50%

Note 3: The Company provides guaranteed to a subsidiary that the parent company owns directly 100% voting shares; the limit on endorsement or guarantee provided by the Company to a single party should not exceed 20% of its net worth. The total amount of endorsement or guarantee provided by the company should not exceed 50% of its net worth.

(iii) Marketable securities held at the reporting date (excluding investments in subsidiaries, associates, and jointly controlled entities):

(Amounts in Thousands of New Taiwan Dollar and shares)

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	Ending Balance				Note
				Shares	Carrying Value	Percentage of Ownership	Fair Value	
The Company	Convertible bond: Nextronics engineering core	-	Financial assets at fair value through profit or loss－current	0.1	9,683	-	9,683	-
Flytech CN BVI	Convertible bond: Astra cloud holdings	-	Financial assets at fair value through profit or loss－current	-	-	-	-	-
Fei Shiun Investment	Common stock: Jenjan Logistics Tech Co. Ltd.	-	Financial assets at fair value through other comprehensive income－current	49	3,000	4.11	3,000	-

(iv) Marketable securities for which the accumulated purchase or sale amounts for the year exceed $300 million or 20% of the paid-in capital: None.

(v) Acquisition of real estate which exceeds $300 million or 20% of the paid-in capital: None.

(vi) Disposal of real estate which exceeds $300 million or 20% of the paid-in capital: None.

(vii) Total purchases from and sales to related parties which exceed $100 million or 20% of the paid-in capital:

(Amounts in Thousands of New Taiwan Dollar)

Company Name	Related Party	Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchases/ (Sales)	Amount (Note 3)	% of Total Purchases/ (Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total Notes/Accounts Receivable (Payable)	
The Company	Box UK	Subsidiary	(Sales)	211,581	7.34%	EOM 75	(Note 1)	(Note 2)	34,687	5.04%	-

Note 1: The selling prices with related parties are determined by the economic environment and market competitiveness in each of the regions.

Note 2: The trade terms of sales with related parties are EOM 75 days, and the trade terms with third parties are OA 30 to 120 days.

Note 3: The intercompany transactions are disclosed only for the amounts of sales; the corresponding purchases are not disclosed.

(viii) Receivables from related parties which exceed $100 million or 20% of the paid-in capital: None.

(ix) Transactions in derivative instruments: None.

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2023 (excluding information on investees in Mainland China):

(Amounts in Thousands of shares, foreign currency and New Taiwan Dollar)

				Original Investment Amount		Balance as of December 31, 2023					
Investor	Investee	Location	Main Businesses and Products	December 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value	Net Income (Loss) of the Investee	Investment Income (Loss) (Note 1)	Note
The Company	Flytech USA BVI	British Virgin Islands	Investment and holding activity	101,388	38,652	3,000	100.00%	77,862	(5)	(5)	-
The Company	Flytech HK BVI	British Virgin Islands	Investment and holding activity	10,392	10,392	50	100.00%	187,893	29,293	29,293	-
The Company	Flytech CN BVI	British Virgin Islands	Investment and holding activity	90,601	90,601	200	100.00%	138,134	2,537	2,537	-
The Company	Fei Shiun Investment	Taiwan	Investment and holding activity	428,000	428,000	19,000	100.00%	266,705	(72,205)	(72,205)	-
The Company	inefi Holding	British Virgin Islands	Investment and holding activity	245,076	83,634	28,000	100.00%	188,513	(36,419)	(36,419)	-
The Company	Box Holdings	United Kingdom	Investment and holding activity	511,307	511,307	4	100.00%	450,068	27,015	14,072	-
Flytech USA BVI	Flytech USA	USA	Sale of computers and peripheral equipment	99,094 (USD 3,072)	36,358 (USD 1,072)	2,700	100.00%	76,833 (USD 2,502)	31 (USD 1)	-	-
Flytech HK BVI	Flytech HK	Hong Kong	Sale of computers and peripheral equipment	10,433 (USD 298)	10,433 (USD 298))	1,000	100.00%	188,771 (USD 6,147)	29,293 (USD 940)	-	-
Fei Shiun Investment	Berry AI	Taiwan	Software and data processing services, and software and hardware integration services	306,600	306,600	21,000	70.00%	105,505	(97,158)	-	-
Fei Shiun Investment	TAC Dynamics	Taiwan	Sale of machinary and equipment	18,000	18,000	653	18.91%	11,782	(24,526)	-	-
Box Holdings	Box UK	United Kingdom	Sale of computers and peripheral equipment	472 (GBP 10)	472 (GBP 10)	10	100.00%	369,930 (GBP 9,445)	28,401 (GBP 733)	-	-
Box Holdings	Box Nordic	Sweden	Sale of computers and peripheral equipment	- (GBP -)	2,330 (GBP 49)	-	-	- (GBP -)	(228) (GBP (6))	-	Note 2
inefi Holding	Inefi Incorporation	Taiwan	Information software services to provide a unified endpoint management platform	230,000 (USD 7,511)	80,000 (USD 2,858)	18,000	100.00%	176,821 (USD 5,758)	(34,296) (USD (1,101))	-	-
Berry AI	Berry AI BVI	British Virgin Islands	Investment and holding activity	30,000	30,000	50	100.00%	15,328	(10,801)	-	-
Berry AI BVI	Berry AI USA	USA	Software and data processing services, and software and hardware integration services	27,965 (USD 1,000)	27,965 (USD 1,000)	1,000	100.00%	13,084 (USD 426)	(10,831) (USD (348)	-	-

Note 1: Investment income (loss) included the movement in unrealized gross profit or loss.

Note 2: Box Nordic was liquidated in May 2023.

(c) Information on investment in mainland China:

(i) Information on investment in Mainland China:

(Amounts in Thousands of New Taiwan Dollar and US Dollar)

Investee	**Main Businesses and Products**	**Total Amount of Paid-in Capital**	**Method of Investment**	**Accumulated Outflow of Investment from Taiwan as of January 1, 2023**	**Investment Flows**		**Accumulated Outflow of Investment from Taiwan as of December 31, 2023**	**Net Income (Loss) of Investee**	**% of Ownership of Direct and Indirect Investment**	**Investment Income (Loss)**	**Carrying Value as of December 31, 2023**	**Accumulated Inward Remittance of Earnings as of December 31, 2023**
					Outflow	**Inflow**						
Flytech CN	Sale of computers and peripheral equipment	69,089 (USD 2,000)	(Note 1)	69,089 (USD 2,000)	-	-	69,089 (USD 2,000)	1,949 (USD 63)	100.00%	1,949 (USD 63)	121,554 (USD 3,958)	-

Note 1: Indirect investment in Mainland China through a holding company, Flytech CN BVI, was established in a third country

(ii) Limits on investment in Mainland China:

(Amounts in Thousands of New Taiwan Dollar and US Dollar)

Company name	**Accumulated investment in Mainland China as of December 31, 2023**	**Investment Amounts Authorized by Investment Commission, MOEA**	**Upper Limit on Investment Authorized by Investment Commission, MOEA**
The Company and its subsidiaries	90,767 (USD 2,700)	103,107 (USD 3,100)	2,795,554

(iii) Significant transactions with the investee in Mainland China: None.

(d) Major shareholders:

Shareholding **Shareholder's Name**	**Shares**	**Percentage**
Lam Tai Seng	16,423,263	11.47%
Wang Wei Wei	11,040,443	7.71%

14. Segment information

Please refer to the consolidated financial statements for the years ended December 31, 2023 and 2022 for disclosure of segment information.

Flytech Technology Co., Ltd.

Statement of Cash and Cash Equivalents

December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Item	Description			Amount
Cash on hand and cash in foreign currency				$ 755
Demand deposits				1,375,608
Checking accounts				8
Foreign currency deposits (Note)	USD	:	3,678 thousand	112,947
	EUR	:	1 thousand	51
	CNY	:	364 thousand	1,575
	GBP	:	1,096 thousand	42,946
Time deposits (mature within three months)	TWD	:	10,000 thousand (the interest rate: 1.16%)	10,000
	USD	:	9,000 thousand (the interest rate: 5.17%~5.65%)	276,372
				$ 1,820,262

Note: Foreign currency deposits were translated at the spot exchange rate on December 31, 2023 as follows:

Currency	Exchange rate
USD	30.71
EUR	34.01
CNY	4.33
GBP	39.17

(Continued)

Flytech Technology Co., Ltd.

Statement of Notes and Accounts Receivable

December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Client name	Description	Amount	Note
Customer A		$ 261,737	
Customer B		61,273	
Customer C		42,490	
Customer D		34,787	
Others (Note)		243,715	
		$ 644,002	

Note: The amount of each item in others did not exceed 5% of the account balance.

Statement of Accounts Receivable From Related Parties

Name of related parties	Amount
Box Technologies Limited	$ 34,687
Flytech CN	3,965
Others (Note)	5,404
	$ 44,056

Note: The amount of each item in others did not exceed 5% of the account balance.

Flytech Technology Co., Ltd.

Statement of Inventories

December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount		Note
	Carrying amount	Net realizable value	
Raw materials	$ 308,238	308,238	
Work in process	109,646	164,031	
Finished goods	56,147	75,490	
	$ 474,031	**547,759**	

Statement of Prepayments and Other Current Assets

Item	Description	Amount	Note
VAT refund		$ 10,990	
Prepaid expenses		2,644	
		$ 13,634	

(Continued)

Flytech Technology Co., Ltd.

Statement of Changes in Investments Accounted for Using Equity Method

For the year ended December 31, 2023

(Expressed in Thousands of New Taiwan Dollars and shares)

	Balance at January 1, 2023		Addition		Investment income (loss) for using equity method	Other adjustments (Note)	Foreign currency translation difference	Realized (unrealized) gross profit	Balance at December 31, 2023			Total equity	Collateral or pledge
Name of investees	**Shares**	**Amount**	**Shares**	**Amount**					**Shares**	**%**	**Amount**		
Flytech USA BVI	1,000	$ 16,459	2,000	62,736	(5)	-	(1,329)	1	3,000	100.00%	77,862	77,862	-
Flytech HK BVI	50	159,624	-	-	29,293	-	(773)	(251)	50	100.00%	187,893	188,794	-
Flytech CN BVI	200	136,633	-	-	2,537	-	(2,408)	1,372	200	100.00%	138,134	139,344	-
Fei Shiun Investment	19,000	336,592	-	-	(72,205)	1,991	99	228	19,000	100.00%	266,705	268,112	-
Box Holdings	4	418,818	-	-	14,072	-	17,506	(328)	4	100.00%	450,068	330,761	-
inefi Holding	17,000	64,227	11,000	161,442	(36,419)	-	(737)	-	28,000	100.00%	188,513	188,513	-
		$ 1,132,353		224,178	(62,727)	1,991	12,358	1,022			1,309,175		

Note: The increase in capital surplus amounted to $1,991.

Flytech Technology Co., Ltd.

Statement of Changes in Right-of-Use Assets

December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Item	Beginning balance	Increase during 2023	Decrease during 2023	Ending balance	Note
Cost:					
Other equipment	$ 3,317	-	-	3,317	
Depreciation:					
Other equipment	(553)	(1,106)	-	(1,659)	
	$ 2,764	**(1,106)**	**-**	**1,658**	

Statement of Accounts Payable

Vendor name	Description	Amount	Note
Vendor A		$ 41,636	
Vendor B		16,337	
Vendor C		14,886	
Others (Note)		223,035	
		$ 295,894	

Note: The amount of each item in others did not exceed 5% of the account balance.

(Continued)

Flytech Technology Co., Ltd.

Statement of Other Payables

December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Accrued remuneration to employees		$ 85,079	
Accrued bonus		51,334	
Salaries payable		23,031	
Others (less than 5％)		47,304	
		$ 206,748	

Note: The amount of each item in others did not exceed 5% of the account balance.

Statement of Other Current Liabilities

For the year ended December 31, 2023

Item	Description	Amount	Note
Receipts under custody		$ 934	
Others (Note)		371	
		$ 1,305	

Note: The amount of each item in others did not exceed 5% of the account balance.

Statement of Lease Liabilities

Item	Lease period	Discount Rate	Ending balance
Other equipment	2019/7/15~2022/7/14	1.70%	$ 1,677
Current			$ 1,113
Non-current			$ 564

(Continued)

Flytech Technology Co., Ltd.

Statement of Cost of Revenue

For the year ended December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount
Raw materials	
Raw materials, beginning of year	$ 567,639
Add: Net purchases	1,204,844
Reclassified from outsourcing processing	6,835
Less: Raw materials, end of year	419,374
Reclassified to expenses and others	19,381
Sales of raw materials	46,744
Raw materials used	1,293,819
Direct labor	59,757
Manufacturing overhead	194,454
Manufacturing cost	1,548,030
Add: Work in process, beginning of year	127,763
Purchases	20,304
Less: Work in process, end of year	123,955
Reclassified to expenses and others	14,074
Sales of work in process	70,760
Cost of goods manufactured	1,487,308
Add: Finished goods, beginning of year	138,305
Purchases	1,567
Reclassified to expenses and others	6,203
Less: Finished goods, end of year	59,702
Cost of goods sold	1,573,681
Cost of sales on raw materials	46,744
Cost of sales on work in process	70,760
Losses on scrap of inventories	12,140
Write-downs of inventories	69,000
Others	17,708
Cost of Revenue	**$ 1,790,033**

Flytech Technology Co., Ltd.

Statement of Operating Expenses

For the year ended December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Item	Selling expenses	Administrative expenses	Research and development expenses
Salaries	$ 59,078	76,765	108,722
Commission expense	42,920	-	-
Insurance expense	8,036	6,976	9,196
Professional service expense	10,352	9,059	1,345
Others (Note)	32,577	54,134	36,307
Total	**$ 152,963**	**146,934**	**155,570**

Note: The amount of each item in others did not exceed 5% of the account balance.

Please refer to note 6(b) for statement of financial assets at fair value through profit or loss.
Please refer to note 6(c) for statement of financial assets measured at amortized cost.
Please refer to note 6(g) for statement of changes in property, plant and equipment.
Please refer to note 6(h) for statement of changes in intangible assets.
Please refer to note 6(l) for deferred income tax assets and liabilities.
Please refer to note 6(j) for statement of provisions.
Please refer to note 6(k) for statement of net defined benefit liabilities (assets).
Please refer to note 6(o) for statement of revenue.
Please refer to note 6(q) for statement of other income, other gains or losses and finance costs.

Flytech Technology Co., Ltd.

Statement of Internal Control System

Date: Mar 8th 2024

Based on the findings of a self-assessment, Flytech Technology Co., Ltd. (Flytech) states the following with regard to its internal control system during the year 2023:

1. Flytech's Board of Directors and Management are responsible for establishing, implementing, and maintaining an adequate internal control system, and Flytech has established such a system. Our internal control system is designed to provide reasonable assurance over the effectiveness and efficiency of operations (including profitability, performance, and safeguarding of assets), reliability, timeliness, transparency of reporting, and compliance with applicable laws and regulations.
2. An internal control system has its inherent limitations. No matter how perfectly designed, an effective internal control system can only provide reasonable assurance of accomplishment the objectives mentioned above. Furthermore, the effectiveness of an internal control system may be subject to changes due to circumstances beyond control. Nevertheless, the internal control system of Flytech contains self-monitoring mechanisms, and Flytech takes immediate remedial actions in response to any identified deficiencies.
3. Flytech evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the Regulations identify five components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component further contains several items. Please refer to the Regulations for details.
4. Flytech has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the evaluation mentioned in the preceding paragraph, Flytech believes that, on December 31, 2023, it has maintained, in all material respects, and effective internal control system (that includes the supervision and management of subsidiaries), to provide reasonable assurance over operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable laws and regulations.
6. This Statement will be an integral part of Flytech's Annual Report and Prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement has been passed by the Board of Directors in their meeting on March 8th, 2024, with none of the six attending directors expressing dissenting opinions, and remainders all affirming the content of this Statement.

Flytech Technology Co.,Ltd.

Chairman
Lam Tai Seng

President
Shyu, Jia Horng

Flytech Technology Co.,Ltd.

Chairman

Lam Tai Seng