Code：2468

華經資訊企業股份有限公司

FORTUNE INFORMATION SYSTEMS CORP.

2023 Annual Report

Publication Date: May 9, 2024

Maket Observation Post System:http：//mops.twse.com.tw
Company Website: http：//www.fis.com.tw

Notice to readers

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

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Name of CPA：Cai,You-Ling and Lin,Wen-Qin
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Listing of Foreign Securities

None.

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I. Letter to Shareholders

1.1 Operating Performance in 2023

1.1.1 Implementation results of the business plan of the previous year:

The company's primary business activities focus on information systems integration. The services we provide include the establishment and planning of enterprise public/private cloud infrastructure, network system planning, information security, backup and disaster recovery planning, information integration services for financial institutions, cloud monitoring management, application software development, document digitization services, logistics and warehouse management systems, information services for the insurance industry, and outsourced maintenance management of IT equipment. We offer comprehensive after-sales service and diversified solutions.

The business operations and profitability overview for the fiscal year 2023 are detailed as follows:

Unit: NT$ 1,000

Item	2023	2022	Change
Operating revenue	2,338,371	2,270,033	3.01%
Operating costs	2,067,618	2,023,539	2.18%
Gross profit	270,753	246,494	9.84%
Gross profit margin	12%	11%	
Operating expenses	180,955	182,733	(0.97%)
Profit from operations	89,798	63,761	40.84%
Non-operating income and expenses	9,322	14,624	(36.26)%
Income before income tax	99,120	78,385	26.45%
Net income	78,378	63,530	23.37%

1.1.2 Budget implementation

The Company has no public financial forecast for 2023.

1.1.3 Financial revenue and expenditure and profitability analysis

- Financial revenue and expenditure (Unit: NT$ 1,000)

Operating revenue:	2,338,371
Profit from operations:	89,7981
Income before income tax:	99,120
Net income:	78,378

In 2023, the company's operating revenue increased by 3.01% compared to the previous year, with a gross profit margin of 12%. Both operating gross profit and net profit grew compared to the same period last year. Operating net profit increased by 40.84% year-over-year, benefiting from the doubling of investment in digital transformation and cloud migration in the financial sector, increased demand for cybersecurity, platform engineering, and the wave of ESG IT applications. This drove the growth of our company's (CMP) cloud platform management system, IT infrastructure establishment, backup and disaster recovery, and cybersecurity services. Net non-operating income and expenses decreased by 36.26% compared to the previous year, primarily due to a reduction in foreign exchange gains.

- Profitability Analysis

ITEM		2023	2022
Financial structure analysis	Debt to asset ratio (%)	38.89	44.49
	Long-term capital to property, plant and equipment (%)	532.02	513.40
Debt structure	Current ratio (%)	195.19	172.82
	Quick Ratio(%)	161.67	145.67
Profitability analysis	Return on Assets (ROA)(%)	3.89	3.28
	Return on Equity(%)	6.45	5.41
	Net Profit Margin(%)	3.35	2.80
	Earnings per Share (EPS) after Tax(NT$, before retrospective adjustment)	1.12	0.91

- Research and development Status：Please refer to page 75 to 77.

1.2 Summary of Annual Business Plan:

1.2.1 The Company has years of professional experience in information services and adheres to the business philosophy of "Integrity, Innovation, and Service." It actively pursues diversified and high-value-added service business development. Based on industry trends and market demands, the business objectives for the coming year are as follows:

- System Integration Services

(1) Establish a multi-cloud infrastructure and container management system: Assist clients in adopting multi-cloud management systems and monitoring tools, and integrate and support container architectures to help clients establish enterprise multi-clouds.

(2) Virtualization backup system implementation: Virtualize off-site backup servers and centralize management of storage devices, as well as establish mechanisms for remote disk data transmission.

(3) Establishment of Cloud Backup Mechanism: Integrating the architectures of the three major public clouds domestically, establishing a complete cloud backup infrastructure with original backup systems and storage devices, and combining multi-cloud monitoring and billing to reduce operational risks and expenditure.

(4) Cross-platform NAS/SAN data storage planning and implementation: Including centralized backup, off-site backup, and disaster recovery to protect intangible assets and achieve sustainable business operations.

(5) Comprehensive enterprise information security protection system: Ensuring enterprise data security from endpoints to the core, from data to content, from physical to human, from policies to regulations, to safeguard enterprise investments.

(6) Enterprise information system integration planning and implementation: Provide enterprise network system planning and implementation, system monitoring and management, remote control planning, asset management, and data center relocation and renovation.
(7) Completion of development and construction of dedicated network management system: Develop and build dedicated heterogeneous platform network management systems to integrate client network management platforms.
(8) Construction of enterprise event management platform: Utilize event management to integrate device construction for financial institutions' enterprise event collection and integration platforms.
(9) Provide development and integration services for financial information network applications: Solutions such as the next-generation bank branch terminal application system (eTABS) and electronic banking service application system (Internet banking).
(10)Outsourced maintenance and management of enterprise information equipment: Outsourced data center maintenance, virtualization management, regular hardware and software equipment testing, information equipment repair, rental of backup equipment, on-site maintenance, and disaster drills.
(11) Assist clients in building or transitioning to container and microservices architectures.
(12) Planning and implementation of high-performance computing (HPC) and rendering farm systems.
(13) Outsourced information security operations services: Provide enterprise social engineering exercise services, network monitoring services, network vulnerability scanning services, network security vulnerability troubleshooting, monthly network security monitoring reports, and network security incident response.
(14) Construction and maintenance of nationwide iBox smart lockers to meet the mail needs and user experience in the era of e-commerce, increase customer loyalty, and provide high-quality, secure, reliable, convenient, and durable iBox locker devices for public use.
(15) Data center environmental control system implementation service for detecting temperature, humidity, fire, and resources such as CPU, hard disk, and memory in the data center. It provides a single management interface to simultaneously display system management and data center environmental control management. When environmental indicators reach warning values, alarms will be triggered, and automatic protection mechanisms will be activated.

● Software Service

(1) Project Development: We provide customized system planning, process recommendations, and programming services using a project-based approach. With our team of system analysts, system designers, and programmers, we

assist clients in meeting their information system needs, achieving operational efficiency and goals, and offering professional system maintenance and ongoing development services.

(2) Business Software: We combine modular business software and customize integration based on client requirements, allowing for quick system scoping and shorter implementation timelines. Our modular services include membership management, life insurance agent administrative management, Dashboard value-added packages, DLP data leak prevention systems and eLearning online learning platform.

- Customer Maintenance Services

(1) Troubleshooting of Computer and Server Hardware/Software Issues: Dispatching engineers to assist on-site in resolving problems, providing emergency spare part replacements, reporting on the progress of issue resolution, categorizing and tracking unresolved issues, and providing regular service reports.

(2) Outsourced MIS Service Process Management: Designing customized service processes based on the specific service requirements of clients, aligning with their actual operational models, providing frontline user support, and alleviating the information department's burden of addressing various user issues.

(3) Troubleshooting of Credit Card, Micro-payment, and Related Equipment: Execution of equipment installation and removal operations; providing assistance for issue resolution via phone or on-site support based on customer cases.

(4) Smart Service Equipment: Coordinating site surveys and equipment installation, and performing maintenance and troubleshooting after equipment deployment.

- Insurance Industry Information Service

The Resident Services Department of Fortune Insurance Industry was established in 1992 and specializes in insurance core systems such as Capsil, Ingenium, and eBao. We provide the most valuable services and comprehensive information services to the insurance industry in the Asia-Pacific region. Our services include information system consulting, professional custom services, data conversion services, insurance system training courses, and manpower dispatch services.

- Logistics Management Services

(1)Warehouse Management System:

We employ rigorous project implementation and tailored management methods to gradually implement the system. Our services include inventory management, order management, e-commerce integration, PDA and mobile commerce applications. We integrate with ERP/e-commerce platforms, courier service providers, and transportation management systems (TMS) to strengthen our logistics solutions with warehousing operations as the core focus.

(2)Logistics Management System Software Consulting Services:

We provide extensive knowledge in supply chain management and implement best practices based on industry experience, including third-party logistics, retail/wholesale/distribution, and manufacturing sectors.

(3)We enhance the functionality of WMS products and integrate them with transportation planning systems, while introducing new technological platforms to expand our product line and service offerings.

● Image Product Service

(1)Document Imaging:

We provide office document imaging establishment, workflow management systems, and professional services to our clients. This includes high-speed scanning and index creation.

(2)Professional Products:

We have developed our own software, DOC.M, which is complemented by the professional image capture. It also incorporates browser-based querying and retrieval applications, allowing for the extraction of key data from paper documents and integration into business processing workflows.

(3)Services for Various Industries:

We develop solutions for government and hospital administrative units, such as digitalization of health insurance claims, medical review processes, and scanning of medical records. We also offer document scanning services for insurance policy documents in the insurance industry, application form scanning services for the banking sector, and digitalization of engineering drawings, among others.

● Visual Product Service

(1)Image Integration:

We offer screen stitching and fusion technologies for large-scale exhibition halls, banquet halls in hotels, multimedia planning for education and training, and seamless splicing for various venue configurations. We also provide optical multi-touch technologies for simulated theaters, scenario-based classrooms, and entertainment venues. Additionally, we serve as agents for large-sized touch display screens.

(2)Video Equipment:

We provide comprehensive planning and implementation of conference systems. Our services cover video product sales, leasing, installation, maintenance, and educational training throughout Taiwan.

- Business Management

  In the information services industry, key success factors include market development and marketing, as well as human resources, research and development capabilities, and sound financial liquidity. The Company is committed to continuously cultivating talent and core technologies in all areas, establishing professional teams, and strengthening project management and product innovation capabilities. At the same time, we also focus on improving operational efficiency, accelerating inventory turnover and accounts receivable collection, ensuring sufficient funds to support business operations.

1.2.2 Expected sales quantity and basis:

The Company does not provide any public financial forecast.

1.2.3 Important production and sales policies:

1. Enhance the core values of the CMP, including flexible deployment, easy operation, efficient information security, and sustainable green energy.
2. Utilize RPA (Robotic Process Automation Integration) to develop an AI system architecture, integrate IT resources, storage, and network architecture with hyper-convergence virtualization technology.
3. Deeply cultivate AIOT (Internet of Things) and respond to the current society's demand for logistics intelligence with automated equipment services, continuously expanding the intelligent cabinet business, and moving towards a new milestone in intelligent logistics.
4. Deepen the WMS (Warehouse Management System), strengthen the integration of warehouse management and WMS functions, and develop the best dispatching mode to match the WMS wave planning for the shortest picking time and enhance investment efficiency. Additionally, develop TMS AI partitioning and AI routing to reduce mileage and time costs.
5. Extend the functionality of the DOCM image document management system and actively develop the feature of importing image scanning retention files for certification signatures to meet the needs of various medical institutions, thereby expanding the company's business opportunities in the medical industry.
6. Optimize application software quality through TIOBE/TiCS software quality inspection, manage outsourced software development quality, and strengthen software security.

1.2.4 The impact of the external competitive environment, regulatory environment and overall business environment

With the easing of the epidemic situation in Taiwan, the momentum for IT investment by enterprises is gradually picking up. In 2023, the growth rate of IT investment slightly decreased to 9.2%, but still remained above the historical average of 6~7%, indicating that economic vitality continues to exist. The service industry still maintains a double-digit growth in IT investment, while high-tech and financial industries also show strong performance. The accelerating effect of the epidemic on corporate digital transformation has not yet subsided.

The overall industry's average IT investment exceeded 200 million NT dollars for the first time, reaching over 230 million NT dollars in 2023. The financial industry's average IT investment soared to over 1.44 billion NT dollars. The IT budgets of government, schools, service industry, and healthcare industry also surpassed the hundred million mark this year, with only the manufacturing industry relatively lower.

In 2023, the focus of IT investments across industries was on cybersecurity, cloud, and mobile applications, with enterprises continuing to increase investments post-pandemic. While investment layouts varied across industries, many key investments showed double-digit growth. The digital transformation budget of the high-tech manufacturing industry showed the most significant increase, reaching 131.9%. The healthcare industry also experienced significant growth in edge computing, cybersecurity, DevOps, and cloud investments. The financial industry accelerated its investment in mobile applications, while the service industry continued to expand its cloud investments. Investments in cloud and big data also increased in the manufacturing industry.

From a regulatory perspective, although financial institutions have gradually begun exploring new technologies such as cloud and artificial intelligence in recent years, most remain cautious due to policy restrictions. However, since August 2023, the Financial Supervisory Commission (FSC), R.O.C. officially released amendments to the " Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation," significantly relaxing regulations on outsourcing to the cloud for banks, securities, and insurance industries. In the future, banks will only need to apply for approval in advance when outsourcing "significant consumer financial business information systems" to overseas public clouds; otherwise, no prior approval is required. For insurance companies, approval is required only when outsourcing "significant business information systems related to natural person customer data" to overseas entities. Therefore, it is expected that more financial institutions will join to cloud transformation in the future, accelerating the adoption of cloud applications to enhance their digital resilience in response to rapid geopolitical and global changes.

Overall, in domestic and international IT trend reports, areas such as cloud backup, sustainable technology, platform engineering, and information security are areas in which various industries continue to care and invest heavily. The industrial and technological development direction that Fortune Information has continued to invest in in recent years is also in line with world trends and market needs, and can bring key advantages to customers.

Sincerely yours,

Chairman: SU,MEI-CHUN
General Manager: TANG, YU-HUA and YANG, ZHENG-NING
Principal accounting officer: CHEN, XIU-YUE

II. Company Profile

2.1 Establishment Date:

The Company was officially registered and approved on April 11, 1977, and commenced its operations as an information services industry on June 1, 1982.

2.2 Company History:

In the most recent fiscal year and up to the date of printing this annual report, the Company has not engaged in any significant events or changes that could affect shareholders' equity, such as mergers, reorganizations, changes in ownership, significant changes in business operations or activities, and other important matters. The major transfers or replacements of shares by the directors or shareholders holding more than 10% of the Company's shares, please refer to page 64.

In 1982 · We became the first authorized distributor of IBM in the Asia-Pacific region, marking the beginning of our business in the sale of information technology equipment. Our primary focus has been on selling computer equipment, printers, and consumables.

In 1993 · We expanded our services to include software value-added services and Introduced US company PMSC life insurance management system CAPSIL.

In 1995 · We became an agent for EPSON projectors.

· We established a subsidiary Fortune Information Systems (International) Limited in Hong Kong.

In 1997 · Fortune Information Systems Corp. went public by issuing its shares to the public.

In 1998 · Image Product Service Dept. of the Company was honored to receive ISO-9002 international certification.

In 1999 · The Company's stocks were officially listed for over-the-counter(OCT) trading on December 4th.

In 2001 · The Company's stocks were officially listed for trading on the stock market on September 17th.

In 2006 · Acquired land in Neihu and planned for the construction of an office building.

In 2007 · Collaborated with VMware and achieved Platinum Partner status.

In 2010 · Invested in iPAC Technology Co., Ltd., increasing the shareholding to 100%.

· Jointly constructing an office building with related parties CECGP Electronics Corporation.

In 2011 · Establishment of Remuneration Committee.

In 2012 · Collaboration with Dell Technologies and achieved Partner status.

In 2013 · The new office building is completed and relocated to No. 25, Ln. 78, Xing'ai Rd., Neihu Dist., Taipei City.

· Developing the CMP (Cloud Management Platform) solution.

In 2017 · Strengthening IT integration capabilities, we were awarded the Best Solution Partner of the Year by VMware for our outstanding cloud platform integration in V Cloud and cloud management solutions. This recognition from VMware has positioned us prominently in the Greater China region, affirming our commitment to future digital transformation.

In 2019 · By undertaking the construction and maintenance work for Chunghwa Post's iBox, we have successfully entered the field of "IoT Smart Lockers."

In 2020 · We have obtained the ISO/IEC 27001 international certification for information security standards.

In 2021 · Established a subsidiary "Fortune Technology Systems Corporation.

· Our subsidiary, Fortune Technology Systems Corporation has obtained the ISO/IEC 27001 international certification for information security standards.

· Established an Audit Committee.

· We have appointed a Corporate Governance Officer.

In 2022 · We are honored to receive the prestigious VMware Excellence in Channel Collaboration Award.

· We have achieved the Bronze Medal Excellence Award from TTQS for our outstanding performance as a corporate organization.

In 2023 · Terminated the projector agency contract with Epson Taiwan Co., Ltd., focusing on the development of system integration business.

· Underwent organizational restructuring, establishing a "Co-General Manager" system to integrate resources across regions with a functional organizational structure, forming five major business centers to continually deepen system integration business and technical capabilities.

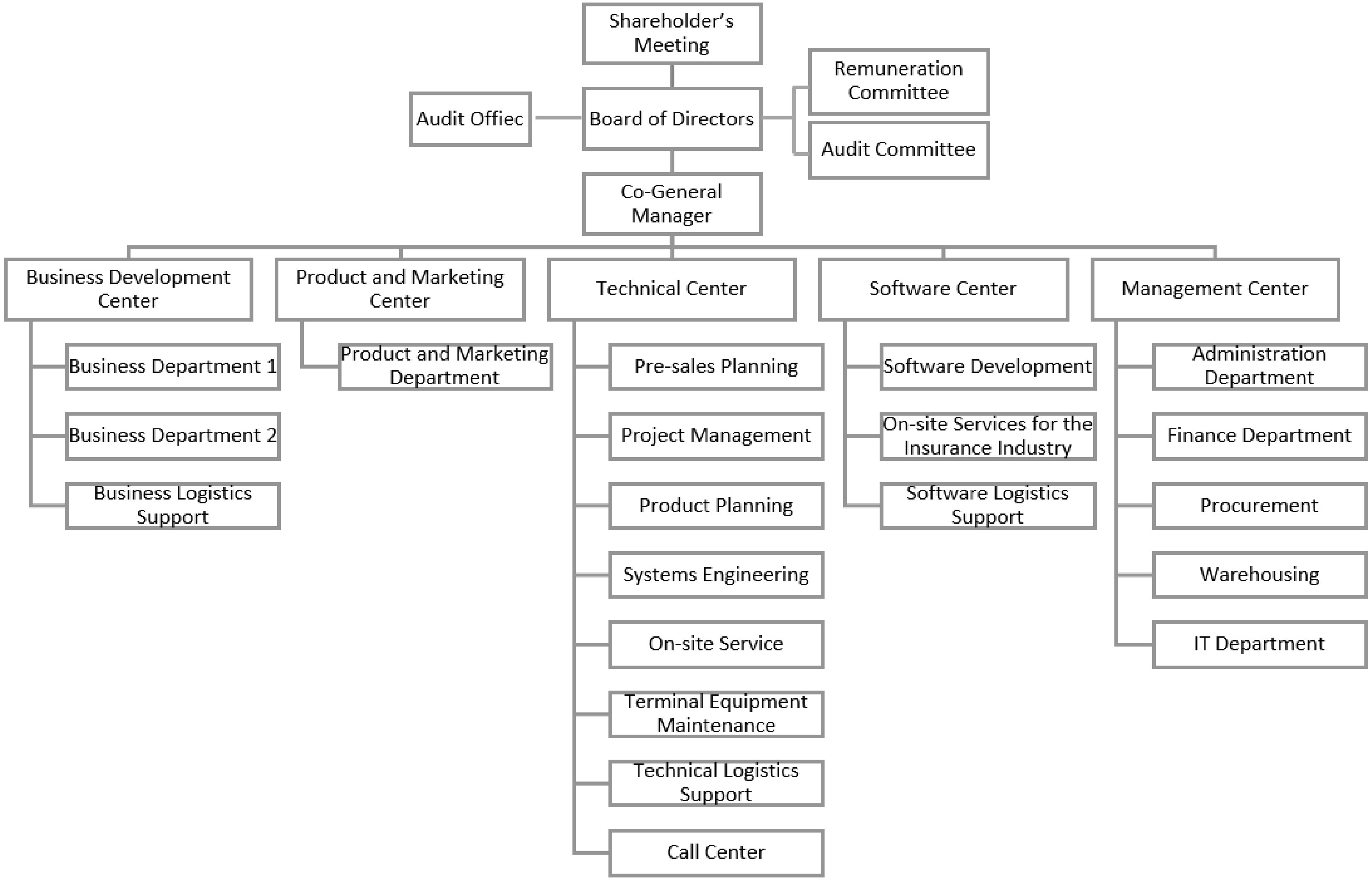
· Received the Best Cloud Platform Technology Integration Award from VMware.

· Completed the simplified merger with our subsidiary, IPAC Technology Co., Ltd.

III. Organization and Corporate Governance

3.1 Organization

3.1.1 Organization Chart



3.1.2 Divisional Scope of Responsibilities

Division	Functions
Board of Directors	Overseeing the company's operations, making important decisions, and planning business direction of company.
Audit Division	Performing internal audits and evaluating the appropriateness of controls within operating
Business Development Center	1. Various financial and government large-scale system integration projects. 2. Sales of domestic and foreign information products. 3. Sales of system integration for insurance and private enterprises. 4. Sales of information, network and information security equipment for central government joint supply contracts. 5. Integrated network storage equipment, backup solution planning and construction. 6. Provide comprehensive information security planning, implementation and consulting services for enterprises. 7. Provide professional technical consulting, planning and outsourcing services. 8. Development of eTABS and related business solutions. 9. Private cloud and hybrid cloud application related technical consulting, planning and outsourcing services. 10. Container and Microservices related technical consultation, planning and outsourcing services. 11.HPC related technical consultation, planning and outsourcing services.
Product and Marketing Center	1. Manage and promote the company's major operation strategy. 2. Online and offline marketing strategy and development. 3. Website management and SEO marketing. 4. Manage the company's own product development plan. 5. Sales education and training plan.
Technical Center	1.Maintenance locations throughout Taiwan, engineers are certified by the original manufacturer. 2. UHD service. (08:30~22:30) 3. Hardware troubleshooting and parts replacement service. 4. Spare equipment service (including equipment rental). 5. Installation (computer equipment relocation) & after-sales service. 6. Resident service (including server room relocation). 7.Installation, repair, maintenance and technical support of server room equipment. 8. Provide certified server room rental and outsourcing services. 9. Virtualization and system service leasing. 10. Sales service of spare parts (with hard disk information security damage handling). 11. Enterprise implementation of data backup or disaster recovery services. 12. Network system architecture vulnerability scanning service.

Division	Functions
Software Center	1.Provide Outsourcing Project outsourcing development and maintenance services. 2. Software Models Software modules business. 3. Develop and sell our own products (such as: Member Management System, Life Insurance Agent Administrative System, DLP (Data Loss Prevention System, EasyWare WMS (Warehouse Management System), EasyWare TMS (Transportation Management system), EasyWare CAPS electronic label-assisted picking system, DOC.M document management system, eLearning online learning platform, cloud management platform, applications integration system of smart data center, etc.. 4. Provide system deployment, construction, maintenance and consulting services for the insurance , logistics and warehousing , medical, retail circulation, insurance agent, banking and financial industries, government agencies and other related systems. 5. Business Process Outsourcing (BPO), document data scanning, archiving and transfer services. 6. Provide the system for software quality measuring(TIOBE/TiCS), including deployment, construction, maintenance and consulting services.
Management Center	Responsible for corporate governance and sustainable development affairs. Administration Department - Human Resources Office: 1. Formulation and implementation of personnel policies. 2. Management of personnel data. 3. Planning and execution of staff appointments, transfers, promotions, assessments, attendance, training, rewards and penalties, retirements, and welfare. Administration Department - Legal and Credit Control Office: 1. Handling internal and external legal affairs of the company. 2. Drafting, reviewing, and managing various contracts. 3. Managing dispute cases and other legal matters. 4. Credit limit control and customer visits. Administration Department - General Affairs Office: 1. Procurement and management of office equipment and supplies. 2. Planning and training for safety and disaster prevention. 3. Office cleaning maintenance and visitor reception.
	Finance Department: 1. Banking transactions, cash management, asset management of cash and securities, and cashier operations. 2. Accounting affairs and tax matters. 3. Auditing of various receipts and payments, preparation of reports, analysis, and bookkeeping. 4. Compilation of departmental budgets and performance evaluations.
	Procurement Section: Procurement of various products and supplier management. Warehouse Section: Inventory control and warehouse management.
	Information Department: Responsible for the maintenance and development of the company's internal information management systems.

3.2 Board of Directors and Executive Management

3.2.1 Directors

April 20, 2024

Title	Nationality/ Place of Incorporation	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, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark(s) (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C.	CECGP Electronics Corp.	N/A	June 19,2023	2	Jun 04,2007	21,177,954	30.27%	17,847,954	25.51%	0	0%	0	0%	N/A	Note 1	None	None	None	None
	R.O.C.	Representative: SU,MEI-CHUN	Male 71~80				0	0%	0	0%	0	0%	0	0%	National Hsinchu Commercial Vocational High School Chairman, CECGP Electronics Corp.	Note 2	None	None	None	None
Director	R.O.C.	CECGP Electronics Corp.	N/A	July 01,2023	2	July 01,2023	21,177,954	30.27%	17,847,954	25.51%	0	0%	0	0%	N/A	Note 1	None	None	None	None
	R.O.C.	Representative: WANG,MEI-JUAN	Female 51~60				455	0%	455	0%	0	0%	0	0%	B.A., Soochow University Manager, CECGP Electronics Corp.	Note 3	None	None	None	None
Director	R.O.C.	Standard Plastics LTD.	N/A	June 19,2023	2	June 17,2013	21,778,327	31.13%	19,290,327	27.57%	0	0%	0	0%	N/A	Note 4	None	None	None	None
	R.O.C.	Representative: TANG, YU-HUA	Female 61~70				69,788	0.10%	69,788	0.10%	0	0%	0	0%	M.B.A., National Taiwan University Executive Assistant to General Manager, FIS Corp. Deputy General Manager, FIS Corp. Associate, Asian Information Technology INC.	Note 5	None	None	None	None
Director	R.O.C.	Standard Plastics LTD.	N/A	June 19,2023	2	June 19,2023	21,778,327	31.13%	19,290,327	27.57%	0	0%	0	0%	N/A	Note 4	None	None	None	None
	R.O.C.	Representative: YANG, ZHENG-NING	Male 41~50				6,356	0.01%	6,356	0.01%	0	0%	0	0%	Master's Degree in Business Administration, Shih Chien University Deputy General Manager, FIS Corp.	None6	None	None	None	None
Independent Director	R.O.C.	LIN,SHI-MEI	Female 41~50	June 19,2023	2	Jane 17,2015	0	0%	0	0%	0	0%	0	0%	LL.B., National Taiwan University LL.M., University of London Kew & Lord Law Office J&J Attorneys at Law K & L Gates Island Taiwan Law Offices	Note 7	None	None	None	None
Independent Director	R.O.C.	LIN, QIAN-RU	Female 51~60	June 19,2023	2	Jane 23,2020	0	0%	0	0%	0	0%	0	0%	M.A., National Taiwan University KPMG Taiwan Yuanta Securties Corp. Lumens CO., LTD. Taiwan High Speed Rail Corp.	Note 8	None	None	None	None

Note 1: Director of LA SIERRA LTD. and Standard Plastics LTD., Chairman of Qing Shui Yuan Farm Corp.

Note 2: Legal person chairman representative of CECGP Electronics Corp., Legal person director representative of LA SIERRA LTD., Legal person chairman representative of Qing Shui Yuan Farm Corp. Director of FIS HK and SBAS (subsidiary).

Note 3: Representative of the Corporate Director of CECGP Electronics Corp., Representative of the Corporate Director of Standard Plastics LTD., Representative of the Corporate Director of LA SIERRA LTD., Representative of the Corporate Director of Qing Shui Yuan Farm Corp.

Note 4: Director of CECGP Electronics Corp., Supervisor of Qing Shui Yuan Farm Corp., Legal person chairman representative of SIERRA LTD.,

Note 5: General manager of the Company, Legal person chairman representative of FTSC(subsidiary), Director of FIS HK and SBAS(subsidiary)

Note 6: General manager of the Company, General Manager of the subsidiary FTSC.

Note 7: Managing Attorney of Dawning Law Office, Independent Director of Taimide Technology INC. , CyberTAN Technology Inc., Director of Shin Kong Financial Holding Co., Ltd., Representative of the Corporate Director of Yuanta Securities Co., Ltd.

Note 8: Independent Director of Taimide Technology INC.(took office on Jane 24, 2022), CPA of You Yuan Accounting Firm, Financial Manager , Ever Power IPP CO., LTD.

a. Major shareholders of the institutional shareholders

Apirl 20, 2024

Name of Institutional Shareholders	Major Shareholders
CECGP Electronics Corp.	40.71% City Port Limited；31.2% CECGP Electronics Social Welfare Charitable Trust Fund； 24.82% Standard Plastics LTD.； 3.27% CECGP Electronics Education Charitable Trust Fund
Standard Plastics LTD.	39.72% City Port Limited；35.85% CECGP Electronics Corp.； 19.93% CECGP Electronics Social Welfare Charitable Trust Fund； 4.50% CECGP Electronics Education Charitable Trust Fund

b. Major shareholders of the Company's major institutional shareholders

Apirl 20, 2024

Name of Institutional Shareholders	Major Shareholders
Standard Plastics LTD.	39.72% City Port Limited；35.85% CECGP Electronics Corp.； 19.93% CECGP Electronics Social Welfare Charitable Trust Fund； 4.50% CECGP Electronics Education Charitable Trust Fund
CECGP Electronics Corp.	40.71% City Port Limited；31.2% CECGP Electronics Social Welfare Charitable Trust Fund； 24.82% Standard Plastics LTD.； 3.27% CECGP Electronics Education Charitable Trust Fund
City Port Limited	100% Good Idea Global Limited

c. Professional qualifications and independence analysis of directors

(1) Information disclosure on directors' professional qualifications and experience and independence of independent directors:

Apirl 20, 2024

Criteria / Name	Professional qualifications and experience (Note 1)	Independence analysis (Note 2)	No. of other public companies at which the person concurrently serves as an independent director
Chairman CECGP Electronics Corp. Representative: SU,MEI-CHUN	Ms. Su graduated from National Hsinchu Commercial Vocational High School and has been working in finance, accounting, and management for many years. She is currently the representative person of the legal person director of the Company, the representative person of the chairman of CECGP Electronics Corp., IPAC (subsidiary), and Qing Shui Yuan Farm Corp., Legal person director representative of LA SIERRA LTD., Director of FIS HK and SBAS (subsidiary). Ms. Su possesses professional qualifications and experience in decision-making, management, finance, accounting, and auditing.	N/A	None
Director CECGP Electronics Corp. Representative: WANG,MEI-JUAN (Note 3)	Ms. Wang graduated from the Accounting Department of Soochow University. She used to be the General Manager of the General Administration Department of China Electronics Corporation. Currently, she is the representative director of the legal person director of Biaoshuo Corporation, a director of Standard Plastics LTD. and Qing Shui Yuan Farm Corp., and legal person chairman representative of LA SIERRA LTD. She has professional qualifications and experience in decision-making, management, finance, accounting, and auditing.	N/A	None
Director Standard Plastics LTD. Representative: TANG, YU-HUA	Ms. Tang holds a Master's degree in Business Administration from the College of Management, National Taiwan University. She has previously served as the Assistant Vice President of Asian Information Technology INC., Vice President and Special Assistant to the General Manager of theCompany, and is currently the General Manager of the Company, Chairman of subsidiary FTSC(subsidiary), and Director of FIS HK and SBAS(subsidiary) She has professional qualifications and experience in decision-making, management, finance, accounting, and auditing.	N/A	None
Director Standard Plastics LTD. Representative: YANG, ZHENG-NING	Mr.Yang Graduated with a master's degree in Business Administration from Shih Chien University. Previously served as Business Manager, Deputy General Manager, and Vice President at FIS. Currently holds the position of General Manager in our company and also serves as the General Manager of the subsidiary, FTSC. Possesses professional qualifications and experience in business and operational management.	N/A	None
Independent Director LIN,SHI-MEI Member of Audit Committee Chair of Remuneration Committee	Ms. Lin holds a Master of Laws from the University of London and a Bachelor of Laws from National Taiwan University. She has worked at several law firms including Kew & Lord Law Office, J&J Attorneys at Law, K & L Gates, and Island Taiwan Law Offices. She is currently a lawyer at Dawning Law Office and an independent director of the Company, Taimide Technology INC. and CyberTAN Technology Inc., with professional qualifications and experience in the legal profession.	Managing Attorney of Dawning Law Office, Independent Director of Taimide Technology INC. and CyberTAN Technology Inc. For others, conformance to independence specified in article 3-1 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," promulgated by the Financial Supervisory Commission.	2
Independent Director LIN, QIAN-RU Chairman of Audit Committee Member of Remuneration Committee	Ms. Lin graduated from the Graduate Institute of Accounting at National Taiwan University. She has worked at KPMG Taiwan, Yuanta Securities Co., Ltd., Lumens CO., LTD., and Taiwan High Speed Rail Corp. Currently, she serves as an independent director of the company, a practicing accountant at You Yuan Accounting Firm, a finance manager at Ever Power IPP CO., LTD., and an independent director at Taimide Technology INC. She possesses professional qualifications and experience in decision-making, management, and accounting.	Independent Director of Taimide Technology INC., CPA of You Yuan Accounting Firm, Financial Manager , Ever Power IPP CO., LTD. For others, conformance to independence specified in article 3-1 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," promulgated by the Financial Supervisory Commission.	1
Independent Director WU YU-JIN (Note 4) Member of Audit Committee Member of Remuneration Committee	Chief Investment Officer of Zhongsheng Investment Group, Head of Asia Technology Investment Analysis at Salomon Brothers, and Asia-Pacific Regional Investment Analyst at Bankers Trust. He has professional qualifications and experience in decision-making, business management, and finance.	Esherick Ye Foundation Treasurer is the chief financial officer of the foundation, For others, conformance to independence specified in article 3-1 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," promulgated by the Financial Supervisory Commission.	None

Note 1：Directors and independent directors are not in contravention of Article 30 of the Company Act
Note 2：In accordance with Article 3 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.
Note 3：There were changes in the representatives of CECGP Electronics Corp. Wei Hsing Shiung resigned on June 28, 2023, and Wang Meijuan was appointed on July 1, 2023.
Note4：Ms. WU YU-JIN resigned on November 22, 2023.

(2) Diversity and Independence of the Board of Directors

In accordance with Article 23 of the Company's Code of Corporate Governance Practices, the composition of the Board of Directors shall consider diversity and formulate appropriate diversity guidelines with respect to its operation, business model and development needs, including but not limited to the following two major criteria:

a. Basic qualifications and values: gender, age, nationality and culture, etc.

b. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry Experience, etc.

In order to achieve the desired goals of corporate governance, the board of directors as a whole should possess the following competencies:

a. Operational judgment.

b. Accounting and financial analysis skills.

c. Management skills.

d. Crisis management ability.

e. Industry knowledge.

f. International market perspective.

g. Leadership skills.

h. Decision-making ability.

Implementation:

The Company's Board of Directors shall direct the Company's strategy, supervise the management, and be responsible to the Company and shareholders.

The specific diversity objectives of the Board of Directors of the Company are as follows:

- At least one director of each gender.
- One-third of the directors to be female.
- Directors should not all have experience in the same industry.

Current status of achieving diversity objectives of the Board of Directors:

The board is composed of 7 directors according to Articles of Incorporation. There is currently one vacancy due to the resignation of Independent Director Wu Yujun for personal reasons, which will be filled by election at the latest shareholders' meeting. The proportions below are based on the current 6 directors.

- Directors with employee status account for 33%.
- Female directors account for 83%.
- 1 independent director serves for no more than three consecutive terms, while another serves for five consecutive terms.
- 1 director is over 70 years old, while 5 are below 60 years old.

Currently, there is a lower proportion of male directors, primarily because nominations were based on professional abilities and industry experience, with gender not being the primary consideration.

However, to maintain gender balance, increasing the number of male directors is now a target.

The current Board of Directors consists of 6 members, all of whom have practical experience in managing operations of listed companies, in addition to possessing leadership, decision-making, crisis management, and international market observation skills. Lin Shimei, an independent director, is a lawyer at Dawning Law Office. Lin Qianru, another independent director, is a accountant at You Yuan Certified Public Accountants. Their backgrounds are in legal practice and financial accounting, respectively.

Chairman Su Meichun, Director Tang Yuhua, and Director Wang Meijuan have expertise in financial accounting and taxation. They have also held important management positions such as chairman or general manager in listed company. Their industry experience includes information services, technology, electronics manufacturing, transportation, and services, demonstrating proficiency in accounting and financial analysis, marketing, technology, business management, industry knowledge, and operational judgment.

Director Yang Zhengning, formerly the Vice President of the Company's Systems Integration Business Group, has experience in the information services industry and marketing. He possesses professional capabilities in marketing, technology, business management, industry knowledge, and operational judgment.

Independence of the Board of Directors:

a. The Company's Board of Directors is independent, with two of the six directors, representing 33% of the total number directors.

b. One of the independent directors will not serve more than three consecutive terms. Although Ms. Lin,SHI-MEI has served for more than three terms. Ms. Lin holds a master's degree in law from the University of London and is qualified as a lawyer in Taiwan, specializing in legal practice for many years.
   She is able to contribute her professional knowledge and ability, make independent judgment and express valuable opinions on the Company's business planning and decision making. Meet the independence requirements of the "Regulations Governing the Establishment and Compliance of Independent Directors of Public Companies". She is elected at the shareholder meeting held in 2023.

c. There are no spouses or relatives within the second degree among the directors.

d. The directors have a high degree of self-discipline and recuse themselves from the Board of Directors' meetings if they have an interest in any of the proposals listed in the Board of Directors' meetings or in the legal entities they represent. Refer to page 25.

e. On Dec. 30, 2020, the Board of Directors of the Company passed the Board of Directors' Performance Evaluation Measures, which includes annual internal self-assessment of the Board, self-assessment of Board members, and performance evaluation of functional committees. The evaluation of the Board of Directors includes (1) participation in company operations, (2) quality of Board decisions, (3) composition and structure of the Board, (4) appointment and ongoing education of directors, and (5) internal controls. The self-assessment of Board members includes (1) understanding of company goals and missions, (2) awareness of Board responsibilities, (3) participation in company operations, (4) internal relationship management and communication, (5) professional expertise and ongoing education of directors, and (6) internal controls. The performance evaluation of functional committees includes (1) participation in company operations, (2) understanding of committee responsibilities, (3) improvement of committee decision-making quality, (4) composition and appointment of committee members, and (5) internal controls. The results of these self-assessments are disclosed in the annual report and on the official website after submission to the Board of Directors.

3.2.2 The general manager, vice presidents, assistant vice president, and the chiefs of all the company's divisions and branches:

As of Apirl 20, 2024

Title	Nationality	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			Remark(s) (Note)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General Manager	R.O.C.	TANG, YU-HUA	Female	November 1, 2013	69,788	0.10%	0	0%	0	0%	M.B.A., National Taiwan University Executive Assistant to General Manager, FIS Corp. Deputy General Manager, FIS Corp. Associate, Asian Information Technology INC.	Chairman, FTSC Corp. (subsidiary) Director, FIS HK (subsidiary) Director, HK SBAS (subsidiary)	None	None	None	None
General Manager	R.O.C.	YANG,ZHENG-NING	Male	July 1, 2023	6,356	0.01%	0	0%	0	0%	M.B.A, Shih Chien University Associate Vice President, FIS Corp.	General Manager, FTSC Corp. (subsidiary)	None	None	None	None
Vice President	R.O.C.	CHEN, XIU-YUE	Female	September 1, 2007	51,740	0.07%	0	0%	0	0%	B.B.A., Shih Chien University Assistant Vice President, FIS Corp.	Director, IPAC(subsidiary)	None	None	None	None
Vice President	R.O.C.	CHEN,BAO-FU	Male	January 1, 2019	0	0%	0	0%	0	0%	M.I., National Chiao Tung University Director of IT, Taiwan Cement Corporation Assistant Vice President, FIS Corp.	None	None	None	None	None
Assistant Vice President	R.O.C.	XIE,BING-CHEN	Male	January 1, 2014	0	0%	0	0%	0	0%	M.M.S., Chang Gung University Manager, Microsoft Taiwan Manager, FIS Corp.	None	None	None	None	None
Assistant Vice President	R.O.C.	QIU,JUN-YAO	Male	November 10, 2014	916	0%	0	0%	0	0%	B.Eng., TamKang University Manager, FIS Corp.	None	None	None	None	None
Assistant Vice President	R.O.C.	SHI,SHANG-YU	Male	Janurary 18, 2016	3,050	0%	0	0%	0	0%	B.M., Lunghwa University Manager, FIS Corp.	None	None	None	None	None
Assistant Vice President	R.O.C.	WU,JING-YI	Female	February 1, 2022	0	0%	0	0%	0	0%	M.A., Fu Jen Catholic University Deputy Manager, KPMG Taiwan Manager, FIS Corp.	None	None	None	None	None
Assistant Vice President	R.O.C.	LU,ZONG-KUN	Male	February 1, 2022	1,993	0%	0	0%	0	0%	B.B.A., International Technological University Manager, FIS Corp.	None	None	None	None	None
Assistant Vice President	R.O.C.	WANG,SHU-FEN	Female	December 1, 2023	0	0%	0	0%	0	0%	Accounting and Statistics Department, Mingchuan School of Management Manager of Shengli Technology Co., Ltd. Manager, FIS Corp.	None	None	None	None	None

Note 1：If the general manager or person of an equivalent post (the highest level manager) and the chairperson of the board of directors of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g. increasing the number of independent directors and ensuring that a majority of directors do not concurrently serve as an employee or managerial officer).

3.2.3 Remuneration of Directors, Independent Directors, President, and Vice Presidents

Remuneration of Directors and Independent Directors

Unit NT$ 1,000 December 31, 2023

Title	Name	Remuneration: Base Compensation (A): The company	Remuneration: Base Compensation (A): All companies in the consolidated financial statements	Remuneration: Severance Pay (B): The company	Remuneration: Severance Pay (B): All companies in the consolidated financial statements	Remuneration: Directors Compensation(C): The company	Remuneration: Directors Compensation(C): All companies in the consolidated financial statements	Remuneration: Allowances (D): The company	Remuneration: Allowances (D): All companies in the consolidated financial statements	Ratio of Total Remuneration (A+B+C+D) to Net Income (%): The company	Ratio of Total Remuneration (A+B+C+D) to Net Income (%): All companies in the consolidated financial statements	Remuneration received by directors for concurrent service as an employee: Salary, rewards, and special disbursements (E): The company	Salary, rewards, and special disbursements (E): All companies in the consolidated financial statements	Retirement pay and pension (F): The company	Retirement pay and pension (F): All companies in the consolidated financial statements	Employee profit-sharing compensation (G): The company: Amount in cash	Employee profit-sharing compensation (G): The company: Amount in stock	Employee profit-sharing compensation (G): All companies in the consolidated financial statements: Amount in cash	Employee profit-sharing compensation (G): All companies in the consolidated financial statements: Amount in stock	Sum of A+B+C+D+E+F+G and ratio to net income: The company	Sum of A+B+C+D+E+F+G and ratio to net income: All companies in the consolidated financial statements	Remuneration received from Investee enterprises other than subsidiaries or from the parent company
Chairman	CECGP Electronics Corp. Representative: WEI, HSANG-HSUANG	3,528	3,528	-	-	-	-	490	490	4,018 5.13%	4,018 5.13%	12,885	12,885	216	216	-	-	-	-	17,119 21.84%	17,119 21.84%	None
Director	CECGP Electronics Corp. Representative: SU,MEI-CHUN																					
Director	CECGP Electronics Corp. Representative: WANG,MEI-JUAN																					
Director	Standard Plastics LTD. Representative: TANG, YU-HUA																					
Director	Standard Plastics LTD. Representative: YANG,ZHENG-NING																					
Independent Director	LIN,SHI-MEI	-	-	-	-	-	-	1,484	1,484	1,484 1.89%	1,484 1.89%	-	-	-	-	-	-	-	-	1,484 1.89%	1,484 1.89%	None
Independent Director	LIN, QIAN-RU																					
Independent Director	LIU,YU-SHAN																					
Independent Director	WU YU-JIN																					

Please specify the policy, system, standards, and structure of remuneration for independent directors, and explain the correlation between the remuneration amount and factors such as responsibilities, risks, and time commitment:

(1) The remuneration for independent directors consists of fixed monthly allowances in accordance with the "Articles of Association" and the "Operating Procedures for Director and Manager Compensation." Additionally, attendance fees are provided for each attendance at board meetings where the independent directors participate in proposal deliberations.

(2) If independent directors participate in functional committees of the company, they are also provided with fixed monthly allowances according to the aforementioned procedures, for participating in proposal deliberations of functional committees.

(3) The remuneration for independent directors is a fixed amount and is not directly related to performance.

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		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
Less than NT$ 1,000,000	WANG,MEI-JUAN LIN,SHI-MEI LIN, QIAN-RU TANG, YU-HUA LIU,YU-SHAN YANG,ZHENG-NING WU YU-JIN	WANG,MEI-JUAN LIN,SHI-MEI LIN, QIAN-RU TANG, YU-HUA LIU,YU-SHAN YANG,ZHENG-NING WU YU-JIN	WANG,MEI-JUAN LIN,SHI-MEI LIN, QIAN-RU LIU,YU-SHAN WU YU-JIN	WANG,MEI-JUAN LIN,SHI-MEI LIN, QIAN-RU LIU,YU-SHAN WU YU-JIN
NT$1,000,000 ~ NT$1,999,999	WEI, HSING-HSIUNG	WEI, HSING-HSIUNG	WEI, HSING-HSIUNG	WEI, HSING-HSIUNG
NT$2,000,000 ~ NT$3,499,999	SU,MEI-CHUN	SU,MEI-CHUN	SU,MEI-CHUN	SU,MEI-CHUN
NT$3,500,000 ~ NT$4,999,999			TANG, YU-HUA	TANG, YU-HUA
NT$5,000,000 ~ NT$9,999,999	-	-	YANG,ZHENG-NING	YANG,ZHENG-NING
NT$10,000,000 ~ NT$14,999,999	-	-	-	-
NT$15,000,000 ~ NT$29,999,999	-	-	-	-
NT$30,000,000 ~ NT$49,999,999	-	-	-	-
NT$50,000,000 ~ NT$99,999,999	-	-	-	-
Greater than or equal to NT$100,000,000	-	-	-	-
Total	8	8	8	8

Note 1:The actual amount of employee remuneration for the year 2023 has not yet been distributed, and the distribution ratio is estimated based on the employee bonus distribution ratio for the year 2022.

Note 2: The compensation paid to the Chairman's driver in 2022 was NTD 697,000.

Remuneration of the General Manager and Vice Presidents

Unit: NT$ 1,000 December 31, 2023

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)			
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company (Note 1)		Companies in the consolidated financial statements (Note 1)	
								Cash	Stock	Cash	Stock
General Manager	TANG, YU-HUA	11,716	11,716	614	614	10,254	10,254	159	-	159	-
General Manager	YANG,ZHENG-NING										
Senior Vice President	ZHANG,LIANG-SHI										
Vice President	CHEN, XIU-YUE										
Vice President	CHEN,BAO-FU										
Vice President	LIN,YONG-CHANG										
Vice President	WU,XU-BIN										

Title	Name	Ratio of total compensation (A+B+C+D) to net income (%)		Remuneration from ventures other than subsidiaries or from the parent company (Note)
		The company	Companies in the consolidated financial statements	
General Manager	TANG, YU-HUA	22,743 29.02%	22,743 29.02%	None
General Manager	YANG,ZHENG-NING			None
Senior Vice President	ZHANG,LIANG-SHI			None
Vice President	CHEN, XIU-YUE			None
Vice President	CHEN,BAO-FU			None
Vice President	LIN,YONG-CHANG			None
Vice President	WU,XU-BIN			None

Range of Remuneration	Name of President and Vice Presidents	
	The company	Companies in the consolidated financial statements E
Less than NT$ 1,000,000	-	-
NT$1,000,000 ~ NT$1,999,999	WU,XU-BIN ZHANG,LIANG-SHI LIN,YONG-CHANG	WU,XU-BIN ZHANG,LIANG-SHI LIN,YONG-CHANG
NT$2,000,000 ~ NT$3,499,999	CHEN, XIU-YUE CHEN,BAO-FU	CHEN, XIU-YUE CHEN,BAO-FU
NT$3,500,000 ~ NT$4,999,999	TANG, YU-HUA	TANG, YU-HUA
NT$5,000,000 ~ NT$9,999,999	YANG,ZHENG-NING	YANG,ZHENG-NING
NT$10,000,000 ~ NT$14,999,999	-	-
NT$15,000,000 ~ NT$29,999,999	-	-
NT$30,000,000 ~ NT$49,999,999	-	-
NT$50,000,000 ~ NT$99,999,999	-	-
Greater than or equal to NT$100,000,000	-	-
Total	7	7

Note 1: The actual amount of employee remuneration for the year 2023 has not yet been distributed, and the distribution ratio is estimated based on the employee bonus distribution ratio for the year 2022.

Employee profit sharing paid to management executives

Unit: NT$ 1,000 December 31, 2023

<table>
<tr><th></th><th>Title</th><th>Name</th><th>Employee Compensation - in Stock</th><th>Employee Compensation - in Cash</th><th>Total</th><th>Ratio of Total Amount to Net Income (%)</th></tr>
<tr><td rowspan="15">Executive Officers</td><td>General Manager</td><td>TANG, YU-HUA</td><td rowspan="15">-
(Note 1)</td><td rowspan="15">790
(Note 1)</td><td rowspan="15">790
(Note 1)</td><td rowspan="15">790
1.00%
(Note 1)</td></tr>
<tr><td>General Manager</td><td>YANG,ZHENG-NING</td></tr>
<tr><td>Senior Vice President</td><td>ZHANG,LIANG-SHI</td></tr>
<tr><td>Vice President</td><td>CHEN, XIU-YUE</td></tr>
<tr><td>Vice President</td><td>LIN,YONG-CHANG</td></tr>
<tr><td>Vice President</td><td>WU,XU-BIN</td></tr>
<tr><td>Vice President</td><td>CHEN,BAO-FU</td></tr>
<tr><td>Assistant Vice President</td><td>CHENG,MEI-LING</td></tr>
<tr><td>Assistant Vice President</td><td>XIE,BING-CHEN</td></tr>
<tr><td>Assistant Vice President</td><td>QIU,JUN-YAO</td></tr>
<tr><td>Assistant Vice President</td><td>SHI,SHANG-YU</td></tr>
<tr><td>Assistant Vice President</td><td>CHEN,ZHAO-LIN</td></tr>
<tr><td>Assistant Vice President</td><td>WU,JING-YI</td></tr>
<tr><td>Assistant Vice President</td><td>LU,ZONG-KUN</td></tr>
<tr><td>Manager</td><td>WANG,SHU-FEN</td></tr>
</table>

Note 1: The actual amount of employee remuneration for the year 2023 has not yet been distributed, and the distribution ratio is estimated based on the employee bonus distribution ratio for the year 2022

Total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, general managers, and assistant general managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

<table>
<tr><th>Title</th><th>2022</th><th>2021</th></tr>
<tr><td>Directors</td><td rowspan="2">52.75%</td><td rowspan="2">48.45%</td></tr>
<tr><td>General Manager and Vice Presidents</td></tr>
</table>

Policy, Standards Combination, Procedures for Determining Remuneration, and Correlation with Business Performance and Future Risks:

1. According to the company’s "Articles of Association," the transportation allowance for directors and the salary of the chairman are determined by the board of directors with reference to industry standards. The chairman is also provided with other benefits in accordance with the relevant regulations applicable to employees' salaries and benefits.
2. Directors' remuneration is additionally provided in accordance with the "Operating Procedures for Director and Manager Compensation." Fixed monthly transportation allowances are given, and attendance fees are provided for each attendance at board meetings where the directors participate in proposal deliberations. The remuneration provided is a fixed amount and is not directly related to performance.
3. The remuneration of the company's managers is based on the base salary range and annual bonuses stipulated in the "Operating Procedures for Director and Manager Compensation." Additionally, according to the "Employee Performance Evaluation, Bonus, and Compensation Procedures," a fixed proportion of performance bonuses is allocated annually based on the group’s profit results. Performance evaluations are conducted and performance bonuses and employee compensation are fairly distributed based on individual and team performance. The results of the performance evaluation are used as the basis for decisions on promotions, job transfers, and salary adjustments. The remuneration system is reviewed in a timely manner based on actual business conditions and relevant laws and regulations.

4. The composition of remuneration, according to the "Operating Procedures for Director and Manager Compensation," "Employee Performance Evaluation, Bonus, and Compensation Procedures," "Sales Department Performance Bonus Management Procedures," and relevant labor laws and regulations, includes base salary, annual bonuses, performance bonuses, employee compensation, performance bonuses, retirement benefits or severance payments, various allowances, and other substantial incentive measures. This scope is consistent with the relevant standards for disclosing directors' and managers' remuneration in the annual reports of publicly listed companies.
5. The company's remuneration committee may evaluate and approve the remuneration of the chairman of the company and its subsidiaries, directors holding other positions within the company, and managers based on the operational situation and past remuneration practices. This is done with reference to the "Operating Procedures for Director and Manager Compensation" and its appendices, as well as the "Employee Performance Evaluation, Bonus, and Compensation Procedures," and make recommendations to the board of directors.

3.4 Corporate Governance

3.4.1 Board of Directors attendance

A total of 8 meetings of the board of directors were held in 2023, director attendance was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance rate (%)	Remarks
Chairman	CECGP Electronics Corp. Representative: WEI, HSING-HSIUNG	3	0	100%	Re-elected at the shareholders' meeting on June 19, 2023; resigned as the representative of the corporate director of the company on June 28, 2023. Expected to attend 3 board meetings; attended 3 meetings.
Director	CECGP Electronics Corp. Representative: SU,MEI-CHUN	8	0	100%	Re-elected at the shareholders' meeting on June 19, 2023; elected as chairman of the board on June 28, 2023.
Director	CECGP Electronics Corp. Representative: WANG,MEI-JUAN	4	0	100%	New representative of the corporate director of the company from July 1, 2023. Expected to attend 4 board
Director	Standard Plastics LTD. Representative: TANG, YU-HUA	8	0	100%	Re-elected at the shareholders' meeting on June 19, 2023.
Director	Standard Plastics LTD. Representative: YANG,ZHENG-NING	5	0	100%	Elected as a new member at the shareholders' meeting on June 19, 2023.
Independent Director	LIN,SHI-MEI	7	1	88%	Re-elected at the shareholders' meeting on June 19, 2023. Expected to attend 8 board meetings; attended 7 meetings.
Independent Director	LIN, QIAN-RU	8	0	100%	Re-elected at the shareholders' meeting on June 19, 2023.
Independent Director	LIU,YU-SHAN	2	0	67%	Term ended on June 19, 2023. Expected to attend 3 board meetings; took leave for 1 meeting, attended 2 meetings.
Independent Director	WU YU-JIN	4	0	100%	Elected as a new member at the shareholders' meeting on June 19, 2023. Resigned on November 22, 2023. Expected to attend 4 board meetings; attended 4 meetings.

Other mentionable items:

1.If any of the following situations occur in the operation of the board of directors, the date of the board meeting, the session, the agenda items, the opinions of all independent directors, and the company's handling of the independent directors' opinions should be specified:

1.1. Matters listed in Article 14-3 of the Securities and Exchange Act: Not applicable as the company has established an Audit Committee.

1.2 In addition to the aforementioned matters, other board resolutions where independent directors have objections or reserved opinions and there are records or written statements: Not applicable.

2.The execution of directors' recusal from proposals with conflicts of interest should specify the director's name, the content of the proposal, the reason for recusal due to conflict of interest, and the voting situation:

2.1 The first board meeting on January 17, 2023:

(1) Proposal for salary adjustment of managers for 2023: Director TANG, YU-HUA recused due to personal interest; after discussion by the remaining attending directors, the proposal was approved without

objection.

(2) Proposal for the distribution of performance bonuses for managers for 2022: Directors SU, MEI-CHUN and TANG, YU-HUA recused due to personal interest; after discussion by the remaining attending directors, the proposal was approved without objection.

(3) Proposal for the performance bonus for the chairman for 2022: Chairman WEI, HSING-HSIUNG recused due to personal interest; after acting chairperson, independent director LIN, QIAN-RU, consulted the remaining attending directors, the proposal was approved without objection.

2.2 The fourth board meeting on June 28, 2023:

(1) Proposal for personnel promotion: Director YANG, ZHENG-NING recused due to personal interest; after discussion by the remaining attending directors, the proposal was approved without objection.

2.3 The fifth board meeting on July 6, 2023:

(1) Proposal for chairman’s salary: Chairman SU, MEI-CHUN recused due to personal interest; after acting chairperson, independent director LIN, SHI-MEI, consulted the remaining attending directors, the proposal was approved without objection.

(2) Proposal for General Manager TANG, YU-HUA’s salary: Directors TANG, YU-HUA and YANG, ZHENG-NING recused due to personal interest; after discussion by the remaining attending directors, the proposal was approved without objection.

(3) Proposal for General Manager YANG, ZHENG-NING’s salary: Directors TANG, YU-HUA and YANG, ZHENG-NING recused due to personal interest; after discussion by the remaining attending directors, the proposal was approved without objection.

2.4 The sixth board meeting on August 7, 2023:

(1) Proposal for the distribution of employee compensation and performance bonuses: Chairman SU, MEI-CHUN, Directors TANG, YU-HUA, and YANG, ZHENG-NING recused due to personal interest; after acting chairperson, independent director LIN, SHI-MEI, consulted the remaining attending directors, the proposal was approved without objection.

(2) Proposal for the increased distribution of performance bonuses for managers: Director YANG, ZHENG-NING recused due to personal interest; after discussion by the remaining attending directors, the proposal was approved without objection.

3. Implementation of Board Evaluation

Frequency	Period	Scope	Method	Content
Once per year	The Board of Directors of the Company shall conduct an evaluation of its performance annually in accordance with the evaluation procedures and criteria prescribed. The evaluation results of the Board of Directors' performance shall be completed before the end of the first quarter of the following year. Evaluation period: JAN 1, 2023 to Dec 31, 2023	Overall evaluation of the Board of Directors, individual directors, and performance of functional committees.	.Internal self-evaluation of the board of directors .Director member self-assessment .Functional committee performance evaluation self-assessment	● The measurement criteria for evaluating the performance of the Board of Directors include five dimensions: ■ Degree of participation in company operations. ■ Enhancement of decision-making quality of the Board of Directors. ■ Composition and structure of the Board of Directors. ■ Selection and continuous education of directors. ■ Internal controls. ● The measurement criteria for self-assessment of individual directors' performance include six dimensions: ■ Understanding of company goals and missions. ■ Awareness of director's responsibilities. ■ Degree of participation in company operations. ■ Management of internal relationships and communication. ■ Professionalism and continuous education of directors. ■ Internal controls. ● The measurement criteria for evaluating the performance of functional committees include five dimensions: ■ Degree of participation in company operations. ■ Awareness of functional committee responsibilities. ■ Enhancement of decision-making quality of functional committees. ■ Composition and selection of functional committee members. ■ Internal controls.

4. The company has completed the performance evaluation of the board of directors for 2023. The evaluation results were reported to the board of directors on March 14, 2024. The performance evaluation score of the board of directors was 4.99, the self-performance evaluation score of the board members was 4.95, the performance evaluation score of the Compensation Committee was 4.97, and the performance evaluation score of the Audit Committee was 5. For 2023, the scores for the board of directors, board members, and functional committees based on performance evaluation metrics ranged from 4.95 to 5, indicating that the overall operations of the board of directors and various functional committees are good, meeting corporate governance requirements and effectively enhancing the functions of the board and protecting shareholders'

rights.

5.The company has completed the performance evaluation of the board of directors for 2023. The evaluation results were reported to the board of directors on March 14, 2024. The performance evaluation score of the board of directors was 4.99, the self-performance evaluation score of the board members was 4.95, the performance evaluation score of the Compensation Committee was 4.97, and the performance evaluation score of the Audit Committee was 5. For 2023, the scores for the board of directors, board members, and functional committees based on performance evaluation metrics ranged from 4.95 to 5, indicating that the overall operations of the board of directors and various functional committees are good, meeting corporate governance requirements and effectively enhancing the functions of the board and protecting shareholders' rights.

3.4.2 Audit Committee attendance

A total of 5 meetings of Audit Committee were held in 2023, and the Independent Director attendance was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance rate (%)	Remark
Independent Director (Chairman)	LIN, QIAN-RU	5	0	100%	Re-elected at the shareholders' meeting on June 19, 2023.
Independent Director	LIN,SHI-MEI	5	0	100%	Re-elected at the shareholders' meeting on June 19, 2023.
Independent Director	LIU,YU-SHAN	1	0	50%	Term ended on June 19, 2023. Expected to attend 2 Audit Committee meetings; took leave for 1 meeting, attended 1 meeting.
Independent Director	WU YU-JIN	2	0	100%	Elected at the shareholders' meeting on June 19, 2023; resigned on November 22, 2023.

Other mentionable items:

1. If there is the following situation referred to the operation of Audit Committee, the date of Audit Committee meeting, period, contents of the case, opinion of all members, and company's respond toward Audit Committee menbers should be narrated

Items specified in article 14-5 of Securities and Exchange Act:

Date	Issue contents	Audit Committee Decision Results and Company's Handling of Audit Committee Opinions
Mar 24, 2023	● Proposal for the 2022 Annual Business Report, Individual Financial Statements, and Consolidated Financial Statements. ● Proposal for the Assessment of the Effectiveness of the Internal Control System and the Internal Control System Statement for 2022. ● Proposal for the Amendment of the Code of Ethical Conduct for Directors, Supervisors, and Managers. ● Proposal for the Amendment of the Procedures for Lending Funds to Others.	Unanimous approval by the Audit Committee.
May 8, 2023	● Proposal for the Consolidated Financial Report for the First Quarter of 2023. ● Proposal for the Establishment of Pre-Approval Review Procedures for Non-Assurance Services Provided by Certifying Accountants.	
Augt 7, 2023	● Proposal for the Consolidated Financial Statements for the Second Quarter of 2023. ● Proposal for Lending Funds to Subsidiaries.	

Nov 10, 2023	● Proposal for the Consolidated Financial Report for the Third Quarter of 2023. ● Proposal to Disclose Key Audit Matters (KAM) Related to System Integration Revenue Recognition in the 2023 Audit Report. ● Proposal for the Formulation of Risk Management Policies and Procedures. ● Proposal for the Merger with the Subsidiary IPAC TECHNOLOGY CO., LTD. and the Establishment of the Merger Base Date.	
Dec 28, 2023	● Proposal for the Evaluation of the Independence of the Company's Accountant. ● Proposal for the 2024 Budget. ● Proposal for the 2024 Audit Plan. ● Proposal for the Amendment of the Company's Internal Control System and Internal Audit Implementation Rules.	

Other items resolved by the audit committee member with support of two thirds of directors but without approval of the auditing committee.: None

2. The avoidance of Independent Director due to interest conflict: None.

3. The communication between independent director, internal audit chief and CPA

The internal audit manager of the Company regularly conducts audit operations in accordance with the audit plan and submits them for review by independent directors. Internal audit reports are presented to the Audit Committee on a quarterly basis. If necessary, communication with independent directors is conducted through meetings, telephone, or email.

Date	Communication with internal audit	Communication with CPA
Jan 17, 2023	.Report on internal auditing for December 2022	-
Mar 24, 2023	.Report on internal auditing for January 2023	● Discussion on the Individual and Consolidated Financial Reports for 2022. ● Legal Updates and Other Reminders. ● Discussion on the Implementation of Self-Prepared Financial Reports.
May 8, 2023	.Report on internal auditing for February to March 2023	-
Jun 28, 2023	.Report on internal auditing for April to May 2023	-
Aug 7, 2023	.Report on internal auditing for Jane 2023	● Discussion on the Consolidated Financial Report for the Second Quarter of 2023. ● Legal Updates and Other Reminders. ● Discussion on the Implementation of Self-Prepared Financial Reports.
Nov 10, 2023	.Report on internal auditing for July to August 2023	● Discussion on the Consolidated Financial Report for the Third Quarter of 2023. ● Legal Updates and Other Reminders. ● Discussion on Key Audit Matters (KAM) in the 2023 Audit Report. ● Discussion on the Implementation of Self-Prepared Financial Reports.
Dec 28, 2023	.Report on internal auditing for September to October 2023	-
Jan 23,2024	.Report on internal auditing for November 2023	-

Result: The above-mentioned communication matters between independent directors, internal audit supervisor, and the accountant, all independent directors had no objections.

3.4.3 Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Evaluation item	Implementation status			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEx Listed Companies and the reasons.
	Yes	No	Summary description	
1. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	V		The Company's Board of Directors resolved to establish a "Code of Corporate Governance Practices" on Nov. 8, 2021, which has been revised over the years in accordance with laws and regulations and actual operations. The last revision made at the Board of Directors' meeting on Mar. 24, 2023. Disclosed on the Market Observation Post System and the Company's website.	None
2. Shareholding Structure and Shareholders' Rights (1) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly? (2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders? (3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates? (4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	V V V V		(1) In addition to appointing a professional stock agent to handle shareholders' affairs, the Company also has a dedicated person in charge of stock affairs. We have an investor zone, a spokesperson and a proxy spokesperson mechanism. There are also legal advisors for consultation to handle shareholders' suggestions, doubts, disputes and litigation matters. (2)The Company reports and discloses the changes in shareholdings and pledges of its corporate directors and the basic information of its major shareholders on the Market Observation Post System in accordance with the regulations. (3)The assets, financial operations and accounting of the affiliated companies are operated independently. The Company has established the "Regulations Governing the Delegation of Duties" and "Procedures for Transactions with Affiliates, Specific Companies and Group Companies" to regulate the financial transactions between the Company and its affiliates and the matters that should be monitored. (4) The Company has established the "Code of Ethical Conduct	None

Evaluation item	Implementation status			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEx Listed Companies and the reasons.
	Yes	No	Summary description	
			for Directors, Supervisors and Managers", "Code of Business Conduct with Integrity", "Operating Procedures and Conduct Guidelines for Business Conduct with Integrity" and "Procedures for Handling Significant Internal Information and Regulations for Prevention of Insider Trading" to regulate the prohibition of insider trading of marketable securities using undisclosed information in the market and to prevent conflicts of interest and self-interest of insiders of the Company.	
3. Composition and responsibilities of the board of directors (1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	V		(1) The Company's corporate governance practices establish a policy for board member diversity. In addition to considering diverse backgrounds, the nomination of board members requires expertise and experience in practical business operations, finance, accounting, law, and other fields. The Company also emphasizes personal ethical behavior and leadership reputation. Among the board members, five are women, accounting for five-sixths of all board seats. The objectives and implementation status of the board's diversity policy are disclosed on the company's website and in the annual report.	None
(2) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee?	V		(2) Apart from establishing the Compensation Committee and the Audit Committee, the company's governance operations are managed by various departments according to their responsibilities. In the future, other functional committees will be established as required by regulations or based on the company's actual needs. Additionally, a Sustainable	None

Evaluation item	Implementation status			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEx Listed Companies and the reasons.
	Yes	No	Summary description	
			Development Promotion Task Force is set up, with the General Manager as the convener. It comprises the Corporate Governance Team, Environmental Sustainability Team, Social Responsibility Team, and Risk Management Team. These teams analyze and manage various aspects of operations and regularly report to the Audit Committee and the Board of Directors on response strategies and implementation plans.	
(3) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?	V		(3) The company has established a method and evaluation process for assessing the performance of the board of directors and individual directors. The performance evaluation results for 2023 have been submitted to the board of directors on March 14, 2024. They are utilized as references for the individual directors' compensation and re-nomination.	None
(4) Does the Company regularly evaluate its external auditors' independence?	V		(4) The Finance Department of the company annually assesses the independence and suitability of appointed accountants based on Audit Quality Indicators (AQIs). Key evaluation criteria include: ● Not being an employee, director, supervisor, or shareholder holding 1% or more of shares in the company or its related enterprises. ● No spousal or close relative relationships with the company's directors, supervisors, or managers. ● Not providing audit services continuously for more than	None

Evaluation item	Implementation status			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEx Listed Companies and the reasons.
	Yes	No	Summary description	
			seven years. ● The accountant's independence statement. ● Audit Quality Indicator report (AQIs), covering five dimensions: professionalism, quality control, independence, supervision, and innovation, with 13 indicators. After the evaluation in 2023, LogisTrust Accounting Firm was deemed to meet the independence and suitability criteria. The evaluation results were approved by the Audit Committee on Dec. 28, 2023, and subsequently approved by the Board of Directors on the same day.	
4. Does the TWSE/TPEx listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	V		On Aug. 7, 2023, the Board of Directors of the Company appointed Ms. Tang Yuhua as Corporate Governance Officer, and organized a Corporate Governance Project Team responsible for corporate governance-related matters (including but not limited to providing the necessary information for the board to carry out its duties, assisting the board in complying with legal requirements, handling matters related to board and shareholder meetings in accordance with the law, and preparing minutes of board and shareholder meetings, etc.). The professional development status of the Director of Corporate Governance is explained in the table below.	None

Evaluation item	Implementation status			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEx Listed Companies and the reasons.
	Yes	No	Summary description	
5. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	V		The Company's website has a stakeholder area and a spokesperson and proxy spokesperson mechanism. Stakeholders can obtain financial and business information and other operational status via telephone, the Company's website, or e-mail (service@fis.com.tw), and communication channels are smooth. The Company will also provide appropriate handling according to the prevailing situation. The communication with stakeholders in 2023 was reported to the Board of Directors on Dec. 28, 2023.	None
6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	V		The Company has appointed KGI's share agent department to handle the shareholders' meeting.	None
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status? (2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)? (3) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?	 V V 	 V	(1)The Company has a website at www.fis.com.tw, which contains information on financial operations and corporate governance. (2)The Company has set up an English website and designated a person responsible for the collection and disclosure of corporate information and the implementation of a spokesperson system. (3)The Company announces and reports annual and quarterly financial reports and monthly operations by the prescribed deadlines in accordance with laws and regulations and the Company's overall planning.	None
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor	V		(1) Employee Benefits and Employee Care: In addition to complying with the Labor Standards Act and related regulations, the company provides group insurance for	None

Evaluation item	Implementation status			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEx Listed Companies and the reasons.
	Yes	No	Summary description	
relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?			employees and establishes a Staff Welfare Committee to maintain employee welfare. Through a well-designed education and training system, employees are encouraged to participate in domestic and international training and technical seminars. Monthly meetings between employees and the general manager are held annually to facilitate communication between employees and management, providing timely care and attention to employees. (2) Investor Relations and Stakeholder Rights: The company discloses relevant information in accordance with legal requirements and designates specific personnel to handle investor-related matters and implement a spokesperson system. The company website also features an investor section, allowing investors to stay informed about the company's operational status and safeguard their rights. (3) Execution of Supplier Relations: The company has always maintained good relationships with its suppliers. A stakeholder communication section is set up on the company's website, where suppliers can contact the company via phone or email at any time for communication. Additionally, a Supplier Management Policy is established, requiring suppliers to adhere to international human rights policies, commit to environmental protection, and operate with integrity. Specific requirements include suppliers establishing human rights policies in accordance with	

Evaluation item	Implementation status			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEx Listed Companies and the reasons.
	Yes	No	Summary description	
			internationally recognized standards and domestic labor laws, providing appropriate occupational safety and health training and preventive measures for employees, implementing measures related to environmental sustainability goals, and establishing integrity in business operations. In 2023, regarding the requirements of the Supplier Management Policy, 30 self-assessment questionnaires were sent to key suppliers with a response rate of 100%. The completion rates for the formulation of human rights policies, achievement of employee occupational safety education, implementation of measures related to environmental sustainability goals, and establishment of integrity in business operations were 83.3%, 90%, 90%, and 96.7%, respectively. The implementation of supplier management was reported to the Board of Directors on December 28, 2023. (4) Implementation of Risk Management Policy and Risk Measurement Standards: On Nov. 10, 2023, the Company passed the Risk Management Policy and Procedures through the Board of Directors. The Board of Directors serves as the highest decision-making and supervisory body for risks, with the General Manager as the convener, organizing a Risk Management Team. Based on major principles, risks are analyzed and assessed from various aspects, and risk countermeasures are formulated. The evaluation results and implementation status were reported to the Audit Committee	

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEx Listed Companies and the reasons.</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>and the Board of Directors on Dec. 28, 2023, and were approved by the Board of Directors.

(5) Implementation of Customer Policy: The company maintains stable and good relationships with its customers. As an information service industry, the company has a customer service hotline and an online repair inquiry website to provide customer service and consultation.

(6) Director Training: As follows.

(7) Purchase of Directors' Liability Insurance by the Company: Directors and managers were insured for liability insurance in 2023, and the insurance situation was reported to the Board of Directors on March 24, 2023. The liability insurance expired on Feb. 1, 2024, and renewal has been completed. The report was made to the Board of Directors on March 14, 2024.</td><td></td></tr>
<tr><td colspan="5">9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement. (If the Company was not included among the companies evaluated for the given recent year, this item does not need to be completed.)
1. Improved corporate governance in the following areas:
a. We have actively enhanced English information disclosure by issuing English versions of annual reports, meeting agendas, and continually updating the content on our English website to reduce information disparities between domestic and foreign investors.
b. We have established a Sustainable Development Task Force, led by the General Manager, with subgroups focusing on corporate governance, environmental sustainability, social responsibility, and risk management. These groups analyze and manage various aspects of operations, presenting response strategies and execution plans to the board of directors, with regular reporting to the Audit Committee and the board.</td></tr>
</table>

Evaluation item	Implementation status			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEx Listed Companies and the reasons.
	Yes	No	Summary description	
2. Continue prioritizing strengthening the following measures: a. Due to the nature of our industry, our company does not have direct greenhouse gas emissions sources. The Environmental Sustainability Group has evaluated climate-related risks based on their significance and has not found any significant impacts on company operational risks. However, achieving net-zero carbon emissions is an unavoidable responsibility for all enterprises. Therefore, the Environmental Sustainability Group plans to implement the ISO 50001 Energy Management System with the assistance of third-party consultants for conducting greenhouse gas inventories. After approval by the board of directors, this will be gradually implemented according to the schedule in 2024. b. In response to sustainable development trends, stakeholders place significant importance on the company's sustainability information. Therefore, we have planned to publish the company's first edition of the Sustainability Report in 2024.				

As requested by the directors and independent directors, the Company provides relevant courses covering corporate governance topics such as finance, business, legal affairs, accounting, and other related areas for their continuing education.

The Company has a total of 7 directors, and the continuing education status for directors and independent directors in 2023 is as follows:

Title	Name	Date	Organizer	Training Course	Time(hrs)
Legal person director representative/ Chairman	SU,MEI-CHUN	2023/10/13	Securities and Futures Institute	Challenges for Taiwanese Enterprises: Carbon Rights, Carbon Fees, and Carbon Trading	3
		2023/10/20	Securities and Futures Institute	Discussing Corporate Governance Blueprint 3.0 and Director Responsibilities	3
Legal person director representative	TANG, YU-HUA	2023/10/19	Securities and Futures Institute	Technical Development and Business Opportunities of CHATGPT	3
		2023/12/01	Taiwan Corporation Governance Association	The Era of Stringent Personal Data Supervision Is Coming	3
		2023/12/06	Taiwan Academy of Banking and Finance	2023 Sustainable Finance Forum	4

Legal person director representative	YANG,ZHENG-NING	2023/10/27	Taiwan Insurance Institute	Transition Opportunity Aligned with IFRS 17 - Impact of Changes in Financial Performance Measurement Rules on the Operation of Insurance Companies	3
		2023/11/02	Securities and Futures Institute	Technical Development and Business Opportunities of CHATGPT	3
		2023/12/05	Taiwan Corporation Governance Association	Global Economic Outlook and Industry Trends for 2024	3
		2023/12/08	TWSE	Internal Employee Stock Ownership Plan Legal ompliance Advocacy Seminar in 2023	3
Legal person director representative	WANG,MEI-JUAN	2023/09/20	Taiwan Insurance Institute	ESG Sustainable Development Trends and Implementing Responsible Investment	3
		2023/10/05	Securities and Futures Institute	Challenges and Opportunities in the Sustainable Development Path and Introduction to Greenhouse Gas Inventories	3
Independent Director	LIN,SHI-MEI	2023/06/02	Securities and Futures Institute	Preventing Insider Trading Advocacy Meeting	3
		2023/08/10	BSI	Sustainable Challenges and Opportunities for Global Companies Achieving Net Zero Emissions by 2030/2050	3
Independent Director	LIN, QIAN-RU	2023/03/28	CPA ASSOCIATIONS	Net Zero Emissions, Circular Economy, and Construction Engineering	3
		2023/06/02	Securities and Futures Institute	Preventing Insider Trading Advocacy Meeting	3
Independent Director	WU,YU-JUN (note)	2023/06/29	Securities and Futures Institute	Supply Chain Cybersecurity Threat Hunting - A New Opportunity for Taiwanese Startups	3
		2023/06/30	Securities and Futures Institute	Analysis and Decision Utilization of Corporate Financial Information	3
		2023/07/06	Securities and Futures Institute	Technical Development and Business Opportunities of CHATGPT	3
		2023/11/09	Taiwan Academy of Banking and Finance	Information Security Governance Seminar (Session 37) - Important Information Security Standards and Compliance	3

Note: Resignation on Nov. 22, 2023.

Continuing education status for Corporate Governance Officer in 2023 is as follows:

Title	Name	Date	Organizer	Training Course	Time(hrs)
Corporate	ZHANG,LIANG-	2023/02/14	Taiwan Corporation Governance Association	The New Face of Corporate Governance in the Era of ESG Trends	3

Governance Officer / Senior Vice President	SHI (Note 1)	2023/05/05	Taiwan Corporation Governance Association	Corporate Governance Trends and Corporate Sustainable Development	3
		2023/06/02	Securities and Futures Institute	Prevention of Insider Trading Advocacy Meeting	3
Corporate Governance Officer / President	TANG, YU-HUA (Note 2)	2023/10/19	Securities and Futures Institute	Technical Development and Business Opportunities of CHATGPT	3
		202312/01	Taiwan Corporation Governance Association	The Era of Stringent Personal Data Supervision Is Coming	3
		2023/12/06	Taiwan Academy of Banking and Finance	2023 Sustainable Finance Forum	4

Note 1：Retired on Sep. 30, 2023.

Note 2：Took office on Oct. 1, 2023.

3.4.4 Remuneration Committee

(1) Information on Members of Remuneration Committee

Roles	Criteria / Name	Professional qualifications and experience	Independence analysis	No. of other public companies at which the person concurrently serves as an independent director
Independent Director (Chairman)	LIN,SHI-MEI	Please refer to page 15.		2
Independent Director	LIN, QIAN-RU			1
Independent Director	LIU,YU-SHAN (Note1)	Ph. D., National Cheng Kung University M. S., Asian Institute of Technology LL. M., National Chung Hsing University Member, Control Yuan Minister, Executive Yuan Secretary-General, Executive Yuan Deputy Secretary-General, Executive Yuan Vice Chairmen, Council for Economic Planning and Development	Distinguished Chair Professor of Chung Hua University. For others, conformance to independence specified in article 3-1 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," promulgated by the Financial Supervisory Commission.	0
Independent Director	WU,YU-JUN (Note 2)	B.S., California Institute of Technology. Chief Investment Officer, China Prosper Group. Head of Asian Equity Alternative Investments, Salomon Brothers. Analyst of Asian Equity Alternative, Investments of Bankers Trust.	Conformance to independence specified in article 3-1 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," promulgated by the Financial Supervisory Commission.	0
External Committee Member	LIN,YING-SHAN (Note 3)	Director, Emerging Display Technologies Director, TAYIH KENMOS AUTO PARTS Independent Director, ShunSin Technology Director, TRIOTEK-M CO., LTD.	General Manager, MILDEX OPTICAL INC. Director, MILDEX OPTICAL INC. Independent Director, CyberTAN Technology, Inc.For others, conformance to independence specified in article 3-1 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," promulgated by the Financial Supervisory Commission.	1

Note 1：Term expires on June 18, 2023.

Note 2：Resignation on Nov. 22, 2023.

Note 3：Took office on Dec. 28, 2023.

(2) Information on Operation of Remuneration Committee

a. There are 3 members in Remuneration Committee.

b. The term of the current committee: July 28, 2023 to July 27, 2025. The committee has met 4 times in 2022. The attendance and qualifications of committee members is as following:

Title	Name	Attendance in Person	By Proxy	Attendance rate (%)	Remarks
Chairman	LIN,SHI-MEI	3	1	75%	Took office on June 28, 2023
Member	LIN, QIAN-RU	4	0	100%	Took office on June 28, 2023
Member	LIU,YU-SHAN	1	0	100%	Term expires on June 18, 2023.
Member	WU,YU-JUN	3	0	100%	Took office on Jun. 19, 2023. Resignation on Nov. 22, 2023.
Member	LIN,YING-SHAN	0	0	0%	Took office on Dec. 28, 2023

Other mentionable items:

1. In case the board of directors declines or modifies the suggestions of the Remuneration Committee, specify the date, number, contents, and resolutions of the meeting of the board and its handling of the opinions of the Remuneration Committee: None.
2. If a member opposes or has reservation, on record or in written form, about the resolutions of the Remuneration Committee: None.
3. Summary of main subjects of communication and results in 2023:

Date	Issue contents	Remuneration Committee Decision Results and Company's Handling of Remuneration Committee Opinions
2023/01/17	● The salary adjustment for managerial personnel of the year 2023. ● The performance bonuses for managerial officers for the year 2022. ● The performance bonus for the Chairman for the year 2022. ● Personnel promotion of the Company.	Unanimously approved by all attending members.
2023/07/06	● The amendment of Directors' and Executives' Compensation Operation Rules. ● The salary for the Chairman. ● The salary for the General Manager, TANG, YU-HUA. ● The salary for the General Manager, YANG,ZHENG-NING.	

2023/08/07	• The distribution of employee remuneration and performance bonuses for managerial personnel. • Increase in Performance Bonus for managerial personnel. • Severance Payment for Workforce Reduction.	
2023/11/10	• Severance Payment for Workforce Reduction. • Personnel promotion of the Company. • The salary adjustment for Employees. • The adjustment of Position Allowance.	

3.4.5 Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board? (The TWSE/TPEx listed company shall report the implementation status. This is not a complyor-explain provision.)	V		On Nov. 7, 2022, the Board of Directors passed the establishment of the "Sustainable Development Code of Practice" and disclosed it on the company's website. Under the leadership of the General Manager, a Sustainable Development Promotion Task Force was established as the unit responsible for promoting sustainable development. This task force is tasked with proposing and implementing sustainable development policies, systems, or related management guidelines, as well as specific promotion plans. It regularly reports to the Board of Directors on economic, environmental, and social issues arising from operational activities. The execution status of sustainable development initiatives in 2023 was reported to the Board of Directors on	None

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			Dec. 28, 2023, and disclosed on the company's website. The Board of Directors evaluates the feasibility of the proposed policies and plans based on the report from the Sustainable Development Promotion Task Force, reviews the progress and implementation status of the plans, and, if necessary, urges the task force to make adjustments.	
2. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (The TWSE/TPEx listed company shall report the implementation status. This is not a complyor-explain provision.)	V		On Nov. 10, 2023, the Board of Directors approved the Risk Management Policy and Procedures. The Board serves as the highest decision-making and supervisory body for risks, with the General Manager as the convener, organizing a Risk Management Team. Following major principles and considering factors such as the likelihood and impact of risks, the team conducts analysis and assessment of strategic risks, operational risks, financial risks, information risks, compliance risks, integrity risks, climate change risks, social risks, and other risks related to company operations. It formulates risk mitigation strategies and regularly reports to the Audit Committee and the Board of Directors. The latest evaluation results and implementation status were reported to the Audit Committee and the Board of Directors on Dec. 28, 2023, and were approved by the Board. The analysis and mitigation strategies for risk management have been announced on the company's official website.	None
3. Environmental Issues (1) Has the Company set an environmental management system designed to industry characteristics?	V		(1) The company's operations do not cause environmental pollution. We have established environmental maintenance personnel and management systems to	None

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			regularly carry out environmental maintenance work. Currently, we have not applied for any international standard certification related to environmental issues.	
(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	V		(2) The company implements environmental protection policies and has implemented waste sorting on each floor to facilitate resource recycling and environmental greening. ● In the office, we promote document digitization and have implemented an electronic online approval management system to reduce paper usage. We have also replaced traditional carbon powder printers with inkjet printers to improve printing efficiency and avoid the disposal of old carbon powder cartridges. ● We use electronic invoices and send electronic notifications for dividend payments to reduce paper usage and save electricity. ● The company has fully replaced T5 energy-saving fluorescent tubes and LED bulbs. Additionally, motion sensors and timers are installed in public areas' lighting fixtures to automatically cut off power when not in use, thus saving electricity. ● We have adopted variable frequency air conditioning systems throughout the company, with temperatures set between 26 to 28 degrees Celsius to conserve energy. ● We have replaced official vehicles to improve energy efficiency, expecting to reduce carbon dioxide emissions by 0.243 metric tons annually.	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			● When procuring goods, we prioritize products with environmental labels and energy-saving certifications.	
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	V		(3) In response to the characteristics of the industry, after assessing climate change risks based on major principles, no significant risks have been identified. Currently, the company implements energy-saving and carbon reduction measures in the office environment, including document digitization, reducing paper usage, controlling water and electricity consumption, and advocacy efforts. We also plan to implement the ISO 50001 Energy Management System in 2024 to actively improve energy efficiency and achieve energy-saving and carbon reduction goals.	
(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	V		(4) The main sources of greenhouse gas emissions are indirect carbon dioxide emissions from the company's office electricity usage and data center electricity usage. We have planned a schedule for greenhouse gas inventory checks and verifications, with quarterly discussions submitted to the Board of Directors. Water usage consists of general daily consumption, not industrial use. As a non-manufacturing company, we do not generate hazardous waste.	

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><th></th><th>2023</th><th>2022</th></tr>
<tr><td>Carbon Emissions
Scope 1 (metric ton CO2E)
Scope 2 (metric ton CO2E)
Intensity (metric tons CO2e/ NT$ million)</td><td>
7.32
331.808
0.142</td><td>
-
342.748
0.151</td></tr>
<tr><td>water consumption (metric tons)</td><td>1,714</td><td>1,684</td></tr>
<tr><td>waste weight (metric tons)</td><td>17.25</td><td>17.16</td></tr>
</table>
※The above statistics cover operational bases in Taiwan, including the Company, various branch offices and subsidiaries, IPAC and FTSC. The Company's greenhouse gas emissions inventory has not yet been confirmed by a third party.

The Company plans to implement the ISO 50001 Energy Management System in 2024 to actively improve energy efficiency and achieve energy-saving and carbon reduction goals.</td><td></td></tr>
<tr><td>4. Social Issues
(1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?

(2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?</td><td>
V

V</td><td></td><td>(1) In accordance with relevant regulations and international human rights conventions, the Company has established human rights policies and management schemes, and implements them accordingly. We actively employ individuals with disabilities, indigenous peoples, and promote gender equality.

(2) The Company has established employee codes of conduct and bonus schemes, and signs labor contracts with employees. We provide employee benefits in accordance with the Labor Standards Act and distribute bonuses to employees based on annual performance results and bonus schemes. Personnel selection and</td><td>None</td></tr>
</table>

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			employment are based on the qualifications required for each position, and salaries are determined according to the company's salary scale. There is no gender-based salary difference, establishing a work environment of equal pay for equal work, and truly implementing the concept of gender workplace equality. As the Company has not established a labor union, there is no collective bargaining agreement signed.	
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	V		(3) The safety of our office building is the top priority. We have security guards, surveillance systems, and access control in place. Fire drills and earthquake safety education are conducted annually as part of employee training programs. We have also signed medical service contracts with healthcare units. Medical staff provide regular services at the Company premises and conduct health education campaigns. There were no fire incidents in 2023.	
(4) Has the Company established effective career development training programs for employees?	V		(4) The Company has established "Employee Training and Development Regulations" to enhance professional awareness, promote our business philosophy, and foster a sense of belonging among employees. We actively implement our employee training and development plans, and have been awarded the Talent Quality Management System (TTQS) certificate by the Ministry of Labor for our efforts in talent development.	
(5) Does the company comply with the relevant laws and	V		(5) We have a dedicated customer service center to handle	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies? (6) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	 V		customer-related issues. We conduct periodic telephone surveys to gauge customer satisfaction and identify areas for improvement. Our marketing and labeling of products and services comply with relevant laws and international standards. (6) A Supplier Management Policy is established, requiring suppliers to adhere to international human rights policies, commit to environmental protection, and operate with integrity. Specific requirements include suppliers establishing human rights policies in accordance with internationally recognized standards and domestic labor laws, providing appropriate occupational safety and health training and preventive measures for employees, implementing measures related to environmental sustainability goals, and establishing integrity in business operations. In 2023, regarding the requirements of the Supplier Management Policy, 30 self-assessment questionnaires were sent to key suppliers with a response rate of 100%. The completion rates for the formulation of human rights policies, achievement of employee occupational safety education, implementation of measures related to environmental sustainability goals, and establishment of integrity in business operations were 83.3%, 90%, 90%, and 96.7%, respectively. The implementation of supplier management was reported to the Board of Directors on December 28, 2023.	
5. Does the company refer to international reporting standards or guidelines when preparing its		V	The Company discloses the implementation of sustainable development on its corporate website and in the annual	Same as Summary

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?			report of the shareholders' meeting. We do not currently prepare a ESG report.	
6. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviation from the principles in the Company's operations: The Company adopted the Sustainable Development Code of Practice in November, 2022 through a board resolution. We also established a Sustainable Development Promotion Team to regularly review the implementation status. Apart from not having compiled a ESG report yet, there have been no differences in the execution of other measures.				
7. Other important information to facilitate better understanding of the company's promotion of sustainable development: The Company has no direct greenhouse gas emission sources. We have adopted energy-saving and carbon-reduction measures in the office environment, including the reduction of paper use and the control and promotion of water, electricity and energy. We have also planned the schedule of greenhouse gas inventory and verification and submitted it to the board of directors for discussion. The Company plans to implement the ISO 50001 Energy Management System to actively improve energy efficiency and achieve energy-saving and carbon reduction goals, and compile a ESG report in 2024.				

Climate-Related Information of TWSE/TPEx Listed Company

1. Implementation of Climate-Related Information

Item	Implementation status
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities. 2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term). 3. Describe the financial impact of extreme weather events and	1. The Company has established a Sustainable Development Promotion Task Force, with the General Manager serving as the convener. It consists of the Corporate Governance Team, Environmental Sustainability Team, Social Responsibility Team, and Risk Management Team. The task force analyzes and manages various aspects of operations based on major principles and presents response strategies and execution plans to the Board of Directors. The execution status is regularly reported to the

transformative actions. 4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system. 5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described. 6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks. 7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated. 8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified. 9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).	Audit Committee and the Board of Directors. The latest report on climate-related risks and opportunities was presented to the Board of Directors on Dec. 28, 2023. 2. In recent years, global climate warming has led to an increase in extreme weather events such as typhoons and floods. Although the company's warehouse locations currently face no flooding risks, plans have been made to relocate the warehouses to the second floor of the headquarters. Additionally, inventory risks caused by extreme weather events are mitigated through insurance and third-party logistics to diversify the risk. 3. The Company plans to implement the ISO 50001 Energy Management System in 2024 to reduce carbon emissions, improve energy efficiency, and reduce energy expenses. This initiative aims to enhance overall performance, decrease energy consumption and expenditure, and achieve carbon reduction goals. 4. The Company identifies climate risks in accordance with its Risk Management Policy and Procedures, utilizing impact assessments and threat evaluations to quantify the potential impacts of climate risks on company operations. Response strategies are proposed based on the significance of the risks and reported annually to the Audit Committee and the Board of Directors for review. 5. Following risk assessments, significant operational impacts from climate risks have not been identified. Therefore, no transition plan has been devised. However, in response to global net-zero carbon goals, the company has planned a schedule for greenhouse gas inventory checks and verifications, with quarterly progress reports to the Board of Directors. Additionally, in 2024, the Company plans to engage a third-party consultant for greenhouse gas inventory checks and intends to implement the ISO 50001

	Energy Management System.

1-1. Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

1-1-1 Greenhouse Gas Inventory InformationDescribe the emission volume (metric tons CO2e), intensity (metric tons CO2e/NT$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.

	2023	2022
Carbon Emissions		
Scope 1 (metric ton CO2E)	7.32	-
Scope 2 (metric ton CO2E)	331.808	342.748
Intensity (metric tons CO2e/ NT$ million)	0.142	0.151

※The above statistics cover operational bases in Taiwan, including the Company, various branch offices and subsidiaries, IPAC and FTSC.

1-1-2 Greenhouse Gas Assurance Information

Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.
The Company's greenhouse gas emissions inventory has not yet been confirmed by a third party.

1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.
The Company's greenhouse gas emissions are based on 2023 as the reference year, and the preliminary self-assessment data is as stated above. In 2024, we will be guided by a third party for greenhouse gas inventory checks, and subsequent inventory data will be disclosed in our sustainability report or on our official website.The Company plans to implement the ISO 50001 Energy Management System in 2024 to actively improve energy efficiency and achieve energy-saving and carbon reduction goals.

3.4.6 Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
1. Establishment of ethical corporate management policies and programs (1) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team? (2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies? (3) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	V V V		(1) The Company has established the "Code of Ethics for Directors and Managers," "Disciplinary Management Rules," "Integrity Operation Guidelines," "Code of Conduct for Integrity Operations and Procedures," and an employee code. Through education, training, advocacy, internal audits, and external reporting mechanisms, we regulate that directors, supervisors, managers, and employees may not obtain undue benefits in any form and publish these regulations on the company's official website. (2) Same as above. (3) The Company has set forth the "Integrity Operation Guidelines," "Code of Conduct for Integrity Operations and Procedures," and "Procedures for Handling Cases of Illegal, Unethical, or Unethical Behavior Reporting." All employees of the Company are required to sign a declaration committing to uphold the law, prevent unethical behavior, and adhere to moral standards, ensuring the principles of integrity are upheld in our corporate operations.	None
2. Ethical Management Practice				

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
(1) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	V		(1) The Company evaluates the integrity records of counterparties through the Legal and Compliance Office, and integrity clauses have been explicitly stipulated in contracts with significant trading partners.	None
(2) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?	V		(2) The Company has designated the Sustainability Development Promotion Team as the dedicated unit for promoting corporate integrity operations. The progress and plans are regularly reported to the board of directors. The implementation of integrity operations in the fiscal year 112 has been reported to the board of directors on December 28, 2023.	
(3) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	V		(3) Specific reporting mechanisms are established in the "Corporate Governance Practices," "Integrity Operation Guidelines," and "Guidelines for Procedures and Behaviors of Integrity Operations." These are diligently implemented in accordance with the company's disciplinary management regulations and employee complaint procedures to actively prevent unethical behavior. Internal and external individuals are encouraged to report unethical or improper behavior. The management office is responsible for receiving reports, and if allegations involve directors or senior executives, they are reported to the independent directors. The company's website provides an effective means of communication for employees, shareholders, stakeholders, and external parties.	

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
(4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?	V		(4) The Company has established accounting and internal control systems to ensure the achievement of operational efficiency, reliability of financial reporting, and compliance with relevant laws. The audit department and finance department are required to be rigorous and impartial in performing accounting work and internal control management. Financial statements are audited and reviewed by certified accountants to ensure fairness.	
(5) Does the company provide internal and external ethical corporate management training programs on a regular basis?	V		(5) The Company has formulated the "Code of Ethics for Directors, Supervisors, and Managers," "Disciplinary Management Rules," "Integrity Operation Guidelines," "Guidelines for Procedures and Behaviors of Integrity Operations," and an employee code. Through education, training, advocacy, and internal audits, directors, supervisors, managers, and employees are prohibited from obtaining undue benefits in any form. In 2023, the company conducted 38 training sessions, including "New Employee Training," "Personal Data Protection Education and Training," "Prevention of Sexual Harassment Advocacy," "Legal Knowledge Advocacy," "Government Procurement Law Training," "Prevention of Fraud Advocacy," "Integrity Operation," and "Prevention of Insider Trading Advocacy," with a total of 655 participants. These sessions aimed to educate employees on correct principles and uphold the company's integrity principles, ensuring compliance with	

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			the law and practical knowledge.	
3. Implementation of Complaint Procedures (1) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistleblowers? (2) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner? (3) Has the company adopted proper measures to protect whistleblowers from retaliation for filing complaints?	V V V		The Company has a specific system for reporting and protecting whistleblowers in the "Code of Corporate Governance Practices," "Code of Conduct on Integrity," "Procedures and Conduct Guidelines for Integrity Management," "Guidelines for Employee Grievances," and "Handling of Reports of Illegal, Unethical or Dishonest Conduct. The identity and content of whistleblowers are kept confidential, and we promise to protect whistleblowers from improper treatment or retaliation for their reports. Internal and external personnel are encouraged to report dishonesty or misconduct. The Management Office is the dedicated unit to receive reports of dishonest behavior from colleagues. The Stakeholder Zone on the official website provides an effective way for employees, shareholders, stakeholders and outsiders to communicate with each other. If a director or senior executive is involved, the matter will be reported to the independent director.	None
4. Strengthening Information Disclosure Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	V		The Company discloses relevant information on its corporate website and the Market Observation Post System.	None
5. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviations between the principles and their implementation: None				

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	

6. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies (e.g., the company's reviewing and amending of its ethical corporate management best practice principles):
On Nov. 8, 2021, the Company established the "Code of Corporate Governance Practices," "Code of Conduct for Integrity," "Operating Procedures and Conduct Guidelines for Integrity," "Internal Material Information Handling Procedures and Regulations for Prevention of Insider Trading," and "Rules for Handling Cases of Reporting Illegal, Unethical or Dishonest Conduct.

Corporate governance operations in 2023:

(1) Education and Training:
The Company conducted a total of 38 training sessions for 655 participants, including "Newcomer Training", "Personal Information Protection Education Training", "Sexual Harassment Prevention Promotion", "Honest Management and Prevention of Insider Trading", "Government Procurement Law Training", "Fraud Prevention Promotion", and "Prevention of Intellectual Property Rights Infringement". To teach employees the correct concept and uphold the principle of corporate integrity. We also provide instructional materials on legal liability and question-and-answer practices in the event of a violation of law to all employees.

(2) Regular audits:
In order to prevent employees from engaging in dishonest or unethical behavior and to consider the risk of fraud and other factors. In 2023, there was no dishonest behavior through internal audit.

(3) Whistleblower system and protection of whistleblowers:
In 2023, we received 0 cases of external whistleblowing and 0 cases of employee whistleblowing, totaling 0 cases. There were no major breaches of integrity management.

It is reported that on Dec. 28, 2023, the operational and implementation status of the whistleblowing and whistleblower protection mechanisms was presented to the board of directors.

3.4.7 Corporate governance rules and procedures

The charters and rules are available on the Company's website: www.fis.com.tw.

3.4.8 Additional information on corporate governance operations

The information is available on the Company's website: www.fis.com.tw.

3.4.9 Internal control statement

FORTUNE INFORMATION SYSTEMS CORP.

Internal Control Statement

Date: March 14, 2024

Fortune Information Systems Corp. (FIS) states the following with regard to its internal control system for the year 2023:

1. FIS is fully aware that establishing, operating and maintaining an internal control system are the responsibilities of its Board of Directors and management. FIS has established such a system to provide reasonable assurance in achieving objectives related to the effectiveness and efficiency of operations (including profits, performance and safeguarding of assets), reliability of financial reporting, and compliance with applicable laws and regulations.
2. An internal control system has inherent limitations. An effective internal control system, no matter how perfectly designed, can provide only a reasonable assurance in the accomplishment of the three goals mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in the environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms and the Company takes corrective actions as soon as a deficiency is identified.
3. FIS 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 promulgated by the Securities and Futures Bureau, the Financial Supervisory Commission and the Executive Yuan (herein referred to as the "Regulations"). The internal control system evaluation criteria stated in the Regulations classify internal control into five key elements based on the process of management control: (1) Control environment, (2) Risk assessment and response, (3) Control activities, (4) Information and communications, and (5) Monitoring. (Please refer to the Regulations for details on these five key elements.)
4. FIS 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 third paragraph, FIS believes that as of December 31, 2023, its internal control system (including its supervision of subsidiaries), which encompasses internal controls to achieve effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations, was effectively designed and operating, and is reasonably assured of achieving the above-stated objectives.
6. This statement will form a major part of the Company'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 FIS Board of Directors' Meeting on March 14, 2024, where all of the six attending directors did not express any dissenting opinion and affirmed the content of the same.

Fortune Information Systems Corp.
Chairman: SU,MEI-CHUN
General Manager: TANG, YU-HUA
General Manager: YANG,ZHENG-NING

If CPA was engaged to conduct a special audit of internal control system, provide its audit report: None.

3.4.10 Lawful punishment inflicted on the Company, and/or disciplinary action taken by the Company against its employees for violating internal regulations in the latest year and up to the printing date of this Annual Report; important errors committed; and correction and improvement procedures: None.

3.4.11 Major resolutions of shareholders meeting and board meetings

Important resolutions from the annual shareholders' meeting on June 19, 2023 and current status:

Resolutions	Result
Approval of the 2022 business report and financial statements.	-
Approval of the 2022 earnings distribution plan.	September 12, 2023, has been set as the record date for dividend distribution. Cash dividends of NT$0.6 per share will be distributed on September 26, 2023.
Approval of the Amendment to the Procedures for Lending Funds to Others.	Implemented after being approved at the shareholders' meeting and announced on the company's website.

Important resolutions of Board meetings in 2023 and during the current fiscal year up to the date of publication of the annual report:

Date	Major resolutions
Jan 17, 2023	1. Approval of the 2023 managerial salary adjustment plan. 2. Approval of the 2022 managerial performance bonus distribution plan. 3. Approval of the 2022 Chairman's performance bonus plan. 4. Approval of the company's personnel promotion plan.
Mar 24, 2023	1. Approval of the 2022 business report and financial statements. 2. Approval of the 2022 earnings distribution plan. 3. Approval of the 2022 employee compensation distribution plan. 4. Approval of the 2022 assessment of the effectiveness of the internal control system and the internal control system statement. 5. Approval of the amendment to the procedures for lending funds to others. 6. Approval of the amendment to the code of ethical conduct for directors, supervisors, and managers. 7. Approval of the amendment to the rules of procedure for board meetings. 8. Approval of the amendment to the code of sustainable development practices. 9. Approval of the amendment to the procedures for transactions with related parties, specific companies, and group enterprises. 10. Approval of the amendment to the corporate governance practice code. 11. Approval of the company's board of directors re-election plan. 12. Approval of the proposal to nominate the list of director candidates. 13. Approval of the proposal to lift the non-compete restrictions on the company's directors. 14. Approval of the proposal to convene the 2023 Annual General Meeting of Shareholders.
May 08, 2023	1. Approval of the consolidated financial statements for the first quarter of 2023. 2. Approval of the audit procedure for pre-approving non-assurance services provided by the certifying accountants.
Jun 28, 2023	1. Approval of the election of the Chairman of the Board. 2. Approval of the appointment of the 7th Compensation Committee members. 3. Approval of setting the record date for dividend distribution. 4. Approval of the personnel promotion plan.
Jul 06, 2023	1. Approval of the amendment to the annex of the company's regulations for directors and managers' compensation. 2. Approval of the Chairman's salary plan.

Date	Major resolutions
	3. Approval of the salary plan for General Manager Tang Yu-Hua. 4. Approval of the salary plan for General Manager Yang Zheng-Ning.
Aug 07, 2023	1. Approval of the consolidated financial statements for the second quarter of 2023. 2. Approval of the company's loan to its subsidiary. 3. Approval of the distribution of employee compensation and performance bonuses. 4. Approval of the proposal for additional performance bonuses for managers. 5. Approval of the department dissolution and personnel reduction plan. 6. Approval of the amendment to the Board of Directors meeting regulations. 7. Approval of the appointment of the Corporate Governance Officer.
Nov 10,2023	1. Approval of the consolidated financial statements for the third quarter of 2023. 2. Approval of the establishment of risk management policies and procedures. 3. Approval of the amendment to the Board of Directors performance evaluation measures. 4. Approval of the merger with the subsidiary IPAC Technology Co., Ltd. and the determination of the merger base date. 5. Approval of the succession plan for Board members and key management. 6. Approval of the appointment of the Information Security Officer. 7. Approval of the personnel promotion plan. 8. Approval of the personnel salary adjustment plan. 9. Approval of the personnel reduction plan. 10. Approval of the adjustment of job allowances.
Decenber 28, 2023	1. Approval of the evaluation of the auditor's independence for the current year. 2. Approval of the budget for 2024. 3. Approval of the audit plan for 2024. 4. Approval of the amendments to the company's internal control system and internal audit implementation rules. 5. Approval of the application for credit loans and guarantee limits with financial institutions. 6. Approval of the supplementary appointment of the 7th Compensation Committee members.
January 23, 2023	1. Approval of the 2024 executive salary adjustment plan. 2. Approval of the 2023 executive performance bonus distribution plan. 3. Approval of the 2024 general manager salary adjustment and 2023 performance bonus plan. 4. Approval of the 2023 chairman performance bonus plan. 5. Approval of the amendments to the performance bonus management regulations for the sales department. 6. Approval of the increased distribution of executive performance bonuses. 7. Approval of the adjustment to the executive job allowance.
March 14, 2024	1. Approval of the 2023 business report, individual and consolidated financial statements. 2. Approval of the profit distribution for the fiscal year 2023. 3. Approval of the employee compensation distribution for the fiscal year 2023. 4. Approval of the remuneration of the auditors for fiscal years 2024 and 2025. 5. Approval of the assessment of the suitability and independence of the auditors for the fiscal year 2024. 6. Approval of the pre-approval of non-assurance services provided by the company's auditors, their firms, and affiliated entities for fiscal. 7. Approval of the assessment of the effectiveness of internal control systems and the internal control system statement for the fiscal year 2023. 8. Approval of the amendment to the company's articles of association. 9. Approval of the amendment to the organization regulations of the Audit Committee of the Company. 10. Approval of the amendment to the rules of proceedings of the shareholders' meeting. 11. Approval of the amendment to the rules of proceedings of the board of directors' meeting. 12. Approval of the supplementary election of one independent director. 13. Approval of the proposed list of candidates for the election of independent directors. 14. Approval of the proposal to lift the restriction on the competition prohibition for newly appointed independent directors. 15. Approval of the convening of the ordinary general meeting of shareholders for the fiscal year 2024.
May 09,	1. Approval of the consolidated financial statements for the first quarter of 2024.

Date	Major resolutions
2024	2. Approval of the dissolution and liquidation of subsidiaries Fortune(Hong Kong) and SBAS. 3. Approval of the amendment to the management regulations for performance bonuses in business departments. 4. Approval of the establishment of employee performance evaluation, bonus, and remuneration distribution regulations. 5. Approval of the amendment to the operating rules for director and executive compensation. 6. Approval of the increase in performance bonus distribution for executives.

3.4.12 Majorissued of record or written statements made by any director or independent directordissenting to important resolutions passed by the board of directors: None.

3.4.13 Resigned/discharged chairman, president, chief accounting officer, chief financial officer, chief internal audit officer, chief corporate governance officer and chief research officer:

April.30.2024

Title	Name	Date of Appointment	Date of Resignation	Reason for Resignation
Chairman	Wei Hsing Hsiug	2023.11.01	2023.06.28	Retirement
Corporate Governance Officer	Zhang Liangshi	2013.12.09	2023.09.30	Retirement

3.5 Certified Public Accountant (CPA) Information

3.4.1 CPA service fees

Unit: NT$1,000

Accounting firm	Name of CPA	Period covered by CPA's audit	Audit fee	Non-audit fee (Remarks)	Total	Remarks
Deloitte & Touche	Cai,You-Ling Lin,Wen-Qin	2023.01.01 ~ 2023.12.31	2,260	209	2,469	Tax return expenses were NT$160. And NT$49 were spent on miscellaneous expenses such as typing, copying, and binding by the auditors.

3.4.2 The company did not pay non-audit fees to the auditor, the auditor's affiliated firm, or its related enterprises exceeding one-fourth of the audit fees.

3.4.3 For CPA changes, if the audit fee in the first year is lower than that of the prior year, specify the audit fee before and after the change and the reasons: N/A.

3.4.4 If the audit fee dropped by more than 10%, specify the amount and percentage of decline and reasons: N/A.

3.6 Information on CPA changes

3.6.1 Former CPA

<table>
<tr><td>Date of change</td><td colspan="4">January 1, 2021
October 1, 2021</td></tr>
<tr><td>Reason for change</td><td colspan="4">Due to job rotations at Deloitte & Touche:
The original CPA, LI,ZHEN-MING, was replaced by Lin,Wen-Qin on January 1, 2021.
The original CPA, KUO,LI-WEN, was replaced by Cai,You-Ling on October 1, 2021.</td></tr>
<tr><td rowspan="3">Specify whether services/engagement were terminated/refused</td><td colspan="2">Party / Conditions</td><td>CPA</td><td>Company</td></tr>
<tr><td colspan="2">Termination</td><td>-</td><td>-</td></tr>
<tr><td colspan="2">Refusal of new mandate</td><td>-</td><td>-</td></tr>
<tr><td>Has any audit opinion, other than an unqualified opinion, been issued in the past two years? If yes, cite reasons.</td><td colspan="4">None</td></tr>
<tr><td rowspan="7">Disagreement with securities issuer</td><td rowspan="5">Yes</td><td>-</td><td colspan="2">Accounting principles and practices</td></tr>
<tr><td>-</td><td colspan="2">Disclosure of financial statements</td></tr>
<tr><td>-</td><td colspan="2">Audit scope or procedures</td></tr>
<tr><td>-</td><td colspan="2">Others</td></tr>
<tr><td>-</td><td colspan="2"></td></tr>
<tr><td>No</td><td colspan="3">ˇ</td></tr>
<tr><td colspan="4">Explanation: None</td></tr>
<tr><td>Other disclosure items</td><td colspan="4">None</td></tr>
</table>

3.6.2 Current CPA

Accounting firm	Deloitte & Touche
Name of CPA	Cai,You-Ling Lin,Wen-Qin
Date of engagement	May 10, 2021 December 30, 2021
Results of consultations with the CPA on accounting measures and principles that might influence his/her opinion prior to his/her engagement	None
Has the incumbent CPA issued any dissenting opinion on opinions issued by the previous CPA?	None

3.6.3 The reply letter from the former CPA regarding the Company's disclosures regarding the matters under Article 10.6.A and 10.6.B(c) of the Regulations: N/A

3.7 Company Chairman, President or finance/accounting manager held positions in the Company's audit firm or its affiliates within the past year:
None.

3.8 Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report) by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.

a. Changes in Shareholding of Directors, Supervisors, Managerial Officers, and Major Shareholders

Title	Name	2023		Current fiscal year as of April 20, 2024	
		Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)	Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)
Director	CECGP Electronics Corp.	(4,435,000)	0	0	0
	Representative:				
	SU,MEI-CHUN	0	0	0	0
	WANG,MEI-JUAN	0	0	0	0
Director	Standard Plastics LTD.	(4,151,000)	0	0	0
	Representative:				
	TANG, YU-HUA	0	0	0	0
	YANG,ZHENG-NING	0	0	0	0
Independent Director	LIN,SHI-MEI	0	0	0	0
	LIN, QIAN-RU	0	0	0	0
	LIU,YU-SHAN	0	0	0	0
	WU,YU-JUN	0	0	0	0
General Manager	TANG, YU-HUA	0	0	0	0
Senior Vice President	ZHANG,LIANG-SHI	0	0	0	0
Vice President	CHEN, XIU-YUE	0	0	0	0
Vice President	LIN,YONG-CHANG	0	0	0	0
Vice President	WU,XU-BIN	0	0	0	0
Vice President	YANG,ZHENG-NING	0	0	0	0
Vice President	CHEN,BAO-FU	0	0	0	0
Assistant Vice President	CHENG,MEI-LING	0	0	0	0
Assistant Vice President	XIE,BING-CHEN	0	0	0	0
Assistant Vice President	QIU,JUN-YAO	0	0	0	0
Assistant Vice President	SHI,SHANG-YU	0	0	0	0
Assistant Vice President	CHEN,ZHAO-LIN	0	0	0	0
Assistant Vice President	WU,JING-YI	0	0	0	0
Assistant Vice President	LU,ZONG-KUN	0	0	0	0
Assistant Vice President	WANG,SHU-FEN (Note 1)	0	0	0	0
Major Shareholder	CECGP Electronics Corp.	(4,435,000)	0	0	0
Major Shareholder	Standard Plastics LTD.	(4,151,000)	0	0	0

Note 1：Took office on Dec 1, 2023

b. Shareholding transferred with related party: None.

c. Stock pledged with related party: None.

3.9 Relationship between FIS's top 10 shareholders

As of April 20, 2024

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	
Standard Plastics LTD.	19,290,327	27.57%	0	0%	0	0%	CECGP Electronics Corp.	CECGP is a investee of Standard Plastics accounted for using the equity method. Standard Plastics is a investee of CECGP accounted for using the equity method.	The legal director of the company.
Standard Plastics LTD. Representative: TANG, YU-HUA	69,788	0.10%	0	0%	0	0%			The legal representative and general manager of the company.
Standard Plastics LTD. Representative: YANG,ZHENG-NING	6,356	0.01%	0	0%	0	0%			The legal representative and general manager of the company.
CECGP Electronics Corp.	17,847,954	25.51%	0	0%	0	0%	Standard Plastics LTD.	Standard Plastics is a investee of CECGP accounted for using the equity method. CECGP is a investee of Standard Plastics accounted for using the equity method.	The legal director of the company.
CECGP Electronics Corp. Representative: SU,MEI-CHUN	0	0.00%	0	0%	0	0%			The legal director and chairman of the board of directors of the company.
CECGP Electronics Corp. Representative: WANG,MEI-JUAN	455	0.00%	0	0%	0	0%			The legal representative director of the company.
Kuo Qingke	789,000	1.13%	(Note 1)						
Qiu Juncun	492,000	0.70%	(Note 1)						
Fu Jinyan	480,000	0.69%	(Note 1)						
He Xiaoqian	406,000	0.58%	(Note 1)						
Lian Juren	300,000	0.43%	(Note 1)						
Barclays Capital SBL/PB investment account entrusted to Citibank	296,000	0.42%	(Note 1)						
Hsu Chen Hsiu-yun	220,000	0.31%	(Note 1)						
Zhuo Xinyi	168,000	0.24%	(Note 1)						

Note 1: Not an insider or employee of the Company, therefore relevant information cannot be obtained.

3.10 Ownership of Shares in Affiliated Enterprises

As of December 31, 2023　　Unit: shares/ %

Affiliated Enterprises (Note)	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
SBAS(HK) Ltd.	20,000	100%	0	0%	20,000	100%
IPAC(Note 2)	-	-	-	-	-	-
FORTUNE INFORMATION SYSTEMS (INT'L) LTD	8,426,000	100%	0	0%	8,426,000	100%
FTSC	40,000,000	100%	0	0%	40,000,000	100%

Note 1: The Company uses the equity method to account for its investments in subsidiaries.

Note 2: The company and IPAC completed a simplified merger on December 31, 2023, with that date as the merger reference date. Following the merger, the surviving entity is the company, while IPAC ceases to exist as a separate entity.

IV. Capital Overview

4.1 Capital and shares

4.1.1 Source of capital

Unit: (Amounts in thousands of NTD/ shares, unless specified otherwise)

Date	Par value (NT$)	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	In a form other than cash	Cert. No. & effective date
1996/04	10	20,000	200,000	18,720	187,200	Capitalization of retained earnings 31,200	–	NO. 104073 April 5, 1996
1997/08	10	30,225	302,250	30,225	302,250	Capitalization of retained earnings 84,240 Seasoned equity offering 30,810	–	NO. 49932 Jane 26, 1997
1999/07	10	60,000	600,000	40,300	403,000	Capitalization of retained earnings 65,890 Seasoned equity offering 34,860	–	NO. 47742 May 20, 1999
2000/08	10	80,000	800,000	50,750	507,500	Authorized capital 200,000 Convertible bonds Capitalization of retained earnings 104,500	–	No. 089121509 Jane 27, 2000 No. 58481 July 6, 2000
2001/07	10	90,000	900,000	58,750	587,500	Capitalization of retained earnings 80,000 Authorized capital 100,000 employee stock option	–	No. 134499 Jane 1, 2001 No. 09001289240 July 25, 2001
2002/12	10	90,000	900,000	58,088	580,880	Treasury stock buy back and retired 6,620	–	No. 09101003440 January 11, 2002
2002/07	10	107,000	1,070,000	64,402	644,019	Capitalization of retained earnings 63,139 Authorized capital 170,000	–	No. 0910132447 Jane 14, 2002 No. 09101316020 August 5, 2002
2003/07	10	107,000	1,070,000	69,302	693,021	Capitalization of retained earnings 49,001	–	No. 09201246570 August 18, 2003
2004/06	10	107,000	1,070,000	68,723	687,231	Treasury stock buy back and retired 5,790	–	No. 09301107160 Jane 29, 2004
2004/08	10	107,000	1,070,000	72,489	724,895	Capitalization of retained earnings 37,664	–	No. 09301170480 September 16, 2004
2005/02	10	107,000	1,070,000	69,489	694,895	Treasury stock buy back and retired 30,000	–	No. 094 01031270 March 3, 2005
2005/07	10	107,000	1,070,000	67,689	676,895	Treasury stock buy back and retired 18,000	–	No. 09401140560 July 25, 2005
2005/08	10	107,000	1,070,000	69,870	698,696	capitalization of retained earnings and capitalization of capital reserves 21,801	–	No. 09401185970 September 20, 2005
2006/01	10	107,000	1,070,000	68,435	684,346	Treasury stock buy back and retired 14,350	–	No. 09501027170 February 16, 2006
2006/08	10	107,000	1,070,000	70,294	702,943	Capitalization of retained earnings 18,596	–	No. 09501218490 September 26, 2006
2006/11	10	107,000	1,070,000	69,294	692,943	Treasury stock buy back and retired 10,000	–	No. 09501268030 November 29, 2006
2007/08	10	107,000	1,070,000	73,230	732,302	Capitalization of retained earnings and employee stock option 39,360	–	No. 09601224740 September 12, 2007

Date	Par value (NT$)	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	In a form other than cash	Cert. No. & effective date
2009/01	10	107,000	1,070,000	71,230	712,302	Treasury stock buy back and retired 20,000	–	No. 09801001550 January 8, 2009
2009/05	10	107,000	1,070,000	70,345	703,452	Treasury stock buy back and retired 8,850	–	No. 09801087000 May 1, 2009
2012/3	10	107,000	1,070,000	69,961	699,612	Treasury stock buy back and retired 3,840	–	No. 10101046160 March 16, 2012

Type of stock	Authorized capital			Employee stock option	Convertible bonds
	Listed shares	Unissued shares	Total		
Common stock	69,961,249	37,038,751	107,000,000	10,000,000	20,000,000

Note：The stocks of the Company are listed company stocks. 。

Information related to shelf registration: None

4.1.2 Shareholder structure

AS of April 20, 2024

	Government agencies	Financial institutions	Other institutions	Individuals	Foreign institutions & individuals	Total
No. of sareholders	-	-	19	8,159	16	8,194
Total shares owned	-	-	37,606,866	31,644,596	709,787	69,961,249
Holding percentage	-	-	53.75	45.24	1.01	100.00

4.1.3 Shareholding distribution

a. Common shares

AS of April 20, 2024

Shareholding range	No. of shareholders	Total shares owned	Holding percentage
1 ~ 999	1,941	339,835	0.49
1,000 ~ 5,000	5,087	10,236,685	14.63
5,001 ~ 10,000	652	5,314,135	7.60
10,001 ~ 15,000	182	2,383,642	3.41
15,001 ~ 20,000	119	2,215,207	3.17
20,001 ~ 30,000	79	2,057,228	2.94
30,001 ~ 40,000	41	1,519,686	2.17
40,001 ~ 50,000	33	1,560,684	2.23
50,001 ~ 100,000	44	3,228,788	4.62
100,001 ~ 200,000	7	984,078	1.41
200,001 ~ 400,000	3	816,000	1.17
400,001 ~ 600,000	3	1,378,000	1.97
600,001 ~ 800,000	1	789,000	1.13
800,001 ~ 1,000,000	0	0	0
1,000,001 and above	2	37,138,281	53.06
Total	8,194	69,961,249	100.00

b. Preferred shares: None

4.1.4 Major shareholders: Shareholders holding 5% or 10 largest shareholders

AS of April 20, 2024

Name	Total shares owned	Holding percentage
Standard Plastics LTD.	19,290,327	27.57
CECGP Electronics Corp.	17,847,954	25.51
Kuo Qingke	789,000	1.13
Qiu Juncun	492,000	0.70
Fu Jinyan	480,000	0.69
He Xiaoqian	406,000	0.58
Lian Juren	300,000	0.43
Barclays Capital SBL/PB investment account entrusted to Citibank	296,000	0.42
Hsu Chen Hsiu-yun	220,000	0.31
Zhuo Xinyi	168,000	0.24

4.1.5 Share price, net worth, earnings, dividends and related information

			2022	2023	As of March 31, 2024
Share price (NT$)	High		34	44	32.30
	Low		12.3	22.95	26.80
	Average		17.21	29.20	29.22
Net worth per share (NT$)	Before earnings appropriation		17.13	17.63	17.95
	After earnings appropriation		16.53	16.83	Undistributed
Earnings per share (NT$)	Adjusted weighted average outstanding shares (1,000 shares)		69,961	69,961	69,961
	Earnings per share		0.91	1.12	0.27
Dividends per share (NT$)	Cash dividends		0.60	0.8(Note 1)	Undistributed
	Stock dividends	Diviends from retained earnings	-		-
		Diviends from capital surplus	-		-
	Accumulated unpaid dividends		-		-
PE and dividend yield	Price earnings ratio (x)		18.91	26.07	-
	Price to cash dividend (x)		28.68	36.50(Note 1)	-
	Cash dividend yield (%)		3.49%	2.74%(Note 1)	-

Note 1：To be determined after the shareholder meeting resolution.

4.1.6 Dividend policy

a. Dividend policy:

The Company is currently in the growth phase of its industry life cycle, and in order to consider the future funding needs of the Company and meet the needs of shareholders for cash inflows, if there are undistributed profits after the annual settlement, not less than 60% of the post-tax net profit shall be distributed as dividends to shareholders, of which cash dividends shall not exceed 50% of the total cash and stock dividends paid out during the year. However, when the earnings per share for the year are less than NT$ 3, the proportion of cash dividends paid out may be increased to a maximum of 100%.

b. Proposed Distribution of Dividend:

The cash dividend is NT$55,968,999. There are total 69,961,249 shares for distribution on March 14, 2024. The dividend per share is NT$0.8. The record date for the distribution will be determined by the board of directors after resolution by the shareholders' meeting.

c. Expected dividend policy will undergo significant changes: None.

4.1.7 Impact of stock dividend distribution on business performance and EPS: N/A

4.1.8 Employee and Directors' Compensation

a. Earnings distribution plan according to the Company’s Articles of Incorporation:

(1) The expenses for the directors and the auditor, and the salary for the chairman, shall be determined by the board of directors based on the relevant industry standards. The chairman shall also be granted other benefits in accordance with the relevant regulations for the salary of employees.

(2) When the company has profit in a given year, a portion of the pre-tax net profit before deducting employee compensation should be set aside as employee compensation, at a rate of 6%. However, if the company still has accumulated losses, the amount should be reserved for future use to make up for the losses.

The employees eligible for the employee compensation should include the employees of parents or subsidiaries of the Company meeting certain specific requirements.

Employee compensation should be distributed in the form of stocks or cash, and should be resolved by the board of directors according to the law and reported to the shareholders meeting.

b. Accounting treatment for the deviation between the estimated and actual distribution amount of employees’ and directors’ compensation:

(1) Pursuant to Article 27-3 of the Company’s Articles of Incorporation, it is proposed to set aside 6% for employee compensation for the year 2023, amounting to NT$5,69,849. There is no directors' compensation.

(2) If the amount of payment determined by the board of directors changes after the end of the fiscal year, the adjustment to the original provision for annual expenses will be made accordingly.

c.The Board of Directors approved the distribution of remuneration and related information:

The resolutions of the Board of Directors on March 14, 113 are as follows:

(1) Employee compensation: NT$ 5,679,849.

(2) Directors’ compensation: None.

(3) Amount of employee compensation distributed in the form of stocks, as a percentage of the net income after taxes provided in the standalone or consolidated financial statements of the current period, and as a percentage of total employee compensation: N/A.

d. Earnings distributed as employee bonuses and directors’ compensation in the previous year

(1) Employee compensation for the year 2022 is NT$4,610,813. There were no discrepancies between the distributed amount and the amount recognized in financial report.
(2) Directors' compensation: The compensation of chairman is granted other benefits in accordance with the relevant regulations for the salary of employees.

4.1.9 Share buyback: None.

4.2 Corporate bond issuance: None.

4.3 Preferred shares: None.

4.4 Global depository receipts: None.

4.5 Employee stock options and new restricted employee shares: None.

4.6 Status of new shares issuance in connection with mergers and acquisitions: None.

4.7 Financial plans and implementation: None.

V. Operational Highlights

5.1 Business Content

5.1.1 Business Operations Overview:

1. The main business operations of the Company in accordance with Articles of Incorporation are as follows:
   (1) Agency, import and export trade, rental, repair, maintenance services of office automation equipment, parts, accessories and supplies.
   (2) Agency, import and export trade, rental, repair, maintenance, design, manufacture, processing and assembly services of computer and other information equipment and its peripherals, parts, accessories and supplies.
   (3) System analysis and programming services of computer and other information software.
   (4) Agency, import and export trade, rental, repair and maintenance, design and assembly services of educational equipment, design equipment, manufacturing equipment, machinery automation equipment, machinery computerization equipment, and robots and their parts, accessories, and supplies.
   (5) Agency, import and export trade, rental, repair, and maintenance services of microfilm equipment and computer output microfilm equipment and their parts, accessories and supplies.
   (6) Data processing services on behalf of customers using computer microfilm equipment or other information equipment.
   (7) Computer information management consulting services.
   (8) Operation of computer information data processing and telecommunications value-added network services.
   (9) Import and export trade and agency services for the above products.
   (10) I301030 electronic information supply services.
   (11) IZ12010 human resource dispatch services.
   (12) ZZ9999 In addition to the licensed business, it may engage in business not prohibited or restricted by law.

2. Report on the Company's Products and Business Ratios for 2023:

Unit: NT$ 1,000

Product Name	Sales Figures	Ratio%
Computer equipment and system integration	1,469,930	62.86%
Visual Product	219,900	9.40%
Image Product	18,951	0.81%
Professional image processing services	27,295	1.17%
Maintenance services	276,516	11.83%
Professional services and others	325,779	13.93%
Total	2,338,371	100.00%

3. The Company's current products and services:

(1)Sales of products

(a) Personal computers, laptops, servers, and peripherals, iSERVER (AS/400) mini-series hardware and software equipment, pSeries (RS/6000) series, EMC storage equipment and application software, financial terminal systems (TABS & e-TABS), storage equipment and application software, computer supplies (disks, tapes, ink cartridges, toner cartridges, etc.), laser printers, and color inkjet printers.
(b) Forcepoint DLP information security systems, VMware virtualization software, Tanzu/OCP container application, Fortinet and CISCO full range of network software and hardware products.
(c) Microsoft application software and PC bundled software and IBM related software.
(d) FORTUNE membership management and human resources system.
(e) EasyWare logistics warehouse management system and PDA automation equipment.
(f) Kodak Alaris, EPSON document image scanning hardware and software (scanners, image capture software), obtaining key data from paper and incorporating it into commercial processing workflows and other applications, data storage equipment, data backup systems, data redundancy systems.
(g) Application software and statistical analysis consulting services and application software development.
(h) TIOBE/TiCSs System for software quality measuring.
(i) eLearning plateform.
(j) CMP, Cloud Management Plateform.

(2)Service Offerings

(a) Enterprise Information System Integration Planning and Implementation: This includes network system planning and implementation, system monitoring and management, remote control planning, asset management, and data center relocation and construction.
(b) Virtualization Solutions: Virtualization computing environment planning services.
(c) NAS/SAN Storage Planning and Integration Solutions: Comprehensive storage solutions that cater to businesses' needs.
(d) Outsourcing of Software Development and Maintenance Services: Professional software development and maintenance services for businesses.
(e) Computer, Projector, and Peripheral Equipment Rental Services: Rental services for computer equipment, projectors, and related peripherals.
(f) Network and information security system consulting and maintenance services.
(g) Comprehensive Information System Planning, Implementation, Integration, and Consulting Services: A complete range of IT services that ensure smooth business operations.
(h) Financial Information Network Application System Development and Integration Services: Solutions such as the new generation branch application system (eTABS) and electronic banking service application system (online banking).
(i) Application security scanning consulting and implementation services.
(j) Multi-Cloud Consulting and implementation services.
(k) Microservices and Artificial Intelligence Hardware Integration and Implementation Services: Professional services for microservices and AI

hardware integration.

(l) Document Filing, Scanning, and Imaging Services: Professional services for document filing, scanning, and imaging.

(m) Life and Property Insurance System Management, Sales, Training, Modification, and Consulting Services: Comprehensive solutions for life and property insurance systems.

(n) Warehouse Management System Consulting and Implementation Services: Professional services for warehouse management system implementation.

(o) Warehouse Management System Custom Development: Custom development services for warehouse management systems.

(p) Logistics Hardware Peripheral Equipment Information System Integration Services: Integration services for logistics hardware peripheral equipment such as PDAs and barcode devices.

(q) Maintenance and Operation Services: Maintenance and operation services for IT systems.

(r) Document Imaging Management System: Comprehensive solutions for document imaging management systems.

(s) Professional Document Digitization Outsourcing Services: Outsourcing services for professional document digitization.

(t) Professional consulting services for digital finance, demand analysis, and organizational design.

(u) Architecture consulting of application automation deployment and installation services.

(v) Other Digital Application Products and Systems: A wide range of other digital application products and systems to meet businesses' needs.

4. New products or plans currently under development by the company include:

(1)Hybrid cloud solution.

(2)A data security and protection DLP approval workflow system.

(3)Enterprise network information security solutions.

(4)Applications related to software automation deployment and agile development.

(5)Management platform of storage capacity monitoring.

(6)Applications related to privileged account management systems.

(7)Data center monitoring system.

(8)Big data backup and archive storage.

(9)Container plateform and microservice solutions.

(10)Intelligent IoT solutions.

(11)Planning and building of HPC related solutions.

(12)Plan to improve the DOC.M document image management solution, in addition to providing customized services, also provide a streamlined version (document management system DOC.S) according to different entry requirements. Compatible with various brands of scanner models to expand the market.

(13)Establish a cloud image service, with the concept of document cloud and handheld devices, guide customers to make document image processes mobile, and establish information services beyond hardware sales.

(14)For small and medium-sized self-made digital customers, develop a small package mass production operating system, which can be sold or leased to customers for their own execution of small-scale and diverse document digitization scanning, retrieval and other operations.

(15)Develop a Rule Engine module exclusively for insurance companies.
(16)Research and development of warehouse distribution and billing management.
(17)Logistics intelligent management module.
(18)Intelligent parts cabinet module.
(19)High-end medical information cloud system, designed to meet personalized high-end medical needs, developed and built with private cloud to better meet the needs of rapid implementation in multiple countries/multilingual/multi-hospital areas.

5.1.2 Industry Overview

1. Industry Status and Development:

The geopolitical uncertainties and stringent regulatory requirements are forcing businesses to re-evaluate their data security and backup strategies. This has led to an increased demand for data security backup solutions, bringing growth potential to the related market.

Furthermore, the global trends of AI and ESG (Environmental, Social, and Governance) are also driving companies to actively confront the challenges of digital and sustainable transformations. They are utilizing digital technologies to streamline their processes, protect their data, enhance energy efficiency, and more, as crucial components to achieving these objectives. Therefore, businesses will continue to seek reliable data security solutions to address these multiple challenges, which is expected to drive market growth.

2. Market strategies in response to industry development.

In response to the professional needs of various industries and customers in different fields, we are focused on promoting cloud applications, expanding virtualization applications, strengthening information security, and providing solutions for big data applications. We also continue to conduct market marketing and establish our own application software brand to assist clients in achieving their digital transformation and sustainability goals.

Our services include enterprise public/private cloud infrastructure construction and planning, network system planning, information security, backup and recovery planning, financial institution information integration services, cloud monitoring and management, software development, software quality measuring, project development, information image processing, document micro-imaging production, information image processing, document digitization, logistics and warehouse management systems, insurance software, insurance industry information services, and outsourcing and maintenance management of information equipment, providing comprehensive information integration services.

3. Industry Relations among Upstream, Midstream, and Downstream

The Company is a system integrator in the overall information product distribution structure. Our upstream partners are various information software/hardware manufacturers and professional distribution/agent operators, while our downstream partners mainly consist of distributors/retailers who sell information products to final consumers such as individuals, families, enterprises, and government agencies. Our products are mainly targeted at large customers such as government agencies, financial institutions, general enterprises, and schools, and our main revenue comes from the profits earned by utilizing know-how and providing services. Due to the large-scale demand from our target customers, we source our products directly from suppliers and also purchase products from agents or distributors, therefore, the Company plays multiple roles as a system integrator, agent, and distributor.

4. The development trends of information products are as follows, driven by the growth of information technology:
   (1) The growth of cloud and microservice markets drives demand for enterprise software products and HPC-related applications.
   (2) Professional service providers will develop towards integrating professional information systems with management and operational strategies.
   (3) The integration of financial control drives the demand for information system construction.
   (4) System development will gradually reduce costs due to the introduction of new technologies, mobile, and fast micro-applications.
   (5) Due to the continuous improvement of technology, products tend to be standardized and specification-based, making system integration easier.
   (6) Digital image services and applications will be more widespread.
   (7) New digital consumer electronics products related to digital homes will be introduced.
   (8) Information technology and services are developing rapidly, and the cloud service model is becoming more mature. Enterprises can use cloud sharing mechanisms to create new forms of service businesses.
   (9) In response to the market shift towards digitizing paper documents, the company developed its own DOC.M software, combined with document image scanners for sales, and provides an image operation system architecture for the operating environment, enriching the software and hardware product layers.
   (10) In response to the fierce competition in overseas software markets and near-saturation of market demand, the company is currently focusing on expected benefits in application software consulting services and development.

5. Competitive situation:

The information technology industry is constantly evolving and products are constantly being updated. The scope of services covered by the information service industry is also becoming increasingly broad. The domestic information service industry belongs to a completely open competitive market, with numerous domestic and foreign manufacturers joining the competition. However, based on the competitive advantages and niche conditions of each operator, even if they are engaged in the same business, there are significant differences in the market segmentation they specialize in. As far as the nature of the business and the niche market are completely consistent, currently, this company does not have completely consistent competitors. It can only list competitors with similar business items and market segmentation, and their relative reference information is as follows:

Company Name	Main Products/Systems/Services
Tatung System Technologies Inc.	Cloud application and system integration services
SYSTEX Corporation	Banking, securities, futures, and distribution industries
THE SYSCOM GROUP	Banking, securities, medical systems, and EDI
DATA SYSTEMS CONSULTING CO., LTD.	Customer enterprise computer software and hardware system integration
JETWELL COMPUTER CO.,	System integration services
Ares International Corporation	Tax administration, medical industry
STARK TECHNOLOGY INC.	System integration service business
DIMERCO DATA SYSTEM CORPORATION	Banking, securities, futures, and distribution industries
Chunghwa Telecom Co., Ltd.	Cloud application and system integration services

5.1.3 Technology and R&D Overview

1. The professional service fees for the most recent fiscal year and up to the date of printing of the annual report are as follows:

   The company does not have a dedicated research and development department, but the programmers and engineers under the various departments are able to provide software development and technical support required for system integration.

Unit: NT$ 1,000

Year	2023	As of March 31, 2024
Professional Services Expenses	94,853	25,315

2. The technologies or products that have been successfully developed in the most recent fiscal year and up to the date of publication of the annual report are as follows:

A. Technical Center

	R & D results	Description
2024	Hybrid cloud solution.	Upgrade the existing CMP system to containerization and expand monitoring and management capabilities. Such as VMware ALB and HPE Aruba.

B. Software Center

Year	R & D results	Description

2023	1. Cathay United Bank's Cambodia Branch Project: Implementation of Mail DLP Pass-through Review System.	Go live in May 2023.
	2. Shou Long Precision Industrial Co. Project: Implementation of EasyWare WMS Cloud System.	Go live in October 2023.
	3. President Securities Corporation Project: Establishment of USB Usage Management System.	Go live in October 2023.
	4. Cathay United Bank Company Project: Optimization for NDLP Review and Release System.	Go live in December 2023
	5. Taishin Bank Project: Establishment of Web DLP Review and Release Management System.	Go live in December 2023
	6. CIAA Project: Elderly Customer Insurance Protection Education and Training Course Notification.	Go live in December 2023.
	7. Toford Plastic MFG Corp. Project: Implementation of EasyWare WMS Cloud System.	Go live in December 2023.
	8. TFDA: Maintenance and Expansion Project of Medical Equipment Advisory Council Online Review Platform for 2023.	Go live in December 2023.
	9. Taichung Veterans General Hospital Project: Expansion Project for Electronic Signature Functionality in DOCM medical record scanning and image storage management system.	Go live in December 2023.
	10. Taishin Life Insurance: Outsourcing Service Project.	Go live in December 2023.
	11. Nan Shan Life Insurance: Outsourcing Service Project.	Go live in December 2023.
	12. AIA: Outsourcing Service Project.	Go live in December 2023.

2023	13. BNP Paribas Cardif: Outsourcing Service Project.	Go live in December 2023.
	14. CIAA Project: 2023 Demand Expansion Project.	90% completed by December 2023.
	15. Allianz: Outsourcing Service Project.	75% completed by December 2023.
	16. Orange Mattersses Co.: EasyWare WMS Establishment Project.	Project in Progress.

5.1.4 Long-term and Short-term Business Development Plans

1. The long-term business development plan includes several initiatives to enhance the company's expertise and expand its offerings to new industries. These initiatives include:
   (1) Enriching industry knowledge and developing core technology products in logistics, insurance, finance, and wireless communication.
   (2) Developing modular products to provide comprehensive information outsourcing services in line with market trends.
   (3) Introducing new solutions to expand services beyond insurance companies and into other industries.
   (4) Strengthening partnerships with international technology companies and forming strategic alliances with related vendors and consulting companies to develop high-value products and integrate projects.
   (5) Actively developing new products towards diversified professional management as a sustainable business strategy.
   (6) For businesses such as information security, container applications, multi-cloud applications, HPC and massive data storage, we provide storage solutions for customers' data security needs, email archiving, and data storage demands, and developing comprehensive plans for the monitoring and optimization of equipment such as servers and virtual machines.
   (7) Establishing an information service-oriented business plan to promote hardware demand, including software and document imaging know-how and document cloud service solutions.
   (8) Researching new solutions to provide a combination of heterogeneous media conversion mechanisms, increasing application system flexibility to differentiate from traditional competitors and increase profitability.
   (9) Enhancing cross-platform and application system integration capabilities to meet the increasing demand for network and system integration services.
   (10) Collaborating with domestic and international ERP software system vendors to bring advanced know-how to the regional market and provide customers with the latest management knowledge and tools.
   (11) Seeking opportunities to participate in profitable public procurement projects, as government agencies have recognized the importance of logistics services in recent years.
   (12) Develop proprietary products through the accumulation of project experience, package multiple industry-specific inventory management system modules such as maintenance management, human resources and

payroll, procurement and sales, accounts receivable/payable, general ledger, and procurement and sales media reporting management systems. Also, develop unique operational modules for specific industries to assist customers in quickly establishing suitable enterprise operational management systems.

(13) Cultivate specialized engineers as second-line personnel for different types of customers to facilitate the development of similar customer types.

(14) Establish strong logistics support capabilities, such as enhancing the functionality of UHD customer service.

(15) Apply software consulting services and development, participate in various market opportunities with other software integration companies, and jointly develop application software with market value.

(16) Sell SPSS statistical analysis software, maintain friendly relations with other SPSS distributors, reduce the opportunity for price wars, and provide better after-sales service to customers.

(17) Provide more diverse and personalized statistical analysis training services through consulting services, technical training, and application software development. Continuously invest resources in developing application software for specific industries.

(18) Focus on information security product technology, enhance the technical capabilities of the three main axes of security health check, security threat detection management mechanism, and endpoint detection and protection.

(19) Develop intelligent data center management systems to address the management, alarm, audit, record, and control needs of data center operations. Suitable for easy management of intelligent data centers, unmanned data centers, off-site backup data centers, and IDC equipment management data centers.

2. Short-term Business Development Plan

(1) Develop our own products and introduce new products while cultivating technical capabilities.

(2) Introduce new software components and programming techniques to improve project efficiency in real-time, effectively reducing costs and enhancing competitiveness.

(3) Continuously promote solutions for enterprise information security and data integration and centralized backup, establishing an enterprise image of system integration experts to expand more business opportunities.

(4) Enhance service quality to existing customers to consolidate and deepen the service scope of existing customers.

(5) Maintain brand image, expand market share, strengthen after-sales service quality, seize new customer visits and service opportunities, expand service opportunities for customers of similar nature, and expand customer base.

(6) Continuously invest in government large-scale outsourcing projects and related projects such as image system application development, and actively explore convenient services in the non-official document management category to increase the scope of image services.

(7) Utilize the digitization of health insurance claims and medical review processes in medical institutions, as well as the large document needs of accountants and lawyers, to expand customer development.

(8) Develop our own modules for logistics and warehouse management system and provide customers with more services through new features.

(9)Strengthen WMS solution for online marketing and explore opportunities for rapid deployment.

(10)(Continuously consolidate existing customers with high-quality services and strengthen cooperation relationships in outsourcing information personnel and information system development needs.

(11)(Enhance the professional capabilities of technical personnel and provide customers with diversified services through cross-departmental cooperation mechanisms, increase business volume and market share. Use the internet to find compatible components or research compatible components to reduce hardware maintenance costs.

(12)Provide customers with various information security labor services, such as vulnerability scanning services, security vulnerability scanning of web hosts or computer systems to assess whether security vulnerabilities exist, provide customers with scanning reports, assist in reference suggestions for vulnerability repair methods, and provide re-testing after security vulnerabilities have been corrected. Penetration testing services, testing the security strength of target hosts or network services to identify possible security vulnerabilities, provide improvement suggestions, and provide re-testing after security vulnerabilities have been corrected. Social engineering exercise services, providing customers with an understanding of social engineering through email and raising awareness, understanding possible security gaps based on test results, and implementing internal education and training as a basis for information security management.

(13)Continuously deepen AIOT (Artificial Intelligence of Things). . Through cabinet equipment automation services, we meet users' demands for smart logistics. And continue expanding smart cabinet business to drive the development of intelligent logistics.

(14)Through the application quality optimization of TIOBE/TiCS software quality measuring technology. The TiCS Dashboard can automatically present TQI indicator trends and compare them with industry baselines, allowing enterprises to have a clear understanding of the quality and performance levels of software development. It greatly improves the efficiency of quality standard management for program development outsourcing and enhances software security.

5.2 Market and Production Overview

5.2.1 Market Analysis

1. The main sales regions for the product

Unit: NT$ 1,000

Region \ Year		2022 Amount	2022 %	2023 Amount	2023 %
Overseas		45,511	2%	55,765	2%
Domestic area	North	1,875,436	82%	2,006,735	86%
	Central	124,865	6%	47,645	2%
	South	224,221	10%	228,226	10%
	Total	2,224,522	98%	2,282,606	98%
Total		2,270,033	100.00%	2,338,371	100.00%

2. Market Share

Unit: NT$ 1,000

Company Name	Operating income (Net)		Net income (loss) after tax		After-tax net income (loss) rate	
	Amount	Ranking	Amount	Ranking	%	Ranking
THE SYSCOM GROUP	6,383,820	1	276,638	2	4.33	4
Hwacom Systems Inc.	5,252,732	2	57,620	6	1.10	6
TATUNG SYSTEM TECHNOLOGIES INC.	4,179,561	3	188,136	4	4.50	3
DIMERCO DATA SYSTEM CORPORATION	3,971,077	4	251,798	3	6.34	2
Mercuries Data Systems Ltd.	2,766,374	5	624,280	1	22.57	1
FORTUNE INFORMATION SYSTEMS CORPORATION	2,338,371	6	78,378	5	3.35	5

Source of information: Financial reports of each company. Net profit margin = Net profit after tax / Net sales.

3. The future supply and demand situation of the market

(1) The market of information products:

(a) Computer Market: With the rapid development of AI technology, the widespread application of AI will drive new market demand, thereby spurring a wave of computer equipment upgrades. The rapid development of AI has also led to the emergence of emerging application scenarios. From autonomous driving to smart homes, from medical health to financial services, various industries are seeking more AI technology applications. The development of these emerging applications will drive the update and upgrade of related hardware and software equipment, thereby fueling the supply and demand dynamics of the entire computer market.

(b) Information software market: Virtualization technology has become quite mature and is transitioning towards a subscription model. It offers advantages such as saving hardware costs, more efficient resource utilization, and enhanced information security protection. Therefore, at the application level of technology, the demand of a large number of end users has already made virtual environment technology applied to the actual production process of enterprises at a fairly fast pace. When enterprises are building virtual environment systems, in addition to obtaining software licensing fees, they also need to introduce new software, which can drive the growth of the software industry market.

(c) System integration: From the supply perspective, system integrators not only need to have high-quality and stable hardware equipment but also need to have the ability to develop and maintain application software. Since participating in large domestic system integration project business requires a long-term accumulation of technology and experience, it is considered a high entry barrier. As far as the demand side of the domestic information service industry market is concerned, under favorable conditions such as the government's continuous promotion of national information and communication infrastructure, industrial production automation, financial liberalization, and civilian life informationization, government units are still the main customers of domestic system integrators in the future. Therefore, the market size of computer and peripheral equipment sales related to system integration and its subsidiaries will continue to grow.

(2) Maintenance market: As banks continue to merge, the scale of maintenance increases, leading to a higher demand for maintenance service. In addition, the operation of servers, networks, and information security management are crucial factors that affect the normal operation of computer equipment in an enterprise. Therefore, alongside reducing expenditure costs, the demand for client data centers or IT outsourcing services is also increasing.

(3) Professional video service market:

(a) Sales: demand continues to exist, and upgrading or replacing equipment are both demands.

(b) Professional services: existing government projects are decreasing or falling into price competition. In addition to trying to retain existing customers such as government and banking customers, it is planned to turn to private small and medium-sized enterprises and provide complete solutions for digitalization needs.

(4) Logistics service market: logistics industry has evolved from providing warehousing management services for manufacturers' products entering inventory in the early stage, to third-party logistics providers specializing in providing warehousing management services for businesses that need inventory space, and now trending towards professional logistics warehousing operations and logistics real estate industry. In addition, the legality of warehouse rental land or outdated equipment in the past may exacerbate development under the current trend of logistics real estate. With the demand for hardware equipment, the demand for WMS management system will inevitably increase.

(5) Information value-added service market: many large and medium-sized enterprises currently outsource information services in a way that focuses on manpower, and virtualization demand will increase to save costs. Therefore, the demand for human resources in the market will increase, and with the introduction of diversified products, it will drive industry market growth.

4. Future growth potential

(1) Facing global competition and structural changes in industries, the government is actively promoting various industry innovation policies and initiatives, including "Green Energy Technology," "Circular Economy," "Asia Silicon Valley," "Digital Nation Innovation Economic Development Plan," "Taiwan AI Action Plan," and "Taiwan 5G Action Plan," among others. The promotion of these policies and initiatives not only contributes to advancing technological development in five major areas: smart technology, sustainable technology, manufacturing optimization, people's livelihood, and service innovation. As a supplier, our company will help expand our participation in related fields and gain more business opportunities and competitive advantages.

(2) Building a bottom-up modular structure can reduce customization time and labor costs, increase revenue, and modularize member systems can be extended to other industries (such as the hotel industry), increasing business volume and market share.

(3) Expanding and strengthening document digitization is crucial. As long as paper exists, there will be value in document imaging. We aim to explore and cultivate the potential development of the digital document market. In addition to simple document imaging, we offer "After Scanning" services, such as integration with other information

systems to enhance data application efficiency.

(4) Taiwan will face many external environmental changes in the future. With the increasing competitiveness of Asian countries' economies and global economic cycles, domestic companies need to make some flexible adjustments to maintain their competitive advantages. They have adopted cost-reducing methods such as IT outsourcing services. The trend of establishing integrated holding companies in the financial industry provides business opportunities for domestic information service providers.

(5) Recent revisions to labor laws have increased labor costs, leading to continuous growth in the need for outsourced human services on the client-side. Cloud deployment issues and anti-money laundering compliance have also increased business opportunities, leading to an increase in the demand for outsourced and stationed service manpower.

The Company has accumulated many years of market experience, actively introducing world-class information technology and products to meet market demand, and planning suitable software to meet the actual needs of different customer management. We can provide complete system integration and application software services, providing customers with efficient and high-quality services, creating a win-win situation with customers.

5. Competition niche:

The Company's main business strategy is to expand market share through economies of scale as our core competitiveness, building a broad and solid horizontal foundation, and then developing vertical niche markets based on the existing foundation. The so-called horizontal foundation refers to the Company's complete and experienced professional manpower, gradually establishing a large customer base through a work team covering different professionals such as marketing, design planning, and support maintenance. The so-called vertical niche market refers to the use of a strong team to combine information technology with industry-specific knowledge. The Company has chosen the financial industry, insurance industry, distribution industry, and government agencies as its main development markets, as the service industry will be the group that uses information technology the most. Over the years, we have undertaken numerous projects and have gradually established a good reputation and credibility.

The Company's competitive advantages are summarized as follows:

(1) Long-standing reputation and diversified customer base

Since the Company's establishment, we have been committed to deepening our presence in the domestic information service industry market, adhering to the business philosophy of "integrity, innovation, and service," constantly demanding more from ourselves, and improving our technology and service quality. Over the past few years, we have gradually established a good reputation and credibility through the many projects we have undertaken.

From the perspective of domestic system integration vendors, the Company's difference from other domestic system integration vendors is that we entered system integration from hardware sales, which has two operational advantages: first, hardware sales have lower marketing barriers and costs, making it easier to establish a dispersed customer base; second, hardware sales have higher business stability than software development contracting, and the operational risks of small and medium-sized software companies are relatively high, making it difficult for them to advance to large-scale system integration vendors.

In addition, the Company is also one of the few system integration companies that can engage in diversified market operations. We entered the system integration market of the circulation industry from a pure financial industry system integrator, reducing the concentration risk of a single industry market.

(2) Professional technical capabilities and rich industry knowledge

The Company has accumulated extensive experience in servicing various types of computer host operating environments for major domestic enterprises over the years. We can plan business application systems based on the different needs of enterprise environments to enhance business efficiency. In addition, to provide customers with efficient and high-quality services, we continuously introduce first-class information technology and products, actively strive to cooperate with world-renowned manufacturers, and effectively integrate information technology with industry knowledge to enhance the added value of our business. The niche markets that the Company serves are outlined below:

(a) Financial industry

In the daily banking transaction process, the files used by bank employees to record transactions are stored on the mainframe system (Host) of the head office. Through the telecommunications network system, the branch server (Server) is connected and then linked to the employee's workstation (Client) through a local area network (LAN). The market for large-scale mainframe systems is dominated by foreign manufacturers IBM and UNISYS. However, the branch server and workstation belong to open systems, so system integration vendors can develop their own solutions and participate in bidding.

The Company's main product in the financial industry is the financial terminal system, which refers to the integration of hardware and software equipment for branch servers and workstations. The Company is an agent of IBM. Based on our long-term cooperation with IBM, we are highly focused on the integration planning of IBM Host, IBM AS/400, RS/6000 operating platforms, LAN, and WAN. In recent years, we have also actively cooperated with domestic storage equipment leader EMC, selling EMC storage equipment and backup solutions. In addition, we work closely with international software giants such as VMware and Microsoft and have a good track record in sales and planning. Looking at the top 20 banks in the country, most of them are our core customers, so the Company can be considered one of the few successful bank system integration companies in the country.

(b) Insurance Industry

With the continuous promotion of national economic construction, the increase of national income, and the popularization of education, the concept of risk prevention and transfer of insurance has increased, which has led to the development of the insurance industry. With the promotion of the government's policy of internationalization and liberalization of the financial and insurance industry, as well as the increasing popularity of the Internet and e-commerce, the insurance industry has been actively promoting information technology to enhance its competitiveness.

The Company provides professional services and technical support to the insurance industry, and after a long period of cultivation, most of the domestic insurance companies (including general and life insurance) are now our clients, which shows that the Company plays a pivotal role in the market of insurance information integration. We provide management, sales, education, revision and consulting services for life and general insurance in the Asia Pacific region, including Taiwan. Looking ahead, we will continue to provide our customers with the best international insurance industry solutions and localization of our international life insurance software to meet their needs and to strengthen our position as a professional systems integrator in the insurance industry.

Due to our years of experience in the insurance system market, we have many top-notch talents who can provide efficient and high quality services. In addition, we will continue our efforts in the direction of digital finance in response to the trend of the times and government policies, and will be able to maintain our long-term market advantage.

(c) Distribution Industry

In view of the rapid development of the retail logistics industry in Taiwan in recent years, including the introduction of new drugstore chains, department store agencies, port logistics warehousing, precision manufacturers and pharmaceutical GDP, as well as the demand for warehousing operations caused by the logistics industry in Taiwan, are all potential customers for logistics warehousing management systems. We have accumulated practical experience in different industries and business forms, which is sufficient to bring greater opportunities for system sales and consultant introduction projects.

(3) Provide overall professional imaging services

(a) We have 30 years of document imaging software and hardware integration technology.

(b) Sales of Kodak alaris and Epson scanning equipment.

(c) We have our own software development and integration technology team.

(d) The original manufacturer provides entry-level software and high-end workflow systems for various application levels, with a complete product line and no need for external assistance.

(e) The only company in the industry with a combination of "technology", "well-known brand equipment" and "BPO project business team".

Overall, we have been working in the professional imaging services market for more than 20 years and have accumulated a wealth of technology and experience, with complete hardware and software systems and manpower to provide document digitization services to government agencies, financial institutions, hospitals and major corporations in Taiwan.

(4) Complete service network and excellent customer relationship

We have established branch offices in Taoyuan, Hsinchu, Taichung and Kaohsiung to provide fast and convenient services to our customers, and have built a good reputation in the information service market. In addition, Hua Jing Information has long maintained a good "partnership" with its customers, and it is not easy to replace the core of existing customers and increase the value-added service opportunities by utilizing the existing customer base. The best guarantee of "sustainable management".

6. Favorable and unfavorable factors of development prospect

(1) Favorable factors

(a) The government is promoting the national development plan, and has a clear determination to build Taiwan's technology-based service industry.

(b) The Financial Supervisory Commission issued revisions to the " Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation" to accelerate the needs of corporate cloud backup, automation, and information security construction, etc..

(c) In January 2023, the Climate Change Response Act, which includes the 2050 net-zero target, was officially passed into law. Achieving sustainability indicators during the digital transformation process has become a new strategic opportunity for organizations across various industries.

(d) The continued growth of the service industry and the high intensity of computer use in the service industry.

(e) The development of e-commerce and the increase of Internet service industry, Internet market, cloud service and other related products.

(f) Networked, electronic and information-based markets for educational institutions, public and private organizations.

(g) The widespread use of digital imaging.

(h) The demand for information equipment will surge as the government actively promotes the spread and implementation of information-based education.

(i) The demand for information security products and outsourced information security services will be driven by the rising issue of network security.

(j) The digital audio and video content market is expected to grow due to the impact of broadband and changes in consumption patterns.

(k) Diversified entertainment functions will drive peripheral business opportunities.

(2) Unfavorable factors

(a) There is an increasing number of public cloud technology vendors as well as cloud and cybersecurity integration providers.

(b) Competitive companies are devoting considerable resources to hot topics such as information security, and the competition is fierce due to low prices.

(c) The impact of price fluctuations on companies' operating costs.

(d) With diverse and rapidly changing technical expertise, coupled with increasingly complex project requirements, recruiting and nurturing talent has become more challenging.

(3) Countermeasures

(a) Expediting the development of public cloud technology, focusing more on information security products, and expanding the engineering team.

(b) Enhance on-the-job training and professional knowledge of employees to improve their productivity and professional skills, enhance service capability and improve service quality.

(c) Cultivate specialized engineers tailored to different types of customers to facilitate the development of similar customers.

(d) Increase product lines and service contents.

(e) In terms of environment, we will carefully plan the future development direction and focus; in terms of capital, we will implement internal control system and strictly review the annual budget of the project.

(f) Provide high value-added products with special features, and build core competitiveness by integrating and supporting cross-departmental solutions, strategic alliances with upstream and downstream companies, and strive for more resources from original manufacturers, and actively develop new partners and new channels.

(g) Make good use of favorable factors and actively build favorable leverage to reduce the impact of unfavorable factors.

5.2.2 Main features and production process of major products

1. Usage of main products

<table>
<tr><th colspan="2">Main Products</th><th>Usage</th></tr>
<tr><td rowspan="7">Information Equipment</td><td>Computer hardware</td><td>Providing computer, computer peripherals and related integrated technical consulting services for office automation and computer local area network for companies and organizations.</td></tr>
<tr><td>System software</td><td>Providing programming tools for computer users.</td></tr>
<tr><td>Application software</td><td>We provide a quick and professional system introduction to any customer who needs to use the information management system with warehousing operations as the core.

Tailor-made system modules and functions to meet the business needs of customers' specific industries.

Provide software measuring tools for software quality control.</td></tr>
<tr><td>Network software</td><td>Equipment and software for computer network connection.</td></tr>
<tr><td>Printing devices</td><td>Equipment for computer data printing.</td></tr>
<tr><td>Other peripherals</td><td>1.Providing computer peripherals required by computer users for various applications.</td></tr>
<tr><td>Image processing products</td><td>Kodak Scanner, EPSON Scanner, EPSON Microjet Copier.
It is a convenient solution to the problems of printing, saving, distributing, and reviewing computer reports, reducing the use of paper and saving space.</td></tr>
<tr><td colspan="2">Computer peripherals and consumables</td><td>Computer storage, printing and presentation of consumable materials.</td></tr>
</table>

Maintenance services	Assist in ensuring the proper operation of the customer's computer equipment.
Professional image processing services	With our professional management team and mass production workflow design, we provide our customers with high volume, fast and high quality document imaging output services.
Other	We provide data processing equipment for personal or business use.

2. Main production process of major products:
   Not applicable as the Company is not a manufacturer.

5.2.3 Supply situation for major products

Item	Suppliers	Supply situation
Computer hardware	Dell EMC、IBM、HPE、Lenovo、ASUS、ACER、BestCom、MetaAge、Palsys、Synnex 、Unitech、Weblink	Adequate supply
System software	Microsoft、 VMware、IBM、Veeam、Adobe、Red hat、Symantec、Cyberark、Forcepoint、Zero one、Palsy、Docutek WinMatrix 、TIOBE	Adequate supply
Application software	Own brand	Adequate supply
Network software	CISCO、IBM、JUNIPER、Fortinet、Dell EMC、HPE、Zero One、MetaAge、BestCom	Adequate supply
Printing devices	EPSON、HPE、Weblink、Synnex、Genuine、Top Information	Adequate supply
Display devices and projectors	EPSON、ASUS、Viewsonic、ACER 、DellEMC、Lenovo、BestCom、Synnex、Unitech、Weblink	Adequate supply
Image processing products	Kodak Alaris、EPSON、KOTECH、Genuine	Adequate supply
Computer peripherals and consumables	Synnex、Genuine、Unitech、Weblink	Adequate supply

5.2.4 Customer names whose purchase or sales amounts accounted for more than 10% of the total purchase or sales in either of the last two years, along with their purchase or sales amounts and ratios, and explanations of the reasons for any increase or decrease.

Information on Major Sales Customers for the Last Two Years

Unit: NT$ 1,000

	2022				2023				As of March 31, 2024			
No.	Name	Amount	%	Relationship	Name	Amount	%	Relationship	Name	Amount	%	Relationship
1	Cathay United Bank	67,705	2.98	None	Cathay United Bank	254,966	10.90	None	Cathay United Bank	77,161	15.44	None
2	Taiwan Sports Lottery	-	-	-	Taiwan Sports Lottery	67,813	2.90	None	Taiwan Sports Lottery	49,579	9.92	None
	Others	2,202,328	97.02	None	Others	2,015,592	86.2	None	Others	373,073	74.64	None
	Net Sales	2,270,033	100	-	Net Sales	2,338,371	100	-	Net Sales	499,812	100	-

Note 1: Reasons for increase or decrease: Our main sales items include application software development, information system integration, automation and customization services for financial institutions, sales and maintenance of computer-related peripheral products. Overall, we primarily undertake customer projects. In recent years, we have benefited from the financial industry's doubling investment in digital transformation and cloud migration, increased demand for cybersecurity, and platform engineering. This has led to growth in our company's (CMP) cloud platform management system, IT infrastructure construction, and cybersecurity services.

Note 2: The financial statements of our company for the years 2022-2023 have been audited and certified by accountants, and the financial statements for the first quarter of 2024 have been reviewed and certified by accountants.

Information on Major Suppliers for the Last Two Years

Unit: NT$ 1,000

	2022				2023				As of March 31, 2024			
No.	Name	Amount	%	Relationship	Name	Amount	%	Relationship	Name	Amount	%	Relationship
1	BestCom	326,739	21.62	None	MetaAge	382,131	25.64	None	MetaAge	118,229	36.70	None
2	Epson Taiwan	265,293	17.55	None	Epson Taiwan	175,598	11.78.	None	BestCom	38,016	11.80	None
3	Wistron	178,843	11.83	None	Zero One	164,656	11.05	None	Zero One	6,809	2.11	None
4	Zero One	94,719	6.27	None	BestCom	161,864	10.86	None	Epson Taiwan	-	-	None
	Others	645,980	42.73	None	Others	606,321	40.67	None	Others	159,099	49.39	None
	Net Purchases	1,511,574	100	-	Net Purchases	1,490,570	100	-	Net Purchases	322,153	100	-

Note 1: Reasons for Increase or Decrease: Our main procurement items are computers and related peripheral products. We maintain procurement through distributors, and overall, there are no significant changes. Our suppliers are well-known domestic and international manufacturers. The changes in procurement amounts from suppliers are primarily due to the industry's nature, influenced by project characteristics, delivery terms, and negotiation results, which determine the selection of the most suitable suppliers.

Note 2: The financial statements of our company for the years 2022-2023 have been audited and certified by accountants, and the financial statements for the first quarter of 2024 have been reviewed and certified by accountants.

5.2.5 Production volume in the past two years

Not applicable as the Company is not a manufacturer.

5.2.6 Sales volume in the past two years

Unit: Units/ NT$ 1,000

Major products \ Year	2021(Note 1)		2022(Note 1)	
	Sales volume	Revenue	Sales volume	Revenue
Computer equipment and system integration	190,774	1,291,852	166,057	1,469,930
Visual Product	14,141	312,560	9,042	219,900
Image Product	439	10,384	493	18,951
Maintenance services (Note	-	251,836	-	27,295
Professional image processing services (Note 2)	-	28,976	-	276,516
Professional services and others (Note 2)	-	374,425	-	325,779
Total	205,354	2,270,033	175,592	2,338,371

Note 1：The export ratio in the past two years did not exceed 0.01% of the total revenue, therefore the quantity and amount of exports are not separately indicated.

Note 2：As it falls under the category of service provision, there is no sales volume.

5.3 Human Resources

Year		2022	2023	As of March 31, 2024
Number of employees	Sales Rep.	48	31	30
	Technical Staff	244	259	256
	Administration Staff	73	59	56
	Total	365	349	342
Average Age		40.50	39.95	40.04
Average Years of Service		9.10	8.70	8.85
Education level (%)	Ph. D	0.27%	0.29%	0.29%
	Master	9.59%	8.02%	8.48%
	University	76.16%	79.94%	78.66%
	Senior High School	13.70%	11.46%	12.28%
	Other	0.27%	0.29%	0.29%

5.4 Information on Outlays for Environmental Protection

In the most recent year and up to the date of printing this annual report, our company has not incurred any losses due to environmental pollution (including compensation and violations of environmental protection regulations as a result of environmental inspections).

5.5 Labor Relations

5.5.1 The company's various welfare measures, training, enchancement, retirement systems and their implementation. Agreements between labor and management and measures to protect employees' rights and interests.

1. Employee welfare measures
   (1) In accordance with the Employee Benefit Act, the Company has established an Employee Benefit Committee to handle various employee benefit matters. In accordance with the regulations, the Company provides monthly operating income and employee salaries for welfare.
   (2) The Company provides labor insurance and health insurance for all employees in accordance with the Labor Insurance Law and the National Health Insurance Law. We are entitled to various labor and health insurance benefits.
   (3) The Company's welfare measures include
      (a) Marriage, childbirth, and death benefits.
      (b) Gifts or gratuities on New Year's Day.
      (c) Travel, recreational activities and employee health checkups.
      (d) Group insurance for all employees in addition to labor and health insurance. (including life insurance, accident insurance, medical insurance, occupational accident insurance)
      (e)Education and training: In order to improve the quality of human resources and cultivate professional talents, we provide relevant professional training according to the needs of personnel and business.
      (f) Loan Benefit Plan: To take care of employees' life and help them to solve their temporary needs. All employees who have been employed for 6 months or more are eligible to apply for the "Emergency Loan". Sales and engineers who need to purchase a motorcycle for business needs can apply for the "Motorcycle Advance Loan".
2. Employee Training and Development

   The Company has established the "Staff Training Regulations". Any employee who needs business or on-the-job training may be sent out for training after approval. Internal training is conducted in accordance with the courses planned in the Company's annual budget and submitted for approval.

   The total expenditure for employee training in FY2023 is $2,566 thousand. The courses include corporate governance, finance and accounting, business marketing, engineer technical training and certification training, labor safety and health, human resources management, and other related courses.
3. Pension System

   The Company has established the Labor Retirement Plan and the Labor Retirement Fund Supervisory Committee, which contributes 2% of the total salary to the retirement fund. Starting from July 1, 2005, employees who choose to apply the pension system under the Labor Pension Act will contribute 6% of their monthly salary to the personal pension account of the Labor Insurance Bureau.
4. Agreements between employees and employers: Up to now, the Company has no agreements between employees and employers.
5. Protection of employees' rights and benefits:

   In accordance with the Labor Inspection Law, the Company has published the "Regulations for Employee Grievance Management" on its internal website. If any employee of the Company finds that the Company has violated the provisions of the Labor Standards Law, the Employee Benefits Law, the Labor Insurance Law, the Labor Inspection Law and the Employment Service Law, he/she may file a complaint with the senior management of the

Company. They may file a complaint with the president or chairman of the senior management of the Company, the head of each department or human resources department, the Bureau of Labor Affairs of the Taipei City Government, or the Labor Inspection Division of the Bureau of Labor Affairs of the Taipei City Government.

6. Code of Conduct or Ethics for Employees:

The Company has established the "Code of Corporate Governance Practices", the "Code of Conduct for Integrity Management", the "Operating Procedures and Conduct Guidelines for Integrity Management", the "Guidelines for Employee Grievance Operations", the "Rules for Handling Cases of Reporting Illegal and Unethical or Dishonest Conduct", and the "Disciplinary Management Rules". It is regulated that when the Company's employees violate the Company's discipline, such as the content of the violation, involving illegal or unit supervisory behavior, or is the reporting of corruption, misappropriation of public funds and other major cases ......, etc. The reporting officer can report according to the above-mentioned regulations, and the employee's behavior or ethics (such as misconduct, rude behavior and repeatedly precautionary, misbehavior that damages the company's reputation, poor service attitude that seriously affects the company's image, leakage of confidential information about the company's business, technology or intellectual property, unjustified defiance of proper management or reasonable guidance of business supervisors with arrogant attitude...etc.). There are various reward and punishment rules.

7. Work environment and employee safety protection measures:

(1) The company's office building was built to establish a safe working environment as the first consideration. In order to maintain the safety of employees and office areas, we have set up building guards and established the "Door Access Control Regulations". Each office area is equipped with a card-reading management system, and employees are required to hold a card to enter each office area. There are also clear regulations regarding visitor traffic, delivery of express documents and goods, nighttime and holiday access control, and access to underground parking lots. To maintain the working environment and staff safety.

(2) In addition to group insurance (including life insurance, accident insurance, medical insurance, and occupational accident insurance) for all employees to provide an additional protection. Regular inspection and updating of firefighting and escape equipment. Regularly implement various disaster emergency response drills and safety education and promotion, so as to efficiently control risks and protect employees' personal safety and prevent injuries from disasters.

5.5.2 Losses suffered from labor disputes in the most recent year and as of the date of the annual report, as well as the estimated amount of current and potential future losses and measures to address them: None.

5.6 Cyber Security Management

5.6.1 Cyber Security Risk Management Framework

1. Cyber security management framework:

The Company has established the Information Security Management System (ISMS) in accordance with the ISO 27001 international information security management standard operation requirements. In 2020, the Company passed the ISO 27001 certification, and will continue to pass the revalidation in 2021,2022and 2023. To strengthen the confidentiality, integrity and availability of the Company's information. Enhance the protection of corporate and customer-related information.

The Company has an internal information security team responsible for planning, implementing, auditing and improving information security management. We have established relevant management practices and handling guidelines for compliance. We have established layers of protection mechanisms for applications, operating systems, and network systems to prevent abnormal disasters, data corruption, and data theft. To effectively control the risks of corporate information systems and maintain sustainable business operations. To ensure the security of the company's information usage and to establish a reliable information usage environment.

2. Corporate Information Security Governance Organization

In 2020, our company established the "Information Security Management Committee." The committee members include the Chairman, who is the General Manager; the Information Security Management Representative, who is the Vice President; and the Promotion Committee Members, who are the heads of various business centers. The working group members consist of representatives from the Information, Human Resources, General Affairs, Audit, Document Management, and core Information Technology service departments.

The Information Security Management Representative supervises the Information Security Working Group in the establishment, implementation, and maintenance of various information security standards and systems. The representative also coordinates and discusses the company's management system, resource allocation, and other matters to ensure the effectiveness of various information security management measures. The Information Security Management Committee is regularly updated on information security-related issues, directions, and management outcomes.

5.6.2 Information Security Policy

Information security is everyone's responsibility to ensure the confidentiality, integrity and availability of company information

5.6.3 Specific Management Plan

1. Adopt a vertical defense framework, through the encryption of important sensitive data, endpoint protection and network gateway protection with network access control, email protection, etc. To prevent network attacks and security leaks.
2. Establish access control, identity verification, password control, access authorization, and vulnerability scanning audit mechanisms. Install anti-virus software, update original security patches, and establish a redundancy mechanism to strengthen endpoint protection.
3. set up information security protection systems to prevent computer viruses or malicious programs from affecting information system services or snooping confidential information.
4. Conduct regular information security education and training for employees to strengthen their awareness of information security risks.
5. regularly review information security measures and pay attention to information security issues to ensure their appropriateness.
6. Establish multi-level information systems and data backup mechanisms to ensure the availability and integrity of information security.

5.6.4 Resources devoted to information security management

Each year, the Company sets aside a budget related to information security for the timely replacement, upgrade and renewal of software and hardware equipment.

We purchase anti-virus software, vulnerability scanning, source code inspection, and other information security testing tools to strengthen corporate information security protection capabilities.

Organize information security management and execution team to plan, execute, audit and improve information security management operations.

Reduce enterprise information security threats from the system, technical and procedural aspects. Establish confidential information protection services that meet customer needs and the highest standards.

Engage professional information security consultants and professional information security certification companies to conduct external audits and certifications. Establish a rigorous information security system and operation mechanism.

5.6.5 Significant information and communications security incidents

There were no significant information security incidents during the year. The Company has built anti-virus software and network firewall equipment to prevent external malicious attacks and prevent intrusion activities with information security concerns. The Company's multi-layered information systems and data backup and recovery measures are in place to maintain the normal operation of the Company's information systems.

5.7 Important Contracts

Nature	Counterpart	Contract period	Major contents	Restrictions
Distribution contract	TIOBE Software	July 16, 2023 ~ July 15, 2024	TIOBE Software has distribution rights in Taiwan.	None
Subcontracting Agreement	Red Hat Software	December 21, 2023 ~ Valid until termination of the contract.	Authorized to provide services to Red Hat customers.	None
Distribution contract	IBM	July 1, 2017 ~ June 30, 2018 Automatic renewal upon	IBM Business Partner Agreement for Solution Providers	None
Distribution contract	DELL EMC	April 1, 2023 ~ March 31, 2024	Channel Partner Reseller Agreement-Taiwan	None
Distribution contract	ORACLE	March 31, 2020~Note 1	MASTER DISTRIBUTION AGREEMENT	None
Subcontracting Agreement	Lenovo	April 1, 2023~Note 1	MASTER AGREEMENT FOR SERVICES- To be Lenovo’s Service Partner	None

Note 1：Terminated by either Party upon thirty (30) days written notice.

VI. Financial Information

6.1 Five-Year Financial Summary

6.1.1Condensed Balance Sheet and Statement of Comprehensive Income

Parent-only Condensed Balance Sheet Unit: NT$,1000

Item \ Fiscal year		Financial Information for Most Recent 5 Fiscal Years					
		2019	2020	2021	2022 (recompiled)	2023	As of March 31, 2024
Current assets		1,356,808	1,306,400	997,223	997,257	835,513	N/A
Property, Plant and Equipment		223,572	284,073	280,709	216,774	214,680	
Intangible assets		172	335	600	298	229	
Other assets		297,268	342,366	429,144	693,181	693,960	
Total assets		1,877,820	1,933,174	1,707,676	1,907,510	1,744,382	
Current liabilities	Before distribution	724,325	787,741	539,102	692,476	500,380	
	After distribution	759,306	815,726	567,087	734,452	-	
Non-current liabilities		15,166	7,365	19,810	16,939	10,381	
Total liabilities	Before distribution	739,491	795,106	558,912	709,415	510,761	
	After distribution	774,472	823,091	586,897	751,391	-	
Equity attributable to owners of the parent company		1,138,329	1,138,068	1,148,764	1,198,095	1,233,621	
Share capital		699,612	699,612	699,612	699,612	699,612	
Capital surplus		62,361	62,361	62,361	62,361	62,361	
Retained earnings	Before distribution	380,085	383,055	396,481	439,400	475,128	
	After distribution	345,104	355,070	368,496	397,424	-	
Other equity		(3,729)	(6,960)	(9,690)	(3,278)	(3,480)	
Treasury shares		-	-	-	-	-	
Non-controlling interests		-	-	-	-	-	
Total equity	Before distribution	1,138,329	1,138,068	1,148,764	1,198,095	1,233,621	
	After distribution	1,103,348	1,110,083	1,120,779	1,156,119	-	

Note 1: The financial statements of the Company for the years 2019 to 2023 have been audited and certified by auditors. On December 31, 2023, the Company absorbed, through simplified merger, its wholly-owned subsidiary, IPAC Technology Co., Ltd., The merger was a reorganization of entities under common control. In accordance with IFRS FAQs and relevant interpretations, when compiling the comparative individual financial statements, the merger should be treated as having been obtained from the beginning, and the individual financial statements for the comparative period should be restated.

Note 2: The Company has not conducted any revaluation of assets since its establishment.

Note 3: The figures referred to as "allocated" are based on resolutions passed by the Board of Directors or the subsequent year's shareholders' meeting.

Consolidated Condensed Balance Sheet Unit: NT$,1000

Item \ Fiscal year		Financial Information for Most Recent 5 Fiscal Years					
		2019	2020	2021	2022	2023	As of March 31, 2024
Current assets		1,446,640	1,485,876	1,384,114	1,632,006	1,508,942	1,444,989
Property, Plant and Equipment(Note 2)		243,243	302,510	298,155	236,477	234,120	234,478
Intangible assets		172	335	611	1,311	1,133	725
Other assets		218,084	163,926	175,570	288,606	274,423	281,831
Total assets		1,908,139	1,952,647	1,858,450	2,158,400	2,018,618	1,906,573
Current liabilities	Before distribution	755,737	808,393	691,109	944,322	773,055	693,594
	After distribution	790,718	836,378	719,093	986,298	-	-
Non-current liabilities		14,073	6,186	18,577	15,983	11,942	11,470
Total liabilities	Before distribution	769,810	814,579	709,686	960,305	784,997	705,064
	After distribution	804,791	842,564	737,670	1,002,281	-	-
Equity attributable to owners of the parent		1,138,329	1,138,068	1,148,764	1,198,095	1,233,621	1,255,509
Share capital		699,612	699,612	699,612	699,612	699,612	699,612
Capital surplus		62,361	62,361	62,361	62,361	62,361	62,361
Retained earnings	Before distribution	380,085	383,055	396,481	439,400	475,128	494,043
	After distribution	345,104	355,070	368,497	397,424	-	-
Other equity		(3,729)	(6,960)	(9,690)	(3,278)	(3,480)	(507)
Treasury shares		-	-	-	-	-	-
Non-controlling interests		-	-	-	-	-	-
Total equity	Before distribution	1,138,329	1,138,068	1,148,764	1,198,095	1,233,621	1,255,509
	After distribution	1,103,348	1,110,083	1,120,780	1,156,119	-	-

Note 1:The financial statements of the Company for the years 2019-2023 have been audited and certified by CPA. The financial statements for the first quarter of 2024 have been reviewed and certified by CPA.

Note 2:The Company has not conducted any asset revaluation since its establishment. ◦

Note 3:The amount after distribution is recorded based on the resolution of the board of directors or the next year's shareholders' meeting.

Parent-Only Condensed Statement of Income Unit: NT$,1000

Item \ Fiscal year	Financial Information for Most Recent 5 Fiscal Years					As of March 31, 20243
	2019	2020	2021	2022 (recompiled)	2023	
Operating Revenue	2,123,179	2,082,470	1,886,147	1,497,876	1,428,000	N/A
Gross Profit	184,064	201,404	198,293	160,136	158,113	
Operating Income	38,587	42,166	50,403	29,270	36,154	
Non-operating income and expenses	17,469	5,163	5,532	43,394	52,831	
Profit Before Income Tax	56,056	47,329	55,935	72,664	88,985	
Net income for the period from continuing	45,940	38,776	44,683	63,530	78,378	
Loss from discontinued operations	-	-	-	-	-	
Net income (loss) for the period	45,940	38,776	44,683	63,530	78,378	
Other comprehensive income (loss) for the period (net of Income Tax)	(1,718)	(4,056)	(6,002)	13,785	(876)	
Total comprehensive income for the period	44,222	34,720	38,681	77,315	77,502	
Net income attributable to owners of parent	45,940	38,776	44,683	63,530	78,378	
Net income (loss) attributable to noncontrolling interests	-	-	-	-	-	
Total comprehensive income attributable to owners of parent	44,222	34,720	38,681	77,315	77,502	
Total comprehensive income, attributable to non-controlling interests	-	-	-	-		
Earnings per share (Note 2)	0.66	0.55	0.64	0.91	1.12	

Note 1: The financial statements of the Company for the years 2019 to 2023 have all been audited and certified by auditors. On December 31, 2023, the Company absorbed, through a simplified merger, its wholly-owned subsidiary, IPAC Technology Co., Ltd., which constitutes an organizational restructuring under joint control. In accordance with the IFRS FAQs and related interpretations, when preparing the comparative individual financial statements, the acquisition should be treated as obtained from the beginning, and the individual financial statements for the comparative period should be restated.

Note 2: The weighted average number of outstanding shares for the years 2019 to 2023 is calculated based on the current period.

Consolidated Condensed Statement of Income Unit: NT$,1000

Item \ Fiscal year	Financial Information for Most Recent 5 Fiscal Years					
	2019	2020	2021	2022	2023	As of March 31, 2024
Operating Revenue	2,219,941	2,160,998	2,148,503	2,270,033	2,338,371	499,812
Gross Profit	210,470	222,144	231,964	246,494	270,753	64,536
Operating Income	44,931	47,260	53,159	63,761	89,798	18,361
Non-operating income and expenses	11,373	450	3,329	14,624	9,322	5,207
Profit Before Income Tax	56,304	47,710	56,488	78,385	99,120	23,568
Net income for the period from continuing operations	45,940	38,776	44,683	63,530	78,378	18,915
Loss from discontinued erations	-	-	-	-	-	-
Net income (loss) for the period	45,940	38,776	44,683	63,530	78,378	18,915
Other comprehensive income (loss) for the period (net of Income Tax)	(1,718)	(4,056)	(6,002)	13,785	(876)	2,973
Total comprehensive income for the period	44,222	34,720	38,681	77,315	77,502	21,888
Net income attributable to owners of parent	45,940	38,776	44,683	63,530	78,378	18,915
Net income (loss) attributable to noncontrolling interests	-	-	-	-	-	-
Total comprehensive income attributable to owners of parent	44,222	34,720	38,681	77,315	77,502	21,888
Total comprehensive income, attributable to non-controlling interests	-	-	-	-	-	-
Earnings per share (Note 2)	0.66	0.55	0.64	0.91	1.12	0.27

Note 1:The financial statements of the Company for the years 2019-2023 have been audited and certified by CPA. The financial statements for the first quarter of 2024 have been reviewed and certified by CPA.

Note 2:Earnings per share for the years 2019 to 2023 were calculated based on the weighted average number of shares outstanding during each period.

6.1.2 Auditors' Opinions in the Recent Five Years

Year	CPA Firm	CPA's Name	Auditing Opinion —Parent-Only	Auditing Opinion —Consolidated
2019	Deloitte & Touche	LI,ZHEN-MING GUO,LI-WEN	Unqualified Opinion	Unqualified Opinion
2020	Deloitte & Touche	LI,ZHEN-MING GUO,LI-WEN	Unqualified Opinion	Unqualified Opinion
2021	Deloitte & Touche	Cai,You-Ling Lin,Wen-Qin	Unqualified Opinion	Unqualified Opinion
2022	Deloitte & Touche	Cai,You-Ling Lin,Wen-Qin	Unqualified Opinion	Unqualified Opinion
2023	Deloitte & Touche	Cai,You-Ling Lin,Wen-Qin	Unqualified Opinion (with Emphasis of Matter)	Unqualified Opinion

6.2 Financial analyses for the past 5 fiscal years:

6.2.1 Financial analyses

Parent-Only Five-Year Financial Analysis

Unit: NT$ 1,000

Item	Fiscal year	2019	2020	2021	2022 (recompiled)	2023	As of March 31, 2024
Financial structure (%)	Debt to assets ratio	39.38	41.13	32.73	37.19	29.28	N/A
	Ratio of long-term capital to property, plant and equipment	515.94	403.22	416.29	560.51	579.47	
Solvency (%)	Current ratio	187.32	165.84	184.98	144.01	166.98	
	Quick ratio	143.24	118.01	154.74	116.02	147.48	
	Times interest earned	54.03	64.02	34.47	32.88	53.62	
Operating performance	Accounts receivable turnover (times)	4.88	3.99	5.17	5.43	6.98	
	Average collection days	74.79	91.47	70.59	67.21	52.29	
	Inventory turnover (times)	11.68	7.31	9.15	11.07	11.18	
	Accounts payable turnover (times)	5.16	4.70	6.33	4.86	4.00	
	Average days in sales	31.25	49.93	39.89	32.97	32.64	
	Property, plant and equipment turnover (times)	9.41	8.20	6.68	6.02	6.62	
	Total asset turnover (times)	1.25	1.09	1.04	0.83	0.78	
Profitability	Return on total assets (%)	2.75	2.07	2.53	3.62	4.37	
	Return on equity (%)	4.05	3.41	3.91	5.41	6.45	
	Ratio of income before tax to paid-in capital (%)	8.01	6.77	8.00	10.39	12.72	
	Net profit margin (%)	2.16	1.86	2.37	4.24	5.49	
	Earnings per share (NT$)	0.66	0.55	0.64	0.91	1.12	
Cash flow	Cash flow ratio (%)	(19.10)	(2.82)	41.30	20.99	62.44	
	Cash flow adequacy ratio (%)	35.78	(16.10)	26.02	38.02	121.95	
	Cash reinvestment ratio (%)	(14.04)	(4.06)	15.57	9.00	20.32	
Leverage	Operating leverage	1.43	1.33	1.28	1.49	1.42	
	Financial leverage	1.03	1.02	1.03	1.08	1.05	

Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)

1. The ratio of liabilities to total assets, current ratio, quick ratio, accounts receivable turnover ratio, and return on assets increased compared to 2022, while the average collection period decreased. This is attributed to the completion of large-scale projects during the current year and the collection of payments, enabling the repayment of bank loans and resulting in significant decreases in accounts receivable, inventory, assets, and liabilities.
2. The interest coverage ratio has increased due to the increase in pre-tax net income in 2023 and the collection of payments from large-scale projects, resulting in reduced interest expenses.
3. The return on assets, return on equity, ratio of pre-tax net income to paid-up capital, net profit margin, and earnings per share have increased due to the increase in post-tax profit in 2023.
4. The cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio have increased due to the net cash inflow from operating activities in 2023.

Note 1: The financial statements of the Company for the years 2019-2023 have been audited and certified by CPA.

Note 2: If, up to the date of publication of the annual report for a TWSE or TPEx listed or Emerging Stock company, there is any financial data audited and attested or reviewed by a CPA for the most recent period, it shall also be disclosed.

Note 3: The following formulas for the calculation of the financial ratios shall be listed below this table in the annual report:

1. Financial structure
   (1) Debt to assets ratio = total liabilities / total assets.
   (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
   (3) Times interest earned = earnings before tax and interest expenses / current interest expenses.
3. Operating performance
   (1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).
   (2) Average collection days = 365 / accounts receivable turnover.
   (3) Inventory turnover = cost of goods sold / average inventory.
   (4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).
   (5) Average days in sales = 365 / inventory turnover.
   (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.
   (7) Total asset turnover = net sales / average total assets.
4. Profitability
   (1) Return on total assets = (net income + interest expenses * (1 - effective tax rate)) / average total assets.
   (2) Return on equity = net income after tax / average total equity.
   (3) Net profit margin = net income after tax / net sales.
   (4) Earnings per share = (income attributable to owners of parent - preferred stock dividends) / weighted average number of shares outstanding.
5. Cash flow
   (1) Cash flow ratio = net cash flows from operating activities / current liabilities.
   (2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends).
   (3) Cash reinvestment ratio = (cash from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital).
6. Leverage:
   (1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income.
   (2) Financial leverage = operating income / (operating income – interest expenses).

Consolidated Five-Year Financial Analysis

Unit: NT$ 1,000

Items	Fiscal year	Financial Information for the Most Recent 5 Years					
		2019	2020	2021	2022	2023	As of March 31, 2024
Financial structure (%)	Debt to assets ratio	40.34	41.72	38.19	44.49	38.89	35.96
	Ratio of long-term capital to property, plant and equipment	473.77	378.25	391.52	513.40	532.02	540.34
Solvency (%)	Current ratio	191.42	183.81	200.27	172.82	195.19	208.33
	Quick ratio	146.13	136.50	168.54	145.67	161.67	168.47
	Times interest earned	54.27	64.53	34.80	27.52	29.03	61.59
Operating performance	Accounts receivable turnover (times)	4.83	4.04	5.30	6.48	8.55	8.50
	Average collection days	75.56	90.34	68.86	56.32	42.69	42.94
	Inventory turnover (times)	11.18	7.26	9.14	12.06	9.93	8.12
	Accounts payable turnover (times)	5.07	4.72	5.99	5.36	4.93	4.73
	Average days in sales	32.64	50.27	39.93	30.26	36.75	44.95
	Property, plant and equipment turnover (times)	9.03	7.91	7.15	8.49	9.93	8.53
	Total asset turnover (times)	1.28	1.12	1.13	1.13	1.12	1.00
Profitability	Return on total assets (%)	2.69	2.04	2.42	3.28	3.89	3.87
	Return on equity (%)	4.05	3.41	3.91	5.41	6.45	6.08
	Ratio of income before tax to paid-in capital (%)	8.05	6.82	8.07	11.20	14.17	13.47
	Net profit margin (%)	2.07	1.79	2.08	2.80	3.35	3.78
	Earnings per share (NT$)	0.66	0.55	0.64	0.91	1.12	0.27
Cash flow	Cash flow ratio (%)	(17.54)	(0.29)	26.86	-9.56	38.89	-28.69
	Cash flow adequacy ratio (%)	38.99	(8.69)	22.81	-23.56	59.65	71.29
	Cash reinvestment ratio (%)	(13.59)	(3.01)	12.55	-9.10	19.26	-14.60
Leverage	Operating leverage	1.38	1.30	1.27	1.24	1.18	1.23
	Financial leverage	1.02	1.02	1.03	1.05	1.04	1.02

Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)

1. The accounts receivable turnover ratio increased compared to 2022, resulting in a decrease in the average collection period. This is mainly due to the collection of payments from large-scale projects in 2023 and enhanced collection efforts for accounts receivable.
2. The average days of sales outstanding increased due to the longer inventory holding period for large-scale projects, leading to higher average inventory compared to 2022.
3. The return on equity, ratio of pre-tax net income to paid-up capital, net profit margin, and earnings per share increased, primarily due to the increase in post-tax profit in 2023.
4. The cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio increased primarily because of the higher net cash inflow from operating activities in 2023.

Note 1: The financial statements of the Company for the years 2019-2023 have been audited and certified by CPA. The financial statements for the first quarter of 2024 have been reviewed and certified by CPA.

Note 2: If, up to the date of publication of the annual report for a TWSE or TPEx listed or Emerging Stock company, there is any financial data audited and attested or reviewed by a CPA for the most recent period, it shall also be disclosed.

Note 3: The following formulas for the calculation of the financial ratios shall be listed below this table in the annual report:

1. Financial structure
   (1) Debt to assets ratio = total liabilities / total assets.
   (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
   (3) Times interest earned = earnings before tax and interest expenses / current interest expenses.
3. Operating performance
   (1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).
   (2) Average collection days = 365 / accounts receivable turnover.
   (3) Inventory turnover = cost of goods sold / average inventory.
   (4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).
   (5) Average days in sales = 365 / inventory turnover.
   (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.
   (7) Total asset turnover = net sales / average total assets.
4. Profitability
   (1) Return on total assets = (net income + interest expenses * (1 - effective tax rate)) / average total assets.
   (2) Return on equity = net income after tax / average total equity.
   (3) Net profit margin = net income after tax / net sales.
   (4) Earnings per share = (income attributable to owners of parent - preferred stock dividends) / weighted average number of shares outstanding.
5. Cash flow
   (1) Cash flow ratio = net cash flows from operating activities / current liabilities.
   (2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends).
   (3) Cash reinvestment ratio = (cash from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital).
6. Leverage:
   (1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income.
   (2) Financial leverage = operating income / (operating income – interest expenses).

6.3 Audit Committee's Review Report

Audit Committee's Review Report

The Board of Directors has prepared the Corporation's 2023 Business Report, Distribution of 2023 profits and Financial Statements. The CPA of Deloitte & Touche, Cai, You-Ling and Lin, Wen-Qin, were retained to audit the Financial Statements of Fortune Information Systems Corp. and have issued an audit report relating to the Financial Statements. The Business Report, Distribution of 2023 profits and Financial Statements have been reviewed and determined to be correct and accurate by all the Audit Committee members. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

TO

FORTUNE INFORMATION SYSTEMS CORP. Shareholders Meeting 2024

LIN, QIAN-RU

Chairman of the Audit Committee

March 14, 2024

6.4 Independent Auditors' Report (Consolidated)

INDEPENDENT AUDITORS' REPORT

Declaration of Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises

The entities that are required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2023 are all the same as those included in the consolidated financial statements of Fortune Information Systems Corporation and its subsidiaries prepared in conformity with the International Financial Reporting Standard 10 "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates is included in the consolidated financial statements of Fortune Information Systems Corporation and its subsidiaries. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,
Fortune Information Systems Corporation
By

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SU,MEI-CHUN
Chairman
Mar. 14, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Fortune Information Systems Corporation

Opinion

We have audited the accompanying consolidated financial statements of Fortune Information Systems Corporation and its subsidiaries (collectively, the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Certified Public Accountant of the ROC, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

The descriptions of the key audit matters of the 2023 consolidated financial statements are as follows:

Recognition of System Integration Revenue

The Group's main revenue is derived from system integration, and the recognition of revenue is based on the percentage of completion method, which measures the degree of completion of the contract based on the ratio of costs incurred to the estimated total costs of the contract. As the estimated total costs are based on management's judgment of the nature of different contracts, as well as internal and external information and evidence, revenue from certain customers that meet specific indicators may have a significant impact on the accuracy of the recognition of system integration revenue, and therefore, the recognition of system integration revenue from these specific customers is considered a key audit matter.

We designed our audit procedures to address the above key audit matter, including understanding and evaluating the processes related to the accuracy of recognition of system integration revenue, performing detailed testing of incomplete contracts at the end of the period to verify the accuracy of costs incurred, and reviewing whether there were any significant adjustments to the total contract costs and completion percentage after the reporting period.

Other Matter

We have also audited The Group only financial statements of Fortune Information Systems Corporation as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the

Consolidated

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the ROC 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 auditing standards generally accepted in the ROC, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Cai,You-Ling and Lin,Wen-Qin

Deloitte & Touche
Taipei, Taiwan
Republic of China
Mar. 14, 2024

Notice to Readers

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

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

FORTUNE INFORMATION SYSTEMS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
Code	ASSETS	Amount	%	Amount	% Amount
	CURRENT ASSETS				
1100	Cash and cash equivalents（Note 6）	$ 383,681	19	$ 303,671	14
1120	Financial assets at fair value through other comprehensive income（Note 7 and 9）	-	-	6,147	-
1136	Financial assets measured at amortized cost（Note 8 and 9）	50,291	3	25,597	1
1140	Contract assets（Note 20 and 26）	569,544	28	636,433	30
1150	Notes receivable（Note 10）	1,214	-	17,192	1
1172	Trade receivables（Note 10, 20 and 26）	186,067	9	342,459	16
1200	Other receivables（Note 10）	37,647	2	28,771	1
130X	Inventories（Note 11）	212,000	11	204,385	10
1410	Prepayments	47,155	2	52,002	2
1470	Other current assets	21,343	1	15,349	1
11XX	Total current assets	1,508,942	75	1,632,006	76
	Non-current assets				
1600	Property, plant and equipment（Note 13）	234,120	12	236,477	11
1755	Right-of-use assets（Note 14）	13,134	1	16,155	1
1760	Investment property（Note 15）	60,917	3	61,701	3
1780	Other intangible assets	1,133	-	1,311	-
1840	Deferred tax assets（Note 22）	1,612	-	914	-
1920	Refundable deposits	168,374	8	164,729	7
1930	Long-term receivables（Note10）	9,623	-	22,712	1
1975	Net defined benefit assets（Note 18）	20,763	1	22,395	1
15XX	Total non-current assets	509,676	25	526,394	24
1XXX	TOTAL	$ 2,018,618	100	$ 2,158,400	100
Code	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term borrowings（Note 16）	$ 30,000	2	$ 165,000	8
2110	Short-term bills payable（Note 16）	49,937	2	59,740	3
2130	Contract liability（Note 20）	89,596	4	94,447	4
2150	Notes payable	20	-	20	-
2170	Trade payables	396,910	20	442,133	21
2219	Other payables（Note 17）	157,384	8	146,254	7
2230	Current tax liabilities	14,395	1	8,776	-
2280	Lease liabilities（Note 14 and 26）	8,645	-	8,004	-
2300	Other current liabilities	26,168	1	19,948	1
21XX	Total current liabilities	773,055	38	944,322	44
	Non-current liabilities				
2570	Deferred tax liabilities（Note 22）	4,153	-	4,534	-
2580	Lease liabilities（Note 14 and 26）	4,594	1	8,244	-
2670	Other non-current liabilities	3,195	-	3,205	-
25XX	Total non-current liabilities	11,942	1	15,983	-
2XXX	Total liabilities	784,997	39	960,305	44
	EQUITY ATTRIBUTABLE（Note 19）				
3110	Common stock	699,612	35	699,612	33
3200	Capital surplus	62,361	3	62,361	3
	Retained earnings				
3310	Legal reserve	182,351	9	175,261	8
3320	Special reserve	3,279	-	9,690	-
3350	Undistributed earnings	289,498	14	254,449	12
3300	Total retained earnings	475,128	23	439,400	20
3400	Other equity interests	(3,480)	-	(3,278)	-
3XXX	Total equity interests	1,233,621	61	1,198,095	56
	TOTAL	$ 2,018,618	100	$ 2,158,400	100

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

Chairman: SU,MEI-CHUN

General Manager: TANG, YU-HUA, YANG,ZHENG-NING

Principal accounting officer: CHEN, XIU-YUE

FORTUNE INFORMATION SYSTEMS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		2023		2022	
Code		Amount	%	Amount	%
4000	OPERATING REVENUES (Note 20 and 26)	$ 2,338,371	100	$ 2,270,033	100
5000	OPERATING COSTS (Note 11 and 21)	2,067,618	88	2,023,539	89
5900	GROSS PROFIT FROM OPERATIONS	270,753	12	246,494	11
6000	OPERATING EXPENSES (Note 21 and 26)	180,955	8	182,733	8
6900	NET OPERATING INCOME	89,798	4	63,761	3
	NON-OPERATING INCOME AND EXPENSES (Note 21 and 26)				
7100	Interest income	3,793	-	3,968	-
7010	Other income	8,827	-	4,407	-
7020	Other gains and losses	238	-	9,205	1
7050	Finance costs	(3,536)	-	(2,956)	-
7000	Total non-operating income and expenses	9,322	-	14,624	1
7900	PROFIT BEFORE TAX	99,120	4	78,385	4
7950	INCOME TAX EXPENSE (Note 22)	20,742	1	14,855	1
8200	NET PROFIT	78,378	3	63,530	3

(Continued)

Code		2023 Amount	2023 %	2022 Amount	2022 %
	OTHER COMPREHENSIVE INCOME (LOSS) (Note 18 and 22)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurements of defined benefit plans	($ 674)	-	$ 7,373	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating foreign operations	(197)	-	6,723	-
8367	Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(5)	-	(311)	-
8300	Other comprehensive income (loss) (after tax)	(876)	-	13,785	-
8500	TOTAL COMPREHENSIVE INCOME	$ 77,502	3	$ 77,315	3
	EARNINGS PER SHARE (Note 23)				
9710	Basic earnings per share	$ 1.12		$ 0.91	
9810	Diluted earnings per share	$ 1.12		$ 0.90	

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

Chairman: SU,MEI-CHUN

General Manager: TANG, YU-HUA, YANG,ZHENG-NING

Principal accounting officer: CHEN, XIU-YUE

FORTUNE INFORMATION SYSTEMS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

		Common Stock			Retained Earnings			Other Equity Interest		
Code		Shares (thousands shares)	Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences on translating foreign operations	Unrealized Gain (Loss) Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
A1	BALANCE, JANUARY 1, 2022	69,961	$ 699,612	$ 62,361	$ 171,120	$ 6,960	$ 218,401	($ 10,006)	$ 316	$ 1,148,764
	Appropriation of 2021 earnings									
B1	Legal Reserve	-	-	-	4,141	-	(4,141)	-	-	-
B3	Special Reserve	-	-	-	-	2,730	(2,730)	-	-	-
B5	Cash dividends	-	-	-	-	-	(27,984)	-	-	(27,984)
D1	Profit for the year ended December 31, 2022	-	-	-	-	-	63,530	-	-	63,530
D3	Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	7,373	6,723	(311)	13,785
D5	Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	70,903	6,723	(311)	77,315
Z1	BALANCE, DECEMBER 31, 2022	69,961	699,612	62,361	175,261	9,690	254,449	(3,283)	5	1,198,095
	Distribution of 2022 earnings									
B1	Legal reserve	-	-	-	7,090	-	(7,090)	-	-	-
B3	Special reserve	-	-	-	-	(6,411)	6,411	-	-	-
B5	Cash dividends	-	-	-	-	-	(41,976)	-	-	(41,976)
D1	Profit for the year ended December 31, 2023	-	-	-	-	-	78,378	-	-	78,378
D3	Other comprehensive income (loss) (after tax) for the year ended December 31, 2023	-	-	-	-	-	(674)	(197)	(5)	(876)
D5	Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	77,704	(197)	(5)	77,502
Z1	BALANCE, DECEMBER 31, 2023	69,961	$ 699,612	$ 62,361	$ 182,351	$ 3,279	$ 289,498	($ 3,480)	$ -	$ 1,233,621

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

Chairman: SU,MEI-CHUN

General Manager: TANG, YU-HUA, YANG,ZHENG-NING

Principal accounting officer: CHEN, XIU-YUE

FORTUNE INFORMATION SYSTEMS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

Code		2023	2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Profit before tax	$ 99,120	$ 78,385
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	15,222	13,720
A20200	Amortization expense	1,303	1,433
A20300	Expected credit impairment (gain) loss	(30)	(6)
A20900	Finance costs	3,536	2,956
A21200	Interest income	(3,793)	(3,968)
A22500	(Gain) loss on disposal and retirement of property, plant and equipment, net	(451)	(6)
A23700	Inventory falling price loss	(221)	43
A24100	Foreign exchange (gains) loss	(3)	(10,773)
A30000	Changes in operating assets and liabilities		
A31125	Contract assets	66,889	(249,460)
A31130	Notes receivable	15,978	1,477
A31150	Accounts receivable	169,509	(42,715)
A31180	Other receivables	(9,065)	(25,827)
A31200	Inventories	(8,808)	(74,282)
A31230	Prepayments	4,847	36,129
A31240	Other current assets	(5,994)	(3,426)
A31260	Net defined benefit assets	790	(81)
A32125	Contract liabilities	(4,851)	17,886
A32150	Accounts payable	(45,277)	129,634
A32180	Other payables	11,230	47,949
A32230	Other current liabilities	6,220	729
A33000	Cash inflows generated from operating activities	316,151	(80,203)
A33100	Interest received	3,982	4,215
A33300	Interest paid	(3,439)	(2,847)
A33500	Income taxes paid	(16,034)	(11,409)
AAAA	Net cash generated from operating activities	300,660	(90,244)

(Continued)

Code		2023	2022
	CASH FLOWS FROM INVESTING ACTIVITIES		

B00020	Acquisition of financial assets at fair value through other comprehensive income	$ 6,062	$ 7,308
B00040	Acquisition of financial assets measured at amortized cost	(101,617)	(408,281)
B00050	Proceeds from financial assets measured at amortized cost	76,543	455,451
B02700	Acquisition of property, plant and equipment	(2,845)	(2,595)
B02800	Proceeds from disposal of property, plant and equipment	460	6
B03700	Increase in refundable deposits	(3,645)	(30,405)
B04500	Acquisition of intangible assets	(389)	(2,133)
BBBB	Net cash used in investing activities	(25,431)	19,351
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase (decrease) in short-term borrowings	(135,000)	115,000
C00500	Increase (decrease) in short-term notes and bills payable	(10,000)	(61,723)
C04020	Repayment of the principal portion of lease liabilities	(8,547)	(7,717)
C04300	Decrease (increase) in other non-current liabilities	(10)	968
C04500	Cash dividends paid	(41,976)	(27,984)
CCCC	Net cash flows used in financing activities	(195,533)	18,544
DDDD	EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	314	12,873
EEEE	Net increase (decrease) in cash and cash equivalents	80,010	(39,476)
E00100	Cash and cash equivalents at beginning of year	303,671	343,147
E00200	Cash and cash equivalents at end of year	$ 383,681	$ 303,671

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

Chairman: SU,MEI-CHUN

General Manager: TANG, YU-HUA, YANG,ZHENG-NING

Principal accounting officer: CHEN, XIU-YUE

FORTUNE INFORMATION SYSTEMS CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION

Fortune Information Systems Corp.(hereinafter referred to as "the Company") was established on April 11, 1977 in Taipei City. Its main business activities include: (1) buying, selling, leasing and repairing office machines, office automation equipment, computers and other information equipment, computer peripherals, microfilm equipment, devices, and their parts, accessories and supplies; (2) system analysis and programming of computer and other information software; (3) data processing services for clients, etc.

The Company's stock has been traded on the Taipei Exchange since September 17, 2001, after being listed on the Taipei Exchange for Over-the-Counter Securities on December 4, 1999.

As of December 31, 2023, the Company has four branches located in Taoyuan, Hsinchu, Taichung, and Kaohsiung.

The Company mergered, through a simplified merger, its wholly-owned subsidiary, IPAC TECHNOLOGY CO., LTD. in Dec. 31, 2023.

The consolidated financial statements are expressed in the functional currency of the Company, which is New Taiwan Dollar.

The accompanying consolidated financial statements comprise of the Company and its subsidiaries (collectively, the “Group”).

2. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors approved the consolidated financial statements on Mar. 14, 2024.

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

a. Application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the“IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group's accounting policies.

<u>Revision of IAS 1 "Disclosure of Accounting Policies"</u>

When applying this revision, The Group determines the significant accounting policy information to be disclosed based on the definition of significance. If the accounting policy information can reasonably be expected to influence the decisions of the primary users of the general-purpose financial statements made on the basis of those financial statements, then that accounting policy information is considered significant. Additionally:

- Accounting policy information related to immaterial transactions, other matters, or circumstances is considered immaterial, and The Group is not required to disclose such information.
- The Group may deem related accounting policy information to be significant due to the nature of transactions, other matters, or circumstances, even if the amounts are not significant.
- Not all accounting policy information related to significant transactions, other matters, or circumstances is considered significant.

If the accounting policy information is related to significant transactions, other matters, or circumstances, and any of the following situations exist, that information may be significant:

(1) The Group changes its accounting policy during the reporting period, and this change results in a significant change in the financial statement information.

(2) The Group selects its applicable accounting policies from options permitted by the standard.

(3) Due to the lack of specific provisions in the standard, The Group establishes accounting policies in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates, and Errors."

(4) The Group discloses the relevant accounting policies determined by significant judgments or assumptions.

(5) It involves complex accounting treatment requirements, and financial statement users rely on such information to understand significant transactions, other matters, or circumstances.

Please refer to Note 4 for disclosure of relevant accounting policies.

b. The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by the FSC for application starting from 2024.

New IFRSs	Effective Date Announced by IASB（Note 1）
Amendments to IFRS 16 ” Lease liabilities in sale and leaseback arrangements”	1 January 2024（Note 2）
Amendments to IAS 1 ” Liabilities are classified as current or non-current”	1 January 2024
Amendments to IAS 1 ” Non-current liabilities with contractual terms ”	1 January 2024
Amendments to IAS 7 and IFRS 7 ” financing arrangement”	1 January 2024（Note 3）

Note 1: Unless otherwise stated, the aforementioned new, rectified and amended regulations and interpretations to standards or interpretations shall be effective for annual reporting periods beginning on or after their respective effective dates.

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

Note 3: When first applying this amendment, certain disclosure requirements are exempted.

Up to the date of the report printed, the above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

c. The new IFRS rules announced by IASB but not endorsed by FSC.

New IFRSs	Effective Date Announced by IASB（Note 1）
Amendments of IFRS 10 and IAS 28 about Asset sales or contributions between investors and their associates or joint ventures	Not decided yet
Insurance contract under IFRS 17	1 January 2023
Amendments of IFRS 17	1 January 2023
Amendment of IFRS 17 about first be applied to IFRS 17 and IFRS 9-comparasion information	1 January 2023
Amendment of IAS 21 about Lack of convertibility	1 January 2025（Note 2）

Note 1: Unless otherwise stated, the aforementioned new, rectified and amended regulations and interpretations to standards or interpretations shall be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: Applicable for annual reporting periods beginning on or after January 1, 2025. Upon initial application of this amendment, the impact on the numbers shall be recognized in retained earnings as of the initial application date. When the consolidated company expresses its currency in non-functional currency, the adjustment to the exchange differences of foreign operations under equity on the initial application date shall be affected.

Up to the date of the report printed, the above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

Statement of Compliance

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

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis except for financial instruments measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

IFRS 13 seeks to increase consistency and comparability in fair value measurements and related disclosures through a 'fair value hierarchy'. The hierarchy categorizes the inputs used in valuation techniques into three levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset of liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Classification of current and non-current items in assets and liabilities

Current assets include:

1. Asset held mainly for trading purpose.
2. Assets that are expected to be realized within 12 months from the end of the financial reporting period.
3. Cash and cash equivalents (excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than 12 months after the end of the financial reporting period.)

Current liabilities include:

1. Liabilities arising mainly from trading activities.
2. Liabilities that are to be paid off within 12 months from the end of the financial reporting period (even the liabilities are refinanced or restructured after the reporting date of the balance sheet); and
3. Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the end of the financial reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets and liabilities, if not classified as mentioned above, are classified as non-current assets and noncurrent liabilities.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and its controlled entities (the subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of comprehensive income from the effective dates of acquisitions or to the effective dates of disposals, as appropriate. Financial statements of subsidiaries are adequately adjusted to align their accounting policies with those of the Group. Transactions and balances, and any income and expenses arising from intra-group transactions were eliminated during the preparation of the consolidated financial statements.

Lists of the subsidiaries, percentage of ownership and main business and products are attached hereto as Note 12 and Table 4.

Organizational Restructuring under Joint Control

The Group adopts the equity method to account for organizational restructuring under joint control.

Foreign Currencies

Foreign currency transactions are recorded at the spot exchange rate on the date of the transaction. At the end of the reporting period, foreign currency monetary items are reported using the closing rate. Exchange differences in the period on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

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

When preparing the consolidated financial statements, the assets and liabilities of foreign operations are translated to NTD using the exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated at the average exchange rate for the period. Exchange differences are recognized in other comprehensive income and accumulated in equity attributed to the owners of the Company and non-controlling interests as appropriate.

On the disposal of the Group’s entire interest in a foreign operation, all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

Inventories

Inventories are measured at the lower of cost or net realizable value. Inventories are assessed item by item, except those with similar characteristics which are assessed collectively. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs or selling expenses. The weighted-average method is used in the calculation of cost.

Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Land has an unlimited useful life and therefore is not depreciated.

The fixed-rate progressive decrease method is adopted to the depreciation of miscellaneous equipment, air conditioning systems and renovation. The straight-line method is adopted to the depreciation of the other over its useful life. Each significant item should be depreciated separately. Depreciation methods, useful lives, and residual values are reviewed at the end of each reporting period. If expectations differ from the previous estimates, the change is accounted for as a change in accounting estimate.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized in profit and loss.

Investment Properties

Investment properties are properties held to earn rental and/or for capital appreciation, including land held for a currently undetermined future use.

Investment properties are measured at cost on initial recognition. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. The straight-line method is adopted to the depreciation of the building. The fixed-rate progressive decrease method is adopted to the other.

Property, plant and equipment should transfer to investment properties base on its carrying amount when end of owner-occupation.

The gain or loss arising from the derecognition of an item of investment properties shall be determined as the difference between the net disposal proceeds.

Intangible Assets

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

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

Property, plant, and equipment, right-of-use assets, investment properties, intangible assets, and incremental costs of obtaining a contract

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

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

Before the Company recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Company expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

Financial Instruments

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

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

a. Financial assets

The Group adopts trade-date accounting to recognize and derecognize financial assets.

1) Measurement category

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

a) Financial assets at amortized cost

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

i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash, cash equivalents, notes, accounts receivable, other receivables, other financial assets and refundable deposits, etc., are measured at amortized cost, which equal to gross carrying amount determined by the effective interest method less any impairment loss, except for short-term receivables when the recognition of interest is immaterial. Exchange differences are recognized in profit or loss.

Interest revenue is calculated by applying the effective interest rate method to the gross carrying amount.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Investments in equity instruments at FVTOCI

A debt instrument that meets the following two conditions must be measured at FVTOCI:

i) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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 are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

2) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses (ECLs) on financial assets at amortized cost (including receivables), investments in equity instruments at FVTOCI and contract assets.

The loss allowances for receivables and contract assets are measured at an amount equal to lifetime ECLs. For other financial assets, when the credit risk on the financial instrument has not increased significantly since initial recognition, a loss allowance is recognized at an amount equal to 12-month ECLs. If, on the other hand, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to lifetime ECLs.

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

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

a) Internal or external information shows that the debtor is unlikely to pay its creditors.
b) Overdue for more than 365 days, unless there is reasonable and corroborated information that shows that the delayed default basis is more appropriate.

The impairment loss of all financial assets is reduced by the allowance account to reduce its carrying amount, but the loss allowance of debt instrument investment through other comprehensive income measured at fair value is recognized in other comprehensive income, and its carrying amount is not reduced.

3) Derecognition of financial asset

The Group only derecognizes the financial asset when the contractual rights to cash flows from the financial asset lapse, or the financial asset has been transferred and almost all the risks and rewards of the asset's ownership have been transferred to other companies.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset’s carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

b. Equity instruments

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

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

c. Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost calculated using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid is recognized in profit or loss.

Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provision for the expected cost of warranty obligations is recognized at the date of sale of the relevant products, at the Group's best estimate of the expenditure required to settle the obligation.

Revenue recognition

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

a. Revenue from the sale of goods

Sales revenue comes from sales of computer hardware and software. Sales of computer hardware and software are recognized as receivable and contract assets when the goods are delivered to the customers and the customers have full discretion over the price to sell the goods, right to use the goods, and bears the risk of obsolescence, and recognizes revenue when performance obligations are satisfied. The transaction price received under the conditions of a contract is recognized as a contract liability until the goods have been delivered to the customer.

b. Revenue from rendering of services

Service revenue comes from system integration and maintenance of computer hardware and software.

As the Group provides service, customers simultaneously receive and consume the benefits provided by the Group's performance. Consequently, the related revenue is recognized when services are rendered. Because the contract stipulates that the customers make payment after completion of acceptance, the company recognizes the contract asset upon providing the service, and recognizes accounts receivable upon completion of acceptance.

Leases

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

a. The Group as lessor

Leases in which the lessee assumes substantially all of the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

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

b. The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

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

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

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

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

Cost of Borrowings

Cost of borrowings is recognized in profit or loss directly.

Government Grants

Government grants are recognized only when it is virtually certain that the company will comply with the conditions attached to the grant and that the grant will be received.

Government grants related to income are recognized as other income on a systematic basis over the periods in which the related costs that the grants are intended to compensate for are recognized as expenses by the company.

Employee Benefits

a. Short-term employee benefits

   Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

b. Retirement benefits

   Obligations for contributions to defined contribution pension plans are recognized as an expense in profit or loss in the periods during which services are rendered by employees.

The defined benefit costs (including service cost, net interest, and remeasurement) of defined benefit plan use the projected unit credit method for the actuarial valuation. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liability (asset) are recognized under employee benefit expense as they occur. Remeasurement (including actuarial gains and losses and the return on plan assets, excluding amounts included in net interest) is recognized in other comprehensive income (loss) in retained earnings as it occurs, and is not reclassified to profit or loss subsequently.

Net defined benefit asset represents the surplus of defined benefit plans. IAS 19 requires the Group to limit the carrying amount of a net defined benefit asset so that it does not exceed the economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Income Tax

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

a. Current taxes

Income tax payable (refundable) is based on taxable profit (loss) for the year determined in accordance with the applicable tax laws of each tax jurisdiction.

Income tax on unappropriated earnings is expensed in the year the shareholders approved the appropriation of earnings which is the year subsequent to the year the earnings are generated.

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

b. Deferred tax

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

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

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

c. Current and deferred tax for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

When adopting accounting policies, the management of the Group must make judgments, estimates, and assumptions based on historical experience and other relevant factors for information that is not readily available from other sources. The resulting accounting estimates and assumptions might be different from the actual results.

When the Group is developing significant accounting estimates, it incorporates the potential impact into considerations for significant estimates related to cash flow projections, growth rates, discount rates, profitability, and other relevant factors. The management will continuously review estimates and underlying assumptions.

6. CASH AND CASH EQUIVALENTS

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	$ 393	$ 403
Checking accounts and demand deposits	153,882	102,369
Cash equivalents		
Time deposits with original maturities of less than 3 months	-	21,690
Repurchase Agreement	229,406	179,209
	$ 383,681	$ 303,671

Interest rate during reporting period

	December 31, 2023	December 31, 2022
Time deposits with original maturities of less than 3 months	-	0.98%~2.43%
Repurchase Agreement	1.00%	0.88%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31, 2023	December 31, 2022
Foreign debt instrument investments		
Current	$ -	$ 6,147

Refer to Note 9 for information relating to the credit risk management and expected credit loss for financial assets at FVTOCI.

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31, 2023	December 31, 2022
Time deposits with original maturities of less than 3 months	$ 50,291	$ 25,597

As of December 31, 2023 and 2022, the annual interest rate of time deposits with original maturities of less than 3 months is 4.00～4.50% and 2.66～2.80%.

Refer to Note 9 for information relating to credit risk management and expected credit loss for financial assets at amortized cost.

9. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments are financial assets at FVTOCI and financial assets at amortized cost.

December 31, 2023

	FVTOCI	Amortized cost
Gross carrying amount	$ -	$ 50,291
Allowance for impairment loss	-	-
Amortized cost	-	$ 50,291
Fair value measurement	-	
	$ -	

December 31, 2022

	FVTOCI	Amortized cost
Gross carrying amount	$ 6,143	$ 25,597
Allowance for impairment loss	(2)	-
Amortized cost	6,141	$ 25,597
Fair value measurement	6	
	$ 6,147	

The policy adopted by the Group is to only invest in debt instruments with credit ratings of investment grade or above (inclusive), and those with low credit risk in impairment assessments. Credit rating information is provided by independent rating agencies. The Group’s exposure and the external credit ratings are continuously monitored. The Group reviews changes in bond yields and other public information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

The Group considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and industry forecast to estimate 12-month or lifetime expected credit losses.

The current credit risk assessment policies are as follows:

Category	Description	Basis for Recognizing Expected Credit Loss
Normal	The counterparty has a low risk of default and a strong capacity to meet contractual cash flow. The bond credit rating of Moody's is high than B grade.	12 months expected credit loss
Abnormal	The credit risk of a financial instrument has increased significantly since initial recognition. The bond credit rating of Moody's diminishes lower than B.	Lifetime expected credit loss-not credit impaired
Default	There is evidence in credit-impaired. The bond credit rating of Moody's is Ca or below.	Lifetime expected credit loss-credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

The total of book value in debt instruments investment and expected ratio of credit loss:

December 31, 2023

Category	Expected Credit Loss Ratio	Gross Carrying Amount	
		FVTOCI	Amortized cost
Normal	0.00%	$ -	$ 50,291

December 31, 2022

Category	Expected Credit Loss Ratio	Gross Carrying Amount	
		FVTOCI	Amortized cost
Normal	0.00%～0.03%	$ 6,147	$ 25,597

10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE and OTHER RECEIVABLE

	December 31, 2021	December 31, 2022
Notes receivable		
Gross carrying amount at amortized cost	$ 1,214	$ 17,192
Accounts receivable		
Gross carrying amount at amortized cost	$ 196,575	$ 366,426

	December 31, 2021	December 31, 2022
Less: Unrealized interest income	(667)	(1,009)
Less: Allowance for impairment loss	(218)	(246)
	$ 195,690	$ 365,171
Current	$ 186,067	$ 342,459
Noncurrent	$ 9,623	$ 22,712
Other receivables		
Receivable for payment on behalf of others	$ 36,816	$ 28,270
Other	831	501
	$ 37,647	$ 28,771

The average credit period of receivable was 60 to 120 days. In order to mitigate credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure the recoverability of receivables. In addition, the Group reviews the recoverable amount of trade receivables at balance sheet dates to ensure that adequate allowance is provided for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk could be reasonably reduced.

The Group provides for expected credit losses which permits the use of lifetime expected loss provision for all receivable. The expected credit losses on receivable are estimated using a provision matrix by reference to the past default experience of the debtor, the debtor's current financial position, economic condition of the industry in which the debtor operates, as well as the GDP forecasts and industry outlook. According to loss patterns for different customer segment, the provision of loss allowance is based on past due status.

The Group writes off a trade receivable when there are evidences indicating that the counterparty is in severe financial difficulty and the trade receivable is considered uncollectible. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

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

December 31, 2023

	Not Past Due	Overdue 1 to 60 days	Overdue 61 to 90 days	Overdue 91 to 120 days	Overdue Over 120 days	Total
Gross carrying amount (including unrealized interest income)	$ 191,477	$ 4,589	$ -	$ -	$ 1,056	$ 197,122
Loss allowance (Lifetime ECLs)	(44)		-	-	(174)	(218)
Amortized cost	$ 191,433	$ 4,589	$ -	$ -	$ 882	$ 196,904

December 31, 2022

	Not Past Due	Overdue 1 to 60 days	Overdue 61 to 90 days	Overdue 91 to 120 days	Overdue Over 120 days	Total
Gross carrying amount (including unrealized interest income)	$ 370,508	$ 10,522	$ 857	$ 722	$ -	$ 382,609
Loss allowance (Lifetime ECLs)	(246)	-	-	-	-	(246)
Amortized cost	$ 370,262	$ 10,522	$ 857	$ 722	$ -	$ 382,363

The movements of the loss allowance of receivable were as follow:

	2023	2022
Balance at January 1	$ 246	$ 250
Less: Reversal	(28)	(4)
Balance, end of year	$ 218	$ 246

11. INVENTORIES

	December 31, 2023	December 31, 2022
Merchandise	$ 204,385	$ 131,198

For the years ended December 31, 2023 and 2022, the cost of goods sold related to inventories amounted to $1,781,211 thousand and 1,770,190 thousand. For the years ended December 31, 2023 and 2022, the inventory write-down amounted to $(221) thousand and $43 thousand.

12. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

Incestor	Subsidiary	Main Business	% of Ownership December 31, 2023	% of Ownership December 31, 2022	NOTE
The Company	IPAC Technology CO. LTD. （IPAC）	Data Storage Media Units Manufacturing	-	100%	Note 1
	Fortune Information System (In') LTD. （HK FIS）	Information Service	100%	100%	
	SBAS (HK) LTD. （SBAS）	Information Service	100%	100%	
	Fortune Technology System Corp. （FTSC）	Information Service	100%	100%	Note 2

Note 1. The Company resolved at its board meeting in Nov. 12, 2023 to merger, through a simplified merger, its wholly-owned subsidiary in Dec. 31 2023, IPAC.

Note 2.The Company invested to establish FTSC in January 2021. On August 8, 2022, the board of directors resolved to increase investment in FTSC by $200 million, which will be fully invested by the Company. After the capital increase, FTSC's paid-in capital will be $400 million.

Subsidiaries excluded from consolidated: None.

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Building and improvements	Miscellaneous equipment	Total
Cost				
Balance at January 1, 2023	$ 137,657	$ 132,686	$ 67,280	$ 337,623
Additions	-	-	2,845	2,845
Disposals	-	-	(7,237)	(7,237)
Reclassification	-	-	651	651
Effect of changes in foreign exchange rates	-	(21)	(44)	(65)
Balance at December 31, 2023	$ 137,657	$ 132,665	$ 63,495	$ 333,817
Accumulated depreciation				
Balance at January 1, 2023	$ -	$ 53,985	$ 47,161	$ 101,146
Disposals	-	-	(7,228)	(7,228)
Depreciation expense	-	2,300	3,579	5,879
Reclassification	-	-	(81)	(81)
Effect of changes in foreign exchange rates	-	(17)	(2)	(19)
Balance at December 31, 2023	$ -	$ 56,268	$ 43,429	$ 99,697
Carrying amount at December 31, 2023	$ 137,657	$ 76,397	$ 20,066	$ 234,120

	Land	Building and improvements	Miscellaneous equipment	Total
Cost				
Balance at January 1, 2022	$ 172,042	$ 169,552	$ 66,116	$ 407,710
Additions	-	-	2,595	2,595
Disposals	-	-	(4,451)	(4,451)
Reclassification	-	-	955	955
Reclassified as investment properties	(34,385)	(37,743)	-	(72,128)
Effect of changes in foreign exchange rates	-	877	2,065	2,942
Balance at December 31, 2022	$ 137,657	$ 132,686	$ 67,280	$ 337,623
Accumulated depreciation				
Balance at January 1, 2022	$ -	$ 61,170	$ 48,385	$ 109,555
Disposals	-	-	(4,451)	(4,451)
Depreciation expense	-	2,681	3,151	5,832
Reclassification	-	-	(97)	(97)
Reclassified as investment properties	-	(10,342)	-	(10,342)
Effect of changes in foreign exchange rates	-	476	173	649
Balance at December 31, 2022	$ -	$ 53,985	$ 47,161	$ 101,146
Carrying amount at December 31, 2022	$ 137,657	$ 78,701	$ 20,119	$ 236,477

As of December 31, 2023, and 2022, the above-mentioned property and equipment have no signs of impairments.

The methods that property, plant and equipment are depreciated over the estimated useful life of the asset are as below:

	Depreciation method	Useful life
Building and improvements		
Main building	Straight-line	50 to 60 years
Air conditioning systems and renovation	Fixed-rate progressive decrease	10 to 15 years
Decoration equipment	Straight-line	5 years
Miscellaneous equipment	Fixed-rate progressive decrease	3 to 20 years

As of December 31, 2023, and 2022, the above-mentioned property and equipment do not involve collateral.

14. LEASE ARRANGEMENTS

Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying amount		
Land	$ 424	$ 1,271
Building	7,730	14,884
Machine equipment	4,980	-
	$ 13,134	$ 16,155

	2023	2022
Addition	$ 5,538	$ 2,974
Depreciation charge for right-of-use assets		
Land	$ 847	$ 846
Building	7,154	6,957
Machine equipment	558	-
	$ 8,559	$ 7,803

Except for the aforementioned additions and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2023 and 2022.

Lease liabilities

	December 31, 2023	December 31, 2022
Carrying amounts		
Current	$ 8,645	$ 8,004
Noncurrent	$ 4,594	$ 8,244

Ranges of discount rates for lease liabilities are as follows:

	December 31, 2023	December 31, 2022
Land	0.88%	0.88%
Building	0.88%～1.19%	0.88%～1.19%
Machine equipment	1.90%～1.99%	-

Material lease-in activities and terms

The Group leases offices and warehouses with most of the lease terms ranging from 3 to 5 years. The Group does not have bargain purchase options to acquire the leasehold assets at the end of the lease terms. In addition, the Group applies the recognition exemption to leases of building and office equipment as short-term lease and certain photocopier qualifying as low-value asset leases and does not recognize right-of-use assets and lease liabilities for these leases. Other material information for leases is as follow:

	2023	2022
Expenses relating to short-term leases and low-value asset leases	$ 1,202	$ 1,332
Total cash flow for leases	($ 9,656)	($ 9,264)

15. INVESTMENT PROPERTIES

	Land	Building and structures	Total
Cost			
Balance at Jan. 1 and Dec. 31, 2023	$ 34,385	$ 37,743	$ 72,128
Accumulated depreciation			
Balance at January 1, 2023	$ -	$ 10,427	$ 10,427
Depreciation expenses	-	784	784
Balance at December 31, 2023	$ -	$ 11,211	$ 11,211
	$ 34,385	$ 26,532	$ 60,917
Carrying amount, December 31, 2023	$ 34,385	$ 37,743	$ 72,128
Cost			
Balance at January 1, 2022	$ -	$ -	$ -
From property, plant and equipment	34,385	37,743	72,128
Balance at December 31, 2022	$ 34,385	$ 37,743	$ 72,128
Accumulated depreciation			
Balance at January 1, 2022	$ -	$ -	$ -
Depreciation expenses	-	85	85
From property, plant and equipment	-	10,342	10,342
Balance at December 31, 2022	$ -	$ 10,427	$ 10,427
Carrying amount, December 31, 2022	$ 34,385	$ 27,316	$ 61,701

Depreciation expenses are recognized according to depreciation methods and useful life as follow:

	Depreciation method	Useful life
Main building	Straight-line	50 years
Air conditioning systems and renovation	Fixed-rate progressive decrease	5 to 15 years

The fair values of investment properties were measured using Level 3 inputs, arising from direct capitalization method of income approach and comparative approach adopted by a third party real estate appraiser, ZHANG,FANG-QING. The key unobservable inputs adopted is discount rate. The fair values were measured as follow:

	December 31, 2023	December 31, 2022
Fair value	$258,291	$257,212
Discount rate	1.65%	1.65%

All investment properties are own right and interest.

16. BORROWINGS

a. Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured loans	$ 30,000	$ 165,000

For the years ended December 31, 2023 and 2022, the annual interest rates of bank unsecured loans are 2.08% and 1.86%～2.08%, respectively.

b. Short-term bills payable

December 31, 2023

Guarantor / accepting institution	Face amount	Discount	Carrying amount	Interest rate
Commercial paper payable				
Ta Ching Bill	$ 50,000	$ 63	$ 49,937	1.83%

December 31, 2022

Guarantor / accepting institution	Face amount	Discount	Carrying amount	Interest rate
Commercial paper payable				
Ta Ching Bill	$ 60,000	$ 260	$ 59,740	2.03%

17. OTHER LIABILITIES

	December 31, 2023	December 31, 2022
Payables for employees' salaries and bonus	$ 52,342	$ 69,138
Payables for receipts under custody	40,836	36,917
Payables for annual leave	14,756	15,659
Payables for insurance	6,268	5,614
Others	43,182	18,926
	$ 157,384	$ 146,254

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

The employees of the Group's subsidiaries in Hong Kong are participants of state-managed retirement benefit plans operated by local governments. The subsidiaries are required to contribute specific percentages of payroll costs to retirement benefit schemes to funds the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The defined benefit plan adopted by the Company of the Group in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of length of service and average monthly salaries of the six months before retirement. These entities contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 19,628	$ 62,690
Fair value of plan assets	(40,391)	(85,085)
Net defined benefit liabilities	($ 20,763)	($ 22,395)

Movements in net defined benefit assets were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Asset
Balance at January 1, 2023	$ 62,690	($ 85,085)	($ 22,395)
Service cost			
Current service cost	2,624	-	2,624
Repayment	(45,049)	43,523	(1,526)
Net interest expense (income)	862	(1,170)	(308)
Recognized in profit or loss	(41,563)	42,353	790
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(284)	(284)
Actuarial profit or loss			
Changes in financial assumptions	800	-	800
experience adjustments	326		326
Recognized in other comprehensive income	1,126	(284)	842
Paid from defined benefit obligations	(2,625)	2,625	-
Balance at December 31, 2023	$ 19,628	($ 40,391)	($ 20,763)
Balance at January 1, 2022	$ 68,768	($ 81,866)	($ 13,098)
Service cost			
Current service cost	-	-	-
Net interest expense (income)	431	(512)	(81)
Recognized in profit or loss	431	(512)	(81)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(5,985)	(5,985)
Actuarial profit or loss			
Changes in financial assumptions	(5,213)	-	(5,213)
experience adjustments	1,982	-	1,982
Recognized in other comprehensive income	(3,231)	(5,985)	(9,216)
Paid from defined benefit obligations	(3,278)	3,278	-
Balance at December 31, 2022	$ 62,690	($ 85,085)	($ 22,395)

Through the defined benefit plan under the Labor Standards Law, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The

investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial present values of the defined benefit obligation were carried out by the chartered actuary. The principal assumptions used for the purpose of the actuarial valuations were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.25%	1.38%
Expected rates of salary increase	3.00%	3.00%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31, 2023	December 31, 2022
Discount rate		
0.25% increase	($ 403)	($ 1,616)
0.25% decrease	$ 416	$ 1,674
Expected rates of salary increase		
0.25% increase	$ 402	$ 1,618
0.25% decrease	($ 392)	($ 1,570)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31, 2023	December 31, 2022
Expected contributions to the plan for the next year	$ 338	$ -
Average duration of the defined benefit obligation	8.3 years	10.5 years

19. EQUITY

a. Common shares

	December 31, 2023	December 31, 2022
Number of authorized shares (in thousands)	107,000	107,000
Amount of authorized shares	$ 1,070,000	$ 1,070,000
Number of issued and fully paid shares (in thousands)	69,961	69,961
Amount of issued and fully paid shares	$ 699,612	$ 699,612

b. Capital surplus

	December 31, 2023	December 31, 2022
Recognized from issuance of common shares	$ 37,105	$ 37,105
Recognized from treasury share transactions	25,256	25,256
	$ 62,361	$ 62,361

Capital surplus generated from the excess of the issue price over the par value of capital stock, including the stock issued for new capital and treasury stock transactions, may be applied to make-up accumulated deficit, if any, or be transferred to capital as stock dividends, or be distributed as cash dividends when there is no accumulated deficit, and this transfer is restricted to a certain percentage of the paid-in capital.

c. Appropriation of earnings and dividend policy

The Company’s Articles of Incorporation provide that appropriation for legal reserve should be made at 10% of annual net income, less any accumulated deficit. From the remainder of the net income, appropriation for special reserve will be made based on relevant laws and regulations, and then any remaining profit together with any undistributed retained earnings may be appropriated and distributed. ，

Any further remaining profits plus unappropriated earnings shall be distributed in accordance with the proposal submitted by the Board of

Directors for approval at a stockholders' meeting. For the policies on distribution compensation of employees, please refer to Note 21.

The Company is currently in the growth phase of its industry life cycle, and in order to consider the future funding needs of the Company and meet the needs of shareholders for cash inflows, if there are undistributed profits after the annual settlement, not less than 60% of the post-tax net profit shall be distributed as dividends to shareholders, of which cash dividends shall not exceed 50% of the total cash and stock dividends paid out during the year. However, when the earnings per share for the year are less than NT$ 3, the proportion of cash dividends paid out may be increased to a maximum of 100%.

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

Under Rule No. 1010012865 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Company should appropriate to or reverse from special reserve.

The appropriations of earnings for 2022 and 2021 which have been resolved in the shareholders' meetings on June 19, 2023 and July 24, 2022, respectively, were as follows:

	Appropriation of Earnings		Dividend Per Share (NT$)	
	2022	2021	2022	2021
Legal reserve	$ 7,090	$ 4,141		
Special reserve	(6,411)	2,730		
Cash dividends	41,976	27,984	$ 0.6	$ 0.4

The appropriation of earnings for 2023, which was proposed by the Company's board of directors was as follows:

	Appropriation of Earnings	Dividend Per Share (NT$)
Legal reserve	$ 7,770	
Reversal of special reserve	202	
Cash dividends	55,969	$ 0.8

The appropriation of earnings for 2023 will be resolved by the shareholders in their meeting to be held on June 18, 2024.

20. REVENUE

a. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivables (Note 10)	$ 195,690	$ 365,171	$ 322,452
Contract assets	$ 569,544	$ 636,433	$ 386,973
Contract liability	$ 89,596	$ 94,447	$ 76,561

The Group measures the loss allowance for contract assets at an amount equal to lifetime ECLs. The contract assets will be transferred to accounts receivable when the corresponding invoice is billed to the client, and the contract assets have substantially the same risk as the trade receivables. Therefore, the Group concluded that the expected loss rates for trade receivables can be applied to the contract assets.

	December 31, 2023	December 31, 2022
Gross carrying amount	$ 569,544	$ 636,433
Provision	-	-
	$ 569,544	$ 636,433

b. Contract information

	2023	2022
Item		
Revenue from the sale of goods and system integration	$ 2,032,354	$ 1,986,808
Revenue from rendering of services	306,017	283,225
	$ 2,338,371	$ 2,270,033

21. NET PROFIT

a. Other gains and losses

	2023	2022
Net foreign exchange gains (losses)	($ 215)	$ 9,269
Gain on disposal of property, plant and equipment	451	6
Other	2	(70)
	$ 238	$ 9,205

b. Interest income

	2023	2022
Bank deposits	$ 2,867	$ 780
Debt instrument at FVTOCI	21	531
Financial assets at amortized cost	-	1,030
Other	905	1,627
	$ 3,793	$ 3,968

c. Finance costs

	2023	2022
Interest on lease liabilities	$ 141	$ 172
Interest on bank loans	3,395	2,784
	$ 3,536	$ 2,956

d. Depreciation and amortization

	2023	2022
Property, plant and equipment	$ 5,879	$ 5,832
Right-of-use assets	8,559	7,803
Investment properties	784	85
Other intangible assets	1,303	1,433
Total	$ 16,525	$ 15,153
Depreciation expenses summarized by function		
Operating costs	$ 7,729	$ 7,352
Operating expenses	7,493	6,368
	$ 15,222	$ 13,720
Amortization expenses summarized by function		
Operating costs	$ 75	$ 67
Operating expenses	1,228	1,366
	$ 1,303	$ 1,433

e. Employee benefits expenses

	2023	2022
Short-term employee benefits		
Payroll	$ 319,017	$ 307,263
Labor and health insurance	30,375	28,232
Other employee benefits	16,616	15,110
	366,008	350,605
Post-employment benefits(Note18)		
Defined contribution plans	14,882	14,205
Defined benefit plans	790	(81)
	15,672	14,124
Total employee benefits expenses	$ 381,680	$ 364,729
Employee benefits expenses by function		
Operating costs	$ 242,442	$ 218,702
Operating expenses	139,238	146,027
	$ 381,680	$ 364,729

f. Compensation of employees

According to the Company's articles of incorporation, the Company do not have to accrue remuneration of directors. The compensation of employees is accrued at the rate of 6% of net profit before income tax. The compensation of employees for 2023 and 2022 which have been resolved by the Board of Directors on March 14, 2024 and March 24, 2023, respectively, was as follows:

	2023		2022	
	Cash	%	Cash	%
Profit sharing bonus to employees	$ 5,680	6	$ 4,611	6

If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate.

There is no difference between the actual amounts of employees' compensation paid and amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

The information about the appropriations of profit sharing bonus to employees is available at the Market Observation Post System website.

22. INCOME TAXES

a. The major components of income tax recognized in profit or loss

	2023	2022
Current tax		
In respect of the current year	$ 20,255	$ 14,238
Income tax on unappropriated earnings	1,484	214
Adjustments for prior year	(87)	(87)
	21,652	14,365
Deferred tax		
In respect of the current year	(910)	490
Income tax recognized in profit or loss	$ 20,742	$ 14,855

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

	2023	2022
Profit before tax	$ 99,120	$ 78,385
Income tax expense at the statutory rate	$ 28,112	$ 21,332
Tax-exempt income	(8,168)	(5,507)
Income tax on unappropriated earnings	1,484	214
Unrecognized temporary difference	(599)	(529)
Unrecognized loss deduction	-	(568)
Adjustments from previous years	(87)	(87)
Income tax expenses recognized in profit or loss	$ 20,742	$ 14,855

b. Income tax recognized in other comprehensive income

	2023	2022
Current deferred tax		
Unrealized gain (loss) on financial assets at FVTOCI	($ 1)	($ 78)
Remeasurements of defined benefit plans	(168)	1,843
Income tax recognized in other comprehensive income	($ 169)	$ 1,765

c. Deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities were as follows:

2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Deferred tax assets				
Temporary difference				
Allowance for loss on inventories	$ 910	($ 45)	$ -	$ 865
Unrealized loss on foreign exchange	4	-	-	4
Loss allowance	-	743	-	743
	$ 914	$ 698	$ -	$ 1,612
Deferred tax liabilities				
Temporary difference				
Unrealized profit on foreign exchange	$ 54	($ 54)	$ -	$ -
Defined benefit plans	4,479	(158)	(168)	4,153
Financial assets at FVTOCI	1	-	(1)	-
	$ 4,534	($ 212)	($ 169)	$ 4,153

2022

	Opening Balance	Recognized in: Profit or Loss	Recognized in: Other Comprehensive Income (Loss)	Closing Balance
Deferred tax assets				
Temporary difference				
Allowance for loss on inventories	$ 902	$ 8	$ -	$ 910
Unrealized loss on foreign exchange	430	(426)	-	4
Loss allowance	1	(1)	-	-
	$ 1,333	($ 419)	$ -	$ 914
Deferred tax liabilities				
Temporary difference				
Unrealized profit on foreign exchange	$ -	$ 54	$ -	$ 54
Defined benefit plans	2,619	17	1,843	4,479
Financial assets at FVTOCI	79	-	(78)	1
	$ 2,698	$ 71	$ 1,765	$ 4,534

d. Income tax assessment

Income tax returns of the Company and its subsidiary through 2021 have been assessed by the tax authorities.

23. EARNINGS PER SHARE

Net income and weighted average number of common shares used for calculation of earnings per share are as follows:

Net income

	2023	2022
Net income of common shares used for calculation of basic and diluted earnings per share	$ 78,378	$ 63,530

Number of share (in thousands)

	2023	2022
Weighted average number of common shares used for calculation of basic earnings per share	69,961	69,961
Effect of potentially dilutive common shares:		
Employees' compensation	234	243
Weighted average number of common shares used for calculation of diluted earnings per share	70,195	70,204

Since the Group has the discretion to settle the employees' compensation by cash or stock, the Group should presume that the entire amount of the compensation will be settled in stock, and the potential stock dilution should be included in the weighted-average number of stock outstanding used in the calculation of diluted EPS, provided there is a dilutive effect. Such dilutive effect of the potential stock needs to be included in the calculation of diluted EPS until employees' compensation is approved in the following year.

24. CAPITAL RISK MANAGEMENT

The Group manages capital management under the precondition for sustainable development to ensure that it is able to maximize the benefit for its shareholders by optimizing debt and equity.

The capital structure of the Group is composed of equities attributable to the Group (capital, capital reserve, retained earnings, and other equity items).

The Group is not subject to any other external capital requirements.

25. FINANCIAL INSTRUMENTS

a. Information on fair value－Financial instruments not measured at fair value

The Group considers that the carrying amount of financial assets and liabilities that are not at fair value is close to the fair value.

b. Information on fair value－Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value level

December 31, 2023：NONE.

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value through Other Comprehensive Income				
Debt instrument investments				
－Foreign Bond	$ -	$ 6,147	$ -	$ 6,147

There was no transfer between Level 1 and Level 2 fair value measurements in 2023 and 2022.

2) Valuation techniques and inputs of Level 2 fair value measurement:

Financial instruments	Valuation techniques and inputs
Foreign Bond	The valuation of corporate bonds is obtained by adjusting the quoted or transaction prices among participants in various securities trading markets.

c. Category of financial instruments

	December 31, 2023	December 31, 2022
Financial assets		
Amortized cost（Note 1）	$ 836,897	$ 905,131
FVTOCI	-	6,147
Financial liabilities		
Amortized cost（Note 2）	635,012	813,908

Note 1. The balance includes financial assets measured at amortized cost, such as cash and cash equivalents, time deposit, note receivables, account receivables (including noncurrent), other receivables, and refundable deposits.

Note 2.The balance includes financial liabilities measured at amortized cost such as short-term borrowings, accounts payables, other payables, long-term payables, and deposited margins.

d. Financial risk management objectives and policies

The main financial instruments of the Group include debt instrument investments, notes and account receivables, account payables, loans, and lease liabilities. The financial management department of the Group provides services for the business units, coordinates the operation of the domestic financial market, and supervises and manages financial risks related to the operation of the Group by analyzing the internal risk reports of the risks according to the level and scope of risks. Such risks include market risk (foreign exchange risk and interest rate risk), credit risk, and liquidity risk.

1) Market risk

The main financial risks that the Group's operating activities make the Group bear are the risk of changes in foreign currency exchange rates and the risk of changes in interest rates.

a) Foreign exchange risk

The Group's exchange rate risk arising from the foreign financial instrument investments.

For the monetary assets and liabilities of the Group denominated in non-functional currencies on the consolidated balance sheet date (include monetary items denominated in non-functional currencies that have been offset in the consolidated financial statements), refer to Notes 28.

Sensitivity analysis

The Group is mainly exposed to USD fluctuations.

When the New Taiwan Dollar and the Hong Kong Dollar (functional currencies) appreciate/depreciate by 5% against the US Dollar, the combined company's pre-tax net profit for 2023 and 2022 will decrease/increase by NT$226 thousands and NT$456 thousands, respectively. A sensitivity rate of 5% is used internally when foreign exchange risk is reported to the management. It also represents the management’s assessment on the reasonably possible scope of foreign exchange rates. Sensitivity analysis only includes monetary items in foreign currencies in circulation and forward foreign exchange contracts designated as cash flow hedging, and the conversion at the end of the period is adjusted with a change in exchange rate of 5%. The Group’s sensitivity analysis of foreign currency risk mainly focuses on the foreign currency monetary items at the end of the reporting period.

b) Interest rate risk

The interest rate risk insurance was incurred because of the deposit of entities in the Group at fixed and floating interest rate at the same time. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied

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

	December 31, 2023	December 31, 2022
Fair value interest rate risk		
－Financial assets	$ 279,697	$ 232,643
－Financial liabilities	93,176	240,988
Cash flow interest rate risk		
－Financial assets	43,603	41,709

Sensitivity analysis

If interest rates had been 5% higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2023 and 2022 would decrease/increase by NT$2,180 thousands and NT$2,085 thousands, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting years, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group, could arise from:

a) The carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets

b) The amount of contingent liabilities in relation to financial guarantees issued by the Group.

The policy that the Group adopts is to only make transactions with reputable targets, and the Group will obtain full collateral when necessary so as to reduce the risk of financial loss owing to delinquency. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group’s exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management specialists annually.

To lower the credit risk, management of the merged company appoints a specific team to handle decisions on credit limits, credit approval and other monitoring procedures to ensure that appropriate actions are taken to recover overdue receivables. In addition, the Group would review the recoverable amount of each receivables on the consolidated balance sheet dates to ensure that impairment loss is recognized for unrecoverable receivables. As a result, the Group's management concludes that the credit risk of the Group is significantly reduced.

Ongoing credit evaluation is performed on the financial condition of customers in view of trade receivables and, where appropriate, credit guarantee insurance cover is purchased.

The Group does not hold any collateral or other credit enhancement instruments to mitigate credit risk of financial assets.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group’s operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

As of December 31, 2023 and 2022, the Group had available unutilized bank loan facilities set out in (b) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The remaining contractual maturity analysis of non-derivative financial liabilities was based on the earliest date at which the Group might be required to repay and was compiled based on the undiscounted cash flows of financial liabilities (including principal and estimated interest). Therefore, the maturity analysis of non-derivative financial liabilities was compiled in accordance with the agreed repayment date.

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	Over 1 year
Non-derivative financial liabilities				
Non-interest bearing	$ 235,616	$ 114,040	$ 198,757	$ 3,195
Lease liabilities	784	1,570	6,414	4,664
Fixed interest rate instrument	50,052	104	30,148	-
	$ 286,452	$ 115,714	$ 235,319	$ 7,859

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	Over 1 year
Non-derivative financial liabilities				
Non-interest bearing	$ 202,589	$ 134,803	$ 246,586	$ 3,205
Lease liabilities	676	1,353	6,087	8,307
Fixed interest rate instrument	-	155,748	71,193	-
	$ 203,265	$ 291,904	$ 323,866	$ 11,512

The operating capital of the Group is sufficient to support its operations, and therefore there is no concern of a shortage of funds.

b) Financing facilities

	December 31, 2023	December 31, 2022
Unsecured bank facilities		
－Amount used	$ 148,370	$ 281,061
－Amount unused	603,276	408,200
	$ 751,646	$ 689,261

26. RELATED-PARTY TRANSACTIONS

The ultimate parent company of the Company is Good Idea Global Limited. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related party name and category

Related Party Name	Related Party Category
CECGP Electronics Corp.（CECGP）	Investor with significant influence over the Group

b. Operating revenues

Account Items	Related Party Category/Name	2023	2022
Operating revenues	Investor with significant influence over the Group - CECGP	$ 1,364	$ 696

The terms of the transactions with related parties are generally the same as those for unrelated parties.

c. Contract assets

Account Items	Related Party Category/Name	2023	2022
Contract assets	Investor with significant influence over the Group - CECGP	$ 58	$ -

The Group did not recognize loss allowance for the contract assets from related parties for the years ended December 31, 2023.

d. Receivables from related parties

Account Items	Related Party Category/Name	December 31, 2023	December 31, 2022
Accounts receivable	Investor with significant influence over the Group	$ 178	$ 187

The Group did not obtain guarantees for receivables from related parties. The Group did not recognize loss allowance for receivables from related parties for the years ended December 31, 2023 and 2022.

e. Lease arrangements

Account Items	Related Party Category/Name	December 31, 2023	December 31, 2022
Lease liabilities	Investor with significant influence over the Group	$ 5,580	$ 11,111

Account Items	Related Party Category/Name	2023	2022
Interest expenses	Investor with significant influence over the Group	$ 72	$ 120
Lease expenses	Investor with significant influence over the Group	$ 107	$ 91

The Company pays building rental to related parties once a month or every two months, with reference to local rental rates.

f. Endorsements and guarantees

The amount that the Group make endorsements/guarantees for its subsidiary is as follow:

	December 31, 2023	December 31, 2022
FTSC	$300,000	$300,000

g. Compensation of key management personnel

	2023	2022
Short-term employee benefits	$ 29,924	$ 28,118
Post-employment benefits	615	824
	$ 30,539	$ 28,942

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As at December 31, 2023, the amount of the performance guarantee that the Group entrusted financial institutions to issue is as follow:

	December 31, 2023	December 31, 2022
Performance guarantee	$ 68,370	$ 56,061

28. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group’s significant assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between foreign currencies and respective functional currencies were as follows:

	December 31, 2023		
	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary items			
USD	$ 115	30.71 （USD：NTD）	$ 3,531
USD	32	7.82 （USD：HKD）	983
			$ 4,514

	December 31, 2022		
	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary items			
USD	$ 220	30.71 （USD：NTD）	$ 6,756
USD	77	7.80 （USD：HKD）	2,365
			$ 9,121

The Group is mainly exposed to the USD. ，The following information was summarized according to the foreign currencies other than the functional currency of the Company. The exchange rates disclosed were used to translate the foreign currencies into the functional currency. The significant (realized and unrealized) financial assets and liabilities denominated in foreign currencies were as follows:

	2023		2022	
Functional Currency	Functional currency to presentation currency	Exchange gains or losses	functional currency to presentation currency	Exchange gains or losses
NTD	1 （NTD：NTD）	($ 190)	1 （NTD：NTD）	$ 9,292
HKD	3.98 （HKD：NTD）	(25)	3.80 （HKD：NTD）	(23)
		($ 215)		$ 9,269

29. SUPPLEMENTARY DISCLOSURES

a. Significant transactions information

1) Loans to others: Table 1.

2) Provision of endorsements and guarantees to others: Table 2.

3) Holding of marketable securities at the end of the period (not including subsidiaries): None.

4) Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: None.
5) Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.
6) Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.
7) Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: None.
8) Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None.
9) Trading in derivative instruments undertaken during the reporting periods: None.
10) Significant inter-company transactions during the reporting periods: Table 3.

b. Information on investees: Table 4.

c. Information on investments in Mainland China

1) The names of investees in mainland China, the main businesses and products, issued capital, method of investment, information on inflow or outflow of capital, ownership, net income or loss and recognized investment gain or loss, ending balance, amount received as earnings distributions from the investment, and limitation on investment: None.
2) Significant direct or indirect transactions with the investee companies, the prices and terms of payment, and unrealized gain or loss: None

d. Major shareholders information:

The name, the number of stocks owned, and percentage of ownership of each stockholder with ownership of 5% or great: Table 5.

31. SEGMENT INFORMATION

Information reported to the chief operating decision maker for purpose of resource allocation and assessment of segment performance focuses on financial information. The Group reportable segments were FIS operation and other operations.

a. Segment revenue and operating results

	Segment revenue		Segment income	
	2023	2022	2023	2022
Reportable segments				
FIS operation	$2,299,402	$2,222,925	$ 86,197	$ 57,230
Other operations	70,694	80,792	1,375	3,155
Adjustments and eliminations	(31,725)	(33,684)	2,226	3,376
Total	$2,338,371	$2,270,033	89,798	63,761
Non-operating income and expenses			9,322	14,624
Profit (loss) before tax			$ 99,120	$ 78,385

Transactions between segments are priced based on market prices.

Segment profit (loss) represented the profit before income tax earned by each segment without non-operating income and expenses. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment assets and liabilities

The Group's measure of assets and liabilities was not provided to the chief operating decision maker. Therefore, no assets and liabilities were presented under operating segments.

c. Main customer information

The Group does not have revenues from a single customer that exceeds 10% of the consolidated operating revenues.

FORTUNE INFORMATION SYSTEMS CORPORATION AND SUBSIDIARIES
FINANCINGS PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars)

Table 1

No (Note 1)	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period （Note 2）	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing （Note 4）	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company （Note 3）	Financing Company's Total Financing Amount Limits （Note 3）	Note
													Item	Value			
0	The Company	FTSC	Other receivables	Yes	$ 300,000	$ 300,000	$ -	The interest on funds lent shall be calculated on a daily basis and shall not be lower than the Company's cost of funds on the day of the loan.	2	$ -	Operating capital	$ -	—	$ -	$ 370,086	$ 370,086	
0	The Company	IPAC	Other receivables	Yes	30,000	-	-	The interest on funds lent shall be calculated on a daily basis and shall not be lower than the Company's cost of funds on the day of the loan.	2	-	Operating capital	-	—	-	370,086	370,086	Note 5

Note1 : The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'

(2) The subsidiaries are numbered in order starting from '1'

Note 2：The maximum balance of funds lent to others during the year, in response to the funding needs of its subsidiaries, FTSC, the Company intends to lend up to NT$300,000 thousands respectively, and such loans may be made in installments.

Note 3 : In accordance with the Company's policy, limit on total loans shall not exceed 30% of the Company's net assets based on the latest financial statements, and limit on loans to its subsidiaries shall not exceed 30% of the limit on total loans. Limit on loans to others shall not exceed 10% of the limit on total loans.

Note 4： Nature for Financing:

(1) Business dealings.

(2) Short-term financing needs.

Note 5：The Company resolved at its board meeting in Nov. 12, 2023 to merger, through a simplified merger, its wholly-owned subsidiary in Dec. 31 2023, IPAC.

FORTUNE INFORMATION SYSTEMS CORPORATION AND SUBSIDIARIES

Table 2

ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

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	Note
		Name	Nature of Relationship（Note 2）											
0	The Company	FTSC	2	$ 616,811	$ 300,000	$ 300,000	$ -	$ -	24.32	$ 1,233,621	Y	N	N	

Note1 : The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is ‘0’

(2) The subsidiaries are numbered in order starting from ‘1’

Note2：Nature for endorsement/ guarantee provided:

(1) Business dealings.

(2) Companies with direct and indirect ownership of voting shares exceeding 50%. ◦

Note 3：In accordance with the Company’s policy, limit on endorsement/ guarantee provided to a single party shall not exceed 50% of the Company’s net assets based on the latest financial statements, and limit on total endorsement/ guarantee provided shall not exceed 100% of the Company’s net assets based on the latest financial statements.

FORTUNE INFORMATION SYSTEMS CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Table 3

Number	Company Name	Counterparty	Nature of Relationship (Note 1)	Transaction Details			
				Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenue or Total Assets
0	The Company	IPAC	1	Service incomes	$ 193	Note 2	-
			1	Other incomes	134	Note 2	-
		FTSC	1	Contract assets	422	Note 2	-
			1	Accounts receivable	4,290	Note 2	-
			1	Other receivables	1,599	Note 2	-
			1	Contract liabilities	8	Note 2	-
			1	Accounts payable	188	Note 2	-
			1	Other payables	2,882	Note 2	-
			1	Sales incomes	909	Note 2	-
			1	Service incomes	7,765	Note 2	-
			1	Other incomes	1,979	Note 2	-
			1	Service cost	7,170	Note 2	-
			1	Logistic service incomes (recognized as deduction of costs and expenses)	15,601	Note 2	1%
			1	Cost of goods sold	952		
1	HK FIS	SBAS	3	Service incomes	12,600	Note 2	1%
			3	Other incomes	259	Note 2	-
			3	Cost of goods sold	2,328	Note 2	-

Note1：(1) Parent to subsidiary.

(2) Subsidiary to parent.

(3) Between subsidiaries.

Note2：The terms of the transactions with related parties are generally the same as those for unrelated parties.

Note3：All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

FORTUNE INFORMATION SYSTEMS CORPORATION AND SUBSIDIARIES

Table 4

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value			
The Company	HK FIS	Hong Kong	Information	$ 38,484	$ 38,484	8,426,000	100%	$ 57,737	$ 972	$ 972	Subsidiary
	IPAC	Taipei	Data Storage Media Units Manufacturing	-	45,681	-	-	-	-	-	Note
	SBAS	Hong Kong	Information	1,452	1,452	20,000	100%	14,862	1,916	1,916	Subsidiary
	FTSC	Taipei	Information	400,000	400,000	40,000,000	100%	443,529	39,911	39,936	Subsidiary

Note：The Company resolved at its board meeting in Nov. 12, 2023 to merger, through a simplified merger, its wholly-owned subsidiary in Dec. 31 2023, IPAC.

FORTUNE INFORMATION SYSTEMS CORPORATION
INFORMATION ON MAJOR SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2023

Table 5

Shareholders	Shares	
	Total Shares Owned	Ownership Percentage
Standard Plastics LTD.	19,290,327	27.57%
CECGP Electronics Corp.	17,847,954	25.51%

Note1：The table discloses the information of major stockholders whose stockholding percentages are more than 5%. The Taiwan Depository & Clearing Corporation calculates the total number of common stocks and special stocks (including treasury stocks) that have completed the dematerialized registration and delivery on the last business day of the quarter. The number of stocks reported in the TWM's consolidated financial statements and the actual number of stocks that have completed the dematerialized registration and delivery may be different due to the basis of calculation.

Mote 2：If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual truster who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

6.5 Independent Auditors' Report (Standalone)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Fortune Information Systems Corp.

Opinion

We have audited the accompanying financial statements of Fortune Information Systems Corp. (the Company), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the related notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

The descriptions of the key audit matters of the 2023 financial statements are as follows:

Recognition of System Integration Revenue

The the Company 's main revenue is derived from system integration, and the recognition of revenue is based on the percentage of completion method, which measures the degree of completion of the contract based on the ratio of costs incurred to the estimated total costs of the contract. As the estimated total costs are based on management's judgment of the nature of different contracts, as well as internal and external information and evidence, revenue from certain customers that meet specific indicators may have a significant impact on the accuracy of the recognition of system integration revenue, and therefore, the recognition of system integration revenue from these specific customers is considered a key audit matter.

We designed our audit procedures to address the above key audit matter, including understanding and evaluating the processes related to the accuracy of recognition of system integration revenue, performing detailed testing of incomplete contracts at the end of the period to verify the accuracy of costs incurred, and reviewing whether there were any significant adjustments to the total contract costs and completion percentage after the reporting period.

Emphasis of Matter Paragraph

As disclosed in Note 11 of the financial statements, the Company resolved at its board meeting in November, 2023 to merger, through a simplified merger, its wholly-owned subsidiary, IPAC TECHNOLOGY CO., LTD. This merger constitutes an organizational restructuring under joint control. In accordance with the IFRS Q&A and relevant interpretations published by the Chinese Institute of Certified Public Accountants, when preparing the comparative individual financial statements, the merger should be treated as having been acquired from the beginning, and the individual financial statements for the comparative period should be restated accordingly. For details on the impact of restating the comparative period, please refer to Note 11. The auditor has not modified the audit opinion due to this matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated

Financial Statements Management is responsible for the preparation and fair presentation of The individual financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the FSC of the ROC, 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 individual financial statements, management is responsible for assessing the the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the the Company or to cease its operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of The individual financial statements

Our objectives are to obtain reasonable assurance about whether The individual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the ROC 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 auditing standards generally accepted in the ROC, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of The individual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of The individual financial statements for the year ended December 31, 2022 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 Cai,You-Ling and Lin,Wen-Qin

Deloitte & Touche
Taipei, Taiwan
Republic of China
Mar. 14, 2024

Notice to Readers

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

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

FORTUNE INFORMATION SYSTEMS CORP.

BALANCE SHEETS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

Code	ASSETS	December 31, 2023 Amount	%	December 31, 2022 (Restatement) Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents（Note 6）	$ 298,263	17	$ 117,191	6
1120	Financial assets at fair value through other comprehensive income（Note 7 and 8）	-	-	6,147	-
1140	Contract assets（Note 19）	279,505	16	365,055	19
1150	Notes receivable（Note 9）	885	-	17,166	1
1172	Trade receivables（Note 9, 19 and 25）	118,672	7	264,419	14
1200	Other receivables（Note 9 and 25）	38,618	2	29,929	2
130X	Inventories（Note 10）	67,221	4	159,916	8
1410	Prepayments	30,325	2	33,903	2
1470	Other current assets	2,024	-	3,531	-
11XX	Total current assets	835,513	48	997,257	52
	Non-current assets				
1550	Investment accounted for using equity method（Note 11）	516,128	30	491,501	26
1600	Property, plant and equipment（Note 12）	214,680	12	216,774	12
1755	Right-of-use assets（Note 13）	9,321	1	16,155	1
1760	Investment property（Note 14）	60,917	4	61,701	3
1780	Other intangible assets	229	-	298	-
1840	Deferred tax assets（Note 21）	834	-	907	-
1920	Refundable deposits	78,000	4	100,522	5
1930	Long-term receivables（Note 9）	7,997	-	-	-
1975	Net defined benefit assets（Note 17）	20,763	1	22,395	1
15XX	Total non-current assets	908,869	52	910,253	48
1XXX	TOTAL	$ 1,744,382	100	$ 1,907,510	100
Code	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term borrowings（Note 15）	$ -	-	$ 65,000	3
2110	Short-term bills payable（Note 15）	-	-	59,740	3
2130	Contract liability（Note 19）	49,844	3	74,836	4
2150	Notes payable	20	-	20	-
2170	Trade payables (Note 25)	293,938	17	340,174	18
2219	Other payables（Note 16 and 25）	129,208	7	125,362	7
2230	Current tax liabilities	6,513	-	3,279	-
2280	Lease liabilities（Note 13 and 25）	7,321	1	8,004	-
2300	Other current liabilities	13,536	1	16,061	1
21XX	Total current liabilities	500,380	29	692,476	36
	Non-current liabilities				
2570	Deferred tax liabilities（Note 21）	4,153	-	4,534	-
2580	Lease liabilities（Note 13 and 25）	2,098	-	8,244	1
2600	Other non-current liabilities	4,130	-	4,161	-
25XX	Total non-current liabilities	10,381	-	16,939	1
2XXX	Total liabilities	510,761	29	709,415	37
	EQUITY ATTRIBUTABLE（Note 18）				
3110	Common stock	699,612	40	699,612	37
3200	Capital surplus	62,361	4	62,361	3
	Retained earnings				
3310	Legal reserve	182,351	10	175,261	9
3320	Special reserve	3,279	-	9,690	1
3350	Undistributed earnings	289,498	17	254,449	13
3300	Total retained earnings	475,128	27	439,400	23
3400	Other equity interests	(3,480)	-	(3,278)	-
3XXX	Total equity interests	1,233,621	71	1,198,095	63
	TOTAL	$ 1,744,382	100	$ 1,907,510	100

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

Chairman: SU, MEI-CHUN

General Manager: TANG, YU-HUA, YANG, ZHENG-NING

Principal accounting officer: CHEN, XIU-YUE

FORTUNE INFORMATION SYSTEMS CORP.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		2023		2022 (Restatement)	
Code		Amount	%	Amount	%
4000	OPERATING REVENUES (Note 19 and 25)	$ 1,428,000	100	$ 1,497,876	100
5000	OPERATING COSTS (Note 10, 20 and 25)	1,269,887	89	1,337,740	89
5900	GROSS PROFIT FROM OPERATIONS	158,113	11	160,136	11
6000	OPERATING EXPENSES (Note 20 and 25)	121,959	9	130,866	9
6900	NET OPERATING INCOME	36,154	2	29,270	2
	NON-OPERATING INCOME AND EXPENSES (Note 20 and 25)				
7100	Interest income	1,265	-	2,651	-
7010	Other income	10,144	1	5,790	-
7020	Other gains and losses	289	-	9,301	1
7050	Finance costs	(1,691)	-	(2,279)	-
7070	Share of profit of subsidiaries accounted for using equity method (Note 11)	42,824	3	27,931	2
7000	Total non-operating income and expenses	52,831	4	43,394	3
7900	PROFIT BEFORE TAX	88,985	6	72,664	5
7950	INCOME TAX EXPENSE (Note 21)	10,607	1	9,134	1
8200	NET PROFIT	78,378	5	63,530	4

(Continued)

Code		2023 Amount	2023 %	2022 (Restatement) Amount	2022 (Restatement) %
	OTHER COMPREHENSIVE INCOME (LOSS)（Note 17 and 21）				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurements of defined benefit plans	($ 674)	-	$ 7,373	1
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating foreign operations	(197)	-	6,723	-
8367	Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(5)	-	(311)	-
8300	Other comprehensive income (loss) (after tax)	(876)	-	13,785	1
8500	TOTAL COMPREHENSIVE INCOME	$ 77,502	5	$ 77,315	5
	EARNINGS PER SHARE（Note 22）				
9710	Basic earnings per share	$ 1.12		$ 0.91	
9810	Diluted earnings per share	$ 1.12		$ 0.90	

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

Chairman: SU, MEI-CHUN

General Manager: TANG, YU-HUA, YANG, ZHENG-NING

Principal accounting officer: CHEN, XIU-YUE

FORTUNE INFORMATION SYSTEMS CORP.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

Code		Common Stock		Capital Surplus	Retained Earnings			Other Equity Interest		Total Equity
		Shares（thousands shares）	Capital		Legal Reserve	Special Reserve	Unappropriated	Exchange differences on translating foreign operations	Unrealized Gain (Loss) Financial Assets at Fair Value Through Other Comprehensive Income	
A1	BALANCE, JAN. 1, 2022	69,961	$ 699,612	$ 62,361	$ 171,120	$ 6,960	$ 218,401	($ 10,006)	$ 316	$ 1,148,764
	Appropriation of 2021 earnings									
B1	Legal Reserve	-	-	-	4,141	-	(4,141)	-	-	-
B3	Special Reserve	-	-	-	-	2,730	(2,730)	-	-	-
B5	Cash dividends	-	-	-	-	-	(27,984)	-	-	(27,984)
D1	Profit for the year ended Dec. 31, 2022	-	-	-	-	-	63,530	-	-	63,530
D3	Other comprehensive income (loss) for the year ended Dec. 31, 2022	-	-	-	-	-	7,373	6,723	(311)	13,785
D5	Total comprehensive income (loss) for the year ended Dec. 31, 2022	-	-	-	-	-	70,903	6,723	(311)	77,315
Z1	BALANCE, DEC. 31, 2022	69,961	699,612	62,361	175,261	9,690	254,449	(3,283)	5	1,198,095
	Distribution of 2022 earnings									
B1	Legal reserve	-	-	-	7,090	-	(7,090)	-	-	-
B3	Special reserve	-	-	-	-	(6,411)	6,411	-	-	-
B5	Cash dividends	-	-	-	-	-	(41,976)	-	-	(41,976)
D1	Profit for the year ended Dec. 31, 2023	-	-	-	-	-	78,378	-	-	78,378
D3	Other comprehensive income (loss) (after tax) for the year ended Dec. 31, 2023	-	-	-	-	-	(674)	(197)	(5)	(876)
D5	Total comprehensive income (loss) for the year ended Dec. 31, 2023	-	-	-	-	-	77,704	(197)	(5)	77,502
Z1	BALANCE, DEC. 31, 2022	69,961	$ 699,612	$ 62,361	$ 182,351	$ 3,279	$ 289,498	($ 3,480)	$ -	$ 1,233,621

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

Chairman: SU, MEI-CHUN

General Manager: TANG, YU-HUA, YANG, ZHENG-NING

Principal accounting officer: CHEN, XIU-YUE

FORTUNE INFORMATION SYSTEMS CORP.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

Code		2023	2022 (Restatement)
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Profit before tax	$ 88,985	$ 72,664
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	14,606	13,355
A20200	Amortization expense	479	959
A20300	Expected credit impairment (gain) loss	(12)	-
A20900	Finance costs	1,691	2,279
A21200	Interest income	(1,265)	(2,651)
A22400	Share of profit of subsidiaries accounted for using equity method	(42,824)	(27,931)
A22500	(Gain) loss on disposal and retirement of property, plant and equipment, net	(458)	(6)
A23700	Inventory falling price loss	(360)	8
A24100	Foreign exchange (gains) loss	152	(7,881)
A30000	Changes in operating assets and liabilities		
A31125	Contract assets	85,550	(27,773)
A31130	Notes receivable	16,281	1,477
A31150	Accounts receivable	137,760	(13,067)
A31180	Other receivables	(8,879)	(26,915)
A31200	Inventories	92,323	(67,227)
A31230	Prepayments	3,578	47,986
A31240	Other current assets	1,507	2,556
A31990	Net defined benefit assets	790	(81)
A32125	Contract liabilities	(24,992)	19,723
A32150	Accounts payable	(46,290)	129,697
A32180	Other payables	3,902	39,932
A32230	Other current liabilities	(2,525)	(1,487)
A33000	Cash inflows generated from operating activities	319,999	155,617
A33100	Interest received	1,455	2,889
A33300	Interest paid	(1,487)	(2,223)
A33500	Income taxes paid	(7,512)	(10,899)
AAAA	Net cash inflows generated from operating activities	312,455	145,384

(Continued)

Code		2023	2022 (Restatement)
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00020	Acquisition of financial assets at fair value through other comprehensive income	$ 6,062	$ 7,308
B00040	Acquisition of financial assets measured at amortized cost	-	(382,684)
B00050	Proceeds from financial assets measured at amortized cost	-	455,451
B01800	Acquisition of investments accounted for using equity method	-	(200,000)
B02700	Acquisition of property, plant and equipment	(2,663)	(2,436)
B02800	Proceeds from disposal of property, plant and equipment	460	6
B03700	Decrease in refundable deposits	22,522	13,176
B04500	Acquisition of intangible assets	(356)	(657)
B07600	Collection cash dividends of	18,000	-
BBBB	Net cash used in investing activities	44,025	(109,836)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase (decrease) in short-term borrowings	(65,000)	15,000
C00500	Increase (decrease) in short-term notes and bills payable	(60,000)	(61,617)
C04020	Repayment of the principal portion of lease liabilities	(8,330)	(7,717)
C04300	Decrease (increase) in other non-current liabilities	(31)	691
C04500	Cash dividends paid	(41,976)	(27,984)
CCCC	Net cash flows used in financing activities	(175,337)	(81,627)
DDDD	EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(71)	5,533
EEEE	Net decrease in cash and cash equivalents	181,072	(40,546)
E00100	Cash and cash equivalents at beginning of year	117,191	157,737
E00200	Cash and cash equivalents at end of year	$ 298,263	$ 117,191

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

Chairman: SU, MEI-CHUN

General Manager: TANG, YU-HUA, YANG, ZHENG-NING

Principal accounting officer: CHEN, XIU-YUE

FORTUNE INFORMATION SYSTEMS CORP. AND SUBSIDIARIES
NOTES TO INDIVIDUAL FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION

Fortune Information Systems Corp. (the Company) was established on April 11, 1977 in Taipei City. Its main business activities include: (1) buying, selling, leasing and repairing office machines, office automation equipment, computers and other information equipment, computer peripherals, microfilm equipment, devices, and their parts, accessories and supplies; (2) system analysis and programming of computer and other information software; (3) data processing services for clients, etc.

The Company's stock has been traded on the Taipei Exchange since September 17, 2001, after being listed on the Taipei Exchange for Over-the-Counter Securities on December 4, 1999.

As of December 31, 2023, the Company has four branches located in Taoyuan, Hsinchu, Taichung, and Kaohsiung.

The Company mergered, through a simplified merger, its wholly-owned subsidiary, IPAC TECHNOLOGY CO., LTD. in Dec. 31, 2023. Therefore, the comparative financial statements are restatement.

The individual financial statements are expressed in the functional currency of the Company, which is New Taiwan Dollar.

2. APPROVAL OF THE INDIVIDUAL FINANCIAL STATEMENTS

The Board of Directors approved the individual financial statements on Mar. 14, 2024.

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

a. Application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the“IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Company's accounting policies.

Revision of IAS 1 "Disclosure of Accounting Policies"

When applying this revision, the parent company determines the significant accounting policy information to be disclosed based on the definition of significance. If the accounting policy information can reasonably be expected to influence the decisions of the primary users of the general-purpose financial statements made on the basis of those financial statements, then that accounting policy information is considered significant. Additionally:

- Accounting policy information related to immaterial transactions, other matters, or circumstances is considered immaterial, and the Company is not required to disclose such information.
- The Company may deem related accounting policy information to be significant due to the nature of transactions, other matters, or circumstances, even if the amounts are not significant.
- Not all accounting policy information related to significant transactions, other matters, or circumstances is considered significant.

If the accounting policy information is related to significant transactions, other matters, or circumstances, and any of the following situations exist, that information may be significant:

(1) The Company changes its accounting policy during the reporting period, and this change results in a significant change in the financial statement information.

(2) The Company selects its applicable accounting policies from options permitted by the standard.

(3) Due to the lack of specific provisions in the standard, the Company establishes accounting policies in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates, and Errors."

(4) The Company discloses the relevant accounting policies determined by significant judgments or assumptions.

(5) It involves complex accounting treatment requirements, and financial statement users rely on such information to understand significant transactions, other matters, or circumstances.

Please refer to Note 4 for disclosure of relevant accounting policies.

b. The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by the FSC for application starting from 2024.

New IFRSs	Effective Date Announced by IASB（Note 1）
Amendments to IFRS 16 ” Lease liabilities in sale and leaseback arrangements”	1 January 2024（Note 2）
Amendments to IAS 1 ” Liabilities are classified as current or non-current”	1 January 2024
Amendments to IAS 1 ” Non-current liabilities with contractual terms ”	1 January 2024
Amendments to IAS 7 and IFRS 7 ” financing arrangement”	1 January 2024（Note 3）

Note 1: Unless otherwise stated, the aforementioned new, rectified and amended regulations and interpretations to standards or interpretations shall be effective for annual reporting periods beginning on or after their respective effective dates.

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

Note 3: When first applying this amendment, certain disclosure requirements are exempted.

Up to the date of the report printed, the above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

c. The new IFRS rules announced by IASB but not endorsed by FSC.

New IFRSs	Effective Date Announced by IASB（Note 1）
Amendments of IFRS 10 and IAS 28 about Asset sales or contributions between investors and their associates or joint ventures	Not decided yet
Insurance contract under IFRS 17	1 January 2023
Amendments of IFRS 17	1 January 2023
Amendment of IFRS 17 about first be applied to IFRS 17 and IFRS 9-comparasion information	1 January 2023
Amendment of IAS 21 about Lack of convertibility	1 January 2025（Note 2）

Note 1: Unless otherwise stated, the aforementioned new, rectified and amended regulations and interpretations to standards or interpretations shall be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: Applicable for annual reporting periods beginning on or after January 1, 2025. Upon initial application of this amendment, the impact on the numbers shall be recognized in retained earnings as of the initial application date. When the consolidated company expresses its currency in non-functional currency, the adjustment to the exchange differences of foreign operations under equity on the initial application date shall be affected.

Up to the date of the report printed, the above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

Statement of Compliance

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

Basis of Preparation

The individual financial statements have been prepared on a historical cost basis except for financial instruments measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

IFRS 13 seeks to increase consistency and comparability in fair value measurements and related disclosures through a 'fair value hierarchy'. The hierarchy categorizes the inputs used in valuation techniques into three levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset of liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

When preparing the Company individual financial statements, the Company accounts for subsidiaries and associates by using the equity method. In order to agree with the amount of net income, other comprehensive income and equity attributable to owners of the parent in the individual financial statements, the differences of the accounting treatment between the Company individual basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries and associates and share of other comprehensive income of subsidiaries and associates in the Company individual financial statements.

Classification of current and non-current items in assets and liabilities

Current assets include:

1. Asset held mainly for trading purpose.
2. Assets that are expected to be realized within 12 months from the end of the financial reporting period.
3. Cash and cash equivalents (excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than 12 months after the end of the financial reporting period.)

Current liabilities include:

1. Liabilities arising mainly from trading activities.
2. Liabilities that are to be paid off within 12 months from the end of the financial reporting period (even the liabilities are refinanced or restructured after the reporting date of the balance sheet); and
3. Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the end of the financial reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets and liabilities, if not classified as mentioned above, are classified as non-current assets and noncurrent liabilities.

Organizational Restructuring under Joint Control

The Company adopts the equity method to account for organizational restructuring under joint control.

Foreign Currencies

Foreign currency transactions are recorded at the spot exchange rate on the date of the transaction. At the end of the reporting period, foreign currency monetary items are reported using the closing rate. Exchange differences in the period on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

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

When preparing the individual financial statements, the assets and liabilities of foreign operations are translated to NTD using the exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated at the average exchange rate for the period. Exchange differences are recognized in other comprehensive income and accumulated in equity attributed to the owners of the Company and non-controlling interests as appropriate.

On the disposal of the Company's entire interest in a foreign operation, all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

Inventories

Inventories are measured at the lower of cost or net realizable value. Inventories are assessed item by item, except those with similar characteristics which are assessed collectively. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs or selling expenses. The weighted-average method is used in the calculation of cost.

Investments in Subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary equals or exceeds its interest of that subsidiary, including carrying amount of its subsidiaries in the equity method and other long-term interests of net Investments in that subsidiary, the Company continues recognizing its losses from its existing ownership percentage.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company's financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company's financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Land has an unlimited useful life and therefore is not depreciated.

The fixed-rate progressive decrease method is adopted to the depreciation of miscellaneous equipment, air conditioning systems and renovation. The straight-line method is adopted to the depreciation of the other over its useful life. Each significant item should be depreciated separately. Depreciation methods, useful lives, and residual values are reviewed at the end of each reporting period. If expectations differ from the previous estimates, the change is accounted for as a change in accounting estimate.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized in profit and loss.

Investment Properties

Investment properties are properties held to earn rental and/or for capital appreciation, including land held for a currently undetermined future use.

Investment properties are measured at cost on initial recognition. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. The straight-line method is adopted to the depreciation of the building. The fixed-rate progressive decrease method is adopted to the other.

Property, plant and equipment should transfer to investment properties base on its carrying amount when end of owner-occupation.

The gain or loss arising from the derecognition of an item of investment properties shall be determined as the difference between the net disposal proceeds.

Intangible Assets

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

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

Property, plant, and equipment, right-of-use assets, investment properties, intangible assets, and incremental costs of obtaining a contract

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

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

Before the Company recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Company expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

Financial Instruments

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

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

a. Financial assets

The Company adopts trade-date accounting to recognize and derecognize financial assets.

1) Measurement category

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

a) Financial assets at amortized cost

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

i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash, cash equivalents, notes, accounts receivable, other receivables, other financial assets and refundable deposits, etc., are measured at amortized cost, which equal to gross carrying amount determined by the effective interest method less any impairment loss, except for short-term receivables when the recognition of interest is immaterial. Exchange differences are recognized in profit or loss.

Interest revenue is calculated by applying the effective interest rate method to the gross carrying amount.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Investments in equity instruments at FVTOCI

A debt instrument that meets the following two conditions must be measured at FVTOCI:

i) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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 are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

2) Impairment of financial assets and contract assets

The Company recognizes a loss allowance for expected credit losses (ECLs) on financial assets at amortized cost (including receivables), investments in equity instruments at FVTOCI and contract assets.

The loss allowances for receivables and contract assets are measured at an amount equal to lifetime ECLs. For other financial assets, when the credit risk on the financial instrument has not increased significantly since initial recognition, a loss allowance is recognized at an amount equal to 12-month ECLs. If, on the other hand, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to lifetime ECLs.

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

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

a) Internal or external information shows that the debtor is unlikely to pay its creditors.
b) Overdue for more than 365 days, unless there is reasonable and corroborated information that shows that the delayed default basis is more appropriate.

The impairment loss of all financial assets is reduced by the allowance account to reduce its carrying amount, but the loss allowance of debt instrument investment through other comprehensive income measured at fair value is recognized in other comprehensive income, and its carrying amount is not reduced.

3) Derecognition of financial asset

The Company only derecognizes the financial asset when the contractual rights to cash flows from the financial asset lapse, or the financial asset has been transferred and almost all the risks and rewards of the asset's ownership have been transferred to other companies.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

b. Equity instruments

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

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

c. Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost calculated using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid is recognized in profit or loss.

Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provision for the expected cost of warranty obligations is recognized at the date of sale of the relevant products, at the Company's best estimate of the expenditure required to settle the obligation.

Revenue recognition

The Company identifies the contract with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

a. Revenue from the sale of goods

Sales revenue comes from sales of computer hardware and software. Sales of computer hardware and software are recognized as receivable and contract assets when the goods are delivered to the customers and the customers have full discretion over the price to sell the goods, right to use the goods, and bears the risk of obsolescence, and recognizes revenue when performance obligations are satisfied. The transaction price received under the conditions of a contract is recognized as a contract liability until the goods have been delivered to the customer.

b. Revenue from rendering of services

Service revenue comes from system integration and maintenance of computer hardware and software.

As the Company provides service, customers simultaneously receive and consume the benefits provided by the Company's performance. Consequently, the related revenue is recognized when services are rendered. Because the contract stipulates that the customers make payment after completion of acceptance, the company recognizes the contract asset upon providing the service, and recognizes accounts receivable upon completion of acceptance.

Leases

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

a. The Company as lessor

Leases in which the lessee assumes substantially all of the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

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

b. The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

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

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

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

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

Cost of Borrowings

Cost of borrowings is recognized in profit or loss directly.

Government Grants

Government grants are recognized only when it is virtually certain that the company will comply with the conditions attached to the grant and that the grant will be received.

Government grants related to income are recognized as other income on a systematic basis over the periods in which the related costs that the grants are intended to compensate for are recognized as expenses by the company.

Employee Benefits

a. Short-term employee benefits

   Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

b. Retirement benefits

   Obligations for contributions to defined contribution pension plans are recognized as an expense in profit or loss in the periods during which services are rendered by employees.

   The defined benefit costs (including service cost, net interest, and remeasurement) of defined benefit plan use the projected unit credit method for the actuarial valuation. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liability (asset) are recognized under employee benefit expense as they occur. Remeasurement (including actuarial gains and losses and the return on plan assets, excluding amounts included in net interest) is recognized in other comprehensive income (loss) in retained earnings as it occurs, and is not reclassified to profit or loss subsequently.

   Net defined benefit asset represents the surplus of defined benefit plans. IAS 19 requires the Company to limit the carrying amount of a net defined benefit asset so that it does not exceed the economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Income Tax

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

a. Current taxes

Income tax payable (refundable) is based on taxable profit (loss) for the year determined in accordance with the applicable tax laws of each tax jurisdiction.

Income tax on unappropriated earnings is expensed in the year the shareholders approved the appropriation of earnings which is the year subsequent to the year the earnings are generated.

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

b. Deferred tax

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

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred tax for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

When adopting accounting policies, the management of the Company must make judgments, estimates, and assumptions based on historical experience and other relevant factors for information that is not readily available from other sources. The resulting accounting estimates and assumptions might be different from the actual results.

When the Company is developing significant accounting estimates, it incorporates the potential impact into considerations for significant estimates related to cash flow projections, growth rates, discount rates, profitability, and other relevant factors. The management will continuously review estimates and underlying assumptions.

6. CASH AND CASH EQUIVALENTS

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	$ 381	$ 392
Checking accounts and demand deposits	108,364	55,056
Cash equivalents		
Time deposits with original maturities of less than 3 months	-	2,000
Repurchase Agreement	189,518	59,743
	$ 298,263	$ 117,191

Interest rate during reporting period

	December 31, 2023	December 31, 2022
Time deposits with original maturities of less than 3 months	-	0.98%
Repurchase Agreement	1.00%	0.88%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31, 2023	December 31, 2022
Foreign debt instrument investments		
Current	$ -	$ 6,147

Refer to Note 8 for information relating to the credit risk management and expected credit loss for financial assets at FVTOCI.

8. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments are financial assets at FVTOCI and financial assets at amortized cost.

December 31, 2023: None.

December 31, 2022

	FVTOCI	Amortized cost
Gross carrying amount	$ 6,143	$ -
Allowance for impairment loss	(2)	-
Amortized cost	6,141	$ -
Fair value measurement	6	
	$ 6,147	

The policy adopted by the Company is to only invest in debt instruments with credit ratings of investment grade or above (inclusive), and those with low credit risk in impairment assessments. Credit rating information is provided by independent rating agencies. The Company's exposure and the external credit ratings are continuously monitored. The Company reviews changes in bond yields and other public information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

The Company considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and industry forecast to estimate 12-month or lifetime expected credit losses.

The current credit risk assessment policies are as follows:

Category	Description	Basis for Recognizing Expected Credit Loss
Normal	The counterparty has a low risk of default and a strong capacity to meet contractual cash flow. The bond credit rating of Moody's is high than B grade.	12 months expected credit loss
Abnormal	The credit risk of a financial instrument has increased significantly since initial recognition. The bond credit rating of Moody's diminishes lower than B.	Lifetime expected credit loss-not credit impaired
Default	There is evidence in credit-impaired. The bond credit rating of Moody's is Ca or below.	Lifetime expected credit loss-credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery	Amount is written off

The total of book value in debt instruments investment and expected ratio of credit loss:

<u>December 31, 2023:</u> None.

<u>December 31, 2022</u>

		Gross Carrying Amount	
Category	Expected Credit Loss Ratio	FVTOCI	Amortized cost
Normal	0.03%	$ 6,147	$ -
Abnormal	-	-	-
Default	-	-	-
Write-off	-	-	-

9. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLE

	December 31, 2021	December 31, 2022
Notes receivable		
Gross carrying amount at amortized cost	$ 885	$ 17,166
Accounts receivable		
Gross carrying amount at amortized cost	$ 127,067	$ 264,579
Less: Unrealized interest income	(248)	-
Less: Allowance for impairment loss	(150)	(160)
	$ 126,669	$ 264,419
Current	$ 118,672	$ 264,419
Noncurrent	$ 7,997	$ -
Other receivables		
Receivable for payment on behalf of others	$ 36,816	$ 28,270
Other	1,802	1,659
	$ 38,618	$ 29,929

The average credit period of receivable was 60 to 120 days. In order to mitigate credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure the recoverability of receivables. In addition, the Company reviews the recoverable amount of trade receivables at balance sheet dates to ensure that adequate allowance is provided for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk could be reasonably reduced.

The Company provides for expected credit losses which permits the use of lifetime expected loss provision for all receivable. The expected credit losses on receivable are estimated using a provision matrix by reference to the past default experience of the debtor, the debtor's current financial position, economic condition of the industry in which the debtor operates, as well as the GDP forecasts and industry outlook. According to loss patterns for different customer segment, the provision of loss allowance is based on past due status.

The Company writes off a trade receivable when there are evidences indicating that the counterparty is in severe financial difficulty and the trade receivable is considered uncollectible. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of receivables based on the Company's provision matrix.

December 31, 2023

	Not Past Due	Overdue 1 to 60 days	Overdue 61 to 90 days	Overdue 91 to 120 days	Overdue Over 120 days	Total
Gross carrying amount (including unrealized interest income)	$ 122,236	$ 4,458	$ -	$ -	$ 1,010	$ 127,704
Loss allowance (Lifetime ECLs)	(22)	-	-	-	(128)	(150)
Amortized cost	$ 122,214	$ 4,458	$ -	$ -	$ 882	$ 127,554

December 31, 2022

	Not Past Due	Overdue 1 to 60 days	Overdue 61 to 90 days	Overdue 91 to 120 days	Overdue Over 120 days	Total
Gross carrying amount (including unrealized interest income)	$ 270,024	$ 10,142	$ 857	$ 722	$ -	$ 281,745
Loss allowance (Lifetime ECLs)	(160)	-	-	-	-	(160)
Amortized cost	$ 269,864	$ 10,142	$ 857	$ 722	$ -	$ 281,585

The movements of the loss allowance of receivable were as follow:

	2023	2022
Balance at January 1	$ 160	$ 158
Add: Reversal of impairment losses	(10)	2
Balance, end of year	$ 150	$ 160

10. INVENTORIES

	December 31, 2023	December 31, 2022
Merchandise	$ 67,221	$ 159,916

For the years ended December 31, 2023 and 2022, the cost of goods sold related to inventories amounted to $1,070,529 thousand and 1,149,644 thousand. For the years ended December 31, 2023 and 2022, the inventory write-down amounted to $(360) thousand and $8 thousand.

11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31, 2023	December 31, 2022
Investee subsidiary		
Fortune Information System (In') LTD. (HK FIS)	$ 57,737	$ 56,907
SBAS (HK) LTD. (SBAS)	14,862	13,001
Fortune Technology System Corp. (FTSC)	443,529	421,593
	$ 516,128	$ 491,501

On reporting day, percentage of ownership and voting rights held by the Company are as below:

	% of Ownership	
	December 31, 2023	December 31, 2022
HK FIS	100%	100%
SBAS	100%	100%
FTSC	100%	100%

The Company invested to establish FTSC in January 2021. On August 8, 2022, the board of directors resolved to increase investment in FTSC by $200 million, which will be fully invested by the Company. After the capital increase, FTSC's paid-in capital will be $400 million.

Note 1. The Company resolved at its board meeting in Nov. 12, 2023 to merger, through a simplified merger, its wholly-owned subsidiary, IPAC, in Dec. 31 2023. Therefore, the comparative financial statements are restatement.

The restatments of balance sheets in Dec.31, 2022 and statements of comprehensive income is as follow:

Balance sheets

Item	Before	Effect	Restatement
Assets			
Current assets	$ 969,147	$ 28,110	$ 997,257
Non-current assets	928,262	(18,009)	910,253
Total	$ 1,897,409	$ 10,101	$ 1,907,510
Liabilites			
Current liabilites	$ 682,375	$ 10,101	$ 692,476
Non-current liabilites	16,939	-	16,939

Total	$ 699,314	$ 10,101	$ 709,415
Equity			
Common stock	$ 699,612	$ -	$ 699,612
Capital surplus	62,361	-	62,361
Retained earnings	439,400	-	439,400
Other equity	(3,278)	-	(3,278)
Total	$ 1,198,095	$ -	$ 1,198,095

Statements of comprehensive income

Item	Before	Effect	Restatement
Operating revenues	$ 1,477,054	$ 20,822	$ 1,497,876
Operating costs	(1,319,811)	(17,929)	(1,337,740)
Operating expenses	(130,144)	(722)	(130,866)
Non-operating income and expenses	45,137	(1,743)	43,394
Income tax	(8,706)	(428)	(9,134)
Net profit	63,530	-	63,530
Other comprehensive income	13,785	-	13,785
Total	$ 77,315	$ -	$ 77,315

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Building and improvements	Miscellaneous equipment	Total
Cost				
Balance at January 1, 2021	$ 137,657	$ 125,134	$ 48,967	$ 311,758
Additions	-	-	2,663	2,663
Disposals	-	-	(6,910)	(6,910)
Reclassification	-	-	651	651
Balance at December 31, 2021	$ 137,657	$ 125,134	$ 45,371	$ 308,162
Accumulated depreciation				
Balance at January 1, 2021	$ -	$ 49,757	$ 45,227	$ 94,984
Depreciation expense	-	2,144	3,343	5,487
Disposals	-	-	(6,908)	(6,908)
Reclassification	-	-	(81)	(81)
Balance at December 31, 2021	$ -	$ 51,901	$ 41,581	$ 93,482

	Land	Building and improvements	Miscellaneous equipment	Total
Carrying amount at December 31, 2021	$ 137,657	$ 73,233	$ 3,790	$ 214,680
Cost				
Balance at January 1, 2022	$ 172,042	$ 162,877	$ 50,197	$ 385,116
Additions	-	-	2,436	2,436
Disposals	-	-	(4,451)	(4,451)
Reclassification	-	-	785	785
Reclassified as investment properties	(34,385)	(37,743)	-	(72,128)
Balance at December 31, 2022	$ 137,657	$ 125,134	$ 48,967	$ 311,758
Accumulated depreciation				
Balance at January 1, 2022				
Depreciation expense	$ -	$ 57,566	$ 46,841	$ 104,407
Disposals	-	2,533	2,934	5,467
Reclassification	-	-	(4,451)	(4,451)
Reclassified as investment properties	-	-	(97)	(97)
Balance at December 31, 2022	-	(10,342)	-	(10,342)
	$ -	$ 49,757	$ 45,227	$ 94,984
Carrying amount at December 31, 2022				

As of December 31, 2023, and 2022, the above-mentioned property and equipment have no signs of impairments.

The methods that property, plant and equipment are depreciated over the estimated useful life of the asset are as below:

	Depreciation method	Useful life
Building and improvements		
Main building	Straight-line	50 to 60 years
Air conditioning systems and renovation	Fixed-rate progressive decrease	10 to 15 years
Decoration equipment	Straight-line	5 years
Miscellaneous equipment	Fixed-rate progressive decrease	3 to 20 years

As of December 31, 2023, and 2022, the above-mentioned property and equipment do not involve collateral.

13. LEASE ARRANGEMENTS

Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying amount		
Land	$ 424	$ 1,271
Building	7,730	14,884
Machine equipment	1,167	-
	$ 9,321	$ 16,155

	2023	2022
Addition	$ 1,501	$ 2,974
Depreciation charge for right-of-use assets		
Land	$ 847	$ 846
Building	7,154	6,957
Machine equipment	334	-
	$ 8,335	$ 7,803

Except for the aforementioned additions and recognized depreciation, the Company did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2023 and 2022.

Lease liabilities

	December 31, 2023	December 31, 2022
Carrying amounts		
Current	$ 7,321	$ 8,004
Noncurrent	$ 2,098	$ 8,244

Ranges of discount rates for lease liabilities are as follows:

	December 31, 2023	December 31, 2022
Land	0.88%	0.88%
Building	0.88%~1.19%	0.88%~1.19%
Machine equipment	1.90%	-

Material lease-in activities and terms

The Company leases offices and warehouses with most of the lease terms ranging from 3 to 5 years. The Company does not have bargain purchase options to acquire the leasehold assets at the end of the lease terms. In addition, the Company applies the recognition exemption to leases of building and office equipment as short-term lease and certain photocopier qualifying as low-value asset leases and does not recognize right-of-use assets and lease liabilities for these leases. Other material information for leases is as follow:

	2023	2022
Expenses relating to short-term leases and low-value asset leases	$ 1,202	$ 1,332
Total cash flow for leases	($ 9,656)	($ 9,264)

14. INVESTMENT PROPERTIES

2023

	Land	Building and structures	Total
Cost			
Balance at Jan. 1 and Dec. 31, 2023	$ 34,385	$ 37,743	$ 72,128
Accumulated depreciation			
Balance at January 1, 2023	$ -	$ 10,427	$ 10,427
Depreciation expenses	-	784	784
Balance at December 31, 2023	$ -	$ 11,211	$ 11,211
Carrying amount, December 31, 2023	$ 34,385	$ 26,532	$ 60,917

2022

	Land	Building and structures	Total
Cost			
Balance at January 1, 2022	$ -	$ -	$ -
From property, plant and equipment	34,385	37,743	72,128
Balance at December 31, 2022	$ 34,385	$ 37,743	$ 72,128
Accumulated depreciation			
Balance at January 1, 2022	$ -	$ -	$ -
Depreciation expenses	-	85	85
From property, plant and equipment	-	10,342	10,342
Balance at December 31, 2022	$ -	$ 10,427	$ 10,427
Carrying amount, December 31, 2022	$ 34,385	$ 27,316	$ 61,701

Depreciation expenses are recognized according to depreciation methods and useful life as follow:

	Depreciation method	Useful life
Main building	Straight-line	50 years
Air conditioning systems and renovation	Fixed-rate progressive decrease	5 to 15 years

The fair values of investment properties were measured using Level 3 inputs, arising from direct capitalization method of income approach and comparative approach adopted by a third party real estate appraiser, ZHANG,FANG-QING. The key unobservable inputs adopted is discount rate. The fair values were measured as follow:

	December 31, 2023	December 31, 2022
Fair value	$258,291	$257,212
Discount rate	1.65%	1.65%

All investment properties are own right and interest.

15. BORROWINGS

a. Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured loans	$ -	$ 65,000

For the years ended December 31, 2022, the annual interest rates of bank unsecured loans are 1.98%.

b. Short-term bills payable

December 31, 2023: None.

December 31, 2022

Guarantor / accepting institution	Face amount	Discount	Carrying amount	Interest rate
Commercial paper payable				
Ta Ching Bill	$ 60,000	$ 260	$ 59,740	2.03%

16. OTHER LIABILITIES

	December 31, 2023	December 31, 2022
Payables for employees' salaries and bonus	$ 52,291	$ 53,953
Payables for receipts under custody	40,836	36,917
Payables for annual leave	11,846	13,197
Payables for insurance	4,859	4,445
Others	19,376	16,850
	$129,208	$125,362

17. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

The defined benefit plan adopted by the Company of the Company in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of length of service and average monthly salaries of the six months before retirement. These entities contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 19,628	$ 62,690
Fair value of plan assets	(40,391)	(85,085)
Net defined benefit liabilities	($ 20,763)	($ 22,395)

Movements in net defined benefit assets were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Asset
Balance at January 1, 2023	$ 62,690	($ 85,085)	($ 22,395)
Service cost			
Current service cost	2,624	-	2,624
Repayment	(45,049)	43,523	(1,526)
Net interest expense (income)	862	(1,170)	(308)
Recognized in profit or loss	(41,563)	42,353	790
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(284)	(284)
Actuarial profit or loss			
Changes in financial assumptions	800	-	800
experience adjustments	326		326
Recognized in other comprehensive income	1,126	(284)	842
Paid from defined benefit obligations	(2,625)	2,625	-
Balance at December 31, 2023	$ 19,628	($ 40,391)	($ 20,763)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Asset
Balance at January 1, 2022	$ 68,768	($ 81,866)	($ 13,098)
Service cost			
Current service cost	-	-	-
Net interest expense (income)	431	(512)	(81)
Recognized in profit or loss	431	(512)	(81)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(5,985)	(5,985)
Actuarial profit or loss			
Changes in financial assumptions	(5,213)	-	(5,213)
experience adjustments	1,982	-	1,982
Recognized in other comprehensive income	(3,231)	(5,985)	(9,216)
Paid from defined benefit obligations	(3,278)	3,278	-
Balance at December 31, 2022	$ 62,690	($ 85,085)	($ 22,395)

Through the defined benefit plan under the Labor Standards Law, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan’s debt investments.
3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial present values of the defined benefit obligation were carried out by the chartered actuary. The principal assumptions used for the purpose of the actuarial valuations were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.25%	1.38%
Expected rates of salary increase	3.00%	3.00%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31, 2023	December 31, 2022
Discount rate		
0.25% increase	($ 403)	($ 1,616)
0.25% decrease	$ 416	$ 1,674
Expected rates of salary increase		
0.25% increase	$ 402	$ 1,618
0.25% decrease	($ 392)	($ 1,570)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31, 2023	December 31, 2022
Expected contributions to the plan for the next year	$ 338	$ -
Average duration of the defined benefit obligation	8.3 years	10.5 years

18. EQUITY

a. Common shares

	December 31, 2023	December 31, 2022
Number of authorized shares (in thousands)	107,000	107,000
Amount of authorized shares	$ 1,070,000	$ 1,070,000
Number of issued and fully paid shares (in thousands)	69,961	69,961
Amount of issued and fully paid shares	$ 699,612	$ 699,612

b. Capital surplus

	December 31, 2023	December 31, 2022
Recognized from issuance of common shares	$ 37,105	$ 37,105
Recognized from treasury share transactions	25,256	25,256
	$ 62,361	$ 62,361

Capital surplus generated from the excess of the issue price over the par value of capital stock, including the stock issued for new capital and treasury stock transactions, may be applied to make-up accumulated deficit, if any, or be transferred to capital as stock dividends, or be distributed as cash dividends when there is no accumulated deficit, and this transfer is restricted to a certain percentage of the paid-in capital.

c. Appropriation of earnings and dividend policy

The Company's Articles of Incorporation provide that appropriation for legal reserve should be made at 10% of annual net income, less any accumulated deficit. From the remainder of the net income, appropriation for special reserve will be made based on relevant laws and regulations, and then any remaining profit together with any undistributed retained earnings may be appropriated and distributed. ,

Any further remaining profits plus unappropriated earnings shall be distributed in accordance with the proposal submitted by the Board of Directors for approval at a stockholders' meeting. For the policies on distribution compensation of employees, please refer to Note 20.

The Company is currently in the growth phase of its industry life cycle, and in order to consider the future funding needs of the Company and meet the needs of shareholders for cash inflows, if there are undistributed profits after the annual settlement, not less than 60% of the post-tax net profit shall be distributed as dividends to shareholders, of which cash dividends shall not exceed 50% of the total cash and stock dividends paid out during the year. However, when the earnings per share for the year are less than NT$ 3, the proportion of cash dividends paid out may be increased to a maximum of 100%.

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

Under Rule No. 1090150022 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Company should appropriate to or reverse from special reserve.

The appropriations of earnings for 2022 and 2021 which have been resolved in the shareholders' meetings on June 19, 2023 and July 24, 2022, respectively, were as follows:

	Appropriation of Earnings		Dividend Per Share (NT$)	
	2022	2021	2022	2021
Legal reserve	$ 7,090	$ 4,141		
Special reserve	(6,411)	2,730		
Cash dividends	41,976	27,984	$ 0.6	$ 0.4

The appropriation of earnings for 2023, which was proposed by the Company's board of directors was as follows:

	Appropriation of Earnings	Dividend Per Share (NT$)
Legal reserve	$ 7,770	
Reversal of special reserve	202	
Cash dividends	55,969	$ 0.8

The appropriation of earnings for 2023 will be resolved by the shareholders in their meeting to be held on June 18, 2024.

19. REVENUE

a. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivables (Note 9)	$ 126,669	$ 264,419	$ 251,354
Contract assets	$ 279,505	$ 365,055	$ 337,282
Contract liability	$ 49,844	$ 74,836	$ 55,113

The Company measures the loss allowance for contract assets at an amount equal to lifetime ECLs. The contract assets will be transferred to accounts receivable when the corresponding invoice is billed to the client, and the contract assets have substantially the same risk as the trade receivables. Therefore, the Company concluded that the expected loss rates for trade receivables can be applied to the contract assets.

	December 31, 2023	December 31, 2022
Gross carrying amount	$ 279,505	$ 365,055
Provision	-	-
	$ 279,505	$ 365,055

b. Contract information

	2023	2022
Item		
Revenue from the sale of goods and system integration	$ 1,206,959	$ 1,283,226
Revenue from rendering of services	221,041	214,650
	$ 1,428,000	$ 1,497,876

20. NET PROFIT

a. Other gains and losses

	2023	2022
Net foreign exchange gains (losses)	($ 171)	$ 9,293
Gain on disposal of property, plant and equipment	458	6
Other	2	2
	$ 289	$ 9,301

b. Interest income

	2023	2022
Bank deposits	$ 930	$ 289
Debt instrument at FVTOCI	21	531
Financial assets at amortized cost	-	1,030
Other	314	801
	$ 1,265	$ 2,651

c. Finance costs

	2023	2022
Interest on lease liabilities	$ 129	$ 172
Interest on bank loans	1,562	2,107
	$ 1,691	$ 2,279

d. Depreciation and amortization

	2023	2022
Property, plant and equipment	$ 5,487	$ 5,467
Right-of-use assets	8,335	7,803

	2023	2022
Investment properties	784	85
Other intangible assets	479	959
Total	$ 15,085	$ 14,314
Depreciation expenses summarized by function		
Operating costs	$ 7,612	$ 7,254
Operating expenses	6,994	6,101
	$ 14,606	$ 13,355
Amortization expenses summarized by function		
Operating costs	$ 75	$ 67
Operating expenses	404	892
	$ 479	$ 959

e. Employee benefits expenses

	2023	2022
Short-term employee benefits		
Payroll	$ 227,486	$ 232,823
Labor and health insurance	22,817	22,164
Other employee benefits	11,146	10,681
	261,449	265,668
Post-employment benefits(Note17)		
Defined contribution plans	10,706	10,697
Defined benefit plans	790	(81)
	11,496	10,616
Total employee benefits expenses	$ 272,945	$ 276,284
Employee benefits expenses by function		
Operating costs	$ 172,295	$ 166,221
Operating expenses	100,650	110,063
	$ 272,945	$ 276,284

f. Compensation of employees

According to the Company's Articles of Incorporation, the Company do not have to accrue remuneration of directors. The compensation of employees is accrued at the rate of 6% of net profit before income tax. The compensation of employees for 2023 and 2022 which have been resolved by the Board of Directors on March 14, 2024 and March 24, 2023, respectively, was as follows:

	2023		2022	
	Cash	%	Cash	%
Profit sharing bonus to employees	$ 5,680	6	$ 4,611	6

If there is a change in the proposed amounts after the annual individual financial statements are authorized for issue, the differences are recorded as a change in accounting estimate.

There is no difference between the actual amounts of employees' compensation paid and amounts recognized in The individual financial statements for the years ended December 31, 2022 and 2021.

The information about the appropriations of profit sharing bonus to employees is available at the Market Observation Post System website.

21. INCOME TAXES

a. The major components of income tax recognized in profit or loss

	2023	2022
Current tax		
In respect of the current year	$ 9,366	$ 8,434
Income tax on unappropriated earnings	1,412	214
Adjustments for prior year	(32)	(11)
	10,746	8,637
Deferred tax		
In respect of the current year	(139)	497
Income tax recognized in profit or loss	$ 10,607	$ 9,134

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

	2023	2022
Profit before tax	$ 88,985	$ 72,664
Income tax expense at the statutory rate	$ 17,797	$ 14,533
Items to be adjusted when determining taxable income	201	342
Tax-exempt income	(8,188)	(5,399)
Unrecognized temporary difference	1,412	214
Unrecognized loss deduction	(583)	(545)

	2023	2022
Adjustments from previous years	(32)	(11)
Income tax expenses recognized in profit or loss	$ 10,607	$ 9,134

b. Income tax recognized in other comprehensive income

	2023	2022
Current deferred tax		
Unrealized gain (loss) on financial assets at FVTOCI	($ 1)	($ 78)
Remeasurements of defined benefit plans	(168)	1,843
Income tax recognized in other comprehensive income	($ 169)	$ 1,765

c. Deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities were as follows:

2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Deferred tax assets				
Temporary difference				
Allowance for loss on inventories	$ 903	($ 73)	$ -	$ 830
Unrealized loss on foreign exchange	4	-	-	4
Loss allowance	$ 907	($ 73)	$ -	$ 834
Deferred tax liabilities				
Temporary difference	$ 54	($ 54)	$ -	$ -
Unrealized profit on foreign exchange	4,479	(158)	(168)	4,153
Defined benefit plans	1	-	(1)	-
Financial assets at FVTOCI	$ 4,534	($ 212)	($ 169)	$ 4,153

2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Deferred tax assets				
Temporary difference				
Allowance for loss on inventories	$ 902	$ 1	$ -	$ 903

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Deferred tax assets				
Unrealized loss on foreign exchange	430	(426)	-	4
Loss allowance	1	(1)	-	-
	$ 1,333	($ 426)	$ -	$ 907
Deferred tax liabilities				
Temporary difference				
Unrealized profit on foreign exchange	$ -	$ 54	$ -	$ 54
Defined benefit plans	2,619	17	1,843	4,479
Financial assets at FVTOCI	79	-	(78)	1
	$ 2,698	$ 71	$ 1,765	$ 4,534

d. Income tax assessment

Income tax returns of the Company through 2021 have been assessed by the tax authorities.

22. EARNINGS PER SHARE

Net income and weighted average number of common shares used for calculation of earnings per share are as follows:

Net income

	2023	2022
Net income of common shares used for calculation of basic and diluted earnings per share	$ 78,378	$ 63,530

Number of share (in thousands)

	2023	2022
Weighted average number of common shares used for calculation of basic earnings per share	69,961	69,961
Effect of potentially dilutive common shares:		
Employees' compensation	234	243
Weighted average number of common shares used for calculation of diluted earnings per share	70,195	70,204

Since the Company has the discretion to settle the employees' compensation by cash or stock, the Company should presume that the entire amount of the compensation will be settled in stock, and the potential stock dilution should be included in the weighted-average number of stock outstanding used in the calculation of diluted EPS, provided there is a dilutive effect. Such dilutive effect of the potential stock needs to be included in the calculation of diluted EPS until employees' compensation is approved in the following year.

23. CAPITAL RISK MANAGEMENT

The Company manages capital management under the precondition for sustainable development to ensure that it is able to maximize the benefit for its shareholders by optimizing debt and equity.

The capital structure of the Company is composed of equities attributable to the Company (capital, capital reserve, retained earnings, and other equity items).

The Company is not subject to any other external capital requirements.

24. FINANCIAL INSTRUMENTS

a. Information on fair value－Financial instruments not measured at fair value

The Company considers that the carrying amount of financial assets and liabilities that are not at fair value is close to the fair value.

b. Information on fair value－Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value level

December 31, 2023：None.

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value through Other Comprehensive Income				
Debt instrument investments				
－Foreign Bond	$ -	$ 6,147	$ -	$ 6,147

There was no transfer between Level 1 and Level 2 fair value measurements in 2023 and 2022.

2) Valuation techniques and inputs of Level 2 fair value measurement:

Financial instruments	Valuation techniques and inputs
Foreign Bond	The valuation of corporate bonds is obtained by adjusting the quoted or transaction prices among participants in various securities trading markets.

c. Category of financial instruments

	December 31, 2023	December 31, 2022
Financial assets		
Amortized cost（Note 1）	$ 542,435	$ 529,227
FVTOCI	-	6,147
Financial liabilities		
Amortized cost（Note 2）	423,927	591,057

Note 1. The balance includes financial assets measured at amortized cost, such as cash and cash equivalents, note receivables, account receivables (including noncurrent), other receivables, and refundable deposits.

Note 2.The balance includes financial liabilities measured at amortized cost such as short-term borrowings, accounts payables, other payables, long-term payables, and deposited margins.

d. Financial risk management objectives and policies

The main financial instruments of the Company include debt instrument investments, notes and account receivables, account payables, loans, and lease liabilities. The financial management department of the Company provides services for the business units, coordinates the operation of the domestic financial market, and supervises and manages financial risks related to the operation of the Company by analyzing the internal risk reports of the risks according to the level and scope of risks. Such risks include market risk (foreign exchange risk and interest rate risk), credit risk, and liquidity risk.

1) Market risk

The main financial risks that the Company's operating activities make the Company bear are the risk of changes in foreign currency exchange rates and the risk of changes in interest rates.

a) Foreign exchange risk

The Company's exchange rate risk arising from the foreign financial instrument investments.

For the monetary assets and liabilities of the Company denominated in non-functional currencies on the balance sheet date, refer to Notes 27.

<u>Sensitivity analysis</u>

The Company is mainly exposed to USD fluctuations.

When the New Taiwan Dollar and the Hong Kong Dollar (functional currencies) appreciate/depreciate by 5% against the US Dollar, the combined company's pre-tax net profit for 2023 and 2022 will decrease/increase by NT$177 thousands and NT$322 thousands, respectively. A sensitivity rate of 5% is used internally when foreign exchange risk is reported to the management. It also represents the management's assessment on the reasonably possible scope of foreign exchange rates. Sensitivity analysis only includes monetary items in foreign currencies in circulation and forward foreign exchange contracts designated as cash flow hedging, and the conversion at the end of the period is adjusted with a change in exchange rate of 5%. The Company's sensitivity analysis of foreign currency risk mainly focuses on the foreign currency monetary items at the end of the reporting period.

b) Interest rate risk

The interest rate risk insurance was incurred because of the deposit of entities in the Company at fixed and floating interest rate at the same time. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied

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

	December 31, 2023	December 31, 2022
Fair value interest rate risk		
—Financial assets	$ 189,518	$ 67,890
—Financial liabilities	9,419	140,988
Cash flow interest rate risk		
—Financial assets	21,506	10,637

Sensitivity analysis

If interest rates had been 5% higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2023 and 2022 would decrease/increase by NT$1,075 thousands and NT$532 thousands, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. As at the end of the reporting years, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to failure of counterparties to discharge an obligation and financial guarantees provided by the Company, could arise from:

a) The carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets

b) The amount of contingent liabilities in relation to financial guarantees issued by the Company.

The policy that the Company adopts is to only make transactions with reputable targets, and the Company will obtain full collateral when necessary so as to reduce the risk of financial loss owing to delinquency. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management specialists annually.

To lower the credit risk, management of the merged company appoints a specific team to handle decisions on credit limits, credit approval and other monitoring procedures to ensure that appropriate actions are taken to recover overdue receivables. In addition, the Company would review the recoverable amount of each receivables on the consolidated balance sheet dates to ensure that impairment loss is recognized for unrecoverable receivables. As a result, the Company's management concludes that the credit risk of the Company is significantly reduced.

Ongoing credit evaluation is performed on the financial condition of customers in view of trade receivables and, where appropriate, credit guarantee insurance cover is purchased.

The Company does not hold any collateral or other credit enhancement instruments to mitigate credit risk of financial assets.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company’s operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

As of December 31, 2023 and 2022, the Company had available unutilized bank loan facilities set out in (b) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The remaining contractual maturity analysis of non-derivative financial liabilities was based on the earliest date at which the Company might be required to repay and was compiled based on the undiscounted cash flows of financial liabilities (including principal and estimated interest). Therefore, the maturity analysis of non-derivative financial liabilities was compiled in accordance with the agreed repayment date.

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	Over 1 year
Non-derivative financial liabilities				
Non-interest bearing	$ 194,897	$ 91,676	$ 130,692	$ 761
Lease liabilities	669	1,339	5,375	2,125
	$ 195,566	$ 93,015	$ 136,067	$ 2,886

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	Over 1 year
Non-derivative financial liabilities				
Non-interest bearing	$ 157,268	$ 99,234	$ 204,625	$ 761
Lease liabilities	676	1,353	6,087	8,307
Fixed interest rate instrument	-	125,593	-	-
	$ 157,944	$ 226,180	$ 210,712	$ 9,068

The operating capital of the Company is sufficient to support its operations, and therefore there is no concern of a shortage of funds.

b) Financing facilities

	December 31, 2023	December 31, 2022
Unsecured bank facilities		
—Amount used	$ 54,556	$ 181,061
—Amount unused	437,090	253,200
	$ 491,646	$ 434,261

25. RELATED-PARTY TRANSACTIONS

The ultimate parent company of the Company is Good Idea Global Limited. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed below.

a. Related party name and category

Related Party Name	Related Party Category
CECGP Electronics Corp.（CECGP）	Investor with significant influence over the Company
FTSC	Subsidiary
IPAC	Subsidiary (Note)

Note. The Company resolved at its board meeting in Nov. 12, 2023 to merger, through a simplified merger, its wholly-owned subsidiary, IPAC, in Dec. 31 2023.

b. Operating revenues

Account Items	Related Party Category/Name	2023	2022
Operating revenues	Investor with significant influence over the Company	$ 747	$ 131
	Subsidiary	8,674	11,712
		$ 9,421	$ 11,843

The terms of the transactions with related parties are generally the same as those for unrelated parties.

c. Operating costs

Account Items	Related Party Category/Name	2023	2022
Operating costs	Subsidiary	$ 8,122	$ 7,455

Purchases were made at market price discounted to reflect the quantity of goods purchased and relationships between the parties.

d. Contract assets

Account Items	Related Party Category/Name	2023	2022
Contract assets	Subsidiary	$ 422	$ 422

The Company did not recognize loss allowance for the contract assets from related parties for the years ended December 31, 2023.

e. Contract liabilities

Account Items	Related Party Category/Name	December 31, 2023	December 31, 2022
Contract liabilities	Subsidiary	$ 8	$ 8

f. Receivables from related parties (excluding loans to related parties)

Account Items	Related Party Category/Name	December 31, 2023	December 31, 2022
Trade receivables	Investor with significant influence over the Company	$ 96	$ 90
	Subsidiary	4,290	4,904
		$ 4,386	$ 4,994
Other receivable	Subsidiary	$ 1,599	$ 1,261

The Company did not obtain guarantees for receivables from related parties. The Company did not recognize loss allowance for receivables from related parties for the years ended December 31, 2023 and 2022.

g. Payables to related parties

Account Items	Related Party Category/Name	December 31, 2023	December 31, 2022
Payables	Subsidiary	$ 188	$ 59
Other payables	Subsidiary	$ 2,882	$ 1,435

The Company did not provide guarantees for payables from related parties.

h. Others

Account Items	Related Party Category/Name	2023	2022
Other income	Subsidiary	$ 1,979	$ 2,060
Logistic service income (recognized as deduction of costs and expenses)	Subsidiary	$ 15,601	$ 15,164

The terms of the transactions with related parties are generally the same as those for unrelated parties.

i. Lease arrangements

Account Items	Related Party Category/Name	December 31, 2023	December 31, 2022
Lease liabilities	Investor with significant influence over the Company	$ 5,580	$ 11,111

Account Items	Related Party Category/Name	2023	2022
Interest expenses	Investor with significant influence over the Company	$ 72	$ 120
Lease expenses	Investor with significant influence over the Company	$ 107	$ 91

The Company pays building rental to related parties once a month or every two months, with reference to local rental rates.

j. Loans to related parties

Account Items	Related Party Category/Name	2023	2022
Interest income	Subsidiary	$ -	$ 111

The Company provided unsecured short-term loans to FTSC and IPAC. The highest actual disbursement amounts for the years 2023 and 2022 were NT$0 and NT$45,000 thousands respectively, with an annual interest rate of 1%.

k. Endorsements and guarantees

The amount that the Company make endorsements/guarantees for its subsidiary is as follow:

	December 31, 2023	December 31, 2022
FTSC	$300,000	$300,000

l. Compensation of key management personnel

	2023	2022
Short-term employee benefits	$ 28,537	$ 26,688
Post-employment benefits	615	689
	$ 29,152	$ 27,377

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

26. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As at December 31, 2023, the amount of the performance guarantee that the Company entrusted financial institutions to issue is as follow:

	December 31, 2023	December 31, 2022
Performance guarantee	$ 54,556	$ 56,061

27. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Company and the related exchange rates between foreign currencies and respective functional currencies were as follows:

	December 31, 2023		
	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary items			
USD	$ 115	30.71（USD：NTD）	$ 3,531
Non-monetary items			
HKD	18,478	3.93（HKD：NTD）	$ 72,599

	December 31, 2022		
	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary items			
USD	$ 220	30.73（USD：NTD）	$ 6,761
Non-monetary items			
HKD	17,752	3.94（HKD：NTD）	$ 69,908

The net exchange (loss) gain arising from significant foreign exchange variation on the unrealized foreign currencies held by the Company for the years ended December 31, 2023 and 2022, amounted to $19 thousands and ($250 thousands), respectively.

28. SUPPLEMENTARY DISCLOSURES

a. Significant transactions information

1) Loans to others: Table 1.
2) Provision of endorsements and guarantees to others: Table 2.
3) Holding of marketable securities at the end of the period (not including subsidiaries): None.
4) Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: None.
5) Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.
6) Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.
7) Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: None.
8) Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None.
9) Trading in derivative instruments undertaken during the reporting periods: None.

b. Information on investees: Table 3.

c. Information on investments in Mainland China

1) The names of investees in mainland China, the main businesses and products, issued capital, method of investment, information on inflow or outflow of capital, ownership, net income or loss and recognized investment gain or loss, ending balance, amount received as earnings distributions from the investment, and limitation on investment: None.

2) Significant direct or indirect transactions with the investee companies, the prices and terms of payment, and unrealized gain or loss: None

d. Major shareholders information:

The name, the number of stocks owned, and percentage of ownership of each stockholder with ownership of 5% or great: Table 4.

FORTUNE INFORMATION SYSTEMS CORPORATION

FINANCINGS PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Table 1

No (Note 1)	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 2)	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 4)	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 3)	Financing Company's Total Financing Amount Limits (Note 3)	Note
													Item	Value			
0	The Company	FTSC	Other receivables	Yes	$ 300,000	$ 300,000	$ -	The interest on funds lent shall be calculated on a daily basis and shall not be lower than the Company's cost of funds on the day of the loan.	2	$ -	Operating capital	$ -	—	$ -	$ 370,086	$ 370,086	
0	The Company	IPAC	Other receivables	Yes	30,000	-	-	The interest on funds lent shall be calculated on a daily basis and shall not be lower than the Company's cost of funds on the day of the loan.	2	-	Operating capital	-	—	-	370,086	370,086	Note 5

Note1 : The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'

(2) The subsidiaries are numbered in order starting from '1'

Note 2：The maximum balance of funds lent to others during the year, in response to the funding needs of its subsidiaries, FTSC, the Company intends to lend up to NT$300,000 thousands respectively, and such loans may be made in installments.

Note 3 : In accordance with the Company's policy, limit on total loans shall not exceed 30% of the Company's net assets based on the latest financial statements, and limit on loans to its subsidiaries shall not exceed 30% of the limit on total loans. Limit on loans to others shall not exceed 10% of the limit on total loans.

Note 4： Nature for Financing:

(1) Business dealings.

(2) Short-term financing needs.

Note 5：The Company resolved at its board meeting in Nov. 12, 2023 to merger, through a simplified merger, its wholly-owned subsidiary in Dec. 31 2023, IPAC.

FORTUNE INFORMATION SYSTEMS CORPORATION
ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars)

Table 2

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	Note
		Name	Nature of Relationship（Note 2）											
0	The Company	FTSC	2	$ 616,811	$ 300,000	$ 300,000	$ -	$ -	24.32	$ 1,233,621	Y	N	N	

Note1 : The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is ‘0’

(2) The subsidiaries are numbered in order starting from ‘1’

Note2：Nature for endorsement/ guarantee provided:

(1) Business dealings.

(2) Companies with direct and indirect ownership of voting shares exceeding 50%. ◦

Note 3：In accordance with the Company’s policy, limit on endorsement/ guarantee provided to a single party shall not exceed 50% of the Company’s net assets based on the latest financial statements, and limit on total endorsement/ guarantee provided shall not exceed 100% of the Company’s net assets based on the latest financial statements.

Table 3

FORTUNE INFORMATION SYSTEMS CORPORATION

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value			
The Company	HK FIS	Hong Kong	Information	$ 38,484	$ 38,484	8,426,000	100%	$ 57,737	$ 972	$ 972	Subsidiary
	IPAC	Taipei	Data Storage Media Units Manufacturing	-	45,681	-	-	-	-	-	Note
	SBAS	Hong Kong	Information	1,452	1,452	20,000	100%	14,862	1,916	1,916	Subsidiary
	FTSC	Taipei	Information	400,000	400,000	40,000,000	100%	443,529	39,911	39,936	Subsidiary

Note：The Company resolved at its board meeting in Nov. 12, 2023 to merger, through a simplified merger, its wholly-owned subsidiary in Dec. 31 2023, IPAC.

FORTUNE INFORMATION SYSTEMS CORPORATION

INFORMATION ON MAJOR SHAREHOLDERS

FOR THE YEAR ENDED DECEMBER 31, 2023

Table 4

Shareholders	Shares	
	Total Shares Owned	Ownership Percentage
Standard Plastics LTD.	19,290,327	27.57%
CECGP Electronics Corp.	17,847,954	25.51%

Note1：The table discloses the information of major stockholders whose stockholding percentages are more than 5%. The Taiwan Depository & Clearing Corporation calculates the total number of common stocks and special stocks (including treasury stocks) that have completed the dematerialized registration and delivery on the last business day of the quarter. The number of stocks reported in the Company's individual financial statements and the actual number of stocks that have completed the dematerialized registration and delivery may be different due to the basis of calculation.

Mote 2：If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual truster who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

6.6 The company and its affiliated companies had no financial turnover difficulties in the most recent year and up to the date of publication of the annual report.

VII. Review of Financial Status, Operating Results, and Risk Management

7.1 Analysis of Financial Status

Unit: NT$ 1,000

Item \ Year	2023	2022	Difference		Remark(Note 1)
			Amount	%	
Current Assets	1,508,942	1,632,006	(123,064)	(7.54)	
Property, Plant and Equipment	234,120	236,477	(2,357)	(1.00)	
Other Intangible Assets	1,133	1,311	(178)	(13.58)	
Right-of-Use Assets	13,134	16,155	(3,021)	(18.70)	
Investment Property	60,917	61,701	(784)	(1.27)	
Other Assets	200,372	210,750	(10,378)	(4.92)	
Total Assets	2,018,618	2,158,400	(139,782)	(6.48)	
Current Liabilities	773,055	944,322	(171,267)	(18.14)	Borrowing amounts saw a significant decrease.
Non-current Liabilities	11,942	15,983	(4,041)	(25.28)	Lease liabilities decreased.
Total Liabilities	784,997	960,305	(175,308)	(18.26)	There was a substantial reduction in borrowing amounts.
Common Stock	699,612	699,612	0	0.00	
Capital Surplus	62,361	62,361	0	0.00	
Retained Earnings	475,128	439,400	35,728	8.13	
Other Equity	(3,480)	(3,278)	(202)	6.16	
Total Stockholders' Equity	1,233,621	1,198,095	35,526	2.97	

Note 1: Analysis is not required if the increase or decrease is more than 20%

Note 2: Where the effect is of material significance, the annual report shall describe the measures to be taken in response: None.

7.2 Analysis of Operating Results

Unit: NT$ 1,000

Item \ Year	2023	2022	Difference		Remark
			Amount	%	
Operating Revenue	2,338,371	2,270,033	68,338	3.01	
Operating Cost	(2,067,618)	(2,023,539)	(44,079)	2.18	
Gross Profit	270,753	246,494	24,259	9.84	
Operating Expenses	(180,955)	(182,733)	1,778	(0.97)	
Operating Income	89,798	63,761	26,037	40.84	Gross profit from operations increased, while operating expenses decreased.
Non-operating Income and Expenses	9,322	14,624	(5,302)	(36.26)	Decrease in foreign exchange gains.
Profit Before Income Tax	99,120	78,385	20,735	26.45	Operating profit increased.
Income Tax Expenses	(20,742)	(14,855)	(5,887)	39.63	
Net Income	78,378	63,530	14,848	23.37	
Other Comprehensive Income (loss) for the period (Net of Income Tax)	(876)	13,785	(14,661)	(106.35)	Decrease in translation differences for financial statements of foreign operations.
Total Comprehensive Income for the period	77,502	77,315	187	0.24	

7.3 Analysis of Cash Flow

7.3.1 Cash Flow Analysis for the Current Year

Unit: NT$ 1,000

Cash and Cash Equivalents, Beginning of Year (1)	Net Cash Flow from Operating Activities (2)	Cash Outflow (Inflow) (3)	Effect from Foreign Exchange (4)	Cash Surplus (Deficit) (1)+(2)+(3)+(4)	Remedy for Cash Deficit	
					Investment Plans	Financing Plans
303,671	300,660	(220,964)	314	383,681	-	-

Analysis of change in cash flow:
a. Operating activities: The net cash inflow was primarily due to decreases in contract assets and accounts receivable.
b. Investing activities: The net cash outflow was primarily due to an increase in financial assets measured at amortized cost.
c. Financing activities: The net cash outflow was primarily due to a decrease in net short-term borrowings.

7.3.3 Cash Flow Analysis for the Coming Year

Unit: NT$ 1,000

Cash and Cash Equivalents, Beginning of Year (1)	Net Cash Flow from Operating Activities (2)	Cash Outflow (Inflow) (3)	Cash Surplus (Deficit) (1)+(2)+(3)	Remedy for Cash Deficit	
				Investment Plans	Financing Plans
383,681	143,023	(142,608)	384,096	-	-

Analysis of change in cash flow:
a. Operating activities: Preparing inventory for anticipated orders and collecting accounts receivable in the coming year.
b. Investing activities: Investing Activities: Increase in capital expenditures and deposits for guarantees.
c. Financing activities: Payment of cash dividends and short-term financing to meet operational cash needs.

7.4 Financial and Business Impact from Major Capital Expenditure Items: None.

7.5 Investment Policy in Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year

Unit: NT$ 1,000

<table>
<tr><th>Investee</th><th>Amount</th><th>Main Businesses and Products</th><th>Net Income (Losses) of the Investee</th><th>Main Causes for Profits or Losses</th><th>Improvement Plans</th><th>Investment Plans for the Coming Year</th></tr>
<tr><td>FIS HK</td><td>38,484</td><td>Sales, maintenance, and professional image processing services for computer equipment in Hong Kong.</td><td>972</td><td>Business profit, cost and expenses are well-controlled.</td><td rowspan="3">Provide necessary assistance to the invested business for sustainable profitability. ◦</td><td rowspan="3">Maintaining profitability</td></tr>
<tr><td>SBAS</td><td>1,452</td><td>Sales and maintenance services of information systems in Hong Kong.</td><td>1916</td><td>Business profit, cost and expenses are well-controlled.</td></tr>
<tr><td>FTSC</td><td>400,000</td><td>Sales and maintenance of computer equipment, information software services, and system integration services.</td><td>39,936</td><td>The company officially started operating in January 2021, and due to undertaking multiple large-scale projects, revenue was recognized based on the percentage of completion. After acceptance in 2022, the operational performance was demonstrated in the 2022 fiscal year.</td></tr>
<tr><td>IPAC</td><td>-</td><td>Manufacturing and sales of information storage and processing equipment, sales and maintenance services of projection equipment.</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
</table>

Note: On December 31, 2023, the company absorbed, through a simplified merger, its wholly-owned subsidiary, IPAC Technology Co., Ltd., with the company as the surviving entity and IPAC Technology Co., Ltd. as the dissolved entity.

7.6 Analysis of Risk Management

7.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

A. Effects of Changes in Interest Rates and Foreign Exchange Rates on Corporate Finance, and Future Response Measures

The total annual interest expenses on loans of the Company in 2023 was NT$3,536 thousand.

Unit: NT$ 1,000/ %

Year / Item	2023	Percentage of Operating Revenue	Percentage of Net Operating Income
Interest Income	3,793	0.16%	4.22%
Interest Expenses	3,536	0.15%	3.94%

The Company mainly uses its own funds to meet its operational funding needs.

Unit: NT$ 1,000/ %

Year / Item	2023	Percentage of Operating Revenue	Percentage of Net Operating Income
Exchange Benefits	215	0.01%	0.24%

The Company's main business is domestic sales, with a very low ratio of foreign currency purchases and sales. Its foreign currency positions mainly consist of foreign currency deposits and bond investments. The Company benefits from exchange gains due to the appreciation of the USD and HKD against NTD. In addition to regular evaluation of its foreign currency positions, the Company also maintains contact with the foreign exchange departments of financial institutions to assess exchange rate trends and reduce investment risks.

B. Inflation on Corporate Finance, and Future Response Measures

The Company is a system integration provider in the information service industry. Therefore, inflation has no significant impact on our business operations and profitability.

7.6.2 Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

A. High-risk and High-leveraged Investments:

None.

B. Loans to Other:

a. Policy: The Company and the individual legal entities included in the consolidated financial statements provide funds to others in accordance with the Company's "Operating Procedure for Loaning Funds to Others."

b. Main reasons: On August 7, 2023, the board of directors approved the execution of the plan to provide a new credit limit of NT$300 million to the subsidiary company, FTSC However, in the fiscal year 2023, there were no actual fund loans provided to FTSC.

c. Future measures: Necessary control measures will be taken in accordance with the operating procedure for loaning funds to others.

C. Endorsement Guarantees

a. Policy: The endorsement or guarantee provided by the Company and individual entities within the consolidated financial statements shall be handled in accordance with the "Endorsement and Guarantee Operating Procedures" of the Company.

b. Main reasons: On March 26, 2021, the Board of Directors approved a endorsement guarantee limit of NTD 300 million for FTSC. The remaining endorsement guarantee balance for FTSC in 2022 was zero. In accordance with the Company's "Endorsement Guarantee Operation Regulations," the endorsement guarantee amount provided by the company to FTSC is within the prescribed limit and has been announced in accordance with the regulations.

c. Future response measures: Necessary control measures will be taken in accordance with the lending operation procedures for endorsement and guarantee.

D. Derivatives Transactions:

None.

7.6.3 Future Research & Development Projects and Corresponding Budget

The Company is in the information service industry and has developed expertise in system integration, outsourcing services, banking and financial terminal systems, logistics systems, and insurance systems in response to customer demands. We have accumulated strong market experience over the years and have a keen understanding of technological trends and strong integration capabilities. We continuously train our professionals and cultivate advanced technical talents while continuing to develop innovative and unique technologies and information products.

A. Research & Development Project: Please refer to page 75 to 77.

B. Estimated R&D expenditure in 2024 is NT$ 79,636 thousand.

7.6.4 Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales

None. If any such impact occurs, our finance and management team, or project contingency team, will prepare solutions for various situations.

7.6.5 Effects of and Response to Changes in Technology (including cyber security risk) and in Industry Relating to Corporate Finance and Sales

In response to technological changes and industry trends, the Company keeps abreast of market changes through participation in relevant conferences, online resources, industry associations, and labor unions. We adjust our business strategies accordingly to adapt to changes in market structure.

Cybersecurity Risks and Response Measures:

The Company established comprehensive network and computer security protection measures to prevent network attacks from any third party that could paralyze our systems, and to prevent malicious hackers from introducing computer viruses, destructive software, or ransomware into our network systems to disrupt our operations. To prevent and minimize the damage caused by such attacks, we have strengthened and implemented backup and recovery capabilities for our information systems and data, enabling us to quickly restore compromised systems and data, and resume normal business operations.

7.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company’s Response Measures

None.

7.6.7 Expected Benefits from Risks Relating to and Response to Merger and Acquisition Plans

None.

7.6.8 Expected Benefits from Risks Relating to and Response to Factory Expansion Plans

None.

7.6.9 In the most recent fiscal year and up to the first quarter of 2024, the highest percentage of sales to a single customer accounted for 10.9% and 15.91% of the total sales of the company, respectively. This increase was attributed to the growth in business revenue from investments in cloud adoption by the financial sector, increased demand for cybersecurity, platform engineering, IT infrastructure development, and cybersecurity services.

Regarding purchases, in the most recent fiscal year and up to the first quarter of 2024, the highest percentage of purchases from a single supplier accounted for 25.64% and 36.70% of the total purchases of the company, respectively. The company's main purchase items are computers and computer-related peripherals, obtained mainly through arrangements with distributors. Overall, there were no significant changes, and the suppliers are reputable companies both domestically and internationally. The fluctuations in purchase amounts from suppliers are primarily influenced by project requirements, delivery conditions, and negotiation results to select the most suitable suppliers. There is no concentration of sales or purchases with any particular customer or supplier.

7.6.10 Effects of Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%:

None.

7.6.11 Effects of Risks Relating to and Response to Changes in Control over the Company:

None.

7.6.12 For litigation and non-litigation cases, specify the company and directors, supervisors, president, chief executive, and major shareholders with over 10% of shareholding, as well as affiliates. For major litigation, non-litigation, or administrative disputes with major effects on the interests of shareholders or stock prices, disclose the facts, target value, starting dates for litigation, major parties involved, and the status of the cases up to the publication of the annual report.

None.

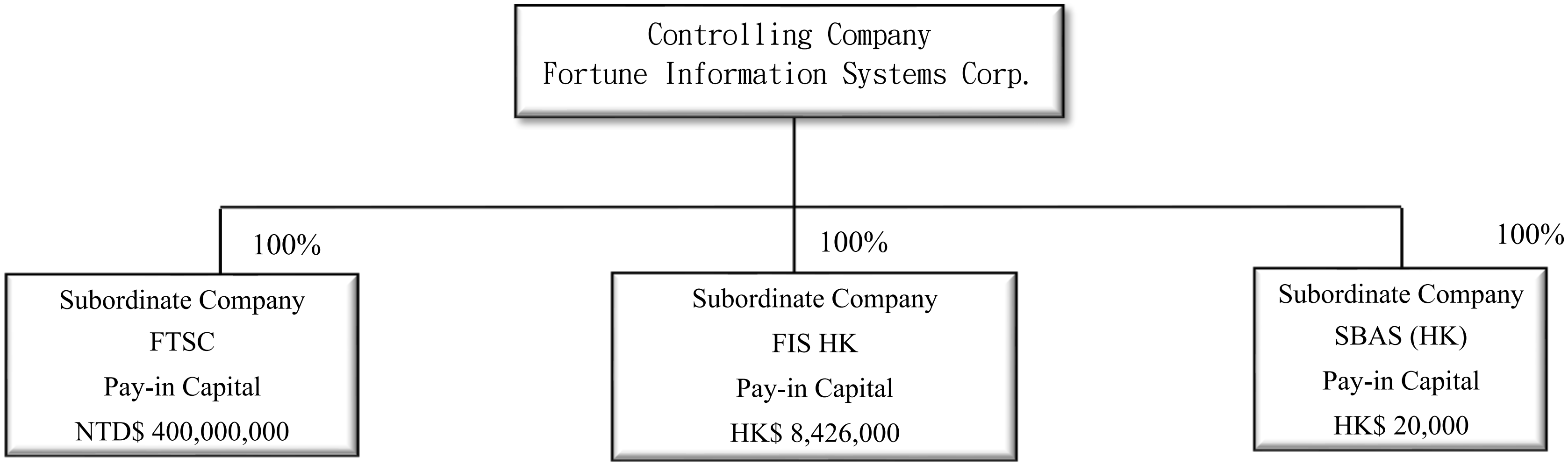
7.6.13 Other Major Risks and Countermeasures: None.

7.7 Other Important Items: None.

VIII. Special Disclosure

8.1 Summary of Affiliated Companies

Chart of Affiliated Companies



Note：All subordinate companies are not public companies.

Information Regarding Affiliated Companies

Company	Date of Incorporation	Adress	Pay-in Capital	Major Business
FORTUNE INFORMATION SYSTEMS (INT'L) LIMITED	1994/04/12	ROOM 1804, WESTLANDS CENTRE, 20 WESTLANDS ROAD, QUARRY BAY, HONG KONG	HK$8,426 thousand Exchange rate on Dec. 30, 2023: 3.969	Sales, maintenance, and professional image processing services for computer equipment in Hong Kong.
SBAS (HONG KONG) LIMITED	1998/12/01	ROOM 1804, WESTLANDS CENTRE, 20 WESTLANDS ROAD, QUARRY BAY, HONG KONG	HK$20 thousand Exchange rate on Dec. 30, 2023: 3.969	Sales SPSS software
FTSC	2021/01/06	4F., No. 25, Ln. 78, Xing'ai Rd., Neihu Dist., Taipei	NT$ 400,000 thousand	Sales and maintenance of computer equipment, information software services, and system integration services.

Identical shareholder information for entities deemed to have control or be under common control: None.

Industries covered by affiliates' business operations

Company	Positioning Strategy	Major Business	Business relationships between related companies	Customers
FIS	A provider of solutions in the information service industry that emphasizes on planning, analysis, and comprehensive services.	1.Sales and maintenance of computer software, hardware, and peripherals. 2.Integrated planning, integration, and office automation software services for Internet, Intranet, and application systems. 3.Professional image processing services. 4.Sales of EasyWare and Ascent logistics software systems, as well as logistics information technology consulting services.	Transitioning from Exceed to building the product sales chain for EasyWare, and conducting inter-company discussions on product characteristics and business strategies.	End Users (enterprises, bank, or government)
Fortune Information Systems (Int'l) Limited	Sales, maintenance, and professional image processing services for computer equipment	1.Sales and maintenance of computer software, hardware, and peripherals. 2.Professional image processing services.	Collaborating with the parent company on the development and promotion of the CMP	End Users in Hong Kong (enterprises or government)
SBAS (Hong Kong) Limited	Agency sales of SPSS statistical software	SPSS software	None	Schools in Hong Kong

Company	Positioning Strategy	Major Business	Business relationships between related companies	Customers
FTSC	Focus is on providing solutions for IT infrastructure, network equipment, storage, backup and disaster recovery, information security, virtualization, and more. We specialize in intelligent AIoT devices and cloud management platform (CMP) solutions to meet the constantly changing market environment.	1.IT infrastructure construction and services. 2.IoT smart logistics solution. 3.Backup and disaster recovery solution. 4.Cloud management platform (CMP). 5.Network management and information security solution.	None	End Users (enterprises, bank, or government)

Affiliates' lists of directors, supervisors and presidents

Unit: NT$ 1,000 April 30, 2024

Company	Title	Name/ Representative	Holding	
			Shares	%
Fortune Information Systems (Int'l) Limited	DIRECTOR	PAN,ZI-XING	0	0.00%
	DIRECTOR	SU,MEI-CHUN	0	0.00%
	DIRECTOR	TANG, YU-HUA	0	0.00%
	General Manager	PAN,ZI-XING	0	0.00%
SBAS (Hong Kong) Limited	DIRECTOR	PAN,ZI-XING	0	0.00%
	DIRECTOR	SU,MEI-CHUN	0	0.00%
	DIRECTOR	TANG, YU-HUA	0	0.00%
	General Manager	PAN,ZI-XING	0	0.00%
FTSC	Chairman	TANG, YU-HUA Representative of FIS	40,000,000	100.00%
	General Manager	YANG,ZHENG-NING	0	0.00%

Affiliates’ operating highlights

Unit: NT$ 1,000

Code	Company	Pay-in Capital	Total Assets	Total Liabilities	Net Worth	Operating revenue	Operating income	Net Profit / Loss	EPS (NT$)
2468	FIS	699,612	1,744,382	510,761	1,233,621	1,428,000	36,154	78,378	1.12
24680003	FIS HK	32,826	64,318	6,581	57,737	42,603	(18)	972	0.12
24680004	SBAS HK	85	31,031	18,060	12,971	28,090	1,391	1,916	95.79
2468012	FTSC	400,000	720,060	276,556	443,504	871,402	50,043	39,911	1.00

8.1.1 Declaration of Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises

Declaration of Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises

The entities that are required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2023 are all the same as those included in the consolidated financial statements of Fortune Information Systems Corporation and its subsidiaries prepared in conformity with the International Financial Reporting Standard 10 "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates is included in the consolidated financial statements of Fortune Information Systems Corporation and its subsidiaries. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,
Fortune Information Systems Corporation
By

____
SU,MEI-CHUN
Chairman
March 14, 2024

8.1.2 Affiliation Report

Do not be required to prepare.

8.2 Private Placement Securities in the Most Recent Years: None.

8.3 The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years: None.

8.4 Other necessary supplementary explanations: None.

IX. In the most recent year and up to the date of publication of the annual report, if any event that has a significant impact on shareholders' equity or securities prices as specified in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act: None.