Stock Code: 3015

全漢企業股份有限公司

FSP Technology Inc.

2023

Annual Report

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https://www.fsp-group.com/tw

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V. Overseas Securities Exchange Where Securities are Listed and Method of Inquiry: None.

VI. Corporate Website: https://www.fsp-group.com/tw

Table of Contents

Chapter1. Letter to Shareholders

Dear Shareholders,

In 2023, the overall business activities of the Company showed a decline in both revenue figures and sales quantity. Due to disruptions in the supply chain during the pandemic, the IPC industry experienced a shortage of supplies. Customers' excessive expectations of stockpiling resulted in them still using up their inventory from the previous year, leading to insufficient purchasing power. On the other hand, the PC industry faced a decline in overall order volume due to the economic downturn. However, there is a possibility of recovery in 2024. In contrast, the Gaming industry experienced significant growth due to receiving large orders for miniaturized power supplies from NB ODM. The networking and cloud-related industries showed slight growth in performance. Overall, in 2023, the Company sold approximately 14.44 million units, which was a significant decrease in sales volume. However, due to the higher unit price of new models and high-power products, the consolidated operating revenue was NT$13,179,581 thousand, a decrease of only 5% compared to the NT$13,895,870 thousand in 2022. The results of operations in 2023 and the business outlook for 2024 are explained below:

I. Results of Operations in 2023

(I) Business Plan Implementation Results

FSP's consolidated operating revenue for 2023 was NT$13,179,581 thousand, an decrease of 5% compared to consolidated operating revenue of NT$13,895,870 thousand for 2022; the net income before tax for 2023 was NT$782,509 thousand, an decrease of 18% compared to net income before tax of NT$951,767 thousand for 2022; net income after tax for 2023 was NT$639,684 thousand, an decrease of 19% compared to net income after tax of NT$791,036 thousand for 2022; basic earnings per share before and after tax for 2023 were NT$3.8 and NT$3.2, respectively.

Unit: NT$ thousands; %

Item	2023	2022 (after restatement)	Change, by Amount	Change Ratio
Operating Revenue	13,179,581	13,895,870	(716,289)	(5.15%)
Gross Profit	2,404,027	2,308,783	95,244	4.13%
Operating Income	468,813	542,320	(73,507)	(13.55%)
Non-Operating Income and Expenditures	313,696	409,447	(95,751)	(23.39%)
Net Income Before Tax	782,509	951,767	(169,258)	(17.78%)
Net income	639,684	791,036	(151,352)	(19.13%)

(II) Budget Implementation Status

The Company did not formulate a financial forecast for 2023.

(III) Analysis of Financial Revenue and Expenditures and Profitability Unit: NT$ thousands; %

Item	Year	2023	2022 (after restatement)	Percentage of Increase (Decrease)
Financial Revenue and Expenditures	Operating Revenue	13,179,581	13,895,870	(5.15%)
	Gross Profit	2,404,027	2,308,783	4.13%
	Net Profit After Tax	639,684	791,036	(19.13%)
Profitability Analysis	Return on total assets (%)	3.24	3.86	(16.06%)
	Return on equity (%)	4.51	5.80	(22.24%)
	Ratio of net income before tax to paid-in capital (%)	41.79	50.83	(17.78%)
	Net profit margin (%)	4.85	5.69	(14.76%)
	Earnings Per Share (NT$)	3.20	3.86	(17.10)

(IV) Research and Development

The R&D results in 2023 were as follows:

- Efficient Titanium 850/1KW ATX power supply 2023/Q1 MP.
- Research and develop Titanium 1.3/1.6KW products 2023/Q4 MP.
- Research and develop Gold SFX Gen5 750/850W power supply, 2023/Q1 MP.
- Flex 100~300W power supply compliant with ATX 3.0.
- ATX 250~500W power supply compliant with ATX 3.0.
- Compact PD 65W >1W/cc lipstick machine products.
- 45W/65W wall plugs, multi-country interchangeable wall plugs, and desktop products.
- PD 3.1 180W 36V output models.
- Networking products with 50/60/65W 12V.
- CRPS 2400W, 2700W and 3000W high-power density devices.
- CRPS 300W, supporting NEBS compatibility testing.
- 1U Slim 250W, 300W and 400W Industrial Control/Networking Redundant power supply.
- 200W @ 3"x 6.3" series industrial power supply.
- 550W PoE power supply.
- 950W PoE power supply.
- 300W Series Models Industrial Application power supply.
- 45W C14 Desktop Adapter (Class I) products.
- 60W/65W C14 Desktop Adapter (Class I) products.
- 60W/65W C8 Desktop Adapter (Class II) products.
- 260W @ 3"x 5" Open Frame products.
- Mobile charging station Proto Type.
- 1+1 E-bike Charger Proto Type.
- 700W Fan-less waterproof charger.
- 3300W Stack design.
- Mobile energy storage Emergy 3K+–1500W/110Vac/2.0kWh.
- Mobile energy storage EnerX 3000–3000W/230Vac/2.5kWh.
- Off-grid inverters LightUp series - 2KW/3KW/5KW/6KW/8KW/11KW.

II. Summary of 2024 Business Plan

Looking ahead to 2024, the development trend of AI and image processing cards is clear, and the power consumption of related networking or servers will be increased. For networking, high-speed computing, server power, unbranded CRPS power supply, FSP has a complete product line and will introduce high-power new products in response to this situation. In the gaming industry, the Company will launch high-power titanium products and slim adapters to meet market demands. In addition, the desktop computer market and the industrial computer market downturn in the previous year is expected to improve after inventory reduction this year. Apart from Mainland China and Taiwan, the Company established a third production base in Vietnam last year, expecting boosting production capacity and supply Southeast Asia as well as cater to specific manufacturing location requirements from European and American manufacturers. The overall target for total sales of power supply quantity is 20 million units.

III. Future Development Strategy

FSP is committed to its corporate mission of "maximizing value for customers, employees, and shareholders with innovative services and high-quality products." Continuously research and develop advanced technology, develop power sources for innovative industries, to provide high value added power products. Since last year, AI chips have been increasingly utilized in related products, leading to a significant increase in power demands and the output of power supplies. Within the framework of environmental and sustainable development, the role of high-power and high-efficiency power supply products becomes even more important. FSP will allocate more and better research and development resources, dedicating to create high-power and high-efficiency power supply products with technological strength, meeting market demands for durability and efficiency, as well as the explosive growth in the AI industry.

IV. Impact of the External Competitive Environment, Regulatory Environment, and Overall Business Environment

FSP has set up the Sustainable Development Committee under the jurisdiction of the Board of Directors. With regard to current domestic and foreign laws and regulations that govern our operations, and our management team will continue to pay close attention to policies and laws on corporate governance issues that may affect the Company's financial and business. We shall provide guidance and review environmental issues related to the environment between operations and production, and social issues related to coexistence and mutual prosperity with society and stakeholders on all levels.

FSP is committed to protecting the environment with green energy, respecting customers, and creating a high-quality work environment. We seek to become the most reliable partner for customers, consumers, suppliers, and employees and maximize value for customers, shareholders, and employees.

I wish you good health and all the best

Chairman: Cheng, Ya-Jen

Chapter2. Company Profile

I. Company Profile

(I) Date of Incorporation

Date of incorporation and registration: April 15, 1993

(II) Company History

1993: The Company was approved for establishment in April with a capital of NT$5,000 thousand. It initially focused on OEM and trading of power supplies.

1994: The Company's capital increased from NT$5,000 thousand to NT$10,000 thousand.

1997: The Company's capital increased from NT$10,000 thousand to NT$38,000 thousand.

1998: The Company launched power supplies that meet Micro ATX specifications in response to the launch of low-price computers.

1998: In December, the Company increased its capital to NT$188,000 thousand to support business expansion and purchased land in Guishan Industrial Zone, Taoyuan to build its own factory.

1999: In July, the Company filed an application for public offering of shares and increased the capital to NT$325,000 thousand.

2000: In September, the Company increased its capital through capitalization of profits of NT$65,000 thousand and capital increase by cash of NT$30,000 thousand to increase the capital to NT$420,000 thousand.

2000: The Guishan Factory was inaugurated in October.

2000: The Company invested in the wholly-owned subsidiary FSP International Inc. in the British Virgin Islands and used the company to invest in Shenzhen Huili Electronics Co., Ltd. in China.

2001: The ERP system was officially launched in July and was connected to the factories in China to facilitate instantaneous communication.

2001: In September, the Company received ISO 9001 Quality Management System and ISO 14001 Environmental Management System certification.

2001: In September, the Company increased its capital through capitalization of profits of NT$121,800 thousand, capitalization of capital surplus of NT$4,200 thousand, employee bonus converted to capital increase of NT$5,000 thousand, and capital increase by cash of NT$49,000 thousand to increase the Company's paid-in capital to NT$600,000 thousand.

2001: To expand the production capacity, the Company increased the capital of its subsidiary company FSP International Inc. by US$1,000 thousand and used it to invest in Power Electronics Co., Ltd. in the British Virgin Islands. The Company then used Power Electronics Co., Ltd. to invest in Zhonghan Electronics Shenzhen Co., Ltd. in China.

2002: In August, the Company increased its capital through capitalization of profits of NT$30,000 thousand, capitalization of capital surplus of NT$60,000 thousand, and employee bonus converted to capital increase of NT$10,000 thousand to increase the paid-in capital to NT$700,000 thousand.

2002: The Company's shares are traded on Taiwan Stock Exchange on October 16.

2003: To increase its proximity to the market and provide services to customers, the Company increased the capital of the subsidiary FSP International Inc. by US$2,000 thousand and used it to set up Famous Holding Ltd. in Samoa. The Company then used Famous Holding Ltd. to invest in Wuxi SPI Technology Co., Ltd. in China.

2003: In June, the Company increased its capital through capitalization of profits of NT$87,500 thousand and employee bonus converted to capital increase of NT$9,730 thousand to increase the Company's paid-in capital to NT$797,230 thousand.

2003: To increase its proximity to the market and provide services to customers, the Company increased the capital of the subsidiary FSP International Inc. by US$950 thousand and used it to increase the capital in Famous Holding Ltd. in Samoa. The Company then used it to invest in Wuxi Zhonghan Technology Co., Ltd. in China.

2003: In September, the Company increased its capital by cash of NT$63,910 thousand and increased the Company's paid-in capital to NT$861,140 thousand.

2004: In March, the Company raised US$30,000 thousand to issue overseas convertible bonds.

2004: To actively expand business and serve customers in the European market, the Company invested in the wholly-owned subsidiary Amacrox Technology Co., Ltd. in the British Virgin Islands and used it to invest in the wholly-owned Amacrox GMBH I.G. in Germany with an equity of EUR 500 thousand.

2004: To actively expand business and serve customers in the American market, the Company invested in the wholly-owned subsidiary Amacrox Technology Co., Ltd. and used it to invest in a 45% stake in FSP Group USA Corp. in the United States.

2004: To actively expand the domestic sales market in China and provide services to customers, the Company used the subsidiary FSP International Inc. to increase the capital of Famous Holding Ltd. in Samoa. The Company then used it to increase the capital of Wuxi Zhonghan Technology Co., Ltd. which was used to invest RMB 9,900 thousand for the equity of Shenzhen Zhong Han Science & Tech. Co., Ltd.

2004: In May, the Board of Directors resolved to repurchase treasury stocks of 3,000,000 shares and the repurchase was completed in July.

2004: In July, the Company increased its capital through capitalization of profits of NT$129,171 thousand and employee bonus converted to capital increase of NT$15,000 thousand to increase the Company's paid-in capital to NT$1,005,311 thousand.

2005: To increase the technical capabilities of high-end products and switching power supply market share in Europe and the Americas, the Company invested NT$270,469 thousand in 3Y Power Technology (Taiwan) Inc. for a 70% stake. It also used it to invest US$7,350 thousand in 3Y Power Technology, Inc. in the United States with a 100% stake.

2005: In response to business requirements, the Company filed an application to the Investment Commission and obtained approval for capital increase of US$2,000 thousand for FSP International Inc. (BVI). It also used Famous Holding Ltd. in Samoa and Power Electronics Co., Ltd. (BVI) to indirectly invest in Wuxi SPI Technology Co., Ltd. and Zhonghan Electronics Shenzhen Co., Ltd. in China.

2005: In August, the Company increased its capital through capitalization of profits of NT$243,828 thousand and employee bonus converted to capital increase of NT$24,100 thousand to increase the Company's paid-in capital to NT$1,273,239 thousand.

2006: In May, the Company converted overseas convertible corporate bonds into 923,658 common stocks and increased the Company's paid-in capital to NT$1,282,476 thousand.

2006: In July, the Company converted overseas convertible corporate bonds into 167,939 common stocks and increased the Company's paid-in capital to NT$1,284,155 thousand.

2006: In August, the Company increased its capital through capitalization of profits of NT$160,519 thousand and employee bonus converted to capital increase of NT$18,030 thousand to increase the Company's paid-in capital to NT$1,462,704 thousand.

2007: In January, the Company converted overseas convertible corporate bonds into 4,490,905 common stocks and increased the Company's paid-in capital to NT$1,507,613 thousand.

2007: In April, the Company converted overseas convertible corporate bonds into 286,654 common stocks and increased the Company's paid-in capital to NT$1,510,480 thousand.

2007: In August, the Company increased its capital through capitalization of profits of NT$188,810 thousand and employee bonus converted to capital increase of NT$40,730 thousand to increase the Company's paid-in capital to NT$1,740,020 thousand.

2007: In September, the Company increased its capital by cash of NT$160,000 thousand and increased the Company's paid-in capital to NT$1,900,020 thousand.

2007: In December, the Company merged Protek Electronics Corp. through capital increase with the issuance of new shares. The Company increased its capital by NT$70,000 thousand and increased the Company's paid-in capital to NT$1,970,020 thousand.

2008: In July, the Company increased its capital through capitalization of profits of NT$197,002 thousand and employee bonus converted to capital increase of NT$22,135 thousand to increase the Company's paid-in capital to NT$2,189,157 thousand.

2008: In December, the Company canceled treasury stock totaling NT$62,270 thousand and changed the Company's paid-in capital to NT$2,126,887 thousand.

2009: In August, the Company increased its capital through capitalization of profits of NT$53,172 thousand and employee bonus converted to capital increase of NT$2,470 thousand to increase the Company's paid-in capital to NT$2,182,529 thousand.

2010: In April, employee stock option plans were converted into common stocks totaling NT$4,660 thousand and it increased the Company's paid-in capital to NT$2,187,189 thousand.

2010: In May, employee stock option plans were converted into common stocks totaling NT$8,380 thousand and it increased the Company's paid-in capital to NT$2,195,569 thousand.

2010: The subsidiary 3Y Power Technology (Taiwan) Inc. merged Jui Po Technology Co., Ltd. through capital increase with the issuance of new shares in May and increased the capital by NT$9,000 thousand with a stake of 67.17%.

2010: In August, employee stock option plans were converted into common stocks totaling NT$3,940 thousand and the Company increased its capital through capitalization of profits of NT$43,911 thousand and employee bonus converted to capital increase of NT$1,392 thousand to increase the Company's paid-in capital to NT$2,244,812 thousand.

2010: In October, the Company obtained the OHSAS 18001 Occupational Safety and Health Management System certification.

2010: In November, employee stock option plans were converted into common stocks totaling NT$710 thousand and it increased the Company's paid-in capital to NT$2,245,522 thousand.

2011: In April, employee stock option plans were converted into common stocks totaling NT$3,570 thousand and it increased the Company's paid-in capital to NT$2,249,092 thousand.

2011: In May, employee stock option plans were converted into common stocks totaling NT$7,200 thousand and it increased the Company's paid-in capital to NT$2,256,292 thousand.

2011: In August, the Company increased its capital through capitalization of profits of NT$24,256 thousand and employee stock option plans converted into common stocks totaling NT$5,890 thousand to increase the Company's paid-in capital to NT$2,286,438 thousand.

2011: In November, employee stock option plans were converted into common stocks totaling NT$1,080 thousand and increased the Company's paid-in capital to NT$2,287,518 thousand.

2011: In October, the Company obtained the ISO 14064-1 Greenhouse Gas Inventory Statement.

2012: In April, employee stock option plans were converted into common stocks totaling NT$100 thousand and it increased the Company's paid-in capital to NT$2,287,618 thousand.

2012: In May, employee stock option plans were converted into common stocks totaling NT$5,130 thousand and it increased the Company's paid-in capital to NT$2,292,748 thousand.

2012: In September, employee stock option plans were converted into common stocks totaling NT$780 thousand and it increased the Company's paid-in capital to NT$2,293,528 thousand.

2012: In November, employee stock option plans were converted into common stocks totaling NT$2,310 thousand and it increased the Company's paid-in capital to NT$2,295,838 thousand.

2012: In December, the Company obtained IECQ QC 080000 Hazardous Substance Process Management certification.

2013: In March, employee stock option plans were converted into common stocks totaling NT$2,930 thousand and it increased the Company's paid-in capital to NT$2,298,768 thousand.

2013: In May, employee stock option plans were converted into common stocks totaling NT$8,840 thousand and it increased the Company's paid-in capital to NT$2,307,608 thousand.

2013: In September, employee stock option plans were converted into common stocks totaling NT$1,790 thousand and it increased the Company's paid-in capital to NT$2,309,398 thousand.

2013: In December, employee stock option plans were converted into common stocks totaling NT$7,830 thousand and it increased the Company's paid-in capital to NT$2,317,228 thousand.

2014: In February, employee stock option plans were converted into common stocks totaling NT$27,430 thousand and it increased the Company's paid-in capital to NT$2,344,658 thousand.

2014: The Company produced the world's first 400W power supply that passed the 80 Plus Titanium certification.

2015: In March, the Company built the Research and Development Building in Guishan Industrial Zone, Taoyuan.

2015: In September, the Company reduced capital totaling NT$422,038 thousand and decreased the Company's paid-in capital to NT$1,922,620 thousand.

2016: In January, FSP EMERGY 1000/3000 environmentally friendly energy storage system wins the 2016 Taiwan Excellence Award.

2016: In response to business requirements, the Company filed an application to the Investment Commission and obtained approval for the subsidiary FSP International Inc. (BVI) to use the earnings of US$4,000 thousand from Shenzhen Huili Electronics Co., Ltd. in China and Power Electronics Co., Ltd. to indirectly increase the capital of Zhonghan Electronics Shenzhen Co., Ltd.

2016: In November, the Company obtained ISO 13485 Medical Device Quality System certification.

2017: The Research and Development Building was inaugurated in January.

2018: In response to business requirements, the Company filed an application to the Investment Commission and obtained approval for the subsidiary FSP International Inc. (BVI) to use its own funds US$3,500 thousand to indirectly invest in Shenzhen Huili Electronics Co., Ltd.

2019: In response to business requirements, the Company filed an application to the Investment Commission and obtained approval for the subsidiary Famous Holding Ltd. in Samoa to use the earnings of US$6,000 thousand from Wuxi Zhonghan Technology Co., Ltd. in China to indirectly invest in Wuxi SPI Technology Co., Ltd. in China.

2019: In October, the Company obtained the ISO 45001 Occupational Safety and Health Management System certification.

2019: In response to business requirements, the subsidiary 3Y Power Technology (Taiwan) Inc. increased capital by cash totaling NT$25,000 thousand with a 65.87% stake.

2020: In January, the Company built the production site in Guishan Industrial Zone, Taoyuan.

2020: In March, the Board of Directors resolved to repurchase treasury stocks of 5,000,000 shares and the repurchase was completed in May.

2020: In July, the Company canceled treasury stock totaling NT$50,000 thousand and changed the Company’s paid-in capital to NT$1,872,620 thousand.

2021: The Production Building was inaugurated in July.

2021: To actively expand business and serve customers in the European and Asian market, the Company invested in FSP Turkey Dis Ticaret Limited Sirketi with a 91.41% stake.

2021: In December, the Company received the “Excellent Enterprise Award in Taoyuan City.”

2022: In June, the Company’s ISO 14064-1: 2006 Greenhouse Gas Inventory Statement was updated to ISO 14064-1: 2018.

2022: In July, FSP joined “Talent in Taiwan, Alliance for Sustainable Development Goals.”

2022: In November, the Company earned a Tier A from Taiwan Intellectual Property Management System.

2023: In January, the Company obtained ISO/IEC 27001:2013 information security management system certification.

2023: Business Weekly’s 2023 “Carbon Competitiveness Top 100.”

2023: Hydro Ti PRO has won the “Sustainable Technology Special Award” at the 2023 Best Choice Award.

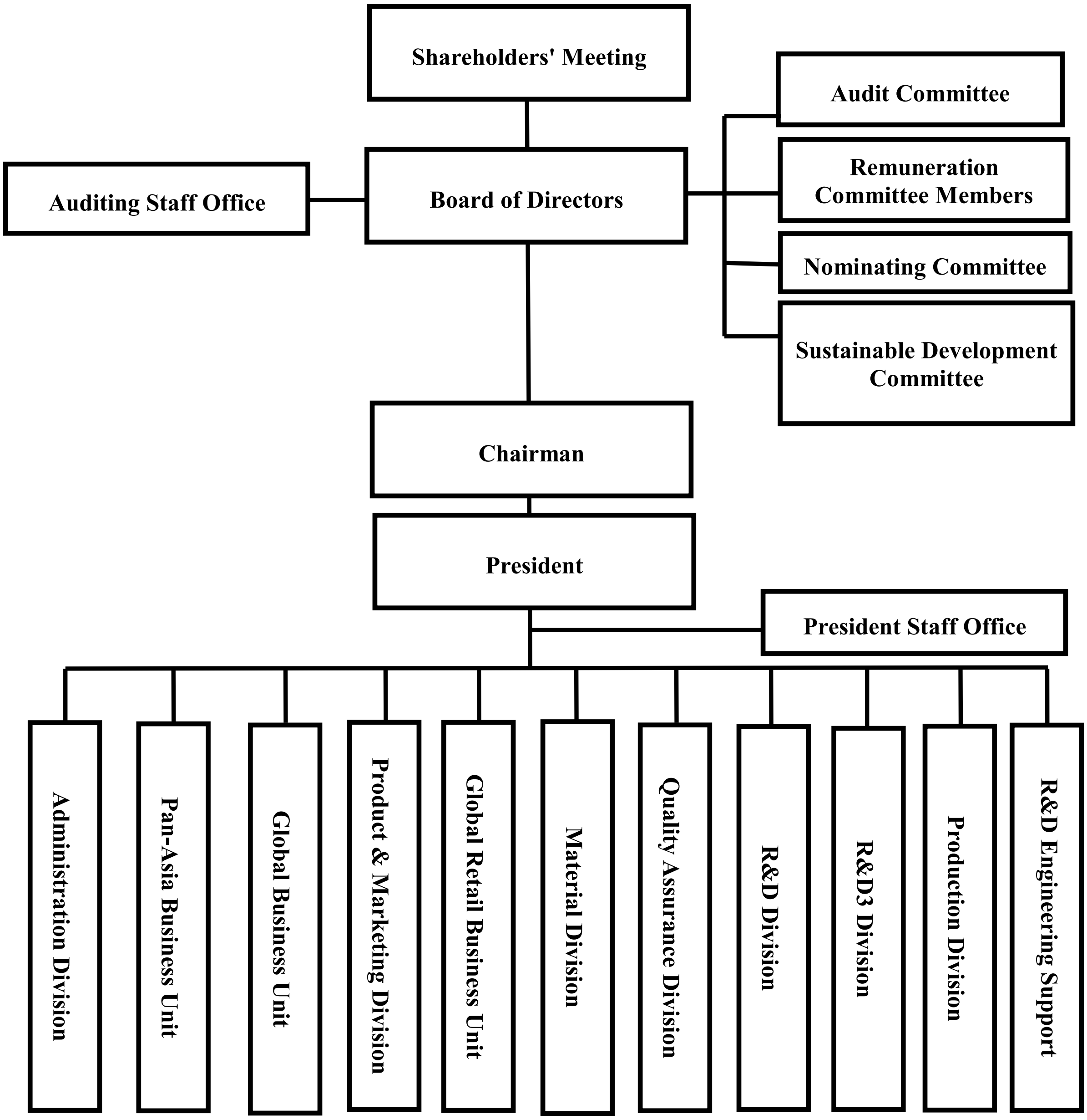
2023: FSP Technology Vietnam Co., LTD. was established in June.

2023: In response to business requirements, the Company filed an application to the Investment Commission and obtained approval for the subsidiary FSP International Inc. (BVI) to use its own funds US$10,000 thousand to indirectly invest in Shenzhen Huili Electronics Co., Ltd.

Chapter3. Corporate Governance Report

I. Organizational System

(I) Organizational Structure



(II) Businesses operated by major divisions

Divisions	Business Activities
Auditing Staff Office	(1) Review and evaluate the Company's internal control system. (2) Establish and revise the internal audit system and ensure early warning functions. (3) Perform regular audits of the operation of management systems in the Company.
President Staff Office	(1) Document Control Division: Management of procedures for internal documents. (2) Information Technology Division: Maintenance and management of the software and hardware of the information system. (3) Technique Development Division: Develop technologies and conduct basic research. (4) ESH Division: Compliance with environmental safety and health regulations. (5) Labor Safety Division: Occupational safety and health management. (6) Legal Affairs and Intellectual Property Division: Management of legal affairs and related matters.
Administration Division	(1) Human resource management and general affairs. (2) Accounting and financial affairs and establishment of the accounting system.
Pan-Asia Business Unit Global Business Unit	(1) Preparation of sales forecasts, marketing plans, and product price implementation plans. (2) Provide product introduction, business contact, and quotation to customers. (3) Coordinate with technical units to produce and send samples based on customer requirements. (4) Responsible for providing quotations and issuance of internal purchase orders to procurement and production units for the samples approved by customers. (5) Responsible for marketing and sales for project customers.
Product & Marketing Division	(1) Standard product lifecycle management. (2) Development of strategic markets and strategic customers. (3) Integrated marketing planning. (4) Brand promotion. (5) Media and PR plans.
Global Retail Business Unit	(1) Development, marketing, and sales of retail products of the Company's brand.
Material Division	(1) The assignments of development, investigation, management, and contracting of suppliers of materials. (2) Planning and implementation of price negotiations for materials, analysis of machine costs, and procurement of production and non-production materials. (3) Execution and control of material requirement plans and management of warehousing assignments. (4) Process Import/export affairs for all units of the Company.
Quality Assurance Division	(1) Inspections of incoming materials, process quality control, and sampling inspections of finished goods. (2) Process customer complaints, propose response, and conduct customer satisfaction surveys. (3) Integrate quality issues between factories and customers. Reduce defective rates and improve the Company's quality and image through immediate feedback and comprehensive follow-up. (4) RMA data analysis, tracking improvements, and quality management of after-sales services.
R&D1-3 Divisions	(1) Preparation, execution, and management of annual development plans. (2) Development and design of related products, original sample production/tests/review, transfer of technical documents, design review, and confirmation of design changes. (3) Review and resolve issues in sample production, trial production, and validation for related products. (4) Propose matters of note for production assignments and implementation of pilot run production.
Production Division	(1) Organization of regular production and sales meetings to achieve the optimal balance for production and sales. (2) Responsible for the preparation and processing of products.
R&D Engineering Support Division	(1) Assist R&D units in improving design quality and standard. (2) Implementation of verification tests and support for tests on customer requirements. (3) Anomaly analysis tests and sample shipment tests. (4) Factory-wide instrumentation and equipment management, calibration, and maintenance.

II. Information on the Company’s Directors, President, Vice President, Associate Managers, and the Supervisors of All the Company’s Divisions and Branch Units:

(I) Directors:

1. Information on Directors and Independent Directors:

April 9, 2024

Title	Nationality/ Place of Incorporation	Name	Gender and Age	Date Elected	Term (Years)	Date First Elected	Shareholding When Elected		Current Shares Held		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position Concurrently Held at the Company Or Other Companies	Executives or Directors Who are Spouses or Within the Second Degree of Kinship			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation-ship	
Chairman	R.O.C.	Cheng, Ya-Jen	Male 61-70	2023.06.12	3 years	1993.04.08	12,167,477	6.50%	11,167,477	5.96%	1,019,992	0.54%	—	—	College of Engineering, Tatung University Chairman, FSP Technology Inc.	Note 1	Executive Assistant to the President	Cheng, Ming-Hsiang	Father-son	Note 5
Vice Chairman	R.O.C.	Yang, Fu-An	Male 61-70	2023.06.12	3 years	1993.04.08	11,792,834	6.30%	11,792,834	6.30%	249,022	0.13%	—	—	Feng Chia University Vice President, FSP Technology Inc.	Note 2	—	—	—	—
Director	R.O.C.	Chuan Han Investment Co., Ltd.	—	2023.06.12	3 years	2023.06.12	15,091,766	8.06%	15,191,766	8.11%	—	—	—	—	—	—	—	—	—	—
	R.O.C.	Representative: Wang, Chung-Shun	Male 71-80	2023.06.12	3 years	1999.06.15 (Note 8)	11,605,794	6.20%	11,605,794 （註七）	6.20%	618,892	0.33%	—	—	Feng Chia University Chairman, FSP Technology Inc.	Note 3	—	—	—	—
Director	British Virgin Islands	2K Industries Inc. (BVI)	—	2023.06.12	3 years	2005.06.10	5,793,162	3.09%	5,193,162	2.77%	—	—	—	—	—	—	—	—	—	—
	R.O.C.	Representative: Wang, Po-Wen	Male 51-60	2023.06.12	3 years	2005.06.10	—	—	—	—	—	—	—	—	Bachelor of Arts (Economics) U.C. Berkeley	Other position concurrently held at the Company: None Operations Manager, Fortron/Source Group Ltd Director, Fu Chuang Yuan Corporation	—	—	—	—
Director	R.O.C.	Chu, Hsiu-Yin	Female 61-70	2023.06.12	3 years	2002.06.22 (Note 9)	2,660,070 （註四）	1.42%	2,660,070 （註四）	1.42%	—	—	—	—	Department of Life-and-Death Studies, Nanhua University	Other position concurrently held at the Company: None Chairman, Unitel Pty Ltd. Director, Dehuang Biomedical Technology Inc. Representative, Meiyo Holdings Limited	—	—	—	—
Director	R.O.C.	Pachon Investments Limited	—	2023.06.12	3 years	2023.06.12	5,000,000	2.67%	5,000,000	2.67%	—	—	—	—	—	—	—	—	—	—
	R.O.C.	Representative: Chen, Kuang-Chun	Male 51-60	2023.06.12	3 years	1999.06.15 (Note 6)	2,875,913	1.54%	1,666,913	0.89%	—	—	—	—	LeeMing Institute of Technology	Other position concurrently held at the Company: None	—	—	—	—
Director	R.O.C.	Huang, Jr-Wen	Male 51-60	2023.06.12	3 years	2005.06.10	—	—	—	—	—	—	—	—	Master’s degree, Saint Louis University, U.S.A. Touch Cloud Inc. Supervisor Supervisor, Genepharm Biotech Corp.	Other position concurrently held at the Company: None Senior Vice President, Investment Department, IBF Venture Capital Co., Ltd. Independent Director, Bizlink Holding Inc. Independent Director, Netronix, Inc. Supervisor, Ttbio Corp.	—	—	—	—

Title	Nationality/ Place of Incorporation	Name	Gender and Age	Date Elected	Term (Years)	Date First Elected	Shareholding When Elected		Current Shares Held		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position Concurrently Held at the Company Or Other Companies	Executives or Directors Who are Spouses or Within the Second Degree of Kinship			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation -ship	
Independent Director	R.O.C.	Liu, Shou-Hsiang	Male 71-80	2023.06.12	3 years	2002.06.22	–	–	–	–	–	–	–	–	PhD in Economics, National Taiwan University Associate Professor, Ming Chuan University Research Fellow, Chung-Hua Institution for Economic Research Chairman and President, Ta Hua Investment Trust Independent Director, Hwatai Bank Co., Ltd. Advisory Board Member, Chung-Hua Institution for Economic Research	Other position concurrently held at the Company: None	–	–	–	–
Independent Director	R.O.C.	Cheng, Chia-Jiun	Male 61-70	2023.06.12	3 years	2011.06.15	–	–	–	–	–	–	–	–	Master of Business Administration, National Chengchi University Independent Director, ProbeLeader Co., Ltd. President, Digital United Telecom Co., Ltd. President, Shihlien Energy Technology Co., Ltd. Chairman, ISSDU Inc.	Other position concurrently held at the Company: None Azion Corporation Independent Director Independent Director, Bizlink Holding Inc. Independent Director, Changing Information Technology Inc.	–	–	–	–
Independent Director	R.O.C.	Hsu, Cheng-Hung	Male 61-70	2023.06.12	3 years	2017.06.08	–	–	–	–	1,227	0.00%	–	–	Department of Physics, Tamkang University Unitech Printed Circuit Board Corp. President	Other position concurrently held at the Company: None Shanghai Zhanhua Electronic Co., Ltd. Director Director, Unitech Electronics International (Nantong) Limited	–	–	–	–
Independent Director	R.O.C.	Li, Shao-Tang	Male 61-70	2023.06.12	3 years	2023.06.12	–	–	–	–	–	–	–	–	Department of International Trade, Tamkang University Associate Manager, IBM Taiwan Branch Oracle Taiwan LLC, Taiwan Branch (U.S.A.) President Director and President of Oracle (China) Corporation Chief Executive Officer of China Doppler Communications Co., Ltd. UC&GN International Corp. President Yodn Lighting Corp. Chief Executive Officer CEO, 1111 Job Bank Director, EasyCard Investment Holding Co., Ltd.	Other position concurrently held at the Company: None Director, Avatack Co., Ltd. Director, Avatack Co., Ltd. Director, Ye Siang Enterprise Co., Ltd. Director, Kiwi technology Inc.	–	–	–	–

* The shareholding ratio is rounded to the second decimal place.

Notes1: Chairman and President of the Company, Chairman of Chuan Han Investment Co., Ltd., Chairman of 3Y Power Technology (Taiwan) Inc., Director of FSP International Inc., Director of Power Electronics Co., Ltd., Director of Famous Holding Ltd., Director of FSP group Inc., Director of AMACROX Technology Co., Ltd., Director of Wuxi SPI Technology Co., Ltd., Director of Wuxi

Zhonghan Technology Co., Ltd., Director of Shenzhen Zhong Han Science & Tech. Co., Ltd., Director of FSP Technology Inc., Director of FSP-C R&D Center, Chairman of 3Y Power Technology Inc., Director of FSP International (HK) Limited, Chairman of Amacrox GmbH, Director of Harmony Trading (HK) Limited, Director of Protek Electronics (Samoa) Corp., Director of Luckyield Co, Ltd. Director of FSP Group USA Corp., Chairman of FSP Technology USA Inc., Director of Haohan Electronic Technology (Ji'an) Co., Ltd., Representative of Corporate Director of Voltronic Power Technology Corp., Director of Fu Chuang Yuan Corporation, Supervisor of Hsiang Tsan Investment Co., Ltd., and Chairman of An Wen Investment Co., Ltd., Chairman of Hefeng Investment Co., Ltd.

Notes2: The Company's Vice Chairman serves concurrently as the Company's Vice President, Director of Shenzhen Huili Electronics Co., Ltd. and Director of Zhonghan Electronics Shenzhen Co., Ltd. Director of FSP International Inc., Director of Chuan Han Investment Co., Ltd., Director of Wuxi SPI Technology Co., Ltd., Director of Wuxi Zhonghan Technology Co., Ltd., Director of Shenzhen Zhong Han Science & Tech. Co., Ltd., Director of 3Y Power Technology (Taiwan) Inc., Director of Jiangsu FSP Power Technology R&D Co., Ltd., Director of Fu Chuang Yuan Corporation, Chairman of Yang Chi Investment Co., Ltd., Supervisor of Chin Yu Investment Co., Ltd., Supervisor of An Wen Investment Co., Ltd., and Supervisor of Baichuang Investment Co., Ltd.

Notes3: The Company's Director serves concurrently as the Vice President of the Company, Representative of Shenzhen Huili Electronics Co., Ltd., Representative of Zhonghan Electronics Shenzhen Co., Ltd., Director of FSP International Inc., Director of Chuan Han Investment Co., Ltd., Representative of Wuxi SPI Technology Co., Ltd., Director of Wuxi Zhonghan Technology Co., Ltd., Director of Shenzhen Zhong Han Science & Tech. Co., Ltd., Supervisor of 3Y Power Technology (Taiwan) Inc., and Supervisor of Fu Chuang Yuan Corporation.

Notes4: Chu, Hsiu-Yin's trust account under the custody of Yuanta Commercial Bank.

Notes5: Where the Chairman of the Board of Directors, President, or individual with equivalent roles (highest-ranking managerial officer) are the same individual, spouses, or relatives within the first degree of kinship, specify related information regarding the reason, reasonableness, necessity, and response measures:

The Chairman of the Board of Directors serves concurrently as the President to strengthen execution in decision making and improve business efficiency. It is a temporary measure and the Company has actively sought suitable candidates within its ranks. In addition, the Chairman has maintained close communication with the Directors regarding the Company's operations and plans to ensure corporate governance. The Company has increased the number of Independent Directors by one seat in 2023 to improve board functions and strengthen supervisory functions. The Company has implemented the following measures:

(1) The current four Independent Directors have extensive experience and expertise in finance, business, information technology, human resources and management and perform their supervisory functions effectively.

(2) Every year, we arrange professional director courses offered by external organizations such as the Securities & Futures Institute for all Directors to enhance the operations of the Board of Directors.

(3) The Independent Directors discuss necessary matters and propose recommendations to the Board of Directors in each functional committee to implement corporate governance.

(4) More than half of the members of the Board of Directors are not employees or managerial officers.

Notes6: Date of initial appointment as the Company's Supervisor. The Company organized an election in the shareholders' meeting on June 8, 2017 to replace all Supervisors. The Company also elected (appointed) Directors on June 16, 2020.

Notes7: Shareholding includes shareholding trust (a specific trust account of First Commercial Bank) with retained legal use rights.

Notes8: Date of initial appointment as a natural person director of the Company.

Notes9: Date of initial appointment as a Representative of Institutional Director of the Company.

2. The Directors of the Company are the major shareholders of the Company's Institutional Shareholders

April 9, 2024

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholder (Note)	Shareholding
British Virgin Islands 2K INDUSTRIES INC.	ALTOS INTERNATIONAL CORPORATION	65.30%
	ETERNAL WELTH HOLDINGS LIMITED	34.70%
Chuan Han Investment Co., Ltd.	Cheng, Ya-Jen	37.50%
	Yang, Fu-An	37.50%
	Wang, Chung-Shun	5.00%
	Cheng, Pi-Ling	9.00%
	Hsiang Tsan Investment Co., Ltd.	5.00%
	Ji Chuang Investment Co., Ltd.	5.00%
	Cheng, Ming-Hsiang	1.00%
Pachon Investments Limited	Yang, Fu-An	49.50%
	Cheng, Ya-Jen	49.50%
	Cheng, Pi-Ling	1.00%

Note: Name of major shareholders, whose shareholding accounts for the top ten, and their respective shareholding ratio of the legal entity.

3. Major Shareholders of Institutional Shareholders are Institutional Shareholder: April 9, 2024

Name of legal person	Major Shareholders (Note)	Shareholding
ALTOS INTERNATIONAL CORPORATION	WANG,CHUNG-YIN	100%
ETERNAL WELTH HOLDINGS LIMITED	WANG,SHU-MEI	100%
Hsiang Tsan Investment Co., Ltd.	Cheng, Ya-Jen	55%
	Cheng, Ming-Hsiang	45%
Ji Chuang Investment Co., Ltd.	ETERNAL WEALTH HOLDINGS LIMITED	100%

Note: Name of major shareholders, whose shareholding accounts for the top ten, and their respective shareholding ratio of the legal entity.

4. Disclosure of Information on the Professional Qualifications of Directors and Independence of Independent Directors

April 9, 2024

Criteria / Name	Professional Qualifications and Experience	Independence Criteria	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Cheng, Ya-Jen	Extensive experience and expertise in finance, business, and management and business administration skills Chairman and President, FSP Technology Inc.	1. President of the Company, Managerial Officer 2. Director of the Company's Affiliates. 3. The natural-person shareholder who holds shares is ranked in the top 10 in shareholdings. 4. The shareholder holding 5% of the Company's issued shares - Chairman of Chuan Han Investment Co., Ltd. 5. The rest have been verified in accordance with the independence requirements listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by the Financial Supervisory Commission, and still meet the relevant independence requirements.	None
Yang, Fu-An	Extensive experience and expertise in finance, business, and management Vice Chairman and Vice President, FSP Technology Inc.	1. Vice President of the Company, Managerial Officer 2. Director of the Company's Affiliates. 3. The natural-person shareholder who holds shares is ranked in the top 10 in shareholdings. 4. The shareholder holding 5% of the Company's issued shares - Director of Chuan Han Investment Co., Ltd. 5. The rest have been verified in accordance with the independence requirements listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by the Financial Supervisory Commission, and still meet the relevant independence requirements.	None

Criteria / Name	Professional Qualifications and Experience	Independence Criteria	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Chuan Han Investment Co., Ltd. Representative: Wang, Chung-Shun	Extensive experience and expertise in finance, business, and management Vice President, FSP Technology Inc.	1. Chuan Han Investment Co., Ltd. is one of the top ten natural person shareholders of the Company. 2. Mr. Wang, Chung-Shun was elected as a director as a designated representative of Chuan Han Investment Co., Ltd. 3. The rest have been verified in accordance with the independence requirements listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by the Financial Supervisory Commission, and still meet the relevant independence requirements.	None
2K Industries Inc. (BVI) Representative: Wang, Po-Wen	Extensive experience and expertise in economics and management Operations Manager,Fortron/Source Group Ltd Director, Fu Chuang Yuan Corporation	1. 2K Industries Inc. (BVI) is one of the top ten corporate shareholders of the Company. 2. Mr. Wang, Po-Wen was elected as a Director as the 2K Industries Inc. (BVI) Designated Representative. 3. The rest have been verified in accordance with the independence requirements listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by the Financial Supervisory Commission, and still meet the relevant independence requirements.	None
Chu, Hsiu-Yin	Extensive experience and expertise in finance, business, and management Chairman, Unitel Pty Ltd. Director, Dehuang Biomedical Technology Inc. Representative of Meiyo Holdings Limited	It has been verified in accordance with the independence requirements listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by the Financial Supervisory Commission, and still meet the relevant independence requirements.	None
Pachon Investments Limited Representative: Chen, Kuang-Chun	Extensive experience and expertise in R&D and management	1. Pachon Investments Limited is one of the top ten natural person shareholders of the Company. 2. Mr. Chen, Kuang-Chun was elected as a director as a designated representative of Pachon Investments Limited. 3. The rest have been verified in accordance with the independence requirements listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by the Financial Supervisory Commission, and still meet the relevant independence requirements.	None
Huang, Jr-Wen	Extensive experience and expertise in finance, business, and management Senior Vice President, Investment Department, IBF Venture Capital Co., Ltd. Independent Director, Bizlink Holding Inc. Independent Director, Netronix, Inc. Supervisor, Ttbio Corp. Supervisor, Touch Cloud Inc. Supervisor, Genepharm Biotech Corp.	It has been verified in accordance with the independence requirements listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by the Financial Supervisory Commission, and still meet the relevant independence requirements.	2
Liu, Shou-Hsiang	Extensive experience and expertise in finance, business, and management Associate Professor, Ming Chuan University Research Fellow, Chung-Hua Institution for Economic Research Chairman and President, Ta Hua Investment Trust Independent Director, Hwatai Bank Co., Ltd. Advisory Board Member, Chung-Hua Institution for Economic Research	In accordance with the provisions of the Company's Articles of Association and the Corporate Governance Best-Practice Principles, directors shall be appointed on a nominating system. In the process of nominating and selecting Board members, the Company has obtained the written statement, work experience and family relation form provided by each director to verify the independence of himself, his spouse and his or her three relatives from the Company. The Company has also verified that the three independent directors listed on the left in the two years prior to their election and during their tenure have all met the qualification requirements set out in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and in Article 14-2 of the Securities Exchange Law issued by the Financial Supervisory Commission, and the independent directors have all been granted the right to fully participate in decision-making and express opinions in accordance with Article 14-3 of the Securities Exchange Law, to perform the relevant authority independently.	None
Cheng, Chia-Jiun	Extensive experience and expertise in finance, business, and management Independent Director, Azion Corporation Independent Director, Bizlink Holding Inc. Independent Director, Changing Information Technology Inc. Independent Director, ProbeLeader Co., Ltd. President, Digital United Telecom Co., Ltd. President, Shihlien Energy Technology Co., Ltd. Chairman, ISSDU Inc.		3

Criteria / Name	Professional Qualifications and Experience	Independence Criteria	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Hsu, Cheng-Hung	Extensive experience and expertise in finance, business, and management Director, Shanghai Zhanhua Electronic Co., Ltd. Director, Unitech Electronics International (Nantong) Limited President, Unitech Printed Circuit Board Corp.		None
Li, Shao-Tang (Note 2)	Extensive experience and expertise in finance, business, information technology, human resources and management Director, Avatack Co., Ltd. Director, Avatack Co., Ltd. Director, Ye Siang Enterprise Co., Ltd. Director, Kiwi technology Inc. Associate Manager, IBM Taiwan Branch President, Oracle Taiwan LLC, Taiwan Branch (U.S.A.) Director and President of Oracle (China) Corporation Chief Executive Officer of China Doppler Communications Co., Ltd. President, UC&GN International Corp. CEO, Yodn Lighting Corp. CEO, 1111 Job Bank Director, EasyCard Investment Holding Co., Ltd.		None

Notes1: All independent directors of the Company have been found to be free from any of the provisions of Article 30 of the Company Act.

Notes2: Newly appointed on June 12, 2023.

5. Diversity and Independence of the Board Directors

(I) Diversity of the Board of Directors:

The election of Directors (including Independent Directors) of the Company shall be based on the “Procedures for Election of Directors” and the candidate nomination system stipulated in Article 192-1 of the Company Act. The Company shall announce the period for accepting nominations for Directors (including Independent Directors) and the number of candidates for election before the book closure date prior to the shareholders’ meeting in accordance with the law. The period of acceptance shall be no less than 10 days. After the Board of Directors reviews the list of candidates for Directors (including Independent Directors) and deems that they meet the requirements for Directors (including Independent Directors), the list shall be submitted to the shareholders’ meeting for election.

The Company shall carefully consider the setup and diversity standards for the Board of Directors. It shall select Directors with the necessary knowledge, skills, and education to perform their duties based on their professional background, field, and practical experience. The Company shall also ensure that the number of Directors who are also Managerial Officers of the Company does not exceed one third of the number of Directors as specified in the management targets.

The Company’s Board of Directors is diverse and has different core competencies for effectively carrying out its responsibilities, which include establishing a good governance system for the Board of Directors, supervising, appointing, and directing the Company’s management, strengthening management functions, and taking responsibility for the overall operations of the Company’s economic, social, and environmental development to maximize stakeholders’ interests.

The Company’s current Board of Directors consists of 11 Directors, including 4 non-executive Directors (including 1 female Director), 4 Independent Directors, and 3 Executive Directors. The members have extensive experience and expertise in finance, business, economics, R&D, information technology, human resources and management, emphasizing professional skills and gender equality in the composition of the Board of Directors.

The percentage of directors who are employees of the Company is approximately 27%. The percentage of independent directors is approximately 36%, while the percentage of female directors is approximately 9%. 1 Seniority of Independent Director for less than 3 years, 4 directors aged 70 and above, 5 directors aged between 60 and 69, and 2 directors aged below 60. The Company attaches great importance to gender equality and diversity of professional background in the composition of the Board. The Company plans to nominate an additional Director with legal expertise or a female Director in the 12th Board of Directors to meet our target.

In order to implement the corporate governance policy and diversify the composition of the Board of Directors, the Board of Directors strengthened the implementation of the diversification of director nominations by setting up a “Nominating Committee” on November 4, 2021. The Nominating Committee shall, in accordance with the number of directors of the Company’s Articles of Association, nominate a list of recommendations and submit it to the Board of Directors. The criteria for nominating members are based on the required diversity policy of expertise, technology, experience, gender, nationality, age, etc., and considering the overall configuration of the board.

The overall capabilities of the Board of Directors are specified in Article 20 of the Company’s “Corporate Governance Best-Practice Principles.” All members of the Board of Directors shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goals of corporate governance, the Board of Directors shall possess the following abilities:

I. Ability to make operational judgments.
II. Ability to perform accounting and financial analysis.
III. Ability to conduct management administration.
IV. Ability to conduct crisis management.
V. Knowledge of the industry.
VI. An international market perspective.
VII. Ability to lead.
VIII. Ability to make policy decisions.

The implementation status is listed in the table below:

Diversified Core Items / Name of Director	Basic Composition									Industry Experience				Professional Skills				
	Nationality	Gender	Age			A Concurrent Employee of the Company	Seniority of Independent Director			Production management	Sales and marketing	Innovation and R&D	Asset management	Accounting	Finance	Law	Risk management	International market perspective
			41-50	51-60	61-75		Less than 3 years	3 to 9 years	More than 9 years									
Cheng, Ya-Jen	R.O.C.	Male			✓	✓				✓	✓	✓	✓	✓	✓		✓	✓
Yang, Fu-An	R.O.C.	Male			✓	✓				✓			✓	✓	✓		✓	✓
Chuan Han Investment Co., Ltd. Representative: Wang, Chung-Shun	R.O.C.	Male			✓	✓				✓			✓				✓	✓
2K Industries Inc. (BVI) Representative: Wang, Po-Wen	R.O.C.	Male		✓									✓	✓	✓		✓	✓
Chu, Hsiu-Yin	R.O.C.	Female			✓								✓	✓	✓		✓	✓
Pachon Investments Limited Representative: Chen, Kuang-Chun	R.O.C.	Male		✓								✓	✓				✓	✓
Huang, Jr-Wen	R.O.C.	Male		✓									✓	✓	✓		✓	✓
Liu, Shou-Hsiang	R.O.C.	Male			✓				✓Note				✓	✓	✓		✓	✓
Cheng, Chia-Jiun	R.O.C.	Male			✓				✓Note				✓	✓	✓		✓	✓
Hsu, Cheng-Hung	R.O.C.	Male			✓			✓		✓	✓	✓	✓	✓	✓		✓	✓
Li, Shao-Tang	R.O.C.	Male			✓		✓			✓	✓	✓	✓	✓	✓		✓	✓

Note: Considering that the financial and accounting expertise and industry experience of the independent directors Liu, Shou-Hsiang and Cheng, Chia-Jiun is of obvious benefit to the Company, although they have been re-elected as independent directors of the Company for three terms, the Company still needs to rely on their expertise to supervise and provide professional advice to the Board of Director.

Name of Director \ Diversified Items	Ability to make operational judgments	Ability to perform accounting and financial analysis	Ability to conduct management administration	Ability to conduct crisis management	Industrial Knowledge	International market perspective	Ability to lead	Ability to make policy decisions
Cheng, Ya-Jen	✓	✓	✓	✓	✓	✓	✓	✓
Yang, Fu-An	✓	✓	✓	✓	✓	✓	✓	✓
Chuan Han Investment Co., Ltd. Representative: Wang, Chung-Shun	✓	*	✓	✓	✓	✓	✓	✓
2K Industries Inc. (BVI) Representative: Wang, Po-Wen	✓	✓	✓	✓	✓	✓	*	✓
Chu, Hsiu-Yin	✓	✓	✓	✓	✓	✓	✓	✓
Pachon Investments Limited Representative: Chen, Kuang-Chun	✓	*	✓	✓	✓	✓	✓	✓
Huang, Jr-Wen	✓	✓	✓	✓	✓	✓	✓	✓
Liu, Shou-Hsiang	✓	✓	*	✓	✓	✓	✓	✓
Cheng, Chia-Jiun	✓	✓	✓	✓	✓	✓	✓	✓
Hsu, Cheng-Hung	✓	✓	✓	✓	✓	✓	✓	✓
Li, Shao-Tang	✓	✓	✓	✓	✓	✓	✓	✓

Note: * The Director has certain skills in this category

(II) Independence of the Board Directors:

The current Board of Directors consists of 11 members, who were all elected by shareholders. The Board of Directors consists of four natural-person Directors, three representatives of Corporate Directors, and four Independent Directors. All directors have been found to be free from any of the provisions of Article 30 of the Company Act.

More than half of the members of the Board of Directors are not employees or managerial officers. They are also not a spouse or a relative within the second degree of kinship.

As required by the rules for public listing, the Company has obtained a written statement from each Independent Non-Executive Director for confirming the independence of the Director or his or her immediate family members with respect to the Company.

The Company has established the Performance Evaluation Method of the Board of Directors and Functional Committee, which includes conducting an annual internal assessment of the Board of Directors and Functional Committee members. The performance evaluation items for the Board of Directors include: (1) the degree of participation in the Company's operations, (2) the quality of the Board of Directors' decision making, (3) Composition and structure of the Board of Directors, (4) Election and continuing education of the Directors, and (5) Internal control. The evaluation items for the Functional Committees include: (1) the degree of participation in the Company's operations, (2) Understanding of committee responsibilities, (3) Improvement of the quality of the Functional committee's decision making, (4) The composition and election of members in Functional committee and (5) Internal controls. The self-evaluation of board members includes: (1) Alignment of the goals and missions of the Company, (2) Awareness of the duties of a Director, (3) the degree of participation in the Company's operations, (4) Management of internal relationship and communication, (5) The Director's professionalism and continuing education, and (6) Internal control. The above self-evaluation results are disclosed in the Company's Annual Report and official website after being submitted to the Board of Directors. .

In addition, in order to let all investors fully understand the implementation status of the remaining Board of Directors of the Company, relevant information is also disclosed in the Company's Annual Report, official website or public information observatory: (1) Attendance of board members at meetings, (2) Proposals and decisions of the Board, (3) Continuing training of directors, and (4) Changes in the shareholding of directors (including shareholding ratio, share transfer and pledge creation, etc.) (please refer to the Market Observation Post System website of Taiwan Stock Exchange).

All independent directors comply with the requirements of the FSC for independent directors, and the independence criteria is as follows:

Name	Whether the director, the spouse of the director, relatives of the director are directors, supervisors or employees of the Company or its affiliates	The number and proportion of the Company's shares held by the director, the spouse of the director, relatives of the director (or others).	Whether as a director, supervisor or employee of a company with which the Company has a specific relationship	Amount of remuneration obtained in the last 2 years for providing business, legal, financial and accounting services to the Company or its affiliates
Liu, Shou-Hsiang	No	None	No	None
Cheng, Chia-Jiun	No	None	No	None
Hsu, Cheng-Hung	No	None	No	None
Li, Shao-Tang	No	None	No	None

Opinions of the Company on Independence

The Board of Directors is committed to performing a continuous assessment of the independence of its Directors and it will consider all relevant factors including whether the Director continuously proposes constructive questions of the management and other Directors, whether the Director expresses views independent of the management or other Directors, and whether the Director acts appropriately inside the Board of Directors and in interactions with external entities. The conduct of the Company's Independent Non-Executive Directors is consistent with expectations under applicable conditions and demonstrates these requirements.

After considering all conditions specified in this section, the Company considers that all Independent Non-Executive Directors to be individuals independent of the Company.

(II) Information on the Company's President, Vice President, Associate Managers, and the Supervisors of All the Company's Divisions and Branch Units April 9, 2024

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Positions	Managerial Officers Who are Spouses or Within the Second Degree of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
President	R.O.C.	Cheng, Ya-Jen	Male	1993.05.01	12,167,477	5.96%	1,019,992	0.54%	–	–	College of Engineering, Tatung University/ Chairman, FSP Technology Inc.	Note 1	–	–	–	Note 4
Vice President	R.O.C.	Yang, Fu-An	Male	1993.10.23	11,792,834	6.30%	249,022	0.13%	–	–	Feng Chia University/ Vice President, FSP Technology Inc.	Note 2	–	–	–	–
Vice President	R.O.C.	Wang, Chung-Shun	Male	1993.10.23	11,605,794 (註六)	6.20%	618,892	0.33%	–	–	Feng Chia University/ Chairman, FSP Technology Inc.	Note 3	–	–	–	–
President, Kaohsiung Branch	R.O.C.	Chen, Kuo-Ruey	Male	2007.12.01	644,345	0.34%	33,333	0.02%	–	–	Master of Electrical Engineering, National Cheng Kung University/ President, Kaohsiung Branch, FSP Technology Inc.	None	–	–	–	–
Associate Manager, Material Division	R.O.C.	Wang, Ya-Chen	Female	1998.05.01	238,883	0.13%	47,502	0.03%	–	–	Feng Chia University/ Assistant Vice President, Material Division., FSP Technology Inc.	None	–	–	–	–
Vice President, Kaohsiung Branch	R.O.C.	Hsu, Pei-Ching	Male	2007.12.01	130,067	0.07%	–	–	–	–	Feng Chia University/ Vice President, Kaohsiung Branch, FSP Technology Inc.	None	–	–	–	–
Corporate Governance Officer	R.O.C.	Yao, Wen-Chun	Male	2019.01.08	–	–	–	–	–	–	Master's degree, National Yang-Ming University/ Corporate Governance Officer, FSP Technology Inc.	Note 5	–	–	–	–
Financial Supervisor	R.O.C.	Li, Fu-Jung	Female	2005.04.01	104,740	0.06%	8,281	0.00%	–	–	Fu-Jen Catholic University/ Manager, Finance Division, FSP Technology Inc.	None	–	–	–	–
Chief Accounting Officer	R.O.C.	Sang, Hsi-Yun	Female	2005.04.01	84,045	0.04%	–	–	–	–	Master's degree, National Central University/ Manager, Accounting Division, FSP Technology Inc.	None	–	–	–	–

* The shareholding ratio is rounded to the second decimal place.

Notes1: Chairman and President of the Company, Chairman of Chuan Han Investment Co., Ltd., Chairman of 3Y Power Technology (Taiwan) Inc., Director of FSP International Inc., Director of Power Electronics Co., Ltd., Director of Famous Holding Ltd., Director of FSP group Inc., Director of AMACROX Technology Co., Ltd.;, Director of Wuxi SPI Technology Co., Ltd., Director of Wuxi Zhonghan Technology Co., Ltd., Director of Shenzhen Zhong Han Science & Tech. Co., Ltd., Director of FSP Technology Inc., Director of FSP-C R&D Center, Chairman of 3Y Power Technology Inc., Director of FSP International (HK) Limited, Chairman of Amacrox GmbH, Director of Harmony Trading (HK) Limited, Director of Protek Electronics (Samoa) Corp., Director of Luckyield Co, Ltd. Director of FSP Group USA Corp., Chairman of FSP Technology USA Inc., Director of Haohan Electronic Technology (Ji'an) Co., Ltd., Representative of Corporate Director of Voltronic Power Technology Corp., Director of Fu Chuang Yuan Corporation, Supervisor of Hsiang Tsan Investment Co., Ltd., and Chairman of An Wen Investment Co., Ltd.,Chairman of Hefeng Investment Co., Ltd.

Notes2: The Company's Vice Chairman serves concurrently as the Company's Vice President, Director of Shenzhen Huili Electronics Co., Ltd. and Director of Zhonghan Electronics Shenzhen Co., Ltd. Director of FSP International Inc., Director of Chuan Han Investment Co., Ltd., Director of Wuxi SPI Technology Co., Ltd., Director of Wuxi Zhonghan Technology Co., Ltd., Director of Shenzhen Zhong Han Science & Tech. Co., Ltd., Director of 3Y Power Technology (Taiwan) Inc., Director of Jiangsu FSP Power Technology R&D Co., Ltd., Director of Fu Chuang Yuan Corporation, Chairman of Yang Chi Investment Co., Ltd., Supervisor of Chin Yu Investment Co., Ltd., Supervisor of An Wen Investment Co., Ltd., and Supervisor of Baichuang Investment Co., Ltd.

Notes3: The Company's Director serves concurrently as the Vice President of the Company, Representative of Shenzhen Huili Electronics Co., Ltd., Representative of Zhonghan Electronics Shenzhen Co., Ltd., Director of FSP International Inc., Director of Chuan Han Investment Co., Ltd., Representative of Wuxi SPI Technology Co., Ltd., Director of Wuxi Zhonghan Technology Co., Ltd., Director of Shenzhen Zhong Han Science & Tech. Co., Ltd., Supervisor of 3Y Power Technology (Taiwan) Inc., and Supervisor of Fu Chuang Yuan Corporation.

Notes4: Where the President or individual with equivalent roles (highest-ranking managerial officer) and the Chairman of the Board of Directors are the same individual, spouses, or relatives within the first degree of kinship, specify related information regarding the reason, reasonableness, necessity, and response measures:
The Chairman of the Board of Directors serves concurrently as the President to strengthen execution in decision making and improve business efficiency. It is a temporary measure and the Company has actively sought suitable candidates within its ranks. In addition, the Chairman has maintained close communication with the Directors regarding the Company's operations and plans to ensure corporate governance. The Company has increased the number of Independent Directors by one seat in 2023 to improve board functions and strengthen supervisory functions. The Company has implemented the following measures:
(1) The current four Independent Directors are experts in finance, accounting, economics, and their own fields in the industry and perform their supervisory functions effectively.
(2) Every year, we arrange professional director courses offered by external organizations such as the Securities & Futures Institute for all Directors to enhance the operations of the Board of Directors.
(3) The Independent Directors discuss necessary matters and propose recommendations to the Board of Directors in each functional committee to implement corporate governance.
(4) More than half of the members of the Board of Directors are not employees or managerial officers.

Notes5: Supervisor of Neurobit Technologies Co., Ltd., Supervisor of Stockfeel., and Independent Director of Ejectt INC.

Notes6: Shareholding includes shareholding trust (a specific trust account of First Commercial Bank) with retained legal use rights.

III. Remuneration Paid During the Most Recent Fiscal Year to Directors, President, and Vice President

(I) Remuneration to General Directors and Independent Directors

Unit: NT$ thousands

<table>
<tr><th rowspan="4">Title</th><th rowspan="4">Name (Note 1)</th><th colspan="8">Remuneration to Directors</th><th colspan="2" rowspan="2">Ratio of Total Remuneration (A+B+C+D) to Net Income (Note 10)</th><th colspan="8">Relevant Remuneration Received By Directors Who are Also Employees</th><th colspan="2" rowspan="2">Total remuneration (A+B+C+D+E+F+G) and Ratio to Net Income (Note 10)</th><th rowspan="4">Compensation from Investee Business Other Than Subsidiaries or from the Parent Company (Note 11)</th></tr>
<tr><th colspan="2">Base Compensation (A) (note 2)</th><th colspan="2">Severance Pay and Pension (B)</th><th colspan="2">Director Remuneration (C) (Note 3)</th><th colspan="2">Business Execution Expenses (D) (Note 4)</th><th colspan="2">Salary, Bonuses, and Allowances (E) (Note 5)</th><th colspan="2">Severance Pay and Pension (F)</th><th colspan="4">Employee Compensation (G) (Note 6)</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">Companies in the Consolidated Financial Statements (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the Consolidated Financial Statements (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the Consolidated Financial Statements (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the Consolidated Financial Statements (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the Consolidated Financial Statements (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the Consolidated Financial Statements (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the Consolidated Financial Statements (Note 7)</th><th colspan="2">The Company</th><th colspan="2">Companies in the Consolidated Financial Statements (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the Consolidated Financial Statements (Note 7)</th></tr>
<tr><th>Cash Amount</th><th>Stock Amount</th><th>Cash Amount</th><th>Stock Amount</th></tr>
<tr><td>Chairman and President</td><td>Cheng, Ya-Jen</td><td rowspan="10">0</td><td rowspan="10">0</td><td rowspan="10">0</td><td rowspan="10">0</td><td rowspan="10">7,000</td><td rowspan="10">8,125</td><td rowspan="10">344</td><td rowspan="10">356</td><td rowspan="10">7,344
1.23%</td><td rowspan="10">8,481
1.42%</td><td rowspan="10">16,449</td><td rowspan="10">16,449</td><td rowspan="10">0</td><td rowspan="10">0</td><td rowspan="10">14,000</td><td rowspan="10">0</td><td rowspan="10">14,000</td><td rowspan="10">0</td><td rowspan="10">37,793
6.31%</td><td rowspan="10">38,930
6.50%</td><td rowspan="10">3,600</td></tr>
<tr><td>Vice Chairman and Vice President</td><td>Yang, Fu-An</td></tr>
<tr><td rowspan="2">Director Representative and Vice President</td><td>Chuan Han Investment Co., Ltd.</td></tr>
<tr><td>Representative: Wang, Chung-Shun</td></tr>
<tr><td rowspan="2">Director</td><td>2K Industries Inc. (BVI)</td></tr>
<tr><td>Representative: Wang, Po-Wen</td></tr>
<tr><td>Director</td><td>Chu, Hsiu-Yin</td></tr>
<tr><td rowspan="2">Director</td><td>Pachon Investments Limited</td></tr>
<tr><td>Representative: Chen, Kuang-Chun</td></tr>
<tr><td>Director</td><td>Huang, Jr-Wen</td></tr>
<tr><td>Independent Director</td><td>Liu, Shou-Hsiang</td><td rowspan="4">2,131</td><td rowspan="4">2,131</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">184</td><td rowspan="4">184</td><td rowspan="4">2,315
0.39%</td><td rowspan="4">2,315
0.39%</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">2,315
0.39%</td><td rowspan="4">2,315
0.39%</td><td rowspan="4">0</td></tr>
<tr><td>Independent Director</td><td>Cheng, Chia-Jiun</td></tr>
<tr><td>Independent Director</td><td>Hsu, Cheng-Hung</td></tr>
<tr><td>Independent Director</td><td>Li, Shao-Tang</td></tr>
</table>

1. Please specify the independent director remuneration policy, system, standard, and structure, and the connection between the amount of remuneration and the factors, such as their job responsibilities, risks, and time contributed.

   The remuneration of the Independent Directors of the Company shall be processed in accordance with Paragraph 3, Article 3 of the "Regulations Governing the Remuneration of Directors and Members of Functional Committees" passed by the Board of Directors on March 18, 2021. Independent Directors are not eligible for the remuneration for Directors specified in Article 20 of the Company's "Articles of Incorporation." However, the Company shall pay each Independent Director a fixed amount of remuneration each quarter regardless of whether the Company turns a profit. If an Independent Director resigns during the quarter, his or her remuneration shall be calculated proportionally based on the period of services in the quarter.

2. Other than disclosures in the above table, remuneration paid to Directors for providing services (e.g., providing consulting services as a non-employee for the parent company/all companies in consolidated financial statements/investee business) in the most recent fiscal year: NT$ 0.

Range of Remuneration

Range of Remuneration Paid to Directors	Name of Director			
	Total remuneration (A+B+C+D)		Total remuneration (A+B+C+D+E+F+G)	
	The Company (Note 8)	Companies in the Consolidated Financial Statements (Note 9)H	The Company (Note 8)	Parent Company and All Investee Business (Note 9)I
Less than NT$1,000,000	General Directors: 2K Industries Inc. Representative: Wang, Po-Wen Chu, Hsiu-Yin Representative of Pachon Investments Limited: Chen, Kuang-Chun Huang, Jr-Wen Independent Director: Liu, Shou-Hsiang Cheng, Chia-Jiun Hsu, Cheng-Hung Li, Shao-Tang	General Directors: 2K Industries Inc. Representative: Wang, Po-Wen Chu, Hsiu-Yin Representative of Pachon Investments Limited: Chen, Kuang-Chun Huang, Jr-Wen Independent Director: Liu, Shou-Hsiang Cheng, Chia-Jiun Hsu, Cheng-Hung Li, Shao-Tang	General Directors: 2K Industries Inc. Representative: Wang, Po-Wen Chu, Hsiu-Yin Representative of Pachon Investments Limited: Chen, Kuang-Chun Huang, Jr-Wen Independent Director: Liu, Shou-Hsiang Cheng, Chia-Jiun Hsu, Cheng-Hung Li, Shao-Tang	General Directors: 2K Industries Inc. Representative: Wang, Po-Wen Chu, Hsiu-Yin Representative of Pachon Investments Limited: Chen, Kuang-Chun Huang, Jr-Wen Independent Director: Liu, Shou-Hsiang Cheng, Chia-Jiun Hsu, Cheng-Hung Li, Shao-Tang
NT$1,000,000 (Including) - NT$2,000,000 (Excluding)	General Directors: Cheng, Ya-Jen Representative of Chuan Han Investment Co., Ltd.: Wang, Chung-Shun Yang, Fu-An	General Directors: Cheng, Ya-Jen Representative of Chuan Han Investment Co., Ltd.: Wang, Chung-Shun Yang, Fu-An	—	—
NT$2,000,000 (Including) - NT$3,500,000 (Excluding)	—	—	—	—
NT$3,500,000 (Including) - NT$5,000,000 (Excluding)	—	—	—	—
NT$5,000,000 (Including) - NT$10,000,000 (Excluding)	—	—	General Directors Representative of Chuan Han Investment Co., Ltd.: Wang, Chung-Shun	General Directors Representative of Chuan Han Investment Co., Ltd.: Wang, Chung-Shun
NT$10,000,000 (Including) - NT$15,000,000 (Excluding)	—	—	Yang, Fu-An	Yang, Fu-An
NT$15,000,000 (Including) - NT$30,000,000 (Excluding)	—	—	General Directors Cheng, Ya-Jen	General Directors Cheng, Ya-Jen
NT$30,000,000 (Including) - NT$50,000,000 (Excluding)	—	—	—	—
NT$50,000,000(incl.) - NT$100,000,000(not incl.)	—	—	—	—
Greater Than or Equal to NT$100,000,000	—	—	—	—
Total	11 persons	11 persons	11 persons	11 persons

Notes1: The names of the Directors must be listed separately (for institutional shareholders, the names of institutional shareholders and representatives should be listed respectively) and the various payment amounts using the summary disclosure method for general Directors and Independent Directors. If a Director serves concurrently as the President or Vice President, fill out this table and Table 3(2) below.

Notes2: Remuneration to Directors in the most recent fiscal year (including the Directors' salary, additional duty payments, severance pay, various bonuses, or incentive payments).

Notes3: The amount is the proposed remuneration to Directors passed by the Board of Directors for the most recent fiscal year.

Notes4: This refers to the business execution expenses of Directors in the most recent fiscal year (including transportation expenses, special allowance, stipends, dormitory, and car). If housing, cars, and transportation vehicles or personal expenses are provided, the nature and cost of the assets provided, the rental fees and fuel cost calculated based on the actual amount or fair market value, and other payments shall be disclosed. Where a driver is also provided, the compensation paid by the Company to the driver shall be specified in the notes but the amount shall not be included in the remuneration.

Notes5: All payments to Directors who are also employees of the Company (including the position of President, Vice President, other managerial officer and staff), including salary, additional pay, severance pay, bonuses, rewards, transportation allowance, special allowance, stipends, dormitory, and car. If housing, cars, and transportation vehicles or personal expenses are provided, the nature and cost of the assets provided, the rental fees and fuel cost calculated based on the actual amount or fair market value, and other payments shall be disclosed. Where a driver is also provided, the compensation paid by the Company to the driver shall be specified in the notes but the amount shall not be included in the remuneration. Furthermore, any compensation recognized in the IFRS 2 "Share-Based Payment" section, including issuance of employee stock options, new restricted employee shares, and capital increase by stock subscription, shall be included in the calculation of the remuneration.

Notes6: For Directors concurrently serving as employees (including the President, Vice Presidents, other Managerial Officers and employees) who receive employee compensation (including shares and cash), the amount of employee compensation that have been passed by the Board of Directors and are distributed to them in the most recent fiscal year shall be disclosed. If the amount of compensation cannot be estimated, the amount of compensation in the current fiscal year shall be calculated based on the ratio of the amount of compensation distributed in the previous fiscal year, and this amount shall also be specified in Table 3(3) below.

Notes7: Total remuneration to Directors from all companies in the consolidated statements (including the Company) shall be disclosed.

Notes8: The name of each Director shall be disclosed in the range of remuneration corresponding to the amount of total remuneration paid to the Director by the Company.

Notes9: Total remuneration paid to each Director of the Company by all the companies (including the Company) listed in its consolidated financial statements shall be disclosed. The name of each Director shall be disclosed in the range of remuneration.

Notes10: The net income refers to the net income in the parent company only or individual financial report in the most recent fiscal year.

Notes11:
a. The amount of remuneration received from investee business other than subsidiaries or the parent company by the Company's Directors shall be stated clearly in this column (please specify "none" if there is no remuneration).
b. If a Director of the Company receives remuneration from investee business other than subsidiaries or the parent company, the amount of remuneration received by the Director from investee business other than subsidiaries or the parent company shall be combined into Column I of the table for ranges of remuneration, and this column shall be renamed as "Parent Company and All Investee Business."
c. c Remuneration refers to pay, compensation (including compensation of employees, directors and supervisors) and remuneration for conducting business received by a Director of the Company serving as a director, supervisor or managerial officer of an investee business of the Company other than subsidiaries or the parent company.

* A different concept is used for the content of remuneration disclosed in this table compared to that in the Income Tax Act. This table is used for information disclosure, but not for taxation.

(II) Remuneration to the President and Vice President

Unit: NT$ thousands

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary (A) (Note 2)</th><th colspan="2">Severance Pay and Pension (B)</th><th colspan="2">Bonuses and Allowances, etc. (C) (Note 3)</th><th colspan="4">Employee Compensation (D) (Note 4)</th><th colspan="2">Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 8)</th><th rowspan="3">Compensation from Investee Business Other Than Subsidiaries or from the Parent Company (Note 9)</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">Companies in the Consolidated Financial Statements (Note 5)</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the Consolidated Financial Statements (Note 5)</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the Consolidated Financial Statements (Note 5)</th><th colspan="2">The Company</th><th colspan="2">Companies in the Consolidated Financial Statements (Note 5)</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the Consolidated Financial Statements (Note 5)</th></tr>
<tr><th>Cash Amount</th><th>Stock Amount</th><th>Cash Amount</th><th>Stock Amount</th></tr>
<tr><td>Chairman and President</td><td>Cheng, Ya-Jen</td><td rowspan="5">11,364</td><td rowspan="5">11,364</td><td rowspan="5">100
註</td><td rowspan="5">100
註</td><td rowspan="5">10,446</td><td rowspan="5">10,446</td><td rowspan="5">14,900</td><td rowspan="5">0</td><td rowspan="5">14,900</td><td rowspan="5">0</td><td rowspan="5">36,810
6.14%</td><td rowspan="5">36,810
6.14%</td><td rowspan="5">3,600</td></tr>
<tr><td>Vice Chairman and Vice President</td><td>Yang, Fu-An</td></tr>
<tr><td>Director Representative and Vice President</td><td>Wang, Chung-Shun</td></tr>
<tr><td>President, Kaohsiung Branch</td><td>Chen, Kuo-Ruey</td></tr>
<tr><td>Vice President, Kaohsiung Branch</td><td>Hsu, Pei-Ching</td></tr>
</table>

Note: All items are recognized as severance pay and pension

* Regardless of titles, remunerations of employees with positions equivalent to the President or Vice President (Examples: president, CEO, and director) shall be disclosed.

Range of Remuneration

Range of Remuneration Paid to the President and Vice President	Name of the President and Vice President	
	The Company (Note 6)	Parent Company and all Investee business (Note 7) E
Less than NT$1,000,000	–	–
NT$1,000,000 (Including) - NT$2,000,000 (Excluding)	–	–
NT$2,000,000 (Including) - NT$3,500,000 (Excluding)	Hsu, Pei-Ching	Hsu, Pei-Ching
NT$3,500,000 (Including) - NT$5,000,000 (Excluding)	Chen, Kuo-Ruey	Chen, Kuo-Ruey
NT$5,000,000 (Including) - NT$10,000,000 (Excluding)	Wang, Chung-Shun	Wang, Chung-Shun
NT$10,000,000 (Including) - NT$15,000,000 (Excluding)	Cheng, Ya-Jen Yang, Fu-An	Yang, Fu-An
NT$15,000,000 (Including) - NT$30,000,000 (Excluding)	–	Cheng, Ya-Jen
NT$30,000,000 (Including) - NT$50,000,000 (Excluding)	–	–
NT$50,000,000(incl.) - NT$100,000,000(not incl.)	–	–
Greater Than or Equal to NT$100,000,000	–	–
Total	5 persons	5 persons

Notes1: The names of President and Vice Presidents shall be listed separately and the amounts paid shall be disclosed in a summary. If a Director serves concurrently as the President or Vice President, fill out this table and Table 3(1) above.

Notes2: Salary, additional duty payments, and severance pay received by the President and Vice Presidents in the past year.

Notes3: Bonus, incentive payments, transportation expenses, special allowance, stipends, dormitory, car, and other payments received by the President or Vice President in the past year. If housing, cars, and transportation vehicles or personal expenses are provided, the nature and cost of the assets provided, the rental fees and fuel cost calculated based on the actual amount or fair market value, and other payments shall be disclosed. Where a driver is also provided, the compensation paid by the Company to the driver shall be specified in the notes but the amount shall not be included in the remuneration. Furthermore, any compensation recognized in the IFRS 2 "Share-Based Payment" section, including issuance of employee stock options, new restricted employee shares, and capital increase by stock subscription, shall be included in the calculation of the remuneration.

Notes4: The amount of employee compensation (including shares and cash) that have been passed by the Board of Directors and distributed to the President and Vice Presidents in the most recent fiscal year. If the amount of remuneration cannot be estimated, the amount of remuneration in the current fiscal year shall be calculated based on the ratio of the amount of remuneration distributed in the previous fiscal year, and this amount shall also be filled in Table 3(3)below.

Notes5: Total remuneration to the Company's President and Vice Presidents from all companies in the consolidated statements (including the Company) shall be disclosed.

Notes6: The names and total remuneration of President and Vice Presidents paid by the Company shall be disclosed in their respective range of remuneration.

Notes7: Total remuneration paid to each President and Vice President of the Company by all the companies (including the Company) listed in its consolidated financial statements shall be disclosed. The name of each President and Vice President shall be disclosed in the range of remuneration.

Notes8: The net income refers to the net income in the parent company only or individual financial report in the most recent fiscal year.

Notes9:
a. The amount of remuneration received from investee business other than subsidiaries or the parent company by the Company's President and Vice Presidents shall be stated clearly in this column (please specify "none" if there is no remuneration).
b. If a President or Vice President of the Company receives remuneration from investee business other than subsidiaries or the parent company, the amount of remuneration received by the President or Vice President from investee business other than subsidiaries or the parent company shall be combined into Column E of the table for ranges of remuneration, and this column shall be renamed as "Parent Company and All Investee Business."
c. Remuneration refers to pay, compensation (including compensation of employees, directors and supervisors) and remuneration for conducting business received by the President and Vice President of the Company serving as a director, supervisor or managerial officer of an investee business of the Company other than subsidiaries or the parent company.

* A different concept is used for the content of remuneration disclosed in this table compared to that in the Income Tax Act. This table is used for information disclosure, but not for taxation.

(III) Employee Compensation Paid to Managerial Officers December 31, 2023; Unit: NT$ thousands

	Title	Name	Stock Amount	Cash Amount	Total	Ratio of Total Remuneration to Net Income (%)
Managerial Officer	President	Cheng, Ya-Jen	0	16,950	16,950	2.83%
	Vice President	Yang, Fu-An				
	Vice President	Wang, Chung-Shun				
	President, Kaohsiung Branch	Chen, Kuo-Ruey				
	Associate Managers	Wang, Ya-Chen				
	Vice President, Kaohsiung Branch	Hsu, Pei-Ching				
	Corporate Governance Officer	Yao, Wen-Chun				
	Financial Supervisor	Li, Fu-Jung				
	Chief Accounting Officer	Sang, Hsi-Yun				

Notes1: The names and titles of the individuals must be disclosed, but the distribution of profits may be disclosed in a summary.

Notes2: The amount of employee compensation (including shares and cash) that have been passed by the Board of Directors and distributed to the managerial officers in the most recent fiscal year. If the amount of remuneration cannot be estimated, the amount of remuneration in the current fiscal year shall be calculated based on the ratio of the amount of remuneration distributed in the previous fiscal year. The net income refers to the net income for the most recent fiscal year; for those that have already adopted the IFRS principles, net income refers to the net income in the parent company only or individual financial report in the most recent fiscal year.

Notes3: The scope of application for the term "managerial officer" shall be pursuant to the FSC's Tai-Cai-Zheng-3 No. 0920001301 Order dated March 27, 2003. Its scope of application shall be as follows:
(1) President and those with equivalent powers
(2) Vice President and those with equivalent powers
(3) Associate Managers and those with equivalent powers
(4) Manager of the Finance Division
(5) Manager of the Accounting Division
(6) Other individuals with the authority for managing company affairs and signatory rights

Notes4: Directors, Presidents, and Vice Presidents who receive employee compensation (including shares and cash) must be listed in Table 3(1) and this table.

(IV) Comparison and Explanation of Total Remuneration, as a Percentage of Net Income Stated in the Parent Company Only or Individual Financial Statements, Paid by the Company and Companies in the Consolidated Financial Statements during the Past 2 Fiscal Years to the Directors, President, and Vice Presidents, Along with Description of the policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance:

1. Analysis of the total remuneration paid to the directors, President and Vice President of the Company in the most recent two years by the Company and companies in the Consolidated Financial Statements as a proportion of the net income of individual or individual financial reports

Unit: NT$ thousands

Item / Title	The Company				Companies in the Consolidated Financial Statements			
	2022		2023		2022		2023	
	Total remuneration	Ratio to Net Income (%)	Total remuneration	Ratio to Net Income (%)	Total remuneration	Ratio to Net Income (%)	Total remuneration	Ratio to Net Income (%)
Director	42,753	5.92%	40,108	6.69%	44,505	6.16%	41,245	6.88%
President and Vice Presidents	40,213	5.57%	36,810	6.14%	40,213	5.57%	36,810	6.14%
Net income	722,439	–	599,238	–	722,439	–	599,238	–

The decrease in the total remuneration of directors in 2023 compared with 2022 was mainly due to the decrease in salary. The decrease in the total Remuneration to the President and Vice President compared with 2022 was due to the decrease in salary and bonus.

2. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance:

(1) Remuneration to Directors

The remuneration of the Company's Directors is processed in accordance with Article 20 of the Company's Articles of Incorporation, which stipulates that no more than 3% of the annual profit shall be set aside for the remuneration of the Directors. The Company also evaluates the remuneration of the Directors in accordance with the items in the Company's "Regulations Governing the Evaluation of the Board of Directors": alignment of the goals and missions of the Company, awareness of the duties of a Director, participation in the operation of the Company, management of internal relationship and communication, the Director's professionalism and continuing education, and internal control, which are included in the performance evaluation and factors for determining the distribution of remuneration. The payment standards for transportation expenses are based on the payment standards set forth in the Regulations Governing the Remuneration of Directors and Members of Functional Committees and each member receives transportation expenses of NT$5,000 for each meeting. If a Director is also an employee, remuneration shall also be paid in accordance with the terms in (3) and (4).

The Company's relevant performance appraisal and compensation rationality are reviewed by the Remuneration Committee and the Board of Directors.

(2) Remuneration of Independent Directors

Independent Directors of the Company are not eligible for the remuneration for Directors specified in Article 20 of the Company's "Articles of Incorporation". However, the Company shall pay each Independent Director a fixed amount of remuneration each quarter regardless of whether the Company turns a profit in accordance with the "Regulations Governing the Remuneration of Directors and Members of Functional Committees." If an Independent Director resigns during the quarter, his or her remuneration shall be calculated proportionally based on the period of services in the quarter.

(3) Remuneration of Managerial Officers

The remuneration paid to the managerial officers of the Company is determined based on the Company's "Managerial Officer Salary and Compensation Management Regulations" and the salary standards of the position in the industry. The Company also considers the scope of duties of the position in the Company, contributions to the attainment of the Company's operating targets, and profitability before proposing a reasonable remuneration, which shall be reviewed and approved by the Remuneration Committee and passed by the Board of Directors before implementation.

(4) Procedures for determining remuneration, and the correlation with risks and business performance

The Company shall establish procedures for determining the remuneration which shall be assessed based on the Company's "Regulations Governing the Evaluation of the Board of Directors" and the "Managerial Officer Salary and Compensation Management Regulations." In addition to the Company's overall performance, future risks in the industry, and development trends, the Company shall also consider the extent of personal performance and contributions to the Company for providing reasonable remuneration. Related performance evaluation and the reasonableness of salary and remuneration shall be reviewed by the Remuneration Committee and the Board of Directors. They shall review the remuneration system based on actual business operations and related laws to maintain a balance between sustainable management and risk management.

IV. Implementation Status of Corporate Governance:

(I) Information on the Implementation Status of the Board of Directors

A total of 9 (A) meetings of the Board of Directors was held in 2023 and 2024 as of the publication date of the Annual Report. The attendance of Directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance rate (B/A)	Remark
Chairman	Cheng, Ya-Jen	9	0	100%	Re-election
Vice Chairman	Yang, Fu-An	9	0	100%	Re-election
Director	Wang, Chung-Shun	3	0	100%	Note 1
Director	Chuan Han Investment Co., Ltd. Representative: Wang, Chung-Shun	6	0	100%	Newly appointed
Director	2K Industries Inc. (BVI) Representative: Wang, Po-Wen	8	1	88.89%	Re-election
Director	Datazone Limited (Belize) Representative: Chu, Hsiu-Yin	3	0	100%	Note 1
Director	Chu, Hsiu-Yin	6	0	100%	Newly appointed
Director	Chen, Kuang-Chun	3	0	100%	Note 1
Director	Pachon Investments Limited Representative: Chen, Kuang-Chun	6	0	100%	Newly appointed
Director	Huang, Jr-Wen	9	0	100%	Re-election
Independent Director	Liu, Shou-Hsiang	9	0	100%	Re-election
Independent Director	Cheng, Chia-Jiun	9	0	100%	Re-election
Independent Director	Hsu, Cheng-Hung	9	0	100%	Re-election
Independent Director	Li, Shao-Tang	6	0	100%	Newly appointed

Notes1: Complete re-election and dismissal at the shareholders' meeting on June 12, 2023, and 3 board meetings were held while serving as a director in 2023.

Other matters:

1. With regard to the operations of the Board of Directors, if any of the following circumstances occur, the dates, terms of the meetings, contents of motions, all independent directors' opinions, and the Company's response shall be specified:

   (1) Matters referred to in Article 14-3 of the Securities and Exchange Act: The Company has established the Audit Committee and the requirements in Article 14-3 of the Securities and Exchange Act do not apply. Please refer to the Implementation Status of the Audit Committee in the Annual Report for detailed information.

   (2) Any recorded or written Board resolutions to which independent directors have dissenting or qualified opinions to be noted in addition to the above: None.

2. Regarding recusal of directors due to conflicts of interests, the names of the directors, contents of motions, reasons for recusal, and results of voting shall be specified:

   (1) The 18th meeting of the 10th Board of Directors on January 5, 2023

   Contents of Motions: Passed the proposal for the year-end bonus for the Company's managerial officers for 2022 proposed by the Remuneration Committee.

   Directors who recused themselves due to conflict of interest: Cheng, Ya-Jen, Wang, Chung-Shun, Yang, Fu-An.

   Reasons for recusal and participation in voting: According to Article 206 of the Company Act, the Directors Cheng, Ya-Jen, Wang, Chung-Shun, and Yang, Fu-An may not participate in the vote. The other Directors and Independent Director in attendance passed the proposal unanimously.

   (2) The 19th meeting of the 10th Board of Directors on March 10, 2023

   Contents of Motions: Passed the proposal for the remuneration of the managerial officers for 2022 proposed by the Remuneration Committee.

   Directors who recused themselves due to conflict of interest: Cheng, Ya-Jen, Wang, Chung-Shun, Yang, Fu-An.

   Reasons for recusal and participation in voting: According to Article 206 of the Company Act, the Directors Cheng, Ya-Jen, Wang, Chung-Shun, and Yang, Fu-An may not participate in the vote. The other Directors and Independent Director in attendance passed the proposal unanimously.

   (3) 4th meeting of the 11th Board of Directors on January 25, 2024

   Contents of Motions: Passed the proposal for the year-end bonus for the Company's managerial officers for 2023 proposed by the Remuneration Committee.

   Directors who recused themselves due to conflict of interest: Cheng, Ya-Jen, Representative of legal person director of Chuan Han Investment Co., Ltd.: Wang, Chung-Shun, and Yang, Fu-An.

   Reasons for recusal and participation in voting: According to Article 206 of the Company Act, the Directors Cheng, Ya-Jen, Representative of legal person director of Chuan Han Investment Co., Ltd.: Wang, Chung-Shun, and Yang, Fu-An may not participate in the vote. The other Directors and Independent Director in attendance passed the proposal unanimously.

   (4) 5th meeting of the 11th Board of Directors on March 14, 2024

   Contents of Motions: Passed the proposal for the remuneration of the managerial officers for 2023 proposed by the Remuneration Committee.

   Directors who recused themselves due to conflict of interest: Cheng, Ya-Jen, Representative of legal person director of Chuan Han Investment Co., Ltd.: Wang, Chung-Shun, and Yang, Fu-An.

Reasons for recusal and participation in voting: According to Article 206 of the Company Act, except for the Directors Cheng, Ya-Jen, representative of legal person director of Chuan Han Investment Co., Ltd.: Wang, Chung-Shun, and Yang, Fu-An may not participate in the vote. The other Directors and Independent Director in attendance passed the proposal unanimously.

3. The evaluation cycle, duration, scope, method and content of the performance evaluation of the Board of Directors and functional committees:

Frequency	Period	Scope	Method	Content
1. The Board of Directors and Functional Committee shall carry out at least one internal Board of Directors and Functional committee performance evaluation every year	2023/1/1~2023/12/31	Performance evaluation of the Board and functional committees and individual board members	1. Internal self-evaluation of the Board of Directors and functional committees, and self-evaluation of the directors.	Note 1
2. The Board of Directors shall appoint an external professional independent agency or a team of external experts and scholars to conduct an external performance evaluation at least once every three years.	2022/1/1~2023/10/27	Performance evaluation of the Board of Directors and its functional committees	2. Appoint an external professional independent agency or a team of external experts and scholars to conduct an external performance evaluation.	Note 2

Notes1: The evaluation contents include the following items according to the scope of evaluation:

(1) Performance evaluation of the Board of Directors: Including participation in the operation of the Company, improvement of the quality of the Board of Directors' decision making, composition and structure of the Board of Directors, election and continuing education of the Directors, and internal control.

(2) The Functional Committee evaluates performance: Participation in the operation of the Company, the awareness of the duties of Functional committee, improvement of the quality of the Functional committee's decision making, the composition and election of members in Functional committee and internal control.

(3) Performance evaluation of individual Directors Including alignment of the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationship and communication, the director's professionalism and continuing education, and internal control.

The results of the internal performance evaluation of the Board of Directors and the Functional Committee have been submitted to the Report of the Board of Directors dated January 25, 2024 as a reference for the continuous strengthening of the functions of the Board of Directors, and disclosed on the Company's website for investors' reference.

Notes2:

On April 28, 2022, the Board of Directors of the Company passed a resolution to amend the "Performance evaluation Method of the Board of Directors and Functional Committee," and carry out the performance evaluation of the Board of Directors and Functional committee once a year, including the internal self-evaluation of the Board of Directors, self-assessment by Board members and internal self-assessment by the Functional Committee. Performance evaluation of the Board of Directors shall be conducted by an external professional independent agency or a team of external experts and scholars to conduct an external performance evaluation at least once every three years. In October 2023, the Company appointed the "Taipei Foundation of Finance" as the external auditor for the effectiveness assessment of the Board of Directors for 2023 (period from January 2022 to October 2023). The organization and its executive committee meet the criteria outlined in the independence declaration of the Board of Directors' effectiveness assessment report, thus demonstrating independence. The assessment covered seven main aspects, including safeguarding shareholder rights, strengthening the structure and operation of the Board of Directors, participation degree in the Company operations, enhancing the quality of the Board of Directors' decision making, improving information transparency, internal control, and promoting sustainable development. Other relevant evaluation considerations were also appropriately included. Taipei Foundation of Finance issued the Board of Directors' effectiveness assessment report on December 27, 2023.

I. Comprehensive analysis of the assessment report

(I) The evaluated company is a globally renowned manufacturer of power supplies, known for its stable operations. Its vision is to become a leader in global green energy solutions, offering innovative services and excellent products to create maximum value for customers, employees, and shareholders. In the highly competitive industry environment for high-tech products, the Board of Directors is composed of individuals with diverse backgrounds. Currently, there is one female director on the board. The directors have extensive expertise and experience in finance, business, economics, research and development, and management. Furthermore, the evaluated company has recently appointed an independent director, increasing to four independent directors with financial accounting and industry experience.

(II) In order to safeguard shareholder rights, the evaluated company has implemented disclosure and prevention procedures for insider trading, explicitly prohibit directors or employees from engaging in securities trading based on undisclosed market information. Consistent with the trend of transparently disclosing corporate governance information, the evaluated company has appropriately disclosed the table for ranges of remuneration received by directors in its Annual Report.

(III) The Board of Directors of the evaluated company has implemented corporate governance guidelines and has established four functional committees: Audit Committee, the Remuneration Committee, the Nominating Committee, and the Corporate Sustainability Committee. Each committee is able to participate in company operations, establish risk management policies and procedures, and effectively assess and oversee various risks and opportunities that the company may face in response to the dynamic business environment.

(IV) All resolutions from the evaluated companies' meetings have been implemented and followed up. Additionally, the Board of Directors adheres to corporate governance strategy by periodically commissioning external independent professional agency to conduct performance evaluations. The evaluated company establishes strategic plans and annual budgets, and relevant managers engage in advance communication and coordination, effectively enhancing the speed and quality of decision-making during formal meetings. Prior to submitting the overall operational report to the Board of Directors, the evaluated company ensures communication and confirmation with divisions such as finance, human resources, sales, and manufacturing. Additionally, it makes appropriate adjustments based on customer revenue to meet operational needs.

(V) The evaluated company's Board of Directors has established comprehensive data, ensuring transparency in board member information, meeting information, and shareholder meeting information. They have also set up a whistleblower channel and protection system, with the Auditing Staff Office handling whistleblower cases. However, no specific whistleblower cases have been reported as of now. In general, the Board of Directors of the evaluated company has successfully established an ethical and transparent corporate culture, which promotes sound business operations.

(VI) The board members of the evaluated company are committed to continuous professional development in the field of sustainable development, promoting ESG and corporate sustainable development. The evaluated companies compile corporate sustainability reports based on international standards such as GRI, SASB, and TCFD. They collaborate with external expert advisory teams to develop strategies for mitigating the operational impacts of climate change. Additionally, they take a leading role in the industry by establishing governance, strategy, risk management, indicators, and goals based on the TCFD framework, and they regularly report to the Board of

Directors.

II. Related recommendations, and measures to be taken by the Company are as follows:

Recommendations in the Evaluation Report	Measures to be Taken by the Company
The group has multiple subsidiaries, and the financial operations are closely interconnected. To adhere to the principles of corporate governance, it is recommended that the Company establish operational guidelines related to financial transactions and business dealings with related parties to ensure compliance.	The Company has already established the "Regulations on Financial Transactions among Related Parties" on January 25, 2024, passed by the Board of Directors.
Corporate governance is the core of corporate ESG sustainable development. It is recommended that the Corporate Governance Supervisor be a dedicated position, or depending on actual needs, may also concurrently serve as the supervisor of other divisions.	On December 15, 2023, the Company designated Senior Manager Yao, Wen-Chun from the President Staff Office as the dedicated supervisor for corporate governance.
To effectively tackle the long-term challenges in the current and future industry landscape, it is advisable to proactively promote a succession and transition plan for the senior executive and board members of the Company.	The Company has established succession plans for members of the Board of Directors and important managers.

4. Measures taken to strengthen the function of the Board of Directors (including establishing the Audit Committee and enhancing information transparency) and implementation status thereof:

(1) Objectives for enhancing the functioning of the Board of Directors for the current year and the most recent year:

The functional committees under the jurisdiction of the Board of Directors, including the Audit Committee and Remuneration Committee, assist the Board of Directors in the performance of their supervisory duties. The members of the Audit Committee and Remuneration Committee consist of the four Independent Directors.

To meet requirements for sustainability and governance in the current international community, the Company's Board of Directors passed a resolution in March 2021 to establish the "Sustainable Development Committee" to take charge of the establishment of sustainability policies, decision making, and supervision of sustainability operations. An "Executive Office" was set up under its jurisdiction. It promotes and implements operations related to corporate governance, responsible supply chain, green operations, green products, happy workplace, and social engagement based on its duties for ensuring sustainability.

The members of the Committee include the Chairman and four Independent Directors, reporting to the Board of Directors on a regular basis.

To meet corporate governance requirements and to strengthen the operations of the Board of Directors, the Company established the "Nominating Committee Charter" in November 2021 and approved the establishment of the "Nominating Committee" to set the qualifications of the Directors and senior managerial officers and the criteria for independence. We also follow the standards to identify, review, and nominate candidates for Directors and managerial officers, set up and develop the organizational structure of the Board and committees, conduct performance evaluations of the Board, committees, Directors and managerial officers, and evaluate the independence of Independent Directors. We establish and regularly review Directors' continuing education programs and succession plans for Directors and senior managerial officers. We also review amendments of the Company's Corporate Governance Best-Practice Principles.

In order to strengthen corporate governance and improve corporate risk control, the company formulated "Risk Management Policies and Procedures" in November 2022, established a risk management mechanism of early identification, accurate measurement, effective supervision and strict control, prevented possible losses within the range of tolerable risks, and continuously adjusted and improved the best risk management practices according to internal and external environment changes. To protect the interests of employees, shareholders, partners and customers, increase the value of the company, and achieve the optimal allocation principle of company resources. In addition, the annual implementation status and plan of risk management have been reported by the Corporate Sustainability Committee and the Audit Committee in 2023, and then submitted by the audit Committee to the Board of Directors.

(2) Evaluation of the Implementation Status:

The Company established the "Regulations Governing the Evaluation of the Board of Directors" in accordance with Article 37 of the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies." It shall conduct the performance evaluation of the Board of Directors each year. In addition, an external independent professional agency or a team of external experts and scholars shall be appointed to conduct an evaluation at least once every three years. The Company has completed the internal evaluation of the previous year at the beginning of each year and an evaluation by an external professional agency at least every three years. Related evaluation results have been published on the Company's website. Refer to the explanation provided in the "Implementation Status of Corporate Governance" in this Annual Report.

The "Performance Evaluation Method of the Board of Directors and Functional Committee" and the performance evaluation results of the Board of Directors and Functional Committee of the Company are disclosed in the Corporate Governance section of the Company's website.

(https://www.fsp-group.com/tw/CorporateGovernance.html)

(II) Key work items and implementation status of the Audit Committee for the year:

This Company's Audit Committee is composed of the 4 Independent Directors. The Audit Committee is created to assist the Board of Directors in its supervision of the Company's execution of related accounting, auditing, and financial report procedures and the quality and integrity of its financial control.

1. Professional qualifications and experience of the members of the Audit Committee:

Title	Criteria / Name	Professional Qualifications and Experience	Remark
Independent Director Convener	Liu, Shou-Hsiang	Extensive experience and expertise in finance, business, and management Associate Professor, Ming Chuan University Research Fellow, Chung-Hua Institution for Economic Research Chairman and President, Ta Hua Investment Trust Independent Director, Hwatai Bank Co., Ltd. Advisory Board Member, Chung-Hua Institution for Economic Research	Re-election
Independent Director	Cheng, Chia-Jiun	Extensive experience and expertise in finance, business, and management Independent Director, Azion Corporation Independent Director, Bizlink Holding Inc. Independent Director, Changing Information Technology Inc. Independent Director, ProbeLeader Co., Ltd. President, Digital United Telecom Co., Ltd. President, Shihlien Energy Technology Co., Ltd. Chairman, ISSDU Inc.	Re-election
Independent Director	Hsu, Cheng-Hung	Extensive experience and expertise in finance, business, and management Director, Shanghai Zhanhua Electronic Co., Ltd. Director, Unitech Electronics International (Nantong) Limited President, Unitech Printed Circuit Board Corp.	Re-election

Title	Criteria / Name	Professional Qualifications and Experience	Remark
Independent Director	Li, Shao-Tang	Extensive experience and expertise in finance, business, information technology, human resources and management Director, Avatack Co., Ltd. Director, Avatack Co., Ltd. Director, Ye Siang Enterprise Co., Ltd. Director, Kiwi technology Inc. Associate Manager, IBM Taiwan Branch President, Oracle Taiwan LLC, Taiwan Branch (U.S.A.) Director and President of Oracle (China) Corporation Chief Executive Officer of China Doppler Communications Co., Ltd. President, UC&GN International Corp. CEO, Yodn Lighting Corp. CEO, 1111 Job Bank Director, EasyCard Investment Holding Co., Ltd.	Newly appointed

Note: A complete re-election at the shareholders' meeting on June 12, 2023.

2. The main items reviewed by the Audit Committee in 2023 and 2024 as of the publication date of the Annual Report mainly included:
   (1) Establishment or amendments to the internal control system according to Article 14-1 of the Securities and Exchange Act.
   (2) Evaluation of the effectiveness of the internal control system.
   (3) Amendment of procedures for major financial or operational activities such as the acquisition or disposal of assets, extension of monetary loans to others, and endorsements or guarantees for others in accordance with Article 36-1 of the Securities and Exchange Act.
   (4) Annual audit plan.
   (5) Matters involving Directors' personal interests.
   (6) Material asset transactions.
   (7) Appointment, dismissal, or compensation of the CPAs.
   (8) Review of financial reports.
   (9) Earnings distribution proposals.
   (10) Other material items required by the Company or the competent authority.
3. A total of 9 (A) meetings of the Audit Committee was held in 2023 and 2024 as of the publication date of the Annual Report. The attendance of Independent Directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance rate (B/A)	Remark
Independent Director	Liu, Shou-Hsiang	9	0	100%	Re-election
Independent Director	Cheng, Chia-Jiun	9	0	100%	Re-election
Independent Director	Hsu, Cheng-Hung	9	0	100%	Re-election
Independent Director	Li, Shao-Tang	6	0	100%	Newly appointed

Note: A complete re-election at the shareholders' meeting on June 12, 2023.

Other matters:

1. With regard to the implementation of the Audit Committee, if any of the following circumstances occurs, the dates, terms of the meetings, contents of motions, objections of Independent Directors, qualified opinions, important recommendations, Resolution results of the Audit Committee, and the Company's handling of such resolutions shall be specified:

<table>
<tr><th>Audit Committee</th><th>Content of Motion and Follow-up</th><th>Matters referred to in Article 14-5 of the Securities and Exchange Act</th><th>Other resolutions not approved by the Audit Committee but passed by two thirds of all Directors</th></tr>
<tr><td rowspan="8">The 17th meeting of the 2nd term 2023.01.05</td><td>1. Amendment of certain articles of the Company's "Corporate Governance Best-Practice Principles."</td><td>✓</td><td></td></tr>
<tr><td>2. Amendment of certain articles of the Company's "Sustainable Development Best-Practice Principles."</td><td>✓</td><td></td></tr>
<tr><td>3. Amendment of certain articles of the Company's "Operating Procedures for the Prevention of Insider Trading."</td><td>✓</td><td></td></tr>
<tr><td>4. Amendment of certain articles of the Company's "Ethical Corporate Management Best-Practice Principles."</td><td>✓</td><td></td></tr>
<tr><td>5. Proposal for the Company's appointment of the CPA firm for 2023 and its remuneration.</td><td>✓</td><td></td></tr>
<tr><td>6. The Company intends to formulate the "General Principles for Pre-Approved Non-conviction Service Policy."</td><td>✓</td><td></td></tr>
<tr><td colspan="3">Resolution results (January 5, 2023): Passed by all members of the Committee in attendance.</td></tr>
<tr><td colspan="3">The Company's handling of the opinions of the Audit Committee: Passed by all members in attendance and submitted to the Board of Directors.</td></tr>
<tr><td rowspan="11">The 18th meeting of the 2nd term 2023.03.10</td><td>1. The Company's audit plan.</td><td>✓</td><td></td></tr>
<tr><td>2. Proposal for the compensation for employees and Directors for 2022.</td><td>✓</td><td></td></tr>
<tr><td>3. The Company's 2022 Business Report and Financial Statements.</td><td>✓</td><td></td></tr>
<tr><td>4. The Company's 2022 Statement on Internal Control.</td><td>✓</td><td></td></tr>
<tr><td>5. The Company's earnings distribution proposal for 2022.</td><td>✓</td><td></td></tr>
<tr><td>6. The report on the Company's handling of cash dividend payment with capital surplus.</td><td>✓</td><td></td></tr>
<tr><td>7. Amendment of the Company's "Articles of Incorporation."</td><td>✓</td><td></td></tr>
<tr><td>8. Amendments to the Company's "Rules of Procedure for Board of Directors' Meetings."</td><td>✓</td><td></td></tr>
<tr><td>9. Amendments to the Company's "General Principles for Pre-Approved Non-conviction Service Policy."</td><td>✓</td><td></td></tr>
<tr><td colspan="3">Resolution results (March 10, 2023): Passed by all members of the Committee in attendance.</td></tr>
<tr><td colspan="3">The Company's handling of the opinions of the Audit Committee: Passed by all members in attendance and submitted to the Board of Directors.</td></tr>
<tr><td rowspan="4">The 19th meeting of the 2nd term 2023.05.02</td><td>1. The Company's audit plan.</td><td>✓</td><td></td></tr>
<tr><td>2. The Company's consolidated financial statements for the first quarter of 2023.</td><td>✓</td><td></td></tr>
<tr><td colspan="3">Resolution results (May 2, 2023): Passed by all members of the Committee in attendance.</td></tr>
<tr><td colspan="3">The Company's handling of the opinions of the Audit Committee: Passed by all members in attendance and submitted to the Board of Directors.</td></tr>
</table>

<table>
<tr><th>Audit Committee</th><th>Content of Motion and Follow-up</th><th>Matters referred to in Article 14-5 of the Securities and Exchange Act</th><th>Other resolutions not approved by the Audit Committee but passed by two thirds of all Directors</th></tr>
<tr><td rowspan="5">The 2nd meeting of the 3rd term 2023.08.03</td><td>1. The Company’s audit plan.</td><td>✓</td><td></td></tr>
<tr><td>2. The Company’s Consolidated Financial Statements for the first half of 2023.</td><td>✓</td><td></td></tr>
<tr><td>3. The Company’s overdue uncollected receivables are not included in the capital lending case.</td><td>✓</td><td></td></tr>
<tr><td colspan="3">Resolution results (August 3, 2023): Passed by all members of the Committee in attendance.</td></tr>
<tr><td colspan="3">The Company’s handling of the opinions of the Audit Committee: Passed by all members in attendance and submitted to the Board of Directors.</td></tr>
<tr><td rowspan="6">The 3rd meeting of the 3rd term 2023.11.06</td><td>1. The Company’s audit plan.</td><td>✓</td><td></td></tr>
<tr><td>2. The Company’s consolidated financial statements for the third quarter of 2023.</td><td>✓</td><td></td></tr>
<tr><td>3. The Company’s Audit Plan for 2024.</td><td>✓</td><td></td></tr>
<tr><td>4. The Company intends to increase its investment in Shenzhen Huili Electronic Co., Ltd.</td><td>✓</td><td></td></tr>
<tr><td colspan="3">Resolution results (November 6, 2023): Passed by all members of the Committee in attendance.</td></tr>
<tr><td colspan="3">The Company’s handling of the opinions of the Audit Committee: Passed by all members in attendance and submitted to the Board of Directors.</td></tr>
<tr><td rowspan="6">The 4th meeting of the 3rd term 2024.01.25</td><td>1. The Company formulated the provisions of the “Regulations on Financial Transactions among Related Parties.”</td><td>✓</td><td></td></tr>
<tr><td>2. Proposal for the Company’s replacement of the CPAs due to internal adjustment of KPMG Taiwan.</td><td>✓</td><td></td></tr>
<tr><td>3. Proposal for the Company’s appointment of the CPA firm for 2024 and its remuneration.</td><td>✓</td><td></td></tr>
<tr><td>4. The company plans to appoint KPMG Corporate Advisory (China) Limited for non-assurance services.</td><td>✓</td><td></td></tr>
<tr><td colspan="3">Resolution results (January 25, 2024): Passed by all members of the Committee in attendance.</td></tr>
<tr><td colspan="3">The Company’s handling of the opinions of the Audit Committee: Passed by all members in attendance and submitted to the Board of Directors.</td></tr>
<tr><td rowspan="10">The 5th meeting of the 3rd term 2024.03.14</td><td>1. The Company’s audit plan.</td><td>✓</td><td></td></tr>
<tr><td>2. Proposal for the compensation for employees and Directors for 2023.</td><td>✓</td><td></td></tr>
<tr><td>3. The Company’s 2023 Business Report and Financial Statements.</td><td>✓</td><td></td></tr>
<tr><td>4. The Company’s 2023 Statement on Internal Control.</td><td>✓</td><td></td></tr>
<tr><td>5. The Company’s distribution of earnings for 2023.</td><td>✓</td><td></td></tr>
<tr><td>6. Revisions to certain articles of the Company’s “Audit Committee Organizational Procedures” are proposed.</td><td>✓</td><td></td></tr>
<tr><td>7. Amendments to certain articles of the Company’s “Rules of Procedure for Board of Directors’ Meetings.”</td><td>✓</td><td></td></tr>
<tr><td>8. The Company intends to increase its investment in its Vietnam subsidiary.</td><td>✓</td><td></td></tr>
<tr><td colspan="3">Resolution results (March 14, 2024): Passed by all members of the Committee in attendance.</td></tr>
<tr><td colspan="3">The Company’s handling of the opinions of the Audit Committee: Passed by all members in attendance and submitted to the Board of Directors.</td></tr>
</table>

Audit Committee	Content of Motion and Follow-up	Matters referred to in Article 14-5 of the Securities and Exchange Act	Other resolutions not approved by the Audit Committee but passed by two thirds of all Directors
The 6th meeting of the 3rd term 2024.04.26	1. The Company’s audit plan.	✓	
	2. The Company’s consolidated financial statements for the first quarter of 2024.	✓	
	3. Amendments of certain articles of "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises".	✓	
	4. The Company intends to Company's Endorsement and Guarantee for Vietnam Subsidiary.	✓	
	5. The Company’s overdue uncollected receivables are not included in the capital lending case.	✓	
	Resolution results (April 26, 2024): Passed by all members of the Committee in attendance.		
	The Company’s handling of the opinions of the Audit Committee: Passed by all members in attendance and submitted to the Board of Directors.		

2. Regarding recusals of independent directors due to conflicts of interests, the names of the independent directors, contents of motions, reasons for recusal, and results of voting shall be specified: None.

3. Communications between the independent directors, the Company’s chief internal auditor, and CPAs (shall include the material items, methods and results of audits of corporate finance or operations, etc.):

   (1) The Chief Internal Auditor shall provide an audit report to the Independent Directors at least once every quarter in the Audit Committee meeting. The Chief Internal Auditor must communicate the results of the audit report and follow-up procedures implementation status. The communication between Independent Directors and the Chief Internal Auditor is shown in the table below:

Date	Attendees	Location	Main Points of Communication	Results
2023/03/10 Audit Committee	Independent Director Liu, Shou-Hsiang Independent Director Cheng, Chia-Jiun Independent Director Hsu, Cheng-Hung Hsieh, Chieh-Cheng, Chief Auditor	Headquarters 7F Conference Room	1. 2022 Statement on Internal Control 2. Audit report	Passed unanimously by all attendees
2023/05/02 Audit Committee	Independent Director Liu, Shou-Hsiang Independent Director Cheng, Chia-Jiun Independent Director Hsu, Cheng-Hung Hsieh, Chieh-Cheng, Chief Auditor	Headquarters 7F Conference Room	1. Audit report	Passed unanimously by all attendees
2023/08/03 Audit Committee	Independent Director Liu, Shou-Hsiang Independent Director Cheng, Chia-Jiun Independent Director Hsu, Cheng-Hung Independent Director Li, Shao-Tang Hsieh, Chieh-Cheng, Chief Auditor	Headquarters 7F Conference Room	1. Audit report	Passed unanimously by all attendees

Date	Attendees	Location	Main Points of Communication	Results
2023/11/06 Audit Committee	Independent Director Liu, Shou-Hsiang Independent Director Cheng, Chia-Jiun Independent Director Hsu, Cheng-Hung Independent Director Li, Shao-Tang Hsieh, Chieh-Cheng, Chief Auditor	Headquarters 7F Conference Room	1. 2024 annual audit plan 2. Audit report	Passed unanimously by all attendees
2024/03/14 Audit Committee	Independent Director Liu, Shou-Hsiang Independent Director Cheng, Chia-Jiun Independent Director Hsu, Cheng-Hung Independent Director Li, Shao-Tang Hsieh, Chieh-Cheng, Chief Auditor	Headquarters 7F Conference Room	1. 2023 Statement on Internal Control 2. Audit report	Passed unanimously by all attendees
2024/04/26 Audit Committee	Independent Director Liu, Shou-Hsiang Independent Director Cheng, Chia-Jiun Independent Director Hsu, Cheng-Hung Independent Director Li, Shao-Tang Hsieh, Chieh-Cheng, Chief Auditor	(videoconference) Headquarters 7F Conference Room	1. Audit report	Passed unanimously by all attendees

(2) The CPA and Independent Directors convene a meeting at least once every year. The CPA files a report on the financial operations implementation status and audits on internal control to the Independent Directors. In the event of material irregularities, the Company may convene a meeting whenever necessary.

The communication between Independent Directors and the CPA are shown in the table below:

Date	Attendees	Location	Main Points of Communication	Results
2023/01/05	Independent Director Liu, Shou-Hsiang Independent Director Cheng, Chia-Jiun Independent Director Hsu, Cheng-Hung Chang, Chun-I, CPA of KPMG	VIP Room on the seventh floor of the first factory of the Company	1. Ask if there are abnormal check findings. 2. Share Human Resources management and innovation in the firm in response to the Sub-replacement Fertility. 3. Share changes in industry trends.	The independent directors have fully understood the content of the communication and have no other opinions.

(III) Corporate Governance Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
I. Does the Company establish and disclose its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	V		The Company has established its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and placed it in the corporate governance section on the website for stakeholders to download and read. The Company’s corporate governance strategy complies with laws and the Articles of Associations and it also focuses on the establishment of an effective company governance structure, protection of shareholder interests, strengthening of the roles and powers of the Board of Directors, respecting the rights of stakeholders, and increasing information transparency.	No significant difference.
II. Shareholding structure & shareholders’ rights				
(I) Does the Company establish internal operating procedures to deal with shareholders’ suggestions, doubts, disputes, and litigations, and implement based on the procedures?	V		(I) The Company has established management regulations for stock transfer agency and implemented procedures accordingly. The Company also appointed a spokesperson and an acting spokesperson and disclosed their contact method on the Company’s web page. Shareholders may voice their opinions by telephone or e-mail, and the Company shall process them in accordance with related operating procedures.	No significant difference.
(II) Does the Company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders?	V		(II) The Company’s major shareholders report the changes in their shareholding to the Company each month in accordance with regulations. We also announce the list of top ten shareholders in our Annual Report and official website every year and report required information in accordance with regulations.	No significant difference.
(III) Has the Company established, and does it execute, a risk management and firewall system within its affiliated companies?	V		(III) The Company has established the “Operational Guidelines for Financial Transactions among Related Parties” to ensure compliance in transactions with associates.	No significant difference.
(IV) Has the Company established internal rules against insiders trading with undisclosed information?	V		(IV) The Company established the “Ethical Corporate Management Best-Practice Principles,” “Codes of Ethical Conduct,” “Regulations Governing the Operating Procedures of Whistleblower Channels and Protection System,” and “Operating Procedures for the Prevention of Insider Trading.” We also require members to recuse themselves	No significant difference.

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>in case of conflicts of interest with their duties, and we set up a whistleblower mailbox to prevent insider trading.
On 4 August 2022, the Company amended the Company’s “Operating Procedures for the Prevention of Insider Trading,” adding “Measures for the control of stock trading from the date when the Company’s insider becomes aware of the company’s financial report or related performance contents, including (but not limited to) that the directors shall not, 30 days before the announcement of the annual financial report, and the closed period of 15 days prior to the announcement of the quarterly financial report.”
The implementation status in 2023:
1. The Company regularly provides internal insiders with common missing letters and reminds them to comply with relevant laws and regulations according to the exchange publicity.
2. In 2022, the Company launched the “Business Conduct and Ethics Concept Promotion” course, which teaches legal responsibilities in prohibited situations through internal information transactions of the Company, and is listed as compulsory course for all employees.
Training courses in 2023: (Unit: hour)<table><tr><th>Number of Participants</th><th>Number of Hours</th><th>Total Training Hours</th></tr><tr><td>1,723</td><td>119</td><td>1,514</td></tr></table>3. Remind the directors by E-mail before the commencement of the lock-up period that they shall not trade their shares during the lock-up period 30 days before the announcement of the annual financial report and 15 days before the announcement of the quarterly financial report, so as to avoid the directors’ misconduct with this specification.</td><td></td></tr>
<tr><td>III. Composition and responsibilities of the Board of Directors
(I) Does the board develop and implement a</td><td>V</td><td></td><td>(I) In order to strengthen corporate</td><td>No significant</td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
diversity policy for the composition of its members and specific management targets?			governance and promote the sound development of the composition and structure of the Board of Directors, the Company formulated the "Corporate Governance Best-Practice Principles" in 2016. The policy states that: The composition of the Board of Directors should take diversity into consideration and formulate appropriate diversity policies for its own operation, operation style and development needs. In the future, the diversity policy should be updated in the light of the operation, operation style and development needs of the Board of Directors. It should include but not be limited to the following criteria to ensure that the board members generally have the necessary knowledge, skills and qualities to perform their duties. 1. Basic qualifications and values: Gender, age, nationality, culture, etc. 2. Professional knowledge and skills: Professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, industry experience, etc. The Company's current Board of Directors consists of 10 Directors, including 4 non-executive Directors (40%; including 1 female Director who accounted for 10%), 3 Independent Directors (30%), and 3 Executive Directors (30%). The members have extensive experience and expertise in finance, business, information technology, human resources and management. The Company shall also ensure that the number of Directors who are also Managerial Officers of the Company does not exceed one third of the number of Directors as specified in the management targets. The percentage of directors who are employees of the Company is approximately 27%. The percentage of independent directors is approximately 36%, while the percentage of female directors is approximately 9%. 1 Seniority of Independent Director for less than 3 years, 4 directors aged 70 and above, 5 directors aged between 60 and 69, and 2 directors aged below 60.	difference.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
			The Company attaches great importance to gender equality and diversity of professional background in the composition of the Board. The Company plans to nominate an additional Director with legal expertise or a female Director in the 12th Board of Directors to meet our target. In order to implement the corporate governance policy and diversify the composition of the Board of Directors, the Board of Directors strengthened the implementation of the diversification of director nominations by setting up a "Nominating Committee" on November 4, 2021. The Nominating Committee shall, in accordance with the number of directors of the Company's Articles of Association, nominate a list of recommendations and submit it to the Board of Directors. The criteria for nominating members are based on the required diversity policy of expertise, technology, experience, gender, nationality, age, etc., and considering the overall configuration of the board.	
(II) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	V		(II) The Company has set up the Remuneration Committee and Audit Committee in accordance with laws and has set up: 1. The Sustainable Development Committee (Passed by the Board of Directors on March 18, 2021 for establishment) to take charge of the establishment of sustainability policies, decision making, and supervision of sustainability related operations. An "Executive Office" was set up under its jurisdiction to ensure the implementation of sustainable development tasks. 2. The "Nominating Committee Charter" (established on November 4, 2021) is responsible for setting the qualifications of the Directors and senior managerial officers and the criteria for independence. We also follow the standards to identify, review, and nominate candidates for Directors and managerial officers, set up and develop the organizational structure of the Board and committees, conduct performance	No significant difference.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
			evaluations of the Board, committees, Directors and managerial officers, and evaluate the independence of Independent Directors. We establish and regularly review Directors' continuing education programs and succession plans for Directors and senior managerial officers. We also review amendments of the Company's Corporate Governance Best-Practice Principles.	
(III) Has the Company established standards to measure the performance of the Board, and does the Company implement such annually, and report the results of evaluations to the Board, and use them as a reference for individual directors' remuneration and nomination and renewal?	V		(III) The Board of Directors of the Company passed a resolution to amend the "Performance evaluation Method of the Board of Directors and Functional Committee", and carry out the performance evaluation of the Board of Directors and Functional committee once a year, including the internal self-evaluation of the Board of Directors. Appointment of an external professional independent body or a team of experts and scholars to conduct a performance review of the Board of Directors every three years shall be completed by the end of the first quarter of the following year. The Nominating Committee discusses the performance results and evaluation methods of the Board of Directors for the previous year. The results are reported to the Board of Directors for reference. The internal evaluation of the Company was completed at the beginning of 2024, and the relevant evaluation results were submitted to the Nominating Committee and the Board of Directors on January 25, 2024, and used as a reference for the remuneration of individual directors and the renewal of nominations and as a reference for the continuous strengthening of the functions of the Board of Directors. The results of the performance evaluation of the Board of Directors are disclosed in the corporate governance section on the Company website: https://www.fsp-group.com/tw/CorporateGovernance.html.	No significant difference.
(IV) Does the Company regularly evaluate the independence of the CPAs?	V		(IV) The Audit Committee of the Company regularly evaluates the independence and competence of its visa accountants	No significant difference.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
			once a year, in addition to requiring the visa accountants to provide “Audit Quality Indicators (AQI)” and “Statement of Independence,” and evaluates according to the criteria of Note 2. After confirming that the accountant and the company have no other financial interests and business relationships except for the expenses of visa and fiscal cases, and that the accountant’s family members do not violate the independence requirements, the latest annual assessment results have been discussed and approved by the Audit Committee on January 25, 2024, and reported to the Board of Directors on January 25, 2024 to pass the independent assessment of the accountant.	
IV. Does the Company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and to perform their functions, assisting directors with compliance, handling work related to meetings of the Board of Directors and the shareholders’ meetings, and producing minutes of Board meetings and shareholders’ meetings)?	V		The Company was approved by the resolution of the Board of Directors on January 8, 2019, and a Corporate Governance Supervisor was set up, who has more than three years of management experience in legal affairs of a publicly-issued company. By assisting the Board of Directors to continue to promote the implementation of corporate governance and sustainable management to strengthen the constitution of corporate governance for the purpose of. (I) The main duties for the Corporate Governance Officer are as follows: 1. Assist Independent Directors and general Directors in performing their duties by providing the necessary information and arranging continuing education. 2. Assist in matters related to the proceedings of Board of Directors’ meetings and shareholders’ meetings as well as legal compliance of resolutions. 3. Maintain relations with investors: Arrange for Directors to interact and communicate with major shareholders, institutional investors, or general shareholders so that investors can obtain sufficient information to evaluate and determine the Company’s reasonable market value, and ensure adequate protection of shareholders’ interests. 4. Draw up agendas for meetings of	No significant difference.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
			the Board of Directors and notify Directors of the agendas seven days before the meeting, convene meetings and provide information about the meetings, send out reminders regarding agendas that require recusal of Directors and complete the minutes of the Board of Directors' meeting within 20 days after the meeting. 5. Handle prior registration for shareholders meetings, prepare meeting notices, agenda handbook, meeting minutes within the statutory period, as well as handle registration of changes due to amendment of regulations and election of Directors. 6. Review, suggest and track the implementation results of corporate governance evaluation and annual implementation plan and progress. 7. Report to the Board of Directors the results of the examination on whether the qualifications of independent directors comply with relevant laws and regulations during the nomination, appointment, and tenure. 8. Handle matters related to changes in directors. (II) Continuing education of the Corporate Governance Officer: The Company's Corporate Governance Officer completed 12 hours of continuing education in 2023 in accordance with the "Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers." Refer to Note 3 for details of the continuing education in 2023.	
V. Has the Company established communication channels and built a dedicated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers) to respond to material corporate social responsibility issues in a proper manner?	V		(I) The Company's Corporate Sustainability Committee identifies key stakeholders through the five principles of the AA1000 Stakeholder Engagement Standard (SES), which include Dependence, Responsiveness, Influence, Diversity of Perspectives, and Engagement Tension. The identified key stakeholders are employees, customers, suppliers, banks, government agencies,	No significant difference.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
			shareholders/investors, and communities. Please refer to pages 17-18 of the 2022 FSP Group's Sustainability Report for more details. The company maintains an open communication channel, and respects and maintains its legitimate rights and interests to provide communication channels EMAIL: cqe@fsp-group.com.tw for the feedback of various stakeholders. The Company annually presents its stakeholder communications performance in the ESG Sustainability Report and reported to the Board of Directors on August 3, 2023. (II) Stakeholders can obtain information on the Company on the Market Observation Post System (MOPS) and the "stakeholders section" on the Company's website. Corporate social responsibility issues of concern to stakeholders can be found on the Company's website at ESG Sustainability Report https://www.fspgroup.com/tw/ESG.html. (III) The Company has appointed a spokesperson and an acting spokesperson to serve as the Company's communication channel with external entities. The Company has set up the stakeholder communication mailbox and the whistleblower mailbox whistleblower@fsp-group.com.tw to provide stakeholders with smooth communication channels.	
VI. Has the Company appointed a professional shareholder service agency to deal with shareholder affairs?	V		The Company has appointed Stock Transfer Agency Department of Mega Securities Co., Ltd., a professional stock transfer agency, to process stock transfer affairs of the Company. We also established management regulations for stock transfer agency and implemented procedures accordingly.	No significant difference.
VII. Information disclosure (I) Does the Company have a corporate website to disclose both the Company's financial standings and corporate governance status? (II) Does the Company have other information disclosure channels (e.g., setting up an English website,	V V		(I) The Company has set up an investor service section on the company website to disclose financial, business, and corporate governance information. (II) The Company has set up an English website and assigned designated personnel to take charge of the	No significant difference. No significant difference.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
appointing designated people to handle information collection and disclosure, creating a spokesman system, and webcasting investor conferences)?			collection and disclosure of company information. The Company also appointed a spokesperson to answer questions on behalf of the Company. The presentations used for investor conferences are also disclosed on the company website as reference for shareholders and stakeholders.	
(III) Does the Company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report the financial statements of the first three quarters, as well as monthly operation results, before the prescribed time limit?	V		(III) The Company publicly announce and file financial reports and the operation of each month ahead of the required deadline in accordance with the regulations for the publication of financial reports and deadlines for reporting specified in Article 36 of the Securities and Exchange Act.	No significant difference.
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance implementation status (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, Directors' continuing education, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by directors and supervisors)?	V		Please refer to the explanation in Note 1.	No significant difference.
IX. Please explain the completed improvements made in accordance with the Corporate Governance Evaluation results released by the Taiwan Stock Exchange's Corporate Governance Center, and provide the priorities and plans for improvement with items yet to be improved. The Company was ranked among the top 6% to 20% segment in the 10th "Corporate Governance Evaluation" in 2023. The items in which the Company failed to score are described below: Completed improvements (I) Whether the number of independent directors of the Company is more than one third of the number of directors: The Company has re-elected the 11th term of directors in 2023 and has established the number of independent directors at four. (II) Whether the Company's sustainability report is certified by a third party? The Company obtained third-party verification for its sustainability report in 2023. Items prioritized for future improvement The Company has consistently enhanced relevant issues and measures based on the findings of the corporate governance evaluation, in line with the Corporate Governance Best-Practice Principles.				

Notes1:

1. Employee rights, interests, and wellness:
   (1) As a principle, the Company shall recruit new employees based on the principle of equal employment and hire people with disabilities. The Company shall also comply with the Labor Standards Act and set up work rules to protect and ensure the rights and interests of employees.

(2) The Company provides a high-quality benefits system, a safe and healthy work environment, and systematic training and development to help employees enjoy a healthy and balanced work life.

(3) High-quality work environment and employee wellness

 (A) The Company provides a high-quality work environment with an employee café, an indoor parking lot for cars and motorcycles, and an employee gym. We also appoint professional doctors to provide regular onsite services and we have a gallery for art exhibitions.

 (B) We have established a health management operation model and we are committed to creating a healthy workplace environment by organizing activities such as routine health examinations, promotion of a tobacco-free environment, health promotion activities, and supply of health education information.

 (C) We have appointed health professionals to provide medical consultation services and we organize disease screenings and seminars on healthy life from time to time to maintain the balance of employees' physical and mental health and meet the requirements for health of employees and their family members.

2. Investor relations:

The Company attaches great importance to the opinions of its stakeholders, especially shareholders, institutional shareholders, and foreign investors who are concerned about FSP's operations. The spokesperson responds to all inquiries by phone or email through our website or spokesperson contact window. We also arrange company visits for the spokesperson to explain the operation status and future development direction of the Company to help shareholders, institutional shareholders, and foreign investors understand the Company's ethical corporate management. The management team strives to create better value for shareholders and employees, and focuses on Innovation and R&D of green energy to increase energy efficiency and improve the environment.

The website of the Company has an investor special area to provide investors with relevant information on the Company and from time to time invited to participate in the method meetings organized by investment institutions. In 2023, the Company was invited to participate in 3 law meetings to strengthen the transparency of information. The Company also handles information disclosure matters in accordance with the regulations of the competent authorities and provides investors with reference.

3. Supplier relationship:

The Company has always maintained good relationships with suppliers. We work together to increase the added value and create a stable green supply chain. We comply with the Code of Conduct of the Electronic Industry Citizenship Coalition (EICC) and prohibit the use of conflict minerals to provide products in compliance with ethical standards. We hope to create a better living environment and relationship with suppliers.

4. Stakeholder rights:

The Company attaches importance to its stakeholders, and in order to maintain an open communication channel and respect and safeguard their legitimate rights and interests, the Company's website has set up a special stakeholder zone, and the stakeholders may communicate with the Company and make suggestions to safeguard their legitimate rights and interests. We also respond to material corporate social responsibility issues of concern to stakeholders in a proper manner.

5. Directors' continuing education: Shown in Appendix 1.

6. The implementation status of the risk management policy and assessment standards:

The company's risk management policy is to define various risks in accordance with the company's overall operating policy, establish a risk management mechanism with early identification, accurate measurement, effective supervision and strict control, prevent possible losses within the range of acceptable risks, and continuously adjust and improve the best risk management practice according to internal and external environment changes, so as to protect the interests of employees, shareholders, partners and customers. Increase company value and achieve the optimal allocation principle of company resources.

The Company upholds the principle of prudence and focuses on operations in its main business. We formulate all business strategies based on the premises that all risks must be controlled and tolerable. Internal auditors perform regular audits according to the audit plan to reduce risks in operations. We also purchase related insurance policies such as property insurance and product liability insurance to mitigate risks.

In addition, the annual implementation status and plan of risk management have been reported by the Corporate Sustainability Committee and the Audit Committee on November 6, 2023 and submitted to the Board of Directors.

7. Implementation status of the customer policy:

   The company adheres to the principle of customer first, design, production of high quality products and meet customer quality needs, regular review of customer relationship maintenance condition, and fully communicate with customers, in order to maintain a good long-term cooperative relationship.

   For quality policy management, follow the "customer demand-oriented, and better than customer requirements as a measure indicator," in line with ISO 9001:2015 specification, in order to provide customers with the best quality.

8. Purchase of liability insurance for Directors: Shown in Appendix 2.

9. Succession plans for members of the Board of Directors and important managers:

   (1) Succession plans for members of the Board of Directors and implementation:

   The Company has implemented the diversity policy of the Board of Directors in accordance with the "Corporate Governance Best-Practice Principles." The Company currently has 11 Directors (including 4 Independent Directors) with diversified and complementary industry experience and management expertise in finance, business, finance, and accounting or the Company's operations. Three of Directors serve concurrently as senior managers of the Company. The composition of the Company's Board of Directors and the background of its members will continue to be the same in the future. The results of the "performance evaluation results of the Board of Directors and Functional Committee" each year shall be used as a reference for the nomination and re-appointment of the Directors.

   The Group currently has several senior management personnel and the Company therefore has a large talent pool to draw from to fill future vacancies of Directors. Independent Directors are required to have work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business. There is an abundant supply of such professionals in Taiwan. Therefore, the succession plans for Directors may be achieved by appointing professionals from different fields to implement corporate governance functions.

   With regard to the succession plans for members of the Board of Directors, the Company shall train senior Managerial Officers by including them in the Board of Directors to familiarize themselves with the operations of the Board and each unit of the Group. We also enhance their industry experience with job rotations.

   The Group currently has several senior management personnel and the Company therefore has a large talent pool to draw from and elect future Directors. In addition to diversity, the Directors who are also Managerial Officers of the Company should not exceed one third of the number of Directors. The Company shall also focus on gender equality and ensure that Directors have the necessary knowledge, skills, and qualifications for their duties.

   (2) Succession plans for important managers and implementation:

   Employees ranked deputy heads of divisions of the Group are considered important managers. The 20 managers are provided with training for their succession in actual company operations. The management is set up based on the hierarchy of the organization and each division has mid-level managers such as managers and deputy managers. We also have clear job descriptions, and provide training for mid-level managers to act as proxies for senior managers whenever necessary. The Company learns about items that require improvement and personal expectations through regular observation and performance evaluation interviews, which serve as a reference for determining future succession.

The successors of the Group must have excellent professional skills and leadership skills, and must share the Company's values and ideals so that they can lead the Company and generate more profits for shareholders.

In addition, we conduct key personnel divisions rotation in accordance with the Group's investment plans and the turnover status of employees. We aim to cultivate a wide range of talents to complete the talent succession plan in the next 10 years.

The Human Resources Division coordinates the establishment of talent development mechanisms. It defined the senior management functions in 2018 and provides training and development for strategic planning, accountability, leadership, and execution. It continues to develop the leadership skills of senior managers every year.

It organizes strategic consensus camps for senior managers (including the President) twice a year. It organizes thematic courses and discussions for future strategic planning. The course topics include systematic thinking, accounting and accountability, vision and core values, vision consensus and strategic planning, business operation simulation, management of changes, KT-method for problem analysis and decision logic, and the strategy map. The Company aims to effectively develop leadership skills and an international perspective to prepare high-quality talents for the long-term development of the Company.

Notes2: CPA independence evaluation criteria

Evaluation Item	Result	Independence of the CPAs
1. Direct or indirect material financial interests between the CPA and the Company	No	Yes
2. Financing or guarantee activities with the Company or its Directors and Supervisors	No	Yes
3. The CPA considers the possibility of losing the Company as a client	No	Yes
4. The CPA has close business relations with the Company	No	Yes
5. The CPA has potential employment relations with the Company	No	Yes
6. The CPA collects fees associated with or contingent on audit cases	No	Yes
7. A member of the audit service team serves as the Company's Director, Supervisor, managerial officer, or other positions with significant influence on the audit work of the Company at present or in the past 2 years	No	Yes
8. The CPA provides non-audit services that may directly affect the audit work	No	Yes
9. The CPA is an advocate or intermediary of the shares or other securities issued by the Company	No	Yes
10. The CPA serves as a defense counsel of the Company or represents the Company in mediating conflicts with third parties	No	Yes
11. The CPA is a family member or relative of a Director, managerial officer, or person holding a position that has a significant impact on the audit work of the Company	No	Yes
12. Another CPA in the same firm that has resigned within the past year serves as the Company's Director, Supervisor, managerial officer, or other positions with significant influence on the audit work of the Company	No	Yes
13. The CPA has accepted valuable gifts or presents from the Company or its Director, Supervisor, or managerial officer	No	Yes
14. Whether to require CPA to accept management's improper accounting policy choices or improper disclosures in financial statements	No	Yes
15. The Company exerted pressure on the CPA to inappropriately reduce mandatory auditing tasks to reduce audit fees	No	Yes

Notes3: Continuing education of the Corporate Governance Officer

Title	Name	Date	Organizer	Course	Training Hours
Corporate Governance Officer	Yao, Wen-Chun	2023/08/03	Securities & Futures Institute	The good, the true and the beautiful Public Welfare, Doing Right, Doing Well equal Good Business (ESG/SROI)	3 hours
		2023/08/09	Taiwan Investor Relations Institute	Crisis Management in the Digital Age	1 hour
		2023/11/06	Taiwan Corporate Governance Association	Strategies for Businesses and Individuals in Response to the CFC Crisis	3 hours
		2023/12/15	Taiwan Investor Relations Institute	Communication Management for Sustainable Investment by Enterprises	3 hours
		2023/12/22	Taiwan Investor Relations Institute	2023 New Edition of Corporate Governance and Board of Directors Performance Evaluation Practices	3 hours

Table1: Directors' continuing education

The continuing education is implemented in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies" of Taiwan Stock Exchange Corporation.

Title	Name	Date	Organizer	Course	Training Hours
Director	Cheng, Ya-Jen	2023/08/03	Securities & Futures Institute	The good, the true and the beautiful Public Welfare, Doing Right, Doing Well equal Good Business (ESG/SROI)	3 hours
		2023/11/06	Taiwan Corporate Governance Association	Strategies for Businesses and Individuals in Response to the CFC Crisis	3 hours
Director	Yang, Fu-An	2023/08/03	Securities & Futures Institute	The good, the true and the beautiful Public Welfare, Doing Right, Doing Well equal Good Business (ESG/SROI)	3 hours
		2023/11/06	Taiwan Corporate Governance Association	Strategies for Businesses and Individuals in Response to the CFC Crisis	3 hours
Representative of Institutional Director	Wang, Chung-Shun	2023/08/03	Securities & Futures Institute	The good, the true and the beautiful Public Welfare, Doing Right, Doing Well equal Good Business (ESG/SROI)	3 hours
		2023/11/06	Taiwan Corporate Governance Association	Strategies for Businesses and Individuals in Response to the CFC Crisis	3 hours
Representative of Institutional Director	Wang, Po-Wen	2023/08/03	Securities & Futures Institute	The good, the true and the beautiful Public Welfare, Doing Right, Doing Well equal Good Business (ESG/SROI)	3 hours
		2023/11/06	Taiwan Corporate Governance Association	Strategies for Businesses and Individuals in Response to the CFC Crisis	3 hours
Director	Chu, Hsiu-Yin	2023/08/03	Securities & Futures Institute	The good, the true and the beautiful Public Welfare, Doing Right, Doing Well equal Good Business (ESG/SROI)	3 hours
		2023/11/06	Taiwan Corporate Governance Association	Strategies for Businesses and Individuals in Response to the CFC Crisis	3 hours
Representative of Institutional Director	Chen, Kuang-Chun	2023/08/03	Securities & Futures Institute	The good, the true and the beautiful Public Welfare, Doing Right, Doing Well equal Good Business (ESG/SROI)	3 hours
		2023/11/06	Taiwan Corporate Governance Association	Strategies for Businesses and Individuals in Response to the CFC Crisis	3 hours
Director	Huang, Jr-Wen	2023/07/04	Taiwan Stock Exchange	2023 ESG Pacific Sustainable Finance and Climate Change Summit	6 hours
		2023/08/03	Securities & Futures Institute	The good, the true and the beautiful Public Welfare, Doing Right, Doing Well equal Good Business (ESG/SROI)	3 hours
		2023/10/13	Securities & Futures Institute	2023 Annual Preventive Insider Trading Promotion Meeting	3 hours
		2023/11/06	Taiwan Corporate Governance Association	Strategies for Businesses and Individuals in Response to the CFC Crisis	3 hours
Independent Director	Cheng, Chia-Jiun	2023/08/03	Securities & Futures Institute	The good, the true and the beautiful Public Welfare, Doing Right, Doing Well equal Good Business (ESG/SROI)	3 hours
		2023/11/06	Taiwan Corporate Governance Association	Strategies for Businesses and Individuals in Response to the CFC Crisis	3 hours

Title	Name	Date	Organizer	Course	Training Hours
Independent Director	Liu, Shou-Hsiang	2023/08/03	Securities & Futures Institute	The good, the true and the beautiful Public Welfare, Doing Right, Doing Well equal Good Business (ESG/SROI)	3 hours
		2023/11/06	Taiwan Corporate Governance Association	Strategies for Businesses and Individuals in Response to the CFC Crisis	3 hours
Independent Director	Hsu, Cheng-Hung	2023/08/03	Securities & Futures Institute	The good, the true and the beautiful Public Welfare, Doing Right, Doing Well equal Good Business (ESG/SROI)	3 hours
		2023/11/06	Taiwan Corporate Governance Association	Strategies for Businesses and Individuals in Response to the CFC Crisis	3 hours
Independent Director	Li, Shao-Tang	2023/04/13	Taiwan Academy of Banking and Finance	Corporate Governance Lecture	3 hours
		2023/07/18	Accounting Research and Development Foundation	2023 Transition Finance and Sustainability Disclosure Conference	3 hours
		2023/07/20	Taiwan Corporate Governance Association	Seminar on Management Rights and Director Responsibilities	3 hours
		2023/08/03	Securities & Futures Institute	The good, the true and the beautiful Public Welfare, Doing Right, Doing Well equal Good Business (ESG/SROI)	3 hours

Table2: Purchase of liability insurance for directors:

Since July 7, 2010, the Company has purchased liability insurance for directors. The liability insurance of directors in 2023 is as follows:

Insured Individuals	Insurance Company	Insured Amount (NT$)	Insured Period (start and expiry)	Date of Board Meeting Report
All Directors	Insurance Company of North America	244,000,000	From: July 7, 2023 To: July 7, 2024	2023/08/03

(IV) Composition and Implementation Status of the Remuneration Committee:

1. Professional Qualifications and Independence Analysis of Remuneration Committee Members

Title	Criteria / Name	Professional Qualifications and Experience	Independence Criteria	Number of Other Public Companies Where the Individual Concurrently Serves as a Remuneration Committee Member	Remark
Independent Director Convener	Liu, Shou-Hsiang	Extensive experience and expertise in finance, business, and management Associate Professor, Ming Chuan University Research Fellow, Chung-Hua Institution for Economic Research Chairman and President, Ta Hua Investment Trust Independent Director, Hwatai Bank Co., Ltd. Advisory Board Member, Chung-Hua Institution for Economic Research	In accordance with the provisions of the Company's Articles of Association and the Corporate Governance Best-Practice Principles, directors shall be appointed on a nominating system. In the process of nominating and selecting Board members, the Company has obtained the written statement, work experience and family relation form provided by each director to verify the independence of himself, his spouse	None	Re-election

Title	Criteria / Name	Professional Qualifications and Experience	Independence Criteria	Number of Other Public Companies Where the Individual Concurrently Serves as a Remuneration Committee Member	Remark
Independent Director	Cheng, Chia-Jiun	Extensive experience and expertise in finance, business, and management Independent Director, Azion Corporation Independent Director, Bizlink Holding Inc. Independent Director, Changing Information Technology Inc. Independent Director, ProbeLeader Co., Ltd. President, Digital United Telecom Co., Ltd. President, Shihlien Energy Technology Co., Ltd. Chairman, ISSDU Inc.	and his or her three relatives from the Company.」 The Company has also verified that the three independent directors listed on the left in the two years prior to their election and during their tenure have all met the qualification requirements set out in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and in Article 14-2 of the Securities Exchange Law issued by the Financial Supervisory Commission, and the independent directors have all been granted the right to fully participate in decision-making and express opinions in accordance with Article 14-3 of the Securities Exchange Law, to perform the relevant authority independently.	3	Re-election
Independent Director	Hsu, Cheng-Hung	Extensive experience and expertise in finance, business, and management Director, Shanghai Zhanhua Electronic Co., Ltd. Director, Unitech Electronics International (Nantong) Limited President, Unitech Printed Circuit Board Corp.		None	Re-election
Independent Director	Li, Shao-Tang	Extensive experience and expertise in finance, business, information technology, human resources and management Director, Avatack Co., Ltd. Director, Avatack Co., Ltd. Director, Ye Siang Enterprise Co., Ltd. Director, Kiwi technology Inc. Associate Manager, IBM Taiwan Branch President, Oracle Taiwan LLC, Taiwan Branch (U.S.A.) Director and President of Oracle (China) Corporation Chief Executive Officer of China Doppler Communications Co., Ltd. President, UC&GN International Corp. CEO, Yodn Lighting Corp. CEO, 1111 Job Bank Director, EasyCard Investment Holding Co., Ltd.		None	Newly appointed

Note: All independent directors of the Company have been found to be free from any of the provisions of Section 30 of the Company Law.

2. Implementation Status of the Remuneration Committee

(1) There are a total of 4 members in the Remuneration Committee.

(2) The current term of office: August 3, 2023 to June 11, 2026.

(3) A total of 5 (A) meetings of the Remuneration Committee was held in 2023 and 2024 as of the publication date of the Annual Report. The attendance of the members was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance rate (%) (B/A)	Expertise	Remark
Convenor/ Independent Director	Liu, Shou-Hsiang	5	0	100%	Financial Economics/Compensation Performance Management	Re-election
Member/ Independent Director	Cheng, Chia-Jiun	5	0	100%	Financial Accounting and Corporate Governance/Compensation Performance Management/ Information Technology and Information Security/Sustainability Management	Re-election
Member/ Independent Director	Hsu, Cheng-Hung	5	0	100%	Financial Accounting and Corporate Governance/Compensation Performance Management/ Sustainability Management	Re-election
Member/ Independent Director	Li, Shao-Tang	3	0	100%	Information Security/Compensation Performance Management/ Sustainability Management	Newly appointed

(4) Regular review of the salary and remuneration:

The purpose of the Company's Remuneration Committee is to professionally and objectively evaluate the remuneration policy of the Company's Directors and managerial officers. It convenes at least two meetings each year and additional meetings whenever necessary. It provides recommendations to the Board of Directors for decision making.
Roles and responsibilities of the Remuneration Committee:

- Regularly review the Remuneration Committee Charter and propose recommendations for amendments.
- Establish and routinely review the annual and long-term performance objectives and policies, systems, standards, and structures of the remuneration of the Directors, Supervisors, and managerial officers.
- Routinely evaluate the effectiveness of Directors and managerial officers in achieving their performance objectives, and develop individual remuneration packages.

The Remuneration Committee shall perform its duties in accordance with the following principles:

- Ensure that the Company's remuneration standards conform to the law and are sufficient to attract talented personnel.

- The performance evaluation and compensation of Directors and managerial officers should take prevailing industry standards into account and take into consideration the amount of personal time invested, responsibilities, personal target completion, performance in other roles and company compensation for other people in equivalent roles in recent years. The achievement of the Company's short-term and long-term business objectives as well as the Company's conditions are used to evaluate the correlation between personal performance, company business performance and future risks.
- There shall be no incentive for Directors or managerial officers to pursue remuneration by engaging in activities that exceed the risk appetite of the Company.
- The percentage of bonus to be distributed to Directors and senior managerial officers based on their short-term performance and the time for payment of variable remuneration shall be determined by the characteristics of the industry and the nature of the Company's business.
- No member of the Committee may participate in discussions and voting when the Committee decides the member's individual remuneration.

3. The dates, terms of the meetings, contents of motions, and resolution results of the meetings of the Remuneration Committee in 2023 and 2024 as of the publication date of the Annual Report, and the Company's handling of the opinions of the Remuneration Committee

Date of Meeting	Content of Motion and Follow-up	Resolution Results	The Company's handling of the opinions of the Remuneration Committee
The 9th meeting of the 4th term 2023.01.05	1. Proposal for the year-end bonus for the Company's managerial officers for 2022.	Passed unanimously by all members of the Committee in attendance.	Submitted to the Board of Directors and passed by all Directors in attendance.
The 10th meeting of the 4th term 2023.03.10	1. Proposal for the remuneration of the managerial officers for 2022. 2. Proposal for the compensation for Directors for 2022.	Passed unanimously by all members of the Committee in attendance, implemented in accordance with the resolution, and reported to the competent authority before the deadline in accordance with regulations.	Submitted to the Board of Directors and passed by all Directors in attendance.
The 1st meeting of the 5th term 2023.08.03	1. Propose electing the convener and the chair of the Remuneration Committee.	Passed unanimously by all members of the Committee in attendance, electing the Committee member Liu, Shou-Hsiang to serve as the convener and the chair of the Committee.	Reported to the Board of Directors by the chair of the Remuneration Committee.
The 2nd meeting of the 5th term 2024.01.25	1. Proposal for the year-end bonus for the Company's managerial officers for 2023.	Passed unanimously by all members of the Committee in attendance.	Submitted to the Board of Directors and passed by all Directors in attendance.

Date of Meeting	Content of Motion and Follow-up	Resolution Results	The Company's handling of the opinions of the Remuneration Committee
The 3rd meeting of the 5th term 2024.03.14	1. Proposal for the remuneration of the managerial officers for 2023. 2. Proposal for the compensation for Directors for 2023.	Passed unanimously by all members of the Committee in attendance, implemented in accordance with the resolution, and reported to the competent authority before the deadline in accordance with regulations.	Submitted to the Board of Directors and passed by all Directors in attendance.

Other matters:

1. If the Board of Directors refuses to adopt or amend a recommendation from the Remuneration Committee, the date of the meeting, session, contents of the motions, resolution by the Board of Directors, and the Company's handling of the opinions of the Remuneration Committee (e.g., the circumstances and cause for the difference if the remuneration passed by the Board of Directors exceeds the recommended amount by the Remuneration Committee) shall be specified: None.
2. If there were resolutions by the Remuneration Committee to which members have dissenting or qualified opinions, and for which there is a record or declaration in writing, the date of the meeting, session, contents of the motions, all members' opinions, and the response to members' opinions shall be specified: None.

(V) Information on Members of the Nominating Committee and Implementation Status:

To meet corporate governance requirements and to strengthen the operations of the Board of Directors, the Company established the "Nominating Committee Charter" on November 4, 2021 and approved the establishment of the "Nominating Committee" to set the qualifications of the Directors and senior managerial officers and the criteria for independence. We also follow the standards to identify, review, and nominate candidates for Directors and managerial officers, set up and develop the organizational structure of the Board and committees, conduct performance evaluations of the Board, committees, Directors and managerial officers, and evaluate the independence of Independent Directors. We establish and regularly review Directors' continuing education programs and succession plans for Directors and senior managerial officers. We also review amendments of the Company's Corporate Governance Best-Practice Principles. According to the "Nominating Committee Charter", the Nominating Committee shall convene at least two meetings each year.

1. Information on the Implementation Status of the Nominating Committee
   (1) There are a total of 5 members (including 4 Independent Directors) in the Nominating Committee.
   (2) The current term of office: June 12, 2023 to June 11, 2026.
   (3) A total of 4 (A) meetings of the Nominating Committee was held in 2023 and 2024 as of the publication date of the Annual Report. The attendance of the members was as follows:

Title	Name	Professional Qualifications and Experience	Attendance in Person (B)	By Proxy	Attendance rate (%) (B/A)	Expertise	Remark
Convenor/ Independent Director	Cheng, Chia-Jiun	Extensive experience and expertise in finance, business, and management Independent Director, Azion Corporation Independent Director, Bizlink Holding Inc. Independent Director, Changing Information Technology Inc. Independent Director, ProbeLeader Co., Ltd. President, Digital United Telecom Co., Ltd. President, Shihlien Energy Technology Co., Ltd. Chairman, ISSDU Inc.	4	0	100%	Financial Accounting and Corporate Governance/Compensation Performance Management/Information Technology and Information Security/Sustainability Management	Re-election
Member/ Independent Director	Liu, Shou-Hsiang	Extensive experience and expertise in finance, business, and management Associate Professor, Ming Chuan University Research Fellow, Chung-Hua Institution for Economic Research Chairman and President, Ta Hua Investment Trust Independent Director, Hwatai Bank Co., Ltd. Advisory Board Member, Chung-Hua Institution for Economic Research	4	0	100%	Financial Economics/ Compensation Performance Management	Re-election
Member/ Independent Director	Hsu, Cheng-Hung	Extensive experience and expertise in finance, business, and management Director, Shanghai Zhanhua Electronic Co., Ltd. Director, Unitech Electronics International (Nantong) Limited President, Unitech Printed Circuit Board Corp.	4	0	100%	Financial Accounting and Corporate Governance/Compensation Performance Management/Sustainability Management	Re-election
Member/ Independent Director	Li, Shao-Tang	Extensive experience and expertise in finance, business, information technology, human resources and management Director, Avatack Co., Ltd. Director, Avatack Co., Ltd. Director, Ye Siang Enterprise Co., Ltd. Director, Kiwi technology Inc. Associate Manager, IBM Taiwan Branch President, Oracle Taiwan LLC, Taiwan Branch (U.S.A.) Director and President of Oracle (China) Corporation Chief Executive Officer of China Doppler Communications Co., Ltd. President, UC&GN International Corp. CEO, Yodn Lighting Corp. CEO, 1111 Job Bank Director, EasyCard Investment Holding Co., Ltd.	1	0	100%	Information Security/Compensation Performance Management/Sustainability Management	Newly appointed
Member/ Chairman	Cheng, Ya-Jen	Extensive experience and expertise in finance, business, and management and business administration skills Chairman, FSP Technology Inc.	4	0	100%	Corporate Governance/Sustainability Management	Re-election

Note: All independent directors of the Company have been found to be free from any of the provisions of Section 30 of the Company Law.

Other matters:

1. If the Board of Directors refuses to adopt or amend a recommendation from the Nominating Committee, the date of the meeting, session, contents of the motions, resolution by the Board of Directors, and the Company's handling of the opinions of the Nominating Committee shall be specified: None.
2. If there were resolutions by the Nominating Committee to which members have dissenting or qualified opinions, and for which there is a record or declaration in writing, the date of the meeting, session, contents of the motions, all members' opinions, and the response to members' opinions shall be specified: None.

2. Key points of discussions in meetings of the Nominating Committee in the most recent fiscal year (2023 and 2024 and up to the publication date of the Annual Report)

Date of Meeting	Key points of discussions in meetings	Resolution Results	The Company's handling of the opinions of the Nominating Committee
The 5th meeting of the 1st term 2023.01.05	1. Amendment of certain articles of the Company's "Corporate Governance Best-Practice Principles". 2. Amendment of certain articles of the Company's "Sustainable Development Best-Practice Principles". 3. Amendment of certain articles of the Company's "Ethical Corporate Management Best-Practice Principles."	Passed unanimously by all members of the Committee in attendance.	Submitted to the Board of Directors and passed by all Directors in attendance.
The 6th meeting of the 1st term 2023.03.10	1. Nomination of the Company's director and independent director candidates. 2. Lifting the restriction of the Company director's prohibition of business competition.	Passed unanimously by all members of the Committee in attendance.	Submitted to the Board of Directors and passed by all Directors in attendance.
The 7th meeting of the 1st term 2023.05.02	1. Review of the Company's 2023 shareholders will normally hear the case of shareholders holding more than 1% of the shares and the slate of directors nominated by the Board and independent director candidates.	Passed unanimously by all members of the Committee in attendance.	Submitted to the Board of Directors and passed by all Directors in attendance.
The 1st meeting of the 2nd term 2023.06.12	1. Elected the convener of the Nominating Committee of the Company and the chair of the meeting.	Passed unanimously by all members of the Committee in attendance, electing the Committee member Cheng, Chia-Jiun to serve as the convener and the chair of the Committee.	The chair of the Nominating Committee reported to the Board of Directors.

(VI) Information on Members of the Sustainable Development Committee and Implementation Status:

The Committee aims to help the Board of Directors promote corporate social responsibility and improve corporate governance to ensure sustainable development. The Company's Board of Directors passed a resolution on March 18 2021 to establish the "Sustainable Development Committee" as the decision-making and supervisory unit for FSP's sustainable development tasks.

Members of the Sustainable Development Committee are appointed by the Board of Directors and shall consist of at least three board members. At least half of the members must be Independent Directors. The duties of the Committee shall include the following items:

I. Establish strategies and targets for corporate social responsibility and sustainable development, and formulate related management strategies and specific implementation plans.

II. Promotion and fulfillment of ethical corporate management and risk management tasks.

III. Implementation status of sustainable development and follow-up, review, and amendment of the effectiveness.

IV. Other matters to be conducted by the Committee based on resolutions of the Board of Directors.

1. Information on the implementation status of sustainable development
   (1) There are a total of 5 members (including 4 Independent Directors) in the Sustainable Development Committee.
   (2) The current term of office: June 12, 2023 to June 11, 2026.
   (3) A total of 8(A) meeting of the Sustainable Development Committee was held in 2023 and 2024 as of the publication date of the Annual Report. The attendance of the members was as follows:

Title	Name	Professional Qualifications and Experience	Attendance in Person (B)	By Proxy	Attendance rate (%) (B/A)	Expertise	Remark
Convenor/ Chairman	Cheng, Ya-Jen	Extensive experience and expertise in finance, business, and management and business administration skills Chairman, FSP Technology Inc.	8	0	100%	Corporate Governance/ Sustainability Management	Re-election
Member/ Independent Director	Liu, Shou-Hsiang	Extensive experience and expertise in finance, business, and management Associate Professor, Ming Chuan University Research Fellow, Chung-Hua Institution for Economic Research Chairman and President, Ta Hua Investment Trust Independent Director, Hwatai Bank Co., Ltd. Advisory Board Member, Chung-Hua Institution for Economic Research	8	0	100%	Financial Economics/ Compensation Performance Management	Re-election
Member/ Independent Director	Cheng, Chia-Jiun	Extensive experience and expertise in finance, business, and management Independent Director, Azion Corporation Independent Director, Bizlink Holding Inc. Independent Director, Changing Information Technology Inc. Independent Director, ProbeLeader Co., Ltd. President, Digital United Telecom Co., Ltd. President, Shihlien Energy Technology Co., Ltd. Chairman, ISSDU Inc.	8	0	100%	Financial Accounting and Corporate Governance/ Compensation Performance Management/ Information Technology and Information Security/ Sustainability Management	Re-election
Member/ Independent Director	Hsu, Cheng-Hung	Extensive experience and expertise in finance, business, and management Director, Shanghai Zhanhua Electronic Co., Ltd. Director, Unitech Electronics International (Nantong) Limited President, Unitech Printed Circuit Board Corp.	8	0	100%	Financial Accounting and Corporate Governance/ Compensation Performance Management/ Sustainability Management	Re-election

Title	Name	Professional Qualifications and Experience	Attendance in Person (B)	By Proxy	Attendance rate (%) (B/A)	Expertise	Remark
Member/ Independent Director	Li, Shao-Tang	Extensive experience and expertise in finance, business, information technology, human resources and management Director, Avatack Co., Ltd. Director, Avatack Co., Ltd. Director, Ye Siang Enterprise Co., Ltd. Director, Kiwi technology Inc. Associate Manager, IBM Taiwan Branch President, Oracle Taiwan LLC, Taiwan Branch (U.S.A.) Director and President of Oracle (China) Corporation Chief Executive Officer of China Doppler Communications Co., Ltd. President, UC&GN International Corp. CEO, Yodn Lighting Corp. CEO, 1111 Job Bank Director, EasyCard Investment Holding Co., Ltd.	6	0	100%	Information Security/ Compensation Performance Management/ Sustainability Management	Newly appointed

Note: All independent directors of the Company have been found to be free from any of the provisions of Section 30 of the Company Law.

Other matters:

1. If the Board of Directors refuses to adopt or amend a recommendation from the Sustainable Development Committee, the date of the meeting, session, contents of the motions, resolution by the Board of Directors, and the Company's response to the Sustainable Development Committee's opinion shall be specified: None.
2. If there were resolutions by the Sustainable Development Committee to which members have dissenting or qualified opinions, and for which there is a record or declaration in writing, the date of the meeting, session, contents of the motions, all members' opinions, and the response to members' opinions shall be specified: None.

2. Key points of discussions in meetings of the Sustainable Development Committee in the most recent fiscal year (2023 and 2024 and up to the publication date of the Annual Report)

Date of Meeting	Key points of discussions in meetings	Resolution Results	The Company's handling of the opinions of the Sustainable Development Committee
The 4th meeting of the 1st term 2023.01.05	1. Amendment of certain articles of the Company's "Sustainable Development Best-Practice Principles".	Passed unanimously by all members of the Committee in attendance.	Submitted to the Board of Directors and passed by all Directors in attendance.
The 1st meeting of the 2nd term 2023.06.12	1. Elected the convener of the Sustainable Development Committee of the Company and the chair of the meeting.	Passed unanimously by all members of the Committee in attendance, electing the Committee member Cheng, Ya-Jen to serve as the convener and the chair of the Committee	The chair of the Sustainable Development Committee reported to the Board of Directors.

Note: There were no agenda items for discussion during the remaining six Sustainable Development Committee meetings.

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

Implementation Item	Implementation Status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
I. Does the company set up a governance structure for sustainable development, establish an exclusively (or concurrently) dedicated unit to implement sustainable development, and have management appointed by the Board of Directors to be in charge of corporate social responsibility and to report the implementation status to the Board of Directors?	V		(I) The Company's Board of Directors passed a resolution on March 18 2021 to establish the "Sustainable Development Committee" as the decision-making and supervisory unit for the Company's sustainable development tasks. The Chairman serves as the chair and an Executive Office was set up under its jurisdiction to jointly review the Company's core business capabilities with level 1 managers of the Company and establish medium and long-term sustainable development plans. (II) The Sustainable Development Committee convenes at least two meetings each year. The Executive Office includes six functional groups which are responsible for corporate governance, responsible supply chain, green operations, green products, happy workplace, and social engagement, respectively (refer to Note 1). It is responsible for planning and formulating strategies and work guidelines, preparing budgets for each organization and sustainable development, implementing annual plans, and tracking the effectiveness of the implementation to ensure that sustainable development strategies are fully implemented in the Company's operations. (III) The Sustainable Development Committee convenes at least two meetings each year. and the functional team shall report to the Board of Directors and propose corporate strategies. The Board of Directors shall evaluate the likelihood of success of these strategies, and shall constantly review the progress of the strategies and urge the functional team to make adjustments when necessary. (IV) The results of 2023 implementation and 2024 implementation plan are expected to be detailed in the Company's 2023 Annual ESG Sustainability Report.	No significant difference.
II. Does the Company conduct risk assessments of environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle and formulate relevant risk management policies or strategies?	V		Risk Management Policy: The Company formulated "Risk Management Policies and Procedures" passed by the Board of Directors on November 3, 2022, with boundaries include the Taoyuan Headquarters, Kaohsiung Plant, Shenzhen HuiLi, Zhonghan Electronics, Zhong Han Science & Tech., WUXI SPI and Wuxi Zhonghan; and define various risks in accordance with the Company's overall operational guidelines, and prevent possible losses within the range of acceptable risks, so as to enhance the value of the Company and achieve the optimal allocation of Company resources. Risk Management Process Scope:	No significant difference.

Implementation Item	Implementation Status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			In 2022, the company set up "Risk Management Groups" under the Corporate Sustainable Development Committee to improve the risk management organization and management mechanism. Each risk management unit conducts analyses of environmental, social, and corporate governance issues in accordance with the management procedures and the power and responsibilities set forth in the "Risk Management Policies and Procedures," monitors and prevents the relevant risks within the powers and responsibilities of its divisions, and ensures the effective implementation of the risk control mechanism and procedures. Each risk management unit shall adjust its management mechanism regularly according to changes in internal and external operating environment, and report to the Board of Directors in case of major risks. For the results of risk management and strategy response, please refer to Other Significant Risks and Countermeasures on page 294 of the Annual Report. The Company examines its business and operating characteristics and manages the following types of risks: I. Market risk II. Operational risk III. Supply Chain Risk IV. Legal compliance risk V. Environmental Safety Risks VI. Human Resource Risk VII. Other Risks The risk types, risk descriptions and their corresponding risk management units and control mechanisms shall be adjusted and confirmed by the risk management team according to the practice and implemented and monitored regularly. Implementation of risk management: The Company actively promotes the implementation of the risk management mechanism, holds regular meetings of the risk management group and reports its implementation status to the Board of Directors at least one time per year. The main implementation status in 2023 is as follows: Report to the Board of Directors on the risk management implementation status by the Risk Management Executive on November 6, 2023. The report will include the identification and assessment of various risk factors, and will set up control and supervision mechanisms for projects with higher risks. In September 2023, the Risk Management Team asked each unit to update the content of the Risk Assessment Form by re-evaluating and reviewing it with reference to the risk factors presented in 2022. The content includes identification and assessment of various risk factors, defining clearly the responsible units for risk items, setting up control and supervision mechanisms, and proposing specific action plans.	

Implementation Item	Implementation Status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			The material risks faced by the Company in 2023 (1) The impact of COVID-19 has greatly decreased and can now be ignored. The supply chain continues to be impacted by geopolitical factors, and the issue of de-Chinalization (or de-Americanization) of key components has arisen. In order to tackle and oversee this issue, project meetings have been conducted. (2) To mitigate geopolitical risks, the Company has undertaken a project to assess the feasibility of establishing a manufacturing facility in a new location. The construction of the Vietnam factory has been successfully completed, and it officially began operations in January 2024. Possible risks at all levels are regularly reviewed through internal management meetings to minimize the risk occurrence and impact. (Please refer to Other Significant Risks and Countermeasures on page 294 of the Annual Report)	
III. Environmental issues (I) Has the Company established environmental management systems based on its industry's characteristics?	V		(I) The Company has implemented and passed the ISO 14001 environmental management system in our major factories of operations to fulfill our environmental responsibility and improve our performance in environmental protection. We continue to update and set environmental safety and health objectives and management plans with the ISO 14001 environmental management system every year, and use the "PDCA cycle" to ensure the implementation of environmental safety and health management. ISO14001：2015 Certification organization: TUV Validity period: 2022/11/1 - 2025/10/31 Certification date: 2022/09/13 Certification Number: 01 104 822 018638	No significant difference.
(II) Does the Company endeavor to utilize energy more efficiently and use renewable materials that have low impact on the environment?	V		(II) The Company is committed to the development of energy-saving and high-efficiency products and technologies. We actively promote various energy reduction measures to reduce the energy consumption of the Company and products. We also expand the use of renewable energy to optimize energy use efficiency. (Please refer to page 79 of the Annual Report for information on our Reduction Goals, Strategies, and Action Plans of Greenhouse Gas Emissions.) The raw materials used by the Company comply with the EU's RoHS, EACH, and halogen-free regulations.	No significant difference.
(III) Does the Company evaluate the potential risks and opportunities in climate change with regard to the present and	V		(III) The Company's Sustainable Development Committee is the top organization responsible for climate change management. The Corporate Governance and Risk Management Groups assess	No significant difference.

Implementation Item	Implementation Status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
future of its business, and take appropriate action to counter climate change issues?			the risks and opportunities of climate change for the Company. The detailed analysis of climate change risks and opportunities has been disclosed in the Company's ESG Sustainability report. (Refer to Note 2 for risk assessment, identification, and countermeasures regarding climate change.)	
(IV) Does the Company take inventory of its greenhouse gas emissions, water consumption, and the total weight of waste in the last two years, and formulate policies on greenhouse gas reduction, water reduction, or waste management?	V		(IV) The Company continues to promote economic development for environmental sustainability based on overall environmental management for environmental protection, pollution prevention, and green production as well as fulfillment of corporate social responsibility. We are also committed to "low-carbon, low-waste, and low-pollution" development actions with the aim of creating more value for the environment and products and attaining balance in operations and environmental sustainability. Greenhouse gas management In terms of greenhouse gas emissions management, the Company has obtained third-party assurance statements for all factories in accordance with ISO 14064-1 Greenhouse Gas Emissions Management System Regulations. Energy management Most of the energy required for the Company's operations is purchased electricity. To ensure energy reduction, we have adopted energy saving and carbon reduction measures such as the gradual replacement of high-efficiency lighting equipment, energy recovery in old factory buildings and the use of solar energy. Water resource management The Company does not consume any water resources in the production process, and our main water consumption consists mainly of employees' domestic water consumption, which is supplied by the government. To ensure the reduction of water resources, we encourage employees to conserve water and we have set up rainwater recycling facilities in the R&D Building. Waste management The Company is part of the electronics and information industry that produces low pollution. Our targets for waste management consist mainly of reduction of total waste and recycling of waste. For information regarding environmental project management policies, targets, and performance, please refer to page 79 of the Annual Report and the 1-2 Reduction Goals, Strategies, and Action Plans of Greenhouse Gas Emissions, as well as the Environmental Sustainability section (pages 49-59) of the FSP's 2022 ESG Sustainability Report.	No significant difference.
IV. Social Issues (I) Has the Company	V		(I) The Company abides by labor regulations and	No significant

<table>
<tr><th rowspan="2">Implementation 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 reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>formulated appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</td><td></td><td></td><td>established the employee policy and related management regulations in accordance with the Code of Conduct of the Responsible Business Alliance (RBA), "Universal Declaration of Human Rights," and other international labor and human rights standards. We also implement an equal employment opportunity system.
In order to implement human rights management, the RBA Code of Conduct for Responsible Business Alliance is adopted as the management framework in the operation and supply chain of FSP. In order to identify, prevent and reduce human rights related impacts, conduct regular on-site audits in accordance with the RBA audit process and review the achievement and improvement of labor, ethics, environment, safety and health performance indicators at the annual management review meeting.
The Company has established the Human Rights Policy and procedures and disclosed them in the ESG section on the Company's website https://www.fsp-group.com/tw/HumanRightsPolicy.html.
Training courses in 2023:
<table><tr><th>Number of people trained in human rights</th><th>Total hours of training</th></tr><tr><td>1,723</td><td>1,514</td></tr></table></td><td>difference.</td></tr>
<tr><td>(II) Does the Company formulate and implement reasonable employee benefit measures (including remuneration, leave, and other benefits) and appropriately employee compensation based on operating performance or results?</td><td>V</td><td></td><td>(II) The Company abides by the Labor Standards Act and related laws and regulations for setting up salary and benefit measures for employees, and provides competitive benefits to motivate employees. We also implement regular performance evaluations and distribute performance bonuses to share earnings with employees. To retain talented employees, the Company has created an employee stock ownership trust and makes fixed monthly contributions to the Company's incentive fund as rewards for employees. Please refer to page 120 of the Annual Report and the human resources section on the Company's website for more information https://www.fsp-group.com/tw/HumanResource.html.
Each year, the Company adjusts salaries in accordance with changes in market salary, economic trends, and individual performance to ensure that the overall compensation remains competitive. In 2023, the Company's Taiwan region includes both supervisory and non-supervisory positions, with an average annual salary increase of approximately 5.35%.</td><td>No significant difference.</td></tr>
<tr><td>(III) Does the Company provide a healthy and safe work environment,</td><td>V</td><td></td><td>(III) The Company continued its effort and obtained the ISO 45001 Occupational Safety and Health</td><td>No significant difference.</td></tr>
</table>

Implementation Item	Implementation Status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
and does it organize health and safety training for its employees on a regular basis?			Management System certification. Certification date: 2022/09/13 Validity period: 2022/10/25 - 2025/10/24 Out of a total of 13 occupational disasters that occurred in 2023, commuting accidents accounted for 9, and there were no work-related fatalities. In order to continuously reduce the possibility and severity of occupational disasters, on-the-job safety and health education and training courses will be strengthened, and traffic safety and defensive driving will be included in the education and training courses. In addition, improve and publicize the results of accident investigation in the factory, hoping to provide a safe work environment for employees. Please refer to page 121 of the Annual Report for protective measures for the work environment and the personal safety of employees. Please refer to page 122 of the Annual Report for more information on the Company's occupational safety training and occupational safety inspections. There were no fire incidents in the Company in 2023.	
(IV) Has the Company established effective career development and training plans for its employees?	V		(IV) The Company has formulated comprehensive training programs for talent cultivation. We aim to use training programs to help employees understand the internal operations of the Company and enhance the necessary knowledge, skills, and professional skills. The Company has a comprehensive employee training program that encourages autonomous learning and self-improvement by employees. 1. Pre-job training program In accordance with the laws and regulations, with the needs of various divisions, and through the process of mentoring and guidance by supervisors or senior colleagues, we assist new employees to understand the Company's culture, various management rules and regulations, and to familiarize themselves with their job duties, in order to enhance work performance. 2. On-the-job training program Contains training courses planned based on the Company's operation strategies, annual plans, and core competencies. We also use team courses to build consensus and achieve organizational goals and improve the professional know-how of employees. 3. Special training program The Company plans training for the necessary skills and knowledge for employees' roles based on the core competence requirements to improve employees' professional skills.	No significant difference.

<table>
<tr><th rowspan="2">Implementation 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 reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>4. Management skill training program
We encourage autonomous learning by managers to ensure that managers have both soft and hard powers.
5. Training courses in 112: (Unit: hour)
<table><tr><th>Expatriate training</th><th>Practice Courses</th><th>Digital Learning</th><th>Total Training Hours</th></tr><tr><td>1,423</td><td>22,017</td><td>3,925</td><td>27,365</td></tr></table></td><td></td></tr>
<tr><td>(V) Does the Company comply with relevant regulations and international standards regarding issues such as customer health and safety, right to privacy, marketing and labeling of its products and services and set up relevant consumer or customer protection policies and complaint procedures?</td><td>V</td><td></td><td>(V) The Company considers meeting customer needs as a fundamental task in after-sales service and adheres to the sustainable management philosophy of improving customer service levels to exceed customer expectations. We approach product development and service solutions from the perspective of our customers to fulfill their requirements. Regular customer satisfaction surveys are conducted annually, covering aspects such as new product development capabilities, product reliability, market reputation, business communication, order delivery time, product specifications and technical support, customer complaint handling efficiency, RMA analysis, and compliance with green regulations. These are further categorized into four main categories: product quality, sales, technical services, and green regulations.
The Company will continue to focus on customer needs, providing high-quality products and services to meet their requirements. We aim to become a long-term partner trusted by customers, working together towards sustainability.
In terms of handling customer complaints, FSP provides diverse communication channels for customers, including the official website, service hotline, and email. We have also established mechanisms for handling complaints promptly and ensuring proper resolution.
The Company also considers customer data to be confidential information. In order to ensure fair and reciprocal transactions, we use the Oracle system to manage customer product information, ensuring their privacy rights are adequately protected. No incidents violating customer privacy rights or resulting in the leakage of personal data, causing harm to customer interests, occurred in 2023.
To enhance the professional skills of maintenance personnel, FSP has implemented an RMA system. This system consolidates product technical data, engineering opinions, product failure analysis, and professional maintenance experience, providing</td><td>No significant difference.</td></tr>
</table>

<table>
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<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>maintenance personnel with reference and exchange opportunities. Moreover, the Customer Relationship Management system (CRM) enables effective customer interaction by utilizing customer information. This fosters understanding of customer needs in advance, thereby enhancing sales opportunities and surpassing customer expectations. The Company has followed relevant laws, regulations, and international norms for the marketing and labeling of products and services.</td><td></td></tr>
<tr><td>(VI) Does the Company formulate supplier management policies that require suppliers to follow relevant regulations on issues, such as environmental protection, occupational safety and health, or labor rights? If so, describe the results.</td><td>V</td><td></td><td>(VI) In 2023, the Company implemented the ISO 20400 Sustainable Procurement Management System with the goal of exerting influence and promoting the joint practice of corporate social responsibility with our customers and suppliers. Our aim is to reduce the negative environmental impact. We actively seek to establish sustainable development partnerships with our suppliers to create a green supply chain that is sustainable.
In the “Supply Chain Sustainable Development Commitment” and “General Compliance Declaration” signed with suppliers, Fullhan Enterprises requires suppliers to jointly adhere to relevant laws and regulations regarding environmental, economic, and human rights issues, as well as customer requirements. This is to practice corporate social responsibility, promote environmental sustainability, and uphold fundamental human rights.
The Company set up the Supplier Audit Team in the “Responsible Supply Chain” Team in its sustainable development roadmap. It carefully selects, audits, and supports suppliers to implement sustainability requirements in daily management of the supply chain on the basis of cooperation.

The Company’s suppliers in 112 must comply with the following requirements.
<table><tr><td>Supplier evaluation</td><td>Supplier Code of Conduct, ISO 9001 Quality Management System certification, ISO 45001 Occupational Safety and Health Management System certification., ISO 14001 Environmental Management certification.
The plan for 2024 includes the addition of the following elements: Supply Chain Sustainable Development Commitment and Supply Chain</td></tr></table></td><td>No significant difference.</td></tr>
</table>

<table>
<tr><th rowspan="2">Implementation 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 reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td><table><tr><td></td><td>ESG Risk Investigation and Rating</td></tr><tr><td>Supplier audit</td><td>The Company has set up an audit team to follow up on improvements for suppliers' discrepancies, jointly improve quality and technologies, enhance environmental protection and health performance, and introduce automation to improve production capacity</td></tr></table></td><td></td></tr>
<tr><td>V. Does the company refer to internationally-used standards or guidelines for the preparation of reports such as sustainability reports to disclose non-financial information? Are the reports certified or assured by a third-party verification unit?</td><td>V</td><td></td><td>(I) The Corporate sustainability report structure is based on global sustainability reporting standards (GRI Standards), the "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and the United Nations Sustainable Development Goals (SDGs), and gathers stakeholders' concerns through multiple channels. It will be evaluated by the working group of the Commission on Sustainable Development, compiled and submitted to the Chairman for signature and final publication.
(II) The Company's website has an ESG section and discloses ESG-related information in its Annual Report. The Company has also voluntarily published the Corporate Social Responsibility Report each year since 2014 (renamed as Sustainability Report in 2021) and disclosed it on the Company's website and the Market Observation Post System for stakeholders.
(III) The Company's 2023 ESG sustainable Report is expected to be published in 2024 and verified by a third-party verification unit. The detailed data quality information compiled and quoted in the report up to now is Attached appendix 1.
For the ESG Sustainability Report, please consult the Corporate Sustainability section on the Company's website.
https://www.fspgroup.com/tw/ESG.html</td><td>No significant difference.</td></tr>
<tr><td colspan="5">VI. If the company has established sustainable development best-practice principles based on the "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies," describe the implementation and any deviations from such principles:
The Company has established the "Sustainable Development Best-Practice Principles." Refer to the explanation in the "Implementation Status of Sustainable Development" in the Annual Report for information on related operations. There is no significant difference between the implementation and the "Sustainable Development Best-Practice Principles" established by the Company.</td></tr>
<tr><td colspan="5">VII. Other important information to facilitate a better understanding of the company's sustainable development implementation status:
(I) Social engagement
1. The Company organizes charity events for environmental protection. In addition to mobilizing employees, we also invite family members to join us and give back to the society with our gratitude for "giving back</td></tr>
</table>

Implementation Item	Implementation Status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	

to the society”. The Company sponsors employees’ purchase of environmentally friendly detergents every quarter so that they can support environmental protection at an affordable price.

2. Held many happy help, blood donation, subscription, call on colleagues to actually do public welfare.
   (1) Taoyuan plant invites blood donation car to the factory every half year, calls on colleagues and partners to donate blood, each donated a bag of 250cc, the Company synchronized to donate NT$500, collected 202 bags of blood, donated NT$101 thousand.
   (2) On Family Charity Day, the Company invited charity organizations to set up booths for employees and their families to participate in the activities happily and support charity organizations in Daxi District, Taoyuan City.
   (3) Arrange employees to work for two days and one night in Pnguu (Laiji) tribe in Ali mountain in Chiayi County every quarter to integrate into local life, assist tribal residents in daily life and reduce the differences between urban and rural students, such as finishing bamboo forest and vegetable garden, cleaning mountains, and purifying channels. A total of 59 people extend warm and sharing hands for the tribe through teamwork.
3. Encourage employees to have children, and reduce the burden of supporting, set up “preschool growth fund” open to employees with children under 6 years old, can apply for NT$6,000 every six months, a total of 87 employees’ children benefit, the total amount of subsidy is NT$522,000.
4. In an aging society, a 2-day paid “filial care leave” was promoted to allow employees to take care of their children and accompany their parents to medical treatment. A total of 8 employees benefited and used 71 hours of filial care leave.
5. The Company subsidizes visually impaired massages for employees to alleviate work-related stress, boost morale, and enhance productivity. A total of 156 employees benefit from this initiative. Additionally, it promotes employment opportunities for visually impaired massage therapists, integrating them into society while providing high-quality accessible massage services to heal both body and mind, fostering social inclusion.
6. The donation of walking data for public welfare extends the value of charity by sharing existing data on a collaborative platform. This initiative promotes the sustainable cycle of corporate employee health and social welfare. Through the regular measurement of blood pressure and daily walking data, norms for industry categories, occupational units, and health promotion are established.
7. FSP and the Wilderness Conservation Association collaborated locally to protect water resources starting from the river's source. They organized the Nankan River Cleanup Event in Taoyuan City, with a total of 82 employees and their family members participating, working together to remove 239 kilograms of waste.
8. Rise and walk, protect the environment, clean up the Taoyuan City Zhoushan Trail, with a total of 30 employees and their families. They collaborated with the Wilderness Conservation Association to safeguard the natural beauty of the mountains and forests.
9. We continued to make donations and donated NT$1.1 million to the Sharestart Educational Foundation and NT$300,000 to Taiwan Youth Creative Action Association. The Company continued its sponsorship with an additional NT$1.05 million for to support extracurricular tutoring and club activities for students at Xin Fu Junior High School, Fu Feng Junior High School, and Shan Ding Elementary School so that students have the opportunity to participate in academic and extracurricular activities regardless of their family’s financial situation. Another NT$1.06 million was donated to St. Francis of Assiss. Girls Home, Children, protectories, Hualian Yüli Catholic Church, Taitung County Catholic Amity Women’s Association, Global Buddhism Right Heart Association and other funds for childcare institutions, children’s resettlement, young girls’ resettlement and social care fund such as day care for the elderly.
10. Arts and cultural organizations keep up with the times. The FSP Gallery hosts exhibitions on different themes in Taoyuan plant each quarter and provided a sponsorship of NT$339 million for local life living, youth support and arts and cultural activities. We also invited employees to enjoy the arts and cultural activities.
11. In order to promote humanities education, a donation of $500,000 was made to the Inspire and Advance Association. This donation will help empower the community through educational seminars. Furthermore, a donation of $1.1 million was made to the Taichung Bodhisattva Temple to establish a school in Nepal, ensuring that underprivileged children in the area have access to education.

Implementation Item	Implementation Status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	

12. Industry-academia collaboration
The Group, together with the National Taipei University of Technology, Taipei Tech, National Yunlin University of Science and Technology, and Department of Electrical Engineering of National Ilan University jointly established the R&D capability of the Group. In 2023, the Group invested NT$9.3 million to launch a continuous industry-academia collaboration program, so that students can help enterprises develop new generation of key technologies for efficient green energy by understanding the current situation of the industry and the problems they face during their studies. Students can get a job as soon as they graduate to facilitate seamless connection between their studies and work.
Provide students with “R&D Rookie Scholarship” so that students with excellent performance can concentrate and place all their efforts on academic research and technological innovation. The Company and the University work together to cultivate professional in power and electronics so that participating graduate students and university students can use the academic theories and practical skills they learned to maximize the benefits of industry-academia collaboration.

(II) Workplace Diversity Policy
The Company is committed to providing a dignified and safe work environment for its employees. We practice diversity in employment and fairness in compensation and promotion opportunities to ensure that employees are not subjected to discrimination, harassment, or unequal treatment based on race, gender, religion, age, political orientation, or any other condition protected by applicable laws and regulations.

Indicator	Percentage (%)
Women as Total Employees (%)	47.00%
Female supervisors (%)	28.67%
Female Executives (%)	42.80%

Base salary to compensation ratio			Ratio			
			2022		2023	
Critical Operating Locations	Employee Categories	Item	Male	Female	Male	Female
Taiwan	Direct	Base salary	0.97	1	0.94	1
		Compensation	1.10	1	1.03	1
	Indirect	Base salary	1.24	1	1.24	1
		Compensation	2.59	1	2.05	1

Notes1: Base salary is the minimum fixed amount paid to an employee for the performance of his or her duties and does not include any additional compensation, such as overtime, bonuses or perks.
Notes2: Compensation is the base salary plus the additional amount paid to the worker; The “additional amount paid to the worker” includes the length of service allowance, bonus (including cash and equity), benefits, overtime pay, time off and any other allowance (e.g. transport allowance, maintenance allowance and child care allowance).

(III) Environmental sustainability
The Company continues to promote economic development for environmental sustainability based on overall environmental management for environmental protection, pollution prevention, and green production as well as fulfillment of corporate social responsibility. We are also committed to “low-carbon, low-waste, and low-pollution” development actions with the aim of creating more value for the environment and products and attaining balance in operations and environmental sustainability. The Company has implemented and passed the ISO 14001 environmental management system in our major factories of operations to fulfill our

Implementation Item	Implementation Status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	

environmental responsibility and improve our performance in environmental protection. We set environmental safety and health objectives and management plans with the environmental management system every year, and use the “PDCA cycle” to ensure the implementation of environmental safety and health management.

After evaluating the potential environmental impact in the production process based on environmental protection laws, we identified “climate change & greenhouse gas inventory”, “energy management”, “water resources”, and “waste management” as core tasks for continuous improvement.

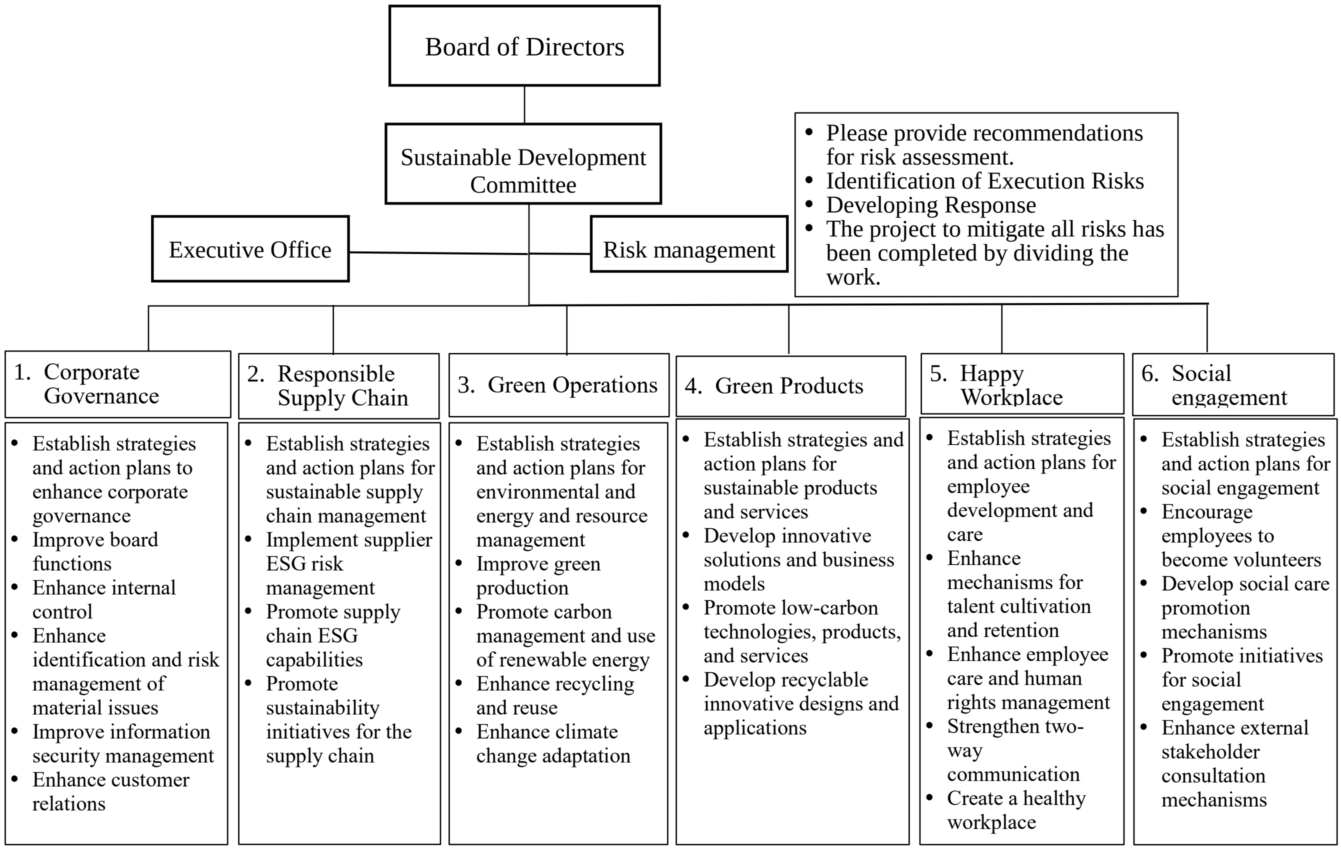
For information regarding environmental project management policies, targets, and performance, please see page 79 of the Annual Report and the 1-2 Reduction Goals, Strategies, and Action Plans of Greenhouse Gas Emissions.

(IV) Invest in energy saving or green energy related environmental sustainable machinery and equipment

In order to meet the growing energy demand and address the escalating environmental issues, FSP has installed solar panels at its headquarters in Taoyuan, Taoyuan Plant 2, Taoyuan Plant 3, and Wuxi Factory to serve as green energy, committing to corporate responsibility for a sustainable environment.

1. The cost of constructing Taoyuan Headquarters, Taoyuan Plant 2, and Plant 3 is NT$15,030,125. As of December 31, 2023, the total power generation is 16.64 million kWh, resulting in a reduction of 82.37 metric tons of carbon dioxide emissions.
2. In 2023, the solar power generated at the Wuxi Factory amounted to 105.62 million kWh, reducing carbon dioxide emissions by 602.01 metric tons.

Notes1:



Notes2: Climate Change Management:

FSP has implemented internal control systems and internal audit systems. In 2020, the Company adopted a risk management approach to integrate environmental, social, and governance-related risks management into its sustainable operations. Due to the impact of global warming, which has led to extreme weather conditions, and the increasing importance of energy and climate change issues in recent years, FSP has been adhering to the recommended structures of the Task Force on Climate-related Financial Disclosures (TCFD). We have structured our approach into governance, strategy, risk management, Indicator and targets. Our Sustainable Development Committee, along with its subcommittees, identifies climate-related risks and opportunities, considers external advisory recommendations, and formulates response strategies. We provide regular reports to the Board of Directors, who oversee the implementation effectiveness.

Governance	Strategy	Risk management	Indicators and goals
Governance Condition of Climate-Related Risks and Opportunities at FSP.	The current and potential impacts of climate change on business, strategy, and financial plans.	Climate-Related Risk Management Process	Assessment and Management of Indicators and Goals for Climate-Related Issues
The Sustainable Development Committee reports the climate risk and opportunity governance situation, as well as the annual sustainable risk management issues, to the Board of Directors on an annual basis. The Board of Directors oversees the effectiveness of the implementation.	Please consult the table provided below: Table of short-, medium-, and long-term climate risks and opportunities for 2023.	The process of identifying, assessing, and managing risks is as follows: 1. The Sustainable Office has collected climate and environmental background data and has begun the risk assessment and project tracking process. 2. Each department should monitor the risks associated with their managed operations and assess the sources and risk type.	◆Continue to implement greenhouse gas inventory and increase website and public information disclosure . ◆Annual electricity saving rate of 1%. **Annual Emissions from Major Operating Locations in 2023** Scope 1 1,141.53 metric tons of CO2e; Scope 2 14,871.71 metric tons of CO2e Scope 3

Governance	Strategy	Risk management	Indicators and goals
		3. The Risk Management Team and various divisions should engage in thorough discussions and consider both subjective observations and objective operational data to identify and assess the level of each risk. The outcomes of risk identification and assessment for all risk items should be documented in the "Risk and Opportunity Assessment Management Table." 4. The Sustainable Office conducts regular reviews of departmental plans and execution results, performs climate risk and opportunity analysis, and identifies major risk projects. 5. The Risk Management Team develops execution strategies and sets goals. **6.** The effectiveness of the implementation strategies and goals is assessed annually during the ESG Committee meetings.	49.23 metric tons of CO_2e
The Chairman acts as the convener for risk management, including climate risks and opportunities, while the supervisors at each level of the organization carry out risk identification, assessment, and mitigation.	Please refer to the table below: Climate-related financial impacts and response table. The Company referred to the 2°C scenario (2DS) during discussions at the Corporate Sustainability Committee meeting, while simultaneously using tools provided by the TCCIP (Climate Change Integration Service Platform) to assess physical climate change risks. Ultimately, the Company decided to adopt the 2DS/RCP2.6 scenario as the basis for evaluating climate change physical risks. In this scenario, the Company described the themes of climate change risks and opportunities in relation to physical risks and regulatory transformation risks.	The Company's risk management policy has integrated climate risks and opportunities into the operations of each unit	Carbon Neutrality by 2050

Table of short-, medium-, and long-term climate risks and opportunities for 2023

Risk Number	Climate Change Risk Issues	Risk Level	Time Scope	Opportunity Number	Climate Change Opportunity Issues	Opportunity Level	Time Scope
R1	Pricing Greenhouse Gas Emissions	High	Short term, medium term	O1	Minimize water usage and water consumption	Medium	Medium term, long term
R2	Enhancing Obligations for Reporting Emissions	Medium	Short term, medium term, long term	O2	Employing more efficient production and distribution processes	Medium	Medium term, long term
R3	Requirements and Regulations for Current Products and Services	Medium	Short term	O3	Recycling and reuse	Medium	Medium term, long term
R4	Replacing current products and services with low-carbon alternatives	Medium	Medium term, long term	O4	Conversion to more efficient buildings	Medium	Medium term, long term
R5	The Cost of Low-carbon Technology Transformation	Medium	Short term, medium term	O5	Implementing more efficient transportation methods	Medium	Short term, medium term, long term
R6	Changes in Customer Behavior	Medium	Short term, medium term	O6	Using low-carbon energy	Medium	Medium term, long term
R7	Changes in rainfall patterns and extreme variations in climate models	High	Medium term, long term	O7	Implementing incentive policies	Medium	Medium term, long term
R8	The intensity of extreme weather events, such as typhoons and floods, has escalated.	Medium	Medium term	O8	Using new technology	Medium	Medium term, long term
R9	Rise in the cost of raw materials	High	Short term, medium term, long term	O9	Engagement in the carbon trading market	Medium	Medium term, long term
R10	Average Temperature Increase	Medium	Medium term, long term	O10	Transitioning to decentralized energy	Low	Medium term, long term
R11	Rising Sea Levels	Medium	Medium term, long term				

Note: Short term refers to 1-3 years, medium term refers to 3-5 years, and long term refers to 6-10 years

Climate-related financial impacts and response table

Risk and Opportunity Projects	Climate Change Risk Issues
Pricing Greenhouse Gas Emissions	In response to the future climate change adaptation law in Taiwan, the Company may experience an increase in operating costs as a potential impact on its finances. However, at this stage, the Company is not a high-carbon emission industry, and therefore the impact on the overall operating finance will not be significant. In addition to the ongoing implementation of greenhouse gas inventories, which will be extended to all subsidiaries of the Group in the short term, the Company will also commence assessment operations and set carbon reduction targets for the purchase of green power, biomass energy and carbon rights.
Changes in rainfall patterns and extreme variations in climate models	As a result of the rising number of extreme weather events, the frequency of typhoons and heavy rain has also increased. This could potentially lead to the flooding of our office building and have a negative impact on our company’s operations. After conducting an assessment, it is possible that this situation could result in a minor financial loss. The Company is taking measures to maintain the drainage system and establish an emergency response plan for typhoons and heavy rain in order to mitigate immediate risks. The building has completed waterproofing, purchased natural disaster insurance, and installed flood barriers. Monthly maintenance is conducted on the drainage facilities using water pumps. Therefore, the impact of this risk on overall operations is not significant.
Rise in the cost of raw materials	The impact of climate change, along with the European Union’s introduction of carbon taxes from 2023 onwards, has resulted in higher production and transportation expenses for bulk commodity raw materials, consequently impacting operations. The solution is to minimize module design to reduce the use of raw materials and strengthen the proportion of local procurement in the supply chain to reduce the increase in the cost of raw materials and transportation; medium- and long-term planning to implement a product carbon footprint and reduce carbon costs through green and environmentally friendly design.

Implementation Plan for Achieving Carbon Neutrality by 2050

1. Through green procurement, the Company will purchase environmentally labeled infrastructure and equipment (implementation period: 2023~2025)
2. Purchase of energy storage and power conditioning systems to enhance energy efficiency (implementation period: 2026~2030)
3. Increase the ratio of renewable energy use to 50% (2030~2040)
4. Purchase of carbon rights, renewable energy certificates (2040~2050)

Table1: ESG Sustainability Report Data Quality Information

Item	Verification / certification / audit
Financial data (information from the Financial Report)	KPMG
ISO 9001 Quality Management, ISO 13485 Medical Device Quality Systems, ISO 17025 Laboratory Quality Accreditation	TÜV Rheinland, SGS Taiwan
ISO 14001 Environmental Management System	
ISO 45001 Occupational Safety and Health Management System	
ISO 14064-1 Greenhouse Gas Inventory	
IECQ QC 080000 Hazardous Substance Process Management	

(VI) Climate-related Information

1. Implementation status of climate-related information

Item	Implementation Status
1. Describe the Board of Directors' and management's supervision and governance of climate-related risks and opportunities.	The Board of Directors reviewed the implementation results of the greenhouse gas inventory on August 3, 2023. They also assessed the achievement of the FSP Sustainable Indicators for the same year during the board meeting held on November 6, 2023. In September 2023, the Risk Management Team asked each unit to update the content of the Risk Assessment Form by re-evaluating and reviewing it with reference to the risk factors presented in 2022. The content includes identification and assessment of various risk factors, defining clearly the responsible units for risk items, setting up control and supervision mechanisms, and proposing specific action plans.
2. Please provide an explanation of how the identified climate risks and opportunities affect the Company's business, strategy, and finances (short term, medium term, and long term).	Please refer to the Table of short-, medium-, and long-term climate risks and opportunities for 2023 on page 74 of the Annual Report.
3. Describe the financial impact of extreme weather events and transformational actions.	Please refer to the Table of short-, medium-, and long-term climate risks and opportunities for 2023 on page 74 of the Annual Report.
4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system.	The process of identifying, assessing, and managing climate risks is as follows: a. The Sustainable Office has collected climate and environmental background data and has begun the risk assessment and project tracking process. b. Each department should monitor the risks associated with their managed operations and assess the sources and risk type. c. The Risk Management Team and various divisions should engage in thorough discussions and consider both subjective observations and objective operational data to identify and assess the level of each risk. The outcomes of risk identification and assessment for all risk items should be documented in the "Risk and Opportunity Assessment Management Table." d. The Sustainable Office conducts regular reviews of departmental plans and execution results, performs climate risk and opportunity analysis, and identifies major risk projects. e. The Risk Management Team develops execution strategies and sets goals. f. The effectiveness of the implementation strategies and goals is assessed annually during the ESG Committee meetings.
5. If scenario analysis is used to assess the resilience to climate change risk, the scenarios, parameters, assumptions, analytical factors, and key financial impacts should be described.	The Chairman acts as the convener for risk management, including climate risks and opportunities, while the supervisors at each level of the organization carry out risk identification, assessment, and mitigation. The Company referred to the 2℃ scenario (2DS) during discussions at the Corporate Sustainability Committee meeting, while simultaneously using tools provided by the TCCIP (Climate Change Integration Service Platform) to assess physical climate change risks. Ultimately, the Company decided to adopt the 2DS/RCP 2.6 scenario as the basis for evaluating climate change physical risks. In this scenario, the Company described the themes of climate change risks and opportunities in relation to physical risks and regulatory transformation risks.
6. If there is a transition plan for managing climate-related risks, describe the plan and the metrics and objectives used to identify and manage physical and transition risks.	This feature has not been implemented yet.
7. If internal carbon pricing is used as a planning tool, the basis for price setting	This feature has not been implemented yet.

Item	Implementation Status
should be specified.	
8. If climate-related goals are set, information on the activities covered, scope of GHG emissions, the planning period, and the annual progress of achievement should be described; if carbon offsets or renewable energy certificates (RECs) are used to achieve the relevant goals, the source and amount of carbon reduction credits offset or the quantity of renewable energy certificates (RECs) should be described.	Carbon Reduction Goals of FSP 1. With 2021 as the base year, Scope 1 and Scope 2 reduction of greenhouse gas emissions by 30% by 2030 2. In 2024, Scope 3 will be included in the scope of inventory. With 2024 as the base year, there will be a 20% reduction by 2030, a 40% reduction by 2035, and a 60% reduction by 2040. 3. With 2021 as the base year, achieving carbon neutrality and RE100 by 2050. The implementation strategy of the Net Zero Emission Blueprint, related implementation plan, and the progress of achievement are expected to be detailed in the Company's 2023 Annual ESG Sustainability Report.
9. Inventory and Verification of Greenhouse Gas Emissions, Reduction Goals, Strategies, and Action Plans.	Also included in 1-1 (page 78 of the Annual Report) and 1-2 (page 79 of the Annual Report)

1-1 Greenhouse Gas Inventory and Confirmation of the Company in the Last Two Years

	Basic Company Information □ Companies in the steel and cement industries with a capital exceeding NT$10 billion. □ Companies with a capital of NT$5 billion or more but less than NT$10 billion ■ Companies with a capital of less than NT$5 billion				In accordance with the regulations outlined in the Sustainable Development Roadmap for listed companies, the following disclosures should be made at minimum ■ Individual Investigation of Parent Company ■ Individual Confirmation of Parent Company ■ Subsidiary Investigation of Consolidated Financial Statements (Note 1) ■ Subsidiary Confirmation of Consolidated Financial Statements (Note 1)	
Item	Total Emissions (in metric tons of CO2e)		Intensity (metric tons of CO2e per million dollars) (Note 3)		Confidence Institution	Explanation of Assurance Circumstances (Note 4)
	2022	2023	2022	2023		
Scope 1 (Parent Company)	144.00	156.75	0.01	0.02	SGS Taiwan Ltd.	Of the Company's total disclosed GHG emissions in 2022, the Group (the Parent Company + subsidiaries) Scope 1+2+3 generated a total of 16,180.35 metric tons of CO2e was verified by a verification organization using the ISO 14064-1:2018 & ISO 14064-3:2006 standards, and the opinion of the verification is a reasonable assurance. Of the Company's total disclosed GHG emissions in 2023, the Group (the Parent Company + subsidiaries) Scope 1+2+3 generated a total of 16,062.48 metric tons of CO2e was verified by a verification organization using the ISO 14064-1:2018 & ISO 14064-3:2006 standards in March 15 this year, and the verification report is disclosed in the Sustainability Report published in 2024.
Scope 1 (Subsidiaries)	767.41	984.78	0.19	0.27		
Total	911.41	1,141.53	0.06	0.08		
Scope 2 (Parent Company)	1,592.76	1,474.01	0.15	0.14		
Scope 2 (Subsidiaries)	13,639.78	13,397.70	3.38	3.71		
Total	15,232.54	14,871.71	1.02	1.07		
Scope 3 (Parent Company)	35.67	45.45	0.0033	0.0044		
Scope 3 (Subsidiaries)	0.73	3.78	0.0002	0.0010		
Total	36.40	49.23	0.0024	0.0035		

Note 1: Parent company (information covers Taoyuan headquarter and Kaohsiung factory) and subsidiaries (information covers Shenzhen Huili, Zhonghan Electronics, Zhong Han Science & Tech., WUXI SPI and Wuxi Zhonghan).

Note 2: Scope 3: Business travel.

Note 3: The intensity of greenhouse gas emissions is calculated based on the revenue (in millions of New Taiwan Dollars).

Note 4: Greenhouse Gas Inventory Standard: ISO 14064-1 issued by the International Organization for Standardization (ISO), the confirmation information will be disclosed in the sustainability report.

1-2 Reduction Goals, Strategies, and Action Plans of Greenhouse Gas Emissions

The greenhouse gas emissions are verified annually by a third-party verification organization using ISO14064 standards for reasonable assurance levels and AA1000AS. The verification covers scopes 1 to 3 of greenhouse gas emissions, water usage, and waste generation. Environmental data disclosed annually includes at least two years of energy usage, greenhouse gas emissions, water resources, and waste. This information is published in the FSP's Sustainability Report and on the Company's website.

Reduction base year and its data, reduction targets, strategies and specific action plans and achievement of reduction targets

Management Item	Base year of reduction and its data	Reduction goal	Strategy	Specific Action Plan	Reduction Target Achievement Status	Results
GHG emissions	We set 2010 as the base year for greenhouse gas emissions, and in 2010, the total emissions of FSP were 29,192.62 metric tons of CO2e.	We set 2010 as the baseline year for greenhouse gas emissions Reduce total GHG emissions by 50% by 2025	FSP is committed to its greenhouse gas inventory, reduction, and control to help the Company to monitor actual greenhouse gas emissions. We also use the results of the inventory for additional voluntary greenhouse gas reduction projects.	1. Regular cleaning and maintenance of air-conditioning equipment to maintain efficient operation of air-conditioning equipment. 2. Use carbon toner cartridge with an environmental label, with low temperature and reduces paper jamming.	1. The total greenhouse gas emissions in 2023 fell by an average of 42.34% compared to the baseline year. 2. The Company obtained the ISO 14064-1 Certification Statement.	Achieved
Energy management (electricity)	With 2022 as the base year The data for 2022 is: 20,126,085 kWh The data for 2023 is: 19,666,654 kWh.	1. Achieve 50% reduction in total electricity consumption by 2025 2. Set a target of 1% average energy savings for each year compared to the baseline year starting from 2019 to meet greenhouse gas emission management targets	Improve energy management efficiency and prioritize the purchase of energy-efficient equipment before equipment replacement to meet regulatory requirements.	1. Use of LED energy-saving and carbon-reducing lamps in the office area. 2. Choose energy-efficient appliances such as air conditioners, refrigerators, and multifunctional printers that comply with energy-saving labels. 3. Installation of solar panels to generate electricity for factory use	2.3% reduction	Achieved
Water resources	With 2022 as the base year 1. The data for 2022 is: 208,928,000 liters. 2. The data for 2023 is: 194,540,000 liters.	Reduce total water consumption by 1% compared to the previous year	Implement water resource management prioritize water-saving equipment when evaluating equipment replacement, reduce water waste, and increase employee awareness with training.	Reducing the water flow from faucets effectively conserves water.	6.89% reduction	Achieved
Waste	With 2022 as the base year 1. The data for 2022 is as follows: general industrial waste amounted to 427.43 metric tons. Hazardous industrial waste: 56,435 metric tons. 2. The data for 2023 is as follows: general industrial waste amounted to 429.5513 metric tons. Hazardous industrial waste: 19.6028 metric tons.	Total waste was reduced by 1% compared to the previous year	Incorporate product cycle requirements to reduce the amount of waste and improve environmental performance and select qualified vendors for outsourced waste disposal based on the location of the factory. Manage and maintain records of waste production, sorting and collection, recycling and transportation in accordance with the environmental management system.	1. Implement waste classification, reduction, and resource recycling initiatives. 2. During internal meetings, colleagues are encouraged to bring their own water bottles or mugs. 3. Employees bringing their own tableware and cups helps reduce the use of disposable utensils and cups.	Decreased by 7.17%	Achieved

Note 1: The above data covers the scope of the Parent company and subsidiaries. The Parent company includes Taoyuan headquarter and Kaohsiung factory, and subsidiaries include information covers Shenzhen Huili, Zhonghan Electronics, Zhong Han Science & Tech., WUXI SPI and Wuxi Zhonghan.

(VII) Implementation of Ethical Corporate Management and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>I. Establishment of ethical corporate management policies and programs
(I) Does the Company have an ethical corporate management policy passed by the Board of Directors and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and senior management towards implementation of such policy?</td><td>V</td><td></td><td>(I) The Company formulated the “Ethical Corporate Management Best-Practice Principles” on January 28, 2016, and the amendment was passed by the Board of Directors on January 5, 2023. The Company formulated the policy based on “ethical” and established a good corporate governance and risk control mechanism, so as to create a sustainable business environment and the commitment of the Board of Directors and management to actively fulfill of ethical corporate management policy. It is implemented in internal management and business activities.
The Company established a plan to prevent unethical conduct in accordance with the Company’s core value of integrity. We encourage and require members of the Company, including the Board of Directors and management, to actively implement the policy of fulfillment of ethical corporate management.
Please refer to the corporate governance section on the Company website to view the Company’s Ethical Corporate Management Best-Practice Principles.</td><td>No significant difference.</td></tr>
<tr><td>(II) Does the Company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risks of unethical conduct within the scope of business? Does the Company implement programs to prevent unethical conduct accordingly and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?</td><td>V</td><td></td><td>(II) The Company has set up an enterprise Sustainable development committee under the Board of Directors and “Risk Management Groups” under it. The annual review meeting will be held regularly every year. Each group will report the implementation plan and improvement results, analyze and evaluate the business activities of dishonest behavior risk and formulate preventive measures.
The Company has established the “Code of Ethical Conduct” and the “Ethical Corporate Management Best-Practice Principles” to provide a code of conduct for the Company’s personnel responsible for important businesses. Internal auditors conduct regular audits to strengthen the implementation of the ethical corporate management policy. The Company has set up related regulations for different compliance requirements including</td><td>No significant difference.</td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
(III) Does the Company define the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the Company enforce the programs effectively and perform regular reviews and amendments?	V		Operating Procedures for the Prevention of Insider Trading, Regulations Governing the Operating Procedures of Whistleblower Channels and Protection System, Personal Information Management Regulations, and information security management to take preventive measures for fulfillment of ethical corporate management policy. (III) The Company has established sound business management framework to create a corporate culture of ethical management and improve development. We also established the “Ethical Corporate Management Best-Practice Principles” to provide guidance for all behavior. To implement the “Ethical Corporate Management Best-Practice Principles” and “Codes of Ethical Conduct”, the Company established “Regulations Governing the Operating Procedures of Whistleblower Channels and Protection System” to set up internal and external reporting channels and the reward and penalty system. The Company shall continue to pay attention to the development of ethical corporate management regulations in Taiwan and foreign countries. The Company also encourages Directors, managerial officers, and employees to propose recommendations, which will be used to review and improve the ethical corporate management policies and measures and thus achieve more effective ethical corporate management. At the same time, through the aforementioned “Risk Management Groups” operating mechanism, periodically revise the relevant specifications.	No significant difference.
II. Fulfillment of ethical corporate management (I) Does the Company evaluate business partners’ ethical records and include ethics-related clauses in the business contracts? (II) Does the Company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors that	V V		(I) The Company has set up evaluation mechanisms for customers and suppliers. When entering into contracts with others, the Company shall include in the contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, the Company may terminate or rescind the contracts at any time. (II) The Company promotes integrity management under the direct supervision of the chairman of the board. The President Staff Office is called as a part-time unit	No significant difference. No significant difference.

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such implementation status?			through the director of corporate governance to be responsible for the formulation and supervision of the implementation of integrity management policies and prevention programs, and report to the Board of Directors at least once a year. In order to fulfill the oversight responsibility of ethical management, the Company has established various organizations and channels in the Board of Directors, such as the Audit Committee, the Compensation Committee, the Corporate Sustainability Committee and the internal audit Committee. In addition, the internal auditor will regularly report to the Board on the audit activities implementation status. The Managerial Officers and financial and accounting officers of the company, under the supervision of the Board of Directors, must ensure that the financial and accounting information reported by the Company to the securities authorities or disclosed to the public is complete, fair, accurate, timely and easy to understand. Implementation status in 2023: No reports occurred.	
(III) Does the Company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	V		(III) Article 10 of the Company’s “Rules of Procedure for Board of Directors’ Meetings” specify the requirements for the recusal of Directors due to conflict of interest. If a Director or a corporate entity that the Director represents is considered an interested party in the agenda, a full disclosure is required during the current board meeting session. The Director shall recuse himself/herself from all discussions and voting if it is in conflict against the Company’s interests. Under such circumstances, the Director shall not exercise voting rights on behalf of other Directors. Article 17 of the “Corporate Governance Best-Practice Principles” expressly prohibits the transfer of interest between the Company and related parties or shareholders. The Company also established the “Regulations Governing the Operating Procedures of Whistleblower Channels and Protection System” to provide whistleblowers with reporting channels and protect the identity of whistleblowers.	No significant difference.

Evaluation Item	Implementation Status: Yes	Implementation Status: No	Implementation Status: Description	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
			Reporting mailbox: https://www.fsp-group.com/tw/Whistleblower.html.	
(IV) Does the Company have effective accounting and internal control systems in place for fulfillment of ethical corporate management? Does the internal audit unit devise audit plans based on the results of unethical conduct risk assessments and audit the systems accordingly to prevent unethical conduct, or hire external CPAs to perform the audits?	V		(IV) The Company has established an effective accounting system and internal control system. Internal auditors conduct various audits based on the annual audit plan and report the results of the audit and subsequent improvements to the Board of Directors and management to ensure the fulfillment of ethical corporate management. The Company also conducts annual self-assessments on internal controls of the Company. The Company's divisions and subsidiaries are required to review the design of the internal control system and the effectiveness of its implementation. Accountants also review the implementation status of the company's internal control system annually.	No significant difference.
(V) Does the Company regularly hold internal and external educational trainings on ethical corporate management?	V		(V) The Company plans corporate culture education and training, and internalizes the honest and pragmatic corporate culture into the Company's operation. Since 2022, the Company has planned a course on "Business Conduct and Ethics Concept Promotion," which is included in the annual compulsory courses for all colleagues. Training courses in 2023: (Unit: hour) Number of Participants: 1,723; Number of Hours: 119; Total Training Hours: 1,514	No significant difference.
III. Operation of the whistle-blowing system				
(I) Has the Company established both a reward/whistle-blowing system and convenient whistle-blowing channels? Are appropriate personnel assigned to the accused party for the follow-up?	V		(I) The Company established the "Regulations Governing the Operating Procedures of Whistleblower Channels and Protection System" to establish reporting channels and systems for the Company, implement the "Ethical Corporate Management Best-Practice Principles" and "Code of Ethical Conduct" established by the Company, and protect the legal rights of whistleblowers and counterparties. Reports are processed in a confidential manner and verified by the Auditing Staff Office to protect whistleblowers. The identity of whistleblowers are the contents of reports are always kept confidential.	No significant difference.
(II) Does the Company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and	V		(II) The Company established the "Regulations Governing the Operating Procedures of Whistleblower Channels and Protection System" to provide legitimate reporting	No significant difference.

Number of Participants	Number of Hours	Total Training Hours
1,723	119	1,514

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>relevant post-investigation confidentiality measures?

(III) Does the Company provide proper whistleblower protection?</td><td>

V</td><td></td><td>channels and maintain the confidentiality of the identity of whistleblowers and contents of reports. When the processing unit finds material misconduct or likelihood of material impairment to the Company, it shall immediately prepare a report and notify the Independent Directors in written format.
Documentation of case acceptance, investigation processes, and investigation results shall be retained in written format and digital files for at least five years. In the event of a suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained for two years after the conclusion of the litigation.
(III) The Company established the “Regulations Governing the Operating Procedures of Whistleblower Channels and Protection System” to take appropriate confidentiality measures and protect whistleblowers from improper treatment.</td><td>

No significant difference.</td></tr>
<tr><td>IV. Strengthening information disclosure
Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company’s website and MOPS?</td><td>V</td><td></td><td>The Company has uploaded the “Ethical Corporate Management Best-Practice Principles” to the Company’s website and the MOPS. It also disclosed the information on the implementation of ethical corporate management in the Annual Report for reference by related personnel_</td><td>No significant difference.</td></tr>
<tr><td colspan="5">V. If the Company has established its own ethical corporate management principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe the implementation and any deviations from the Principles: None.</td></tr>
<tr><td colspan="5">VI. Other important information to facilitate a better understanding of the Company’s ethical corporate management implementation status (e.g., review of and amendments to ethical corporate management policies):
1. The Company’s Ethical Corporate Management Best-Practice Principles were revised on January 5, 2023 and passed by the Board of Directors.
2. The Company complies with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, TWSE/TPEx listing rules, and other laws or regulations on business activities as the basis of fulfillment of ethical corporate management.
3. The Company’s “Rules of Procedure for Board of Directors’ Meetings” specify the requirements for the recusal of Directors due to conflict of interest. If a Director or a corporate entity that the Director represents is considered an interested party in the agenda, a full disclosure is required during the current meeting session. The Director shall recuse himself/herself from all discussions and voting if it is in conflict against the Company’s interests. Under such circumstances, the Director shall not exercise voting rights on behalf of other Directors.
4. The Company established the “Operating Procedures for the Prevention of Insider Trading” which state that Directors, managerial officers, and employees may not disclose internal material information to others, may not inquire about or collect any non-public material inside information of the Company not related to their individual duties from a person with knowledge of such information, or disclose to others any non-public material inside information of the Company of which they become aware for reasons other than the performance of their duties.</td></tr>
</table>

(VIII) Corporate Governance Guidelines and Regulations and the Inquiry Method:

Please refer to the MOPS (http://mops.twse.com.tw) or the Company's website(https://www.fsp-group.com.tw) for more information.

(IX) Other Important Information Regarding Corporate Governance Implementation Status:

1. The Board appointed a Corporate Governance Officer on January 8, 2019 to implement corporate governance, protect the interests of the shareholders, and strengthen the functions of the Board.

2. The Company has set up a dedicated section on the official website to explain the corporate governance status and provide corporate governance regulations for download and reference.

(X) Status of Internal Control System

1. Statement on Internal Control

FSP Technology Inc.
Statement on Internal Control

Date: March 14, 2024

The Company hereby states the results of the self-evaluation of the internal control system for 2021 as follows:

I. The Company acknowledges that the establishment, implementation, and maintenance of an internal control system is the responsibility of the Board of Directors and managerial officers, and the Company has established an internal control system. The internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance, and protection of assets), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.

II. The internal control system has innate limitations. No matter how robust and effective the internal control system is, it can only provide reasonable assurance of the achievement of the foregoing three goals; in addition, the effectiveness of the internal control system may vary due to changes in the environment and conditions. However, the internal control system of the Company has self-monitoring mechanisms in place, and the Company will take corrective action against any defects identified.

III. The Company uses the assessment items specified in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations") to determine whether the design and implementation of the internal control system are effective. Based on the process of control, the assessment items specified in the Regulations divide the internal control system into five constituent elements: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communication; and 5. monitoring. Each constituent element includes a certain number of items. For more information on such items, refer to the Regulations.

IV. The Company has adopted the aforesaid assessment items for the internal control system to determine whether the design and implementation of the internal control system are effective.

V. Based on the results of the determination in the preceding paragraph, the Company is of the opinion that, as of December 31, 2023, the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, are effective and can reasonably assure the achievement of the foregoing goals.

VI. This statement will constitute the main content of the Company's Annual Report and the prospectus and will be disclosed to the public. Any falsehood or concealment with regard to the above contents will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This statement was passed by the Board of Directors on March 14, 2024, and out of the 11 directors in attendance, none had dissenting opinions of it and all approved the content expressed in this statement.

FSP Technology Inc.

Chairman and President: Cheng, Ya-Jen Signature

2. If a CPA Has Been Hired to Carry Out a Special Audit of the Internal Control System, the CPA Audit Report Shall Be Disclosed: None.

(XI) For Penalties Imposed Upon the Company and Its Employees in Accordance with the Law or Penalties Imposed by the Company Upon Its Employees for the Violation of the Internal Control System Policy During the Most Recent Fiscal Year up to the Date of Publication of the Annual Report, if the Result of Such Penalties May Have a Significant Impact on the Shareholders' Equity or the Price of Securities, the Contents of the Penalties, Principal Deficiencies, and Improvements Shall Be Specified: None.

(XII) Major Resolutions of the Board Meetings and Shareholders' Meeting During the Most Recent Fiscal Year up to the Date of Publication of the Annual Report:

1. Major resolutions from the 2023 general shareholders' meeting and implementation status:

(1) Acknowledgment of the Company's 2022 Business Report and Financial Statements.

(2) Acknowledgment of the Company's distribution of earnings for 2022.
Implementation status: The ex-dividend date was set as July 2, 2023 and the distribution date was set as July 14, 2023.
Cash dividends of NT$3.8 (NT$3 from earnings distribution and NT$0.8 from capital surplus distribution) per share were distributed.

(3) Passed the proposal for the election of directors.
Implementation Status: Approved for registration by the Ministry of Economic Affairs on August 9, 2023, and announced the method of nomination and election of directors as well as the results of the election on the Company's website.

(4) Passed the amendment of the Company's "Articles of Incorporation."
Implementation status: Announced on the Company's website on June 12, 2023 and processed in accordance with the amended procedures.

(5) Passed the lifting restrictions on directors' prohibition of business competition.
Implementation status: Relevant material information has been released after the shareholders' meeting held on June 12, 2023.

2. Major Resolutions of the Board Meetings:

Board of Directors	Major Resolutions
The 10th term The 18th 2023.01.05	1. Passed the proposal for the year-end bonus for the Company's managerial officers for 2022. 2. Passed the Company's Business Plan for 2023. 3. Passed the amendment of certain articles of the Company's "Corporate Governance Best-Practice Principles." 4. Passed the amendment of certain articles of the Company's "Sustainable Development Best-Practice Principles." 5. Passed the amendment of certain articles of the Company's "Operating Procedures for the Prevention of Insider Trading." 6. Passed the amendment of certain articles of the Company's "Ethical Corporate Management Best-Practice Principles." 7. Passed the proposal for the Company's appointment of the CPA firm for 2023 and its remuneration. 8. Passed the "General Principles for Pre-Approved Non-conviction Service Policy" proposed by the Company.
The 10th term The 19th 2023.03.10	1. Passed the proposal for the compensation for employees and Directors for 2022. 2. Passed the Company's 2022 Business Report and Financial Statements. 3. Passed the proposal for the remuneration of the managerial officers for 2022. 4. Passed the Company's 2022 Statement on Internal Control. 5. Passed the Company's distribution of earnings proposal for 2022. 6. Passed the report on the Company's handling of cash dividend payment with capital surplus. 7. Passed the amendment of the Company's "Articles of Incorporation." 8. Passed the amendments to the Company's "Rules of Procedure for Board of Directors' Meetings." 9. Passed the proposal for the Company's comprehensive credit limit in banks. 10. Passed the proposal for the election of directors of the Company.

Board of Directors	Major Resolutions
	11. Passed the nomination of the Company's director and independent director candidates. 12. Passed the lifting the restriction of the Company director's prohibition of business competition. 13. Passed the date, location, and meeting agenda for the Company's 2023 general shareholders' meeting. 14. Passed the proposal for shareholders' proposal rights for the 2023 general shareholders' meeting and the notice of the nomination. 15. Passed the Company intends to amend the "General Principles for Pre-Approved Non-conviction Service Policy."
The 10th term The 20th 2023.05.02	1. Passed the Company's consolidated financial statements for the first quarter of 2023. 2. Approved the proposal for the appointment of the legal representative of the Company's subsidiary in Vietnam. 3. Approved the proposal to review the list of shareholder and board-nominated director and independent director candidates presented at the Company's 2023 annual general meeting for shareholders holding more than one percent of the shares.
The 11th term 1st 2023.06.12	1. Passed the proposal for the election of Chairman and Vice Chairman.
The 11th term The 2nd 2023.08.03	1. Passed the Company's Consolidated Financial Statements for the first half of 2023. 2. Approval of Appointment of Members of the Remuneration Committee of the Company. 3. The Company's overdue uncollected receivables are not included in the capital lending case.
The 11th term The 3rd 2023.11.06	1. Passed the Company's consolidated financial statements for the third quarter of 2023. 2. Passed the Company's Audit Plan for 2024. 3. Passed the Company's increase investment in Shenzhen Huili Electronic Co., Ltd. proposed by the Company.
The 11th term The 4th 2024.01.25	1. Passed the proposal for the year-end bonus for the Company's managerial officers for 2023. 2. Passed the Company's Business Plan for 2024. 3. Passed the formulation of provisions of the "Regulations on Financial Transactions among Related Parties" proposed by the Company. 4. Passed the proposal for the Company's replacement of the CPAs due to internal adjustment of KPMG Taiwan. 5. Passed the proposal for the Company's appointment of the CPA firm for 2024 and its remuneration. 6. Passed the proposal of the Company's plans to appoint KPMG Corporate Advisory (China) Limited for non-assurance services. 7. Passed the proposal for the Company's comprehensive credit limit in banks.
The 11th term The 5th 2024.03.14	1. Passed the proposal for the compensation for employees and Directors for 2023. 2. Passed the Company's 2023 Business Report and Financial Statements. 3. Passed the proposal for the remuneration of the managerial officers for 2023. 4. Passed the Company's 2023 Statement on Internal Control. 5. Passed the Company's distribution of earnings for 2023. 6. Approved the proposed revisions to certain articles of the Company's "Audit Committee Organizational Procedures." 7. Passed the amendments of certain articles of the Company's "Rules of Procedure for Board of Directors' Meetings." 8. Passed the date, location, and meeting agenda for the Company's 113 general shareholders' meeting. 9. Passed the proposal for shareholders' proposal rights for the 2024 general shareholders' meeting. 10. Approved the proposal for the Company to increase investment in its Vietnam subsidiary.
The 11th term The 6th 2024.04.26	1. Passed the Company's consolidated financial statements for the first quarter of 2024. 2. Amendments of certain articles of "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises". 3. The Company intends to Company's Endorsement and Guarantee for Vietnam Subsidiary. 4. The Company's overdue uncollected receivables are not included in the capital lending case.

(XIII) Any Dissenting Opinion Expressed by a Director with Respect to a Major Resolution Passed by the Board of Directors During the Most Recent Fiscal Year and up to the Date of Publication of the Annual Report, Where Said Dissenting Opinion Has Been Recorded or Prepared as a Written Declaration, and Its Main Content: None.

(XIV) A Summary of Resignations and Dismissals of the Company's Chairman, President, Chief Accounting Officer, Financial Supervisor, Chief Internal Auditor, Corporate Governance Officer, or Research and Development Officer During the Most Recent Fiscal Year and up to the Date of Publication of the Annual Report: None.

(XV) Intellectual Property Management

2023 Intellectual Property Management Plan

Intellectual Property Management Regulations

In order to implement its intellectual property policies and objectives, the Company plans its innovation activities in accordance with the Company's business blueprint and the latest relevant laws and regulations, establishes and continuously strengthens its Intellectual Property Management Regulations, ensures that the R&D results become intellectual property rights through sound and proper intellectual property management, obtains sound and effective protection, and integrates and utilizes high-value intellectual property rights to promote a variety of business interests, in order to continue to enhance its competitiveness and strengthen its defense.

1. Project Management

   The Company focused on the growth in the quantity of patents and gradually developed its patent strategy in 2014 to focus on the quality of patents. We have progressed to the ultimate goal of using patents to create value so that we can create value and revenue through patents.

   To build a solid intellectual property portfolio, the Company has established the "Intellectual Property Management System" to ensure the quality of implementation and execution of operations. We also established the "Patent Incentive Management System" to continuously encourage employees to file applications for invention patents. We have incorporated the "patent management system" and "database search system" to manage and check patent applications and review patents in different countries. In interactions with external entities, we maintain close communication and technical exchange with local and foreign competent authorities of patents in major markets. We help patent examiners understand the Company's technologies to enhance examination efficiency and obtain high-quality patent protection.

2. Trademark Management

   The Company's trademark management strategy consists mainly of the expansion and protection of trademarks. We regularly review overseas markets and evidence of trademark use based on the product line and market expansion. We also established a trademark monitoring mechanism and dispute handling mechanism to protect the Company's trademark rights.

3. Business Secret Management

   In order to protect the company's business secrets, the company has set up "Confidential data Management Measures" to ensure the implementation and execution quality of operations. By means of information security system, concept promotion and regular annual inventory of confidential data, the company ensures that all the protection requirements of business secrets can be met. The employee's labor contract strictly requires that employees have the obligation to keep confidential company information. Nor disclose any confidential information of the company.

4. Possible intellectual property risks and response measures

   If the Company's products infringe upon the intellectual property rights of others or if the Company's intellectual property rights are infringed by others and results in an infringement lawsuit, it may prevent the Company from producing specific products, weaken the Company's market competitiveness, and reduce the Company's revenue. Measures taken by the Company in response include: (1) supplier intellectual property rights assurance; (2) case search and risk aversion; (3) research on specific issues; (4) inventory of own intellectual property rights and insight on products of competitors; (5) standardization of response to lawsuits.

Implementation Status

1. The Company has formulated plans to report intellectual property matters to the Board of Directors on a regular basis. The most recent reporting date was November 6, 2023 (3th meeting of the 11th Board of Directors).

2. The Company has actively implemented the Intellectual Property Management Plan since 2012. The main implementation status in recent years are as follows:

   - Establishment of trademark management mechanisms in 2018.
   - Enhancement of the Company's Intellectual Property Management Plan in 2019.
   - Establishment of the Intellectual Property Management Regulations in 2020.
   - In 2022, measures for the management of confidential information, manuals for the management of intellectual property and measures for the management of intellectual property audit were established.
   - Revised Regulations on Intellectual Property Management Regulations and Patent Incentive Management System in 2022.
   - In 2022, the Company earned a Tier A from Taiwan Intellectual Property Management System
   - Revised measures for the management of intelligent financial audit in 2023.

3. The current list of intellectual properties and results are as follows:

   - Patent: As of the end of 2023, the Company has obtained more than 581 patents worldwide, including 11 patents in Taiwan and foreign countries in 2023.
   - Trademarks: As of the end of 2023, the Company has acquired 94 trademarks worldwide. The Company's major brands and other trademarks have been registered in more than 20 countries/regions across the world, including Asia, the Americas, Europe, and other main products sales regions. FSP

Third-party verification

On October 11, 2023, the Company earned a Tier A from Taiwan Intellectual Property Management System.

Certificate Number: TIPS-2023-cert.-040

The certificate remains valid until December 31, 2025.

V. Information on CPA Professional Fees: Unit: NT$ thousands

<table>
<tr><th>Name of CPA Firm</th><th>Name of CPA</th><th>Audit Period</th><th>Audit Fees</th><th>Non-audit Fees (Note)</th><th>Total</th><th>Remark</th></tr>
<tr><td rowspan="2">KPMG Taiwan</td><td>Chang, Chun-I</td><td rowspan="2">2023</td><td rowspan="2">4,910.00</td><td rowspan="2">490.36</td><td rowspan="2">5,400.36</td><td rowspan="2">—</td></tr>
<tr><td>Chao, Min-Ju</td></tr>
</table>

Note: The services provided in exchange for non-audit fees included services for human resources, subsidiary annual fee and statutory fees, business tax certification fees based on the direct deduction method, and transfer pricing service fee.

(I) When the CPA firm is changed and the audit fees paid for the fiscal year of such fees are lower than those for the previous fiscal year, the amounts of audit fees before and after the change and the reasons thereof shall be disclosed: None.

(II) Where the audit fees paid for the year are at least 10% less than those paid for the previous year, the reduced amount, ratio, and reason of the reduction shall be disclosed: None.

VI. Information on Replacement of CPAs:

(I) Former CPAs

<table>
<tr><td>Date of Replacement</td><td colspan="4">Passed by the Board of Directors on January 25, 2024</td></tr>
<tr><td>Replacement Reasons and Explanations</td><td colspan="4">The Company replaced the CPAs Chang, Chun-I and Chao, Min-Ju with the CPAs Chang, Chun-I and Chiang, Chia-Chi due to internal adjustment of KPMG Taiwan.</td></tr>
<tr><td rowspan="3">Termination by the Company or the CPAs</td><td colspan="2">Party
Condition</td><td>CPA</td><td>Client</td></tr>
<tr><td colspan="2">Termination by the Company</td><td>N/A</td><td>N/A</td></tr>
<tr><td colspan="2">Termination by the CPAs</td><td>N/A</td><td>N/A</td></tr>
<tr><td>Opinions (Other than Unqualified Opinion) in the Past 2 Years and Reasons</td><td colspan="4">None</td></tr>
<tr><td rowspan="6">Deviation from the Issuer</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial statements</td></tr>
<tr><td></td><td colspan="2">Audit scope or steps</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td>None</td><td colspan="3">ˇ</td></tr>
<tr><td colspan="4">Description</td></tr>
<tr><td>Other disclosures (under Subparagraphs 1-4 to 1-7, Paragraph 6, Article 10 of the Guidelines)</td><td colspan="4">N/A</td></tr>
</table>

(II) Successive CPAs: N/A.

(III) Former CPAs' Reply to Disclosures under Items 1 and 2-3, Paragraph 6, Article 10 of the Guidelines: N/A.

VII. If the Company's Chairman, President, or Financial or Accounting Managerial Officer has worked for the CPA firm or its affiliate in the most recent year, their names, titles, and period of service in the CPA firm or its affiliate shall be disclosed: None.

VIII. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests by a Director, Managerial Officer, or Shareholder with a Stake of More than 10%

(I) Change in Equity Interests by Directors, Managerial Officers, and Major Shareholders

Title	Name	2023		Current year as of April 9	
		Change in Number of Shares Held	Change in Number of Shares Pledged	Change in Number of Shares Held	Change in Number of Shares Pledged
Director and Chairman	Cheng, Ya-Jen	(1,000,000)	–	–	–
Director and Vice Chairman	Yang, Fu-An	–	–	–	–
Director (Representative and Vice President)	Chuan Han Investment Co., Ltd. (Note 1)	100,000	–	–	–
	Representative: Wang, Chung-Shun (Note 2)	–	–	–	–
Director	British Virgin Islands2K INDUSTRIES INC.	–	–	–	–
	Representative: Wang, Po-Wen	–	–	–	–
Director	Chu, Hsiu-Yin	–	–	–	–
Director	Pachon Investments Limited (Note 3)	–	–	–	–
	Representative: Chen, Kuang-Chun	(1,300,000)			
Director	Huang, Jr-Wen	–	–	–	–
Independent Director	Liu, Shou-Hsiang	–	–	–	–
Independent Director	Cheng, Chia-Jiun	–	–	–	–
Independent Director	Hsu, Cheng-Hung	–	–	–	–
Independent Director	Li, Shao-Tang (Note 4)				
President, Kaohsiung Branch	Chen, Kuo-Ruey	–	–	–	–
Associate Manager	Wang, Ya-Chen	(47,000)	–	–	–
Vice President, Kaohsiung Branch	Hsu, Pei-Ching	–	–	–	–
Corporate Governance Officer	Yao, Wen-Chun	–	–	–	–
Financial Supervisor	Li, Fu-Jung	–	–	–	–
Chief Accounting Officer	Sang, Hsi-Yun	–	–	–	–

Note 1: Chuan Han Investment Co., Ltd. was newly elected as a corporate director of the Company at the regular shareholders' meeting on June 12, 2023, and its shareholdings have been reported since that date.

Note 2: Shareholding includes shareholding trust with retained legal use rights.

Note 3: Pachon Investments Limited was newly elected as a corporate director of the Company at the regular shareholders' meeting on June 12, 2023, and its shareholdings have been reported since that date.

Note 4: Lee, Shao-Tang was newly elected as an independent director of the Company at the regular shareholders' meeting on June 12, 2023, and its shareholdings have been reported since that date.

(II) Where the counterparty of stock transfer is a related party, the name of the counterparty, relationship between the counterparty and the Company, Directors, managerial officers, and shareholders with shareholding percentage exceeding 10%, and the shares obtained or pledged shall be disclosed: None.

(III) Where the counterparty of stock pledge is a related party, the name of the counterparty, relationship between the counterparty and the Company, Directors, managerial officers, and shareholders with shareholding percentage exceeding 10%, and the shares obtained or pledged shall be disclosed: None.

IX. Relationship among the Company's 10 Largest Shareholders who are Related to, Spouse of, or a Relative Within the Second Degree of Kinship of Another:

Baseline Date: April 9, 2024; Unit: shares

Name (Note 1)	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Among 10 largest shareholders, name and relationship with anyone who is a related party or a relative within the second degree of kinship. (Note 3)		Remark
	Shares	Percentage of shareholding (Note 2)	Shares	Percentage of shareholding (Note 2)	Shares	Percentage of shareholding (Note 2)	Title (or Name)	Relationship	
Chuan Han Investment Co., Ltd.	15,191,766	8.11%	—	—	—	—	Cheng, Ya-Jen Wang, Chung-Shun Yang, Fu-An	Chairman Director Director	
Yang, Fu-An	11,792,834	6.30%	249,022	0.13%	—	—	Chuan Han Investment Co., Ltd.	Director	
Cheng, Ya-Jen	11,167,477	5.96%	1,019,992	0.54%	—	—	Chuan Han Investment Co., Ltd.	Chairman	
Hsiang Tsan Investment Co., Ltd.	7,300,276	3.90%	—	—	—	—	Cheng, Ya-Jen	Supervisor	
Trust account of Wang, Chung-Shun at First Bank	6,994,660	3.74%	—	—	—	—	Wang, Chung-Shun	Share trust with the retained right to decide the allocation of the trust assets	
Wang Kuang Tung Investment Co., Ltd.	6,551,886	3.50%	—	—	—	—	—	—	
2K Industries Inc. (BVI)	5,193,162	2.77%	—	—	—	—	—	—	
Pachon Investments Limited	5,000,000	2.67%	—	—	—	—	Yang, Fu-An	Supervisor	
Wang, Chung-Shun	4,611,134	2.46%	618,892	0.33%	—	—	Chuan Han Investment Co., Ltd.	Director	
Pi-Cheng Investment Co., Ltd.	3,143,880	1.68%	—	—	—	—	—	—	

Note 1: All top ten shareholders must be listed. For institutional shareholders, their names and the name of their representatives must be listed separately.

Note 2: The shareholding percentage is calculated separately based on the number of shares held in the name of the person, his/her spouse and minors, and others. The shareholding ratio is rounded to the second decimal place.

Note 3: Relationships between the aforementioned shareholders, including institutional and natural-person shareholders must be disclosed based on the financial reporting standards used by the issuer.

X. Total Number of Shares and Total Equity Stake Held in any Single Investee Business by the Company, Its Directors, Managerial Officers, and Any Companies Controlled Either Directly or Indirectly by the Company Unit: Shares; %

Investee business (Note 1)	Ownership by the Company		Investment by Directors/Managerial Officers and Companies Directly or Indirectly Controlled by the Company		Total Ownership	
	Shares	Shareholding	Shares	Shareholding	Shares	Shareholding
FSP International Inc. (BVI)	32,202,500	100%	－	－	32,202,500	100%
FSP Group Inc.	50,000	100%	－	－	50,000	100%
Amacrox Technology Co., Ltd. (BVI)	1,109,355	100%	－	－	1,109,355	100%
3Y Power Technology (Taiwan) Inc.	16,309,484	65.87%	－	－	16,309,484	65.87%
Harmony Trading (HK) Ltd.	10,000	100%	－	－	10,000	100%
FSP Technology USA Inc.	100,000	100%	－	－	100,000	100%
FSP Turkey Dis Tic.Ltd.Sti.	6,673,000	91.41%	－	－	6,673,000	91.41%
FSP Technology Vietnam CO., LTD. (Note 3)	70,500,000	100%	－	－	70,500,000	100%
Shenzhen HuiLi Electronics Co., Ltd.	－	－	(Note 2)	100%	(Note 2)	100%
FSP Technology Inc. (BVI)	－	－	2,100,000	100%	2,100,000	100%
Proteck Electronics (Samoa) Corp.	－	－	1,100,000	100%	1,100,000	100%
Power Electronics Co., Ltd. (BVI)	－	－	7,000,000	100%	7,000,000	100%
Famous Holding Ltd.	－	－	27,000,000	100%	27,000,000	100%
FSP International (HK) Ltd.	－	－	4,770,000	100%	4,770,000	100%
FSP-C R&D Center	－	－	(Note 2)	100%	(Note 2)	100%
Dongguan Protek Electronics Corp.	－	－	(Note 2)	100%	(Note 2)	100%
Zhonghan Electronics Shenzhen Co., Ltd.	－	－	(Note 2)	100%	(Note 2)	100%
Wuxi SPI Technology Co., Ltd.	－	－	(Note 2)	100%	(Note 2)	100%
Wuxi Zhonghan Technology Co., Ltd.	－	－	(Note 2)	100%	(Note 2)	100%
Haohan Electronic Technology (Ji'an) Co., Ltd.	－	－	(Note 2)	100%	(Note 2)	100%
Shenzhen Zhong Han Science & Tech. Co., Ltd.	－	－	(Note 2)	100%	(Note 2)	100%
Amacrox GmbH	－	－	25,000	100%	25,000	100%
Proteck Power North America Inc. (Note 4)	－	－	1,000	100%	1,000	100%
FSP Group USA Corp.	－	－	247,500	45%	247,500	45%
3Y Power Technology, Inc.	－	－	600,000	65.87%	600,000	65.87%
Luckyield Co,. Ltd	－	－	150,000	65.87%	150,000	65.87%
Wuxi Xiangyuan Electronics Co., Ltd.	－	－	(Note 2)	65.87%	(Note 2)	65.87%

Note 1: As of December 31, 2023, the investment of the Company using the equity method.
Note 2: The company is a limited liability company, which has not issued stocks.
Note 3: The Company established FSP VN for NT$30,500 thousand (US$1,000 thousand) on June 19, 2023 and it became a subsidiary of the Company since then.
Note 4: The liquidation of Protek Power North America, Inc. was approved by the Board of Directors on January 5, 2023, and the liquidation has been completed on August 29, 2023.

Chapter4. Capital Overview

I. Capital and Shares

(I) Source of Capital

1. Capital formation

May 11, 2023 Unit: NT$ thousands / thousand shares

Year/ Month	Par Value	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
1993/04	10	500	5,000	500	5,000	Approved for establishment	None	-
1994/11	10	1,000	10,000	1,000	10,000	NT$5,000 thousand, issuance of shares for cash capital increase	None	-
1997/09	10	3,800	38,000	3,800	38,000	NT$28,000 thousand, issuance of shares for cash capital increase	None	-
1998/12	10	18,800	188,000	18,800	188,000	NT$150,000 thousand, issuance of shares for cash capital increase	None	-
1999/07	10	50,000	500,000	32,500	325,000	NT$113,500 thousand, issuance of shares for cash capital increase NT$23,500 thousand, capital increase from earnings	None	Approved in accordance with Tai-Cai-Zheng-(1) No. 63092 Letter dated July 16, 1999
2000/09	10	50,000	500,000	42,000	420,000	NT$30,000 thousand, issuance of shares for cash capital increase NT$65,000 thousand, capital increase from earnings	None	Approved in accordance with Tai-Cai-Zheng-(1) No. 59465 Letter dated July 10, 2000
2001/09	10	90,000	900,000	60,000	600,000	NT$49,000 thousand, issuance of shares for cash capital increase NT$121,800 thousand, capital increase from earnings NT$5,000 thousand, capital increase from employee bonus NT$4,200 thousand, capital increase from capital surplus	None	Approved in accordance with Tai-Cai-Zheng-(1) No. 144523 Letter dated July 12, 2001
2002/08	10	90,000	900,000	70,000	700,000	NT$30,000 thousand, capital increase from earnings NT$10,000 thousand, capital increase from employee bonus NT$60,000 thousand, capital increase from capital surplus	None	Approved in accordance with Tai-Cai-Zheng-(1) No. 0910140251 Letter dated July 18, 2002
2003/06	10	90,000	900,000	79,723	797,230	NT$87,500 thousand, capital increase from earnings NT$9,730 thousand, capital increase from employee bonus	None	Approved in accordance with Jing-Shou-Shang No. 092201185800 Letter dated June 17, 2003
2003/09	10	90,000	900,000	86,114	861,140	NT$63,910 thousand, issuance of shares for cash capital increase	None	Approved in accordance with Tai-Cai-Zheng-(1) No. 0920133066 Letter dated July 17, 2003

Year/ Month	Par Value	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
2004/07	10	130,000	1,300,000	100,531	1,005,311	NT$129,171 thousand, capital increase from earnings NT$15,000 thousand, capital increase from employee bonus	None	Approved in accordance with Tai-Cai-Zheng-(1) No. 0930126571 Letter dated June 15, 2004
2005/08	10	223,000	2,230,000	127,323	1,273,239	NT$243,828 thousand, capital increase from earnings NT$24,100 thousand, capital increase from employee bonus	None	Approved in accordance with Jin-Guan-Zheng-(1) No. 0940125202 Letter dated June 23, 2005
2006/05	10	223,000	2,230,000	128,247	1,282,476	Converted overseas convertible corporate bonds into common stocks totaling NT$9,237 thousand	None	Approved in accordance with Tai-Zheng-Shang No. 0950010579 Letter dated May 22, 2006
2006/07	10	223,000	2,230,000	128,415	1,284,155	Converted overseas convertible corporate bonds into common stocks totaling NT$1,679 thousand	None	Approved in accordance with Tai-Zheng-Shang No. 0950019886 Letter dated July 28, 2006
2006/08	10	223,000	2,230,000	146,270	1,462,704	NT$160,519 thousand, capital increase from earnings NT$18,030 thousand, capital increase from employee bonus	None	Approved in accordance with Jin-Guan-Zheng-(1) No. 0950126385 Letter dated June 26, 2006
2007/01	10	223,000	2,230,000	150,761	1,507,613	Converted overseas convertible corporate bonds into common stocks totaling NT$44,909 thousand	None	Approved in accordance with Tai-Zheng-Shang No. 09600026581 Letter dated January 30, 2007
2007/04	10	223,000	2,230,000	151,047	1,510,480	Converted overseas convertible corporate bonds into common stocks totaling NT$2,867 thousand	None	Approved in accordance with Tai-Zheng-Shang No. 09600026581 Letter dated January 30, 2007
2007/08	10	223,000	2,230,000	174,002	1,740,020	NT$188,810 thousand, capital increase from earnings NT$40,730 thousand, capital increase from employee bonus	None	Approved in accordance with Jing-Shou-Shang No. 09601184890 Letter dated August 1, 2007
2007/09	10	223,000	2,230,000	190,002	1,900,020	NT$160,000 thousand, issuance of shares for cash capital increase	None	Approved in accordance with Tai-Zheng-Shang No. 0960042822 Letter dated August 20, 2007
2007/12	10	223,000	2,230,000	197,002	1,970,020	NT$70,000 thousand, merger-related issuance of shares for capital increase	None	Approved in accordance with Jing-Shou-Shang No. 09601308080 Letter dated December 21, 2007
2008/07	10	360,000	3,600,000	218,915	2,189,157	NT$197,002 thousand, capital increase from earnings NT$22,135 thousand, capital increase from employee bonus	None	Approved in accordance with Jing-Shou-Shang No. 09701187690 Letter dated July 30, 2008
2008/12	10	360,000	3,600,000	212,688	2,126,887	Canceled treasury stock totaling NT$62,270 thousand	None	Approved in accordance with Jing-Shou-Shang No. 09701315750 Letter dated December 16, 2008

Year/ Month	Par Value	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
2009/08	10	360,000	3,600,000	218,253	2,182,529	NT$53,172 thousand, capital increase from earnings NT$2,470 thousand, capital increase from employee bonus	None	Approved in accordance with Jing-Shou-Shang No. 09801178080 Letter dated August 10, 2009
2010/04	10	360,000	3,600,000	218,719	2,187,189	NT$4,660 thousand, capital increase from employee stock subscription	None	Approved in accordance with Jing-Shou-Shang No. 09901076370 Letter dated April 27, 2010
2010/05	10	360,000	3,600,000	219,557	2,195,569	NT$8,380 thousand, capital increase from employee stock subscription	None	Approved in accordance with Jing-Shou-Shang No. 09901104550 Letter dated May 19, 2010
2010/08	10	360,000	3,600,000	224,481	2,244,812	NT$43,911 thousand, capital increase from earnings NT$3,940 thousand, capital increase from employee stock subscription NT$1,392 thousand, capital increase from employee bonus	None	Approved in accordance with Jing-Shou-Shang No. 09901180000 Letter dated August 12, 2010
2010/11	10	360,000	3,600,000	224,552	2,245,522	NT$710 thousand, capital increase from employee stock subscription	None	Approved in accordance with Jing-Shou-Shang No. 09901264340 Letter dated November 25, 2010
2011/04	10	360,000	3,600,000	224,909	2,249,092	NT$3,570 thousand, capital increase from employee stock subscription	None	Approved in accordance with Jing-Shou-Shang No. 10001076390 Letter dated April 18, 2011
2011/05	10	360,000	3,600,000	225,629	2,256,292	NT$7,200 thousand, capital increase from employee stock subscription	None	Approved in accordance with Jing-Shou-Shang No. 10001104830 Letter dated May 20, 2011
2011/08	10	360,000	3,600,000	228,644	2,286,438	NT$24,256 thousand, capital increase from earnings NT$5,890 thousand, capital increase from employee stock subscription	None	Approved in accordance with Jing-Shou-Shang No. 10001188760 Letter dated August 16, 2011
2011/11	10	360,000	3,600,000	228,752	2,287,518	NT$1,080 thousand, capital increase from employee stock subscription	None	Approved in accordance with Jing-Shou-Shang No. 10001268520 Letter dated November 24, 2011
2012/04	10	360,000	3,600,000	228,762	2,287,618	NT$100 thousand, capital increase from employee stock subscription	None	Approved in accordance with Jing-Shou-Shang No. 10101067390 Letter dated April 19, 2012
2012/05	10	360,000	3,600,000	229,275	2,292,748	NT$5,130 thousand, capital increase from employee stock subscription	None	Approved in accordance with Jing-Shou-Shang No. 10101089840 Letter dated May 18, 2012_
2012/09	10	360,000	3,600,000	229,353	2,293,528	NT$780 thousand, capital increase from employee stock subscription	None	Approved in accordance with Jing-Shou-Shang No. 10101195800 Letter dated September 19, 2012
2012/11	10	360,000	3,600,000	229,584	2,295,838	NT$2,310 thousand, capital increase from employee stock subscription	None	Approved in accordance with Jing-Shou-Shang No. 10101243280 Letter dated November 23, 2012

Year/ Month	Par Value	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
2013/03	10	360,000	3,600,000	229,877	2,298,768	NT$2,930 thousand, capital increase from employee stock subscription	None	Approved in accordance with Jing-Shou-Shang No. 10201038880 Letter dated March 4, 2013
2013/05	10	360,000	3,600,000	230,761	2,307,608	NT$8,840 thousand, capital increase from employee stock subscription	None	Approved in accordance with Jing-Shou-Shang No. 10201100240 Letter dated May 31, 2013
2013/09	10	360,000	3,600,000	230,940	2,309,398	NT$1,790 thousand, capital increase from employee stock subscription	None	Approved in accordance with Jing-Shou-Shang No. 10201180990 Letter dated September 3, 2013
2013/12	10	360,000	3,600,000	231,723	2,317,228	NT$7,830 thousand, capital increase from employee stock subscription	None	Approved in accordance with Jing-Shou-Shang No. 10201246480 Letter dated December 4, 2013
2014/02	10	360,000	3,600,000	234,466	2,344,658	NT$27,430 thousand, capital increase from employee stock subscription	None	Approved in accordance with Jing-Shou-Shang No. 10301033320 Letter dated February 26, 2014
2015/09	10	360,000	3,600,000	192,262	1,922,620	NT$422,038 thousand, issuance of shares for cash capital decrease	None	Approved in accordance with Jing-Shou-Shang No. 10401183830 Letter dated September 1, 2015_
2020/07	10	360,000	3,600,000	187,262	1,872,620	Canceled treasury stock totaling NT$50,000 thousand	None	Approved in accordance with Jing-Shou-Shang No. 10901119980 Letter dated July 2, 2020_

May 6, 2024; Unit: shares

Share Type	Authorized Capital			Remark
	Issued Shares	Unissued Shares	Total	
Registered common shares	187,261,950	172,738,050	360,000,000	Stocks of listed companies

(II) Shareholder Structure

April 9, 2024

Structure / Quantity	Government Agencies	Financial Institutions	Other Institutional Shareholders	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of people	0	14	56	10,673	115	10,858
Shares Held	0	13,979,782	53,957,221	93,730,445	25,594,502	187,261,950
Shareholding	0%	7.47%	28.81%	50.05%	13.67%	100.00%

(III) Shareholding Distribution Status

NT$10 per share; April 9, 2024

Range of Shares	Number of Shareholders	Shares Held	Shareholding
1~999	3,398	918,251	0.49%
1,000~5,000	5,728	11,815,047	6.31%
5,001~10,000	808	6,327,847	3.38%
10,001~15,000	242	3,013,056	1.61%
15,001~20,000	145	2,635,681	1.41%
20,001~30,000	136	3,477,217	1.86%
30,001~40,000	86	3,056,267	1.63%
40,001~50,000	62	2,809,616	1.50%
50,001~100,000	108	7,985,167	4.26%
100,001~200,000	50	6,774,677	3.62%
200,001~400,000	34	9,928,302	5.30%
400,001~600,000	15	7,085,484	3.78%

Range of Shares	Number of Shareholders	Shares Held	Shareholding
600,001~800,000	9	5,931,938	3.17%
800,001~1,000,000	6	5,127,158	2.74%
Over 1,000,001	31	110,376,242	58.94%
Total	10,858	187,261,950	100.00%

(IV) List of Major Shareholders

April 9, 2024

Shareholding / Name of Major Shareholders	Shares Held	Shareholding
Chuan Han Investment Co., Ltd.	15,191,766	8.11%
Yang, Fu-An	11,792,834	6.30%
Cheng, Ya-Jen	11,167,477	5.96%
Hsiang Tsan Investment Co., Ltd.	7,300,276	3.90%
Trust account of Wang, Chung-Shun at First Bank	6,994,660	3.74%
Wang Kuang Tung Investment Co., Ltd.	6,551,886	3.50%
2K Industries Inc. (BVI)	5,193,162	2.77%
Pachon Investments Limited	5,000,000	2.67%
Wang, Chung-Shun	4,611,134	2.46%
Pi-Cheng Investment Co., Ltd.	3,143,880	1.68%

Note: The shareholding ratio is rounded to the second decimal place.

(V) Market Price Per Share for the Past 2 Fiscal Years, with Net Worth per Share, Earnings per Share, Dividends per Share, and Related Information

Year / Item			2022	2023	March 31, 2024 (Note 8)
Market Price Per Share (Note 1)	Highest		47.10	54.60	61.9
	Lowest		34.85	34.85	50.6
	Average		40.15	40.15	55.72
Net Worth per Share (Note 2)	Before distribution		71.15	76.19	75.7
	After distribution		67.35	72.39	—
Earnings per Share	Weighted average number of shares		187,262 千股	187,262 千股	187,262 千股
	Earnings per Share (Note 3)		3.86	3.2	0.61
Dividends per Share	Cash dividends (Note 9)		3.8	3.2	—
	Stock dividends	—	—	—	—
		—	—	—	—
	Accumulated unpaid dividends (Note 4)		—	—	—
Return on Investment	Price-to-earnings ratio (Note 5)		10.43	12.55	—
	Price-to-dividend ratio (Note 6)		10.57	10.57	—
	Cash dividend yield (Note 7)		0.0946	0.0789	—

* If retained earnings or capital surplus were used for capital increase and distribution of shares, market prices and cash dividends that were retroactively adjusted based on the number of shares after distribution shall be disclosed.

Note 1: List the highest and lowest market price of common shares for each fiscal year and calculate the average market price for each fiscal year based on trading value and volume in each fiscal year.

Note 2: Please fill these rows based on the number of shares that have been issued at the end of the fiscal year and the distribution plan approved by the Board of Directors or a resolution in the shareholders' meeting in the subsequent fiscal year.

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

Note 4: If there are any criteria in issuing equity securities that allow for unpaid out dividend for the year to be accumulated to subsequent years in which there is profit, the Company shall separately disclose the accumulated unpaid out dividend up to that year.

Note 5: Price-to-earnings ratio = Average closing price per share for the year/Earnings per share.

Note 6: Price-to-dividend ratio = Average closing price per share for the year/Cash dividends per share.

Note 7: Cash dividend yield = Cash dividends per share/Average closing price per share for the year.

Note 8: The net worth per share and earnings per share up to the quarter nearest to the date of publication of the Annual Report that has been audited by the CPAs shall be filled in; the remaining fields shall be filled with the annual data up to the date of publication of the Annual Report.

Note 9: Cash dividends for the fiscal year 2023 resolved by the Board of Directors on March 14, 2024.

Note 10: The composition of 2023 cash dividend is NT$3.2 of cash dividend to shareholders.

(I) Dividend Policy and Its Implementation

1. Dividend Policy established in the Articles of Incorporation

The Company's Dividend Policy is based on the Company's capital budgeting, plans for future capital demand, financial structure, and earnings. The Board of Directors shall formulate the earnings distribution proposal which shall be passed in a resolution of the shareholders' meeting.

As the Company is in a stable growth phase and the industry continues to centralize, the Company seeks to continue to expand its scale in order to achieve sustainable operations and stable growth. The Company's Dividend Policy is that when it has no accumulated losses for the previous period, the Company will distribute dividends to shareholders at a rate of not less than 50% of the Company's annual net profit after tax. The distribution may be made in the form of stock dividends or cash dividends and the distribution of cash dividends shall be no less than 30% of the shareholders' bonus.

Where the Company has no distributable earnings in the current year or has distributable earnings that are far lower than the earnings distributed by the Company in the previous year or where the Company makes a decision based on its finances, business, and operations, it may distribute all or parts of the surplus reserve in accordance with laws or regulations of the competent authority.

2. Distribution of dividends proposed in the shareholders' meeting

The Board of Directors of the Company resolved on March 14, 2024 to approve the earnings distribution proposal for 2023 as follows:

Unit: NT$

Item	Amount	Subtotal
Beginning balance of undistributed retained earnings	3,025,125,502	
Add: Retroactive adjustments for application of new standard	6,039,666	
Beginning balance of undistributed retained earnings after restatement	3,031,165,168	
Plus: Disposal of equity instruments in other comprehensive income measured at fair value through profit and loss	496,526,844	
Less: Changes in the current period of remeasurements of defined benefit plans	(700,992)	
Current net income	599,238,241	
Total distributable income for this period		4,126,229,261
Appropriation of 10% as statutory surplus reserve	109,506,409	
Shareholder bonus (distributed entirely in cash)	599,238,240	
Total distributable amount		708,744,649
Unappropriated retained earnings at the end of period		3,417,484,612

The shareholders' dividends and bonuses from the 2023 earnings distribution amounted to NT$599,238,240 and it was approved by the Board of Directors on March 14, 2024. The Company proposes to distribute cash dividends of NT$3.2 per share to shareholders based on the list of shareholders on the baseline date for dividend distribution. The Board of Directors of the Company has authorized the Chairman of the Board to determine the ex-dividend date, distribution date, and other related matters. If the Company's shares in external circulation are subsequently changed due to the issuance of new shares for conversion of stock options, repurchase of the Company's shares, or the transfer and cancellation of treasury stock, which affect on the shareholder dividend ratio, the Chairman is authorized to process such adjustments.

3. Explanation of any expected material changes to the dividend policy: None.

(II) The impact of the proposed stock dividends on the Company's operational performance and earnings per share proposed at this shareholders' meeting The general shareholders' meeting this year did not propose the issuance of stock dividends and the Company did not publish its financial forecast for 2024. Therefore, there is no need to disclose the annual forecast information.

(III) Remuneration of Employees and Directors

1. Percentage or range of the remuneration of employees and directors as set forth in the Articles of Incorporation:

   The Article 20 of Company's Articles of Incorporation stipulate that, in case the Company makes a profit in the current year (profits refer to the income before tax and before the distribution of remuneration to employees and Directors), no less than 6% shall be allocated as the employees' remuneration and no more than 3% as the Directors' remuneration. However, if the Company has accumulated losses (including adjustment on undistributed earnings), the Company shall set aside a part of the surplus first for making up the losses.

   The remuneration in the preceding paragraph to the employees may be distributed in stock or cash. The recipients of employee stock dividends or cash dividends include the employees of the companies controlled by or subordinate to the Company that meet certain criteria. The Board of Directors is authorized to determine the method of distribution. The director remuneration shall be distributed in cash.

   The procedures in the two preceding paragraphs must be approved by the Board of Directors and reported to the shareholders' meeting.

2. The basis for estimating the amount of employee and director remunerations, for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

   If the shareholders meeting subsequently resolves to recognize a difference in the employee or director remunerations, the difference shall be processed as a change in accounting estimate and recorded as profit or loss in the following year.

3. Proposed distribution of remuneration approved by the Board of Directors:

   (1) Distribute employee remuneration totaling NT$66,000,000 and director remuneration totaling NT$7,000,000. All remuneration shall be distributed in cash. The Company has budgeted expenses totaling NT$73,000,000 and there is no difference from the expense amount recognized in 2023.

   (2) The amount of any employee remuneration distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial statements or individual financial statements for the current period and the total employee remuneration: N/A.

   (3) Calculated earnings per share after the proposed distribution of employee and director remunerations: N/A.

4. Discrepancies, if any, between actual distribution of employee and Director remunerations (including the number of shares distributed, amount and stock price) in the previous year (2022) and the recognized employee and director remunerations and disclosure of the differences, reasons and responses:

   (1) The actual distribution of employee and director remunerations for 2022 was as follows:

   The Company distributed employee remuneration totaling NT$66,000,000 and director remuneration totaling NT$7,000,000. All remuneration were distributed in cash.

   (2) Discrepancies, if any, between the aforementioned amount and the recognized employee and director remunerations and disclosure of the differences, reasons and responses:

   The Board of Directors resolved to distribute employee, director, and supervisor remunerations totaling NT$73,000,000 and there is no difference from the expense amount recognized in 2022.

(IV) Share Repurchases: None.

II. Corporate Bonds: None.

III. Preferred Shares: None.

IV. Global Depository Shares: None.

V. Employee Stock Options: None.

VI. New Restricted Employee Shares: None.

VII. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies: None.

VIII. Implementation status of the Company’s Capital Allocation Plans: None.

Chapter5. Operational Overview

I. Business Activities

(I) Scope of Business

1. Main Businesses

Manufacturing, processing, and trading of power supply.

Trading of the aforementioned products.

Quotation, tender submission, and distribution services for the aforementioned products of domestic and foreign companies.

Import and export business of the aforementioned products.

2. Weight of lines of business:

Unit: NT$ thousands; %

Year / Item	2023 Net Operating Revenue	Weight of lines of business
Power Supply	7,668,240	58.18%
Open Frame	1,353,996	10.27%
Adapter	2,728,996	20.71%
Inverter	37,170	0.28%
Kaohsiung Branch	479,744	3.64%
Others	911,435	6.92%
Net sales	13,179,581	100.00%

Note: Consolidated information

3. The Company's current products: Power Supply.

4. New products under development:

<u>PC products:</u>

- Platinum Large Wattage 2500W.
- Titanium Gold 1.3/1.6KW products.
- Gold ATX Full Series 650/750/850/1KW Products.
- Platinum SFX Gen5 850/1KW product.

<u>IPC products:</u>

- Complies with ATX 3.0 and maintains 8 cm fan with 850W to 1000W Titanium power supply.
- Complies with ATX 3.0 and maintains 8 cm fan with 2000W Platinum power supply.

<u>Products of Adapter:</u>

- Continue to develop new products for USB 3.1 240W PD.
- Develop All In One 65W PD with HDMI function.
- Next-generation networking products with 50/60/65W 54V.
- 65W 24V Next-generation printer products.
- Develop the iconic 400W Adapter to demonstrate the technical capabilities of FSP.
- Server and Workstation Products:
- M-CRPS 2400W, 2700W and 3250W high power density, Titanium-grade efficiency devices.
- 1U Slim 400W DC Input Redundant Power Supply.
- Develop DC input, high-wattage (1.3-2KW) CRPS power module.

<u>Open Frame Products:</u>

- 300W @ 3.31”x 7.09” Series Models Industrial Application Power Supply.

- 1200W PoE power supply.

Industrial products:

- 500W Series Models Industrial Application Power Supply.
- 650W Series Models Industrial Application Power Supply.

Medical Products:

- 90W C14 Desktop Adapter (Class I) products.
- 90W C8 Desktop Adapter (Class II) products.
- 65W @ 2”x 4” Open Frame series products.
- 550W @ 3”x 5”.
- PS-II ATX 1000W.
- 1U ATX 900W.
- Flex ATX 400W.

Charger products:

- Mobile charging station M/P.
- 600W Low-cost charger M/P.
- 1200W/2000W 60V/72V/84V.
- 3.3kW 60V/72V/96V.
- 6.6 kW on-board charger.

Energy Storage Products:

- Mobile energy storage EnerX 3000-3000W/110Vac/2.5kWh.
- Mobile energy storage expansion battery pack - 24V / 2.5kWh.
- EnerX residential energy storage system 10K-10KW/3P 380Vac/10kWh~40kWh.
- EnerX residential energy storage system 10K-10KW/2P 120Vac & 240Vac/15kWh~40kWh.
- Commercial Office Energy Conversion System - 100KW (up to six units in parallel) / 3P 380Vac / on-grid and off-grid connection function.

(II) Overview of the Industry

1. Current Status and Development of the Industry

The power supply is an indispensable part of all electronic products. Products can be classified as either linear or switching power supplies based on the principle of operations. They are divided into AC to DC, DC to DC, DC to AC, and AC to AC based on the characteristics of the current. The continued growth of the electronics and tech industries has led to the rapid growth of power supply products. In terms of power supply products, Taiwanese manufacturers have superior technical resources, excellent global management capabilities, and the capacity for ramping up mass production. They have occupied an irreplaceable position in the global supply chain, and Taiwan has become the largest producer of power supplies in the world.

The environmental issues regarding carbon emission reduction specified in the 2015 Paris Agreement is now part of ESG. Promote the development of pollution-free materials and energy-saving power of FSP. The requirement of energy efficiency is to reduce energy consumption in systems and improve conversion efficiency in power supplies. Only in this way can the requirements of all application fields and ESGs be met at the same time. Therefore, the market has shown a steady and slow growth trend in recent years.

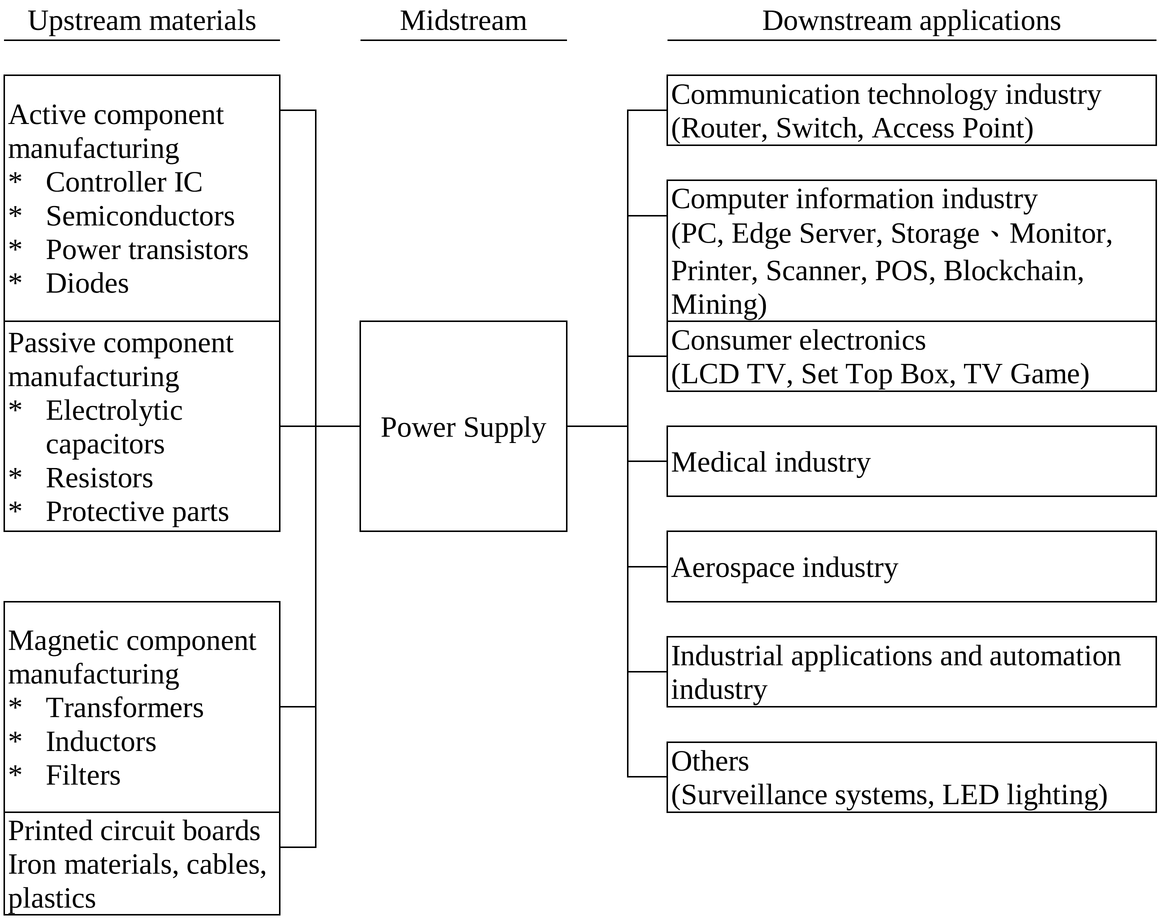
In 2020, the COVID-19 pandemic has changed the way people live and the industrial development. Working from home, remote teaching, remote medical treatment, online shopping, real-time monitoring and other factors have boosted the demand for network infrastructure and also increased the demand for smart home devices. Overall PC (Desktop + Notebook) shipments in 2023 was benefited from the gaming market boom, with annual shipments of 2.87 million units, representing an overall increase in shipments of 5.5%. Based on market research, the overall volume of PC shipments is projected to decrease by 15% in

2023. However, Intel's update of PSDG ATX3.0/PCIe5.0 has triggered a trend of upgrading to high-wattage PCs. Additionally, in the same year, OCP introduced a new specification known as MCRPS, which establishes the direction for server power supplies towards standard modules or higher power density requirements.

With the rapid development of AI, various enterprise-level applications ranging from sensors to AI centers are booming, driving the demand for all kinds of power supplies. According to the market research report, the global market size of networking AI applications such as IBN alone will be US$20 billion in 2032.

As a result, the demand for low to high wattage and high efficiency power supplies for servers such as data switches, high efficiency computing computers and edge computing behind AI remains strong. FSP is fully committed to CRPS applications for server power supplies and providing a comprehensive range of power supply products to resolve the demand for power supply of unbranded server producers.

2. Correlation between Upstream, Midstream, and Downstream of the Industry



3. Product Development Trends and Competition:

(1) Product Development

Power products are used in a wide range of applications. They are used in information, communication, office equipment, smart manufacturing, home appliances, smart lighting, electric vehicles, e-sports, and other related electronic products, as well as in defense, aviation & space, medical, laboratory, and energy storage applications. However, because the structure and electronic design of different electronic products are different, the requirements for power supply are also different. FSP has accumulated years of experience in developing a wide range of power supply products, and has developed product design and production standards based on customer specifications. We also develop environmentally friendly, energy-efficient, standardized, miniaturized, low-noise, modular, digital, and low-cost products to meet the requirements in energy efficiency regulations of different countries.

(2) Competition

The technology of power supply products has matured. The slow growth of the PC industry in the past few years, rapid rise of tablet PCs, and the pressure from price competition have reduced the product growth and profitability of switching power supplies. Currently, Taiwan's power supply manufacturers are mainly engaged in the production of power supplies for consumer electronics. As the growth of switching power supplies for PCs and LCD TVs slows, the competitive markets have shifted to edge computing applications and AI. Other areas for potential development include high value-added but slightly smaller niche markets such as gaming applications, professional gamers, servers, workstations, AI products, Internet applications, and 5G network devices with better prospects for growth. The Company merged Protek in 2007 and moved into the niche medical power market. In 2012, we established the New Energy Division to focus on the multi-kilowatt-hour and high-capacity energy storage market.

In 2015, we invested in inverter manufacturers to develop integrated products and services such as UPS, disaster-proof energy storage applications and solar energy. However, as new energy sources gradually replace fossil fuels, we continue to develop next-generation charging products and services with the aim of using green energy products and services to drive future growth.

The technology and industry of power supply products have matured. Taiwan is known as a major producer of power supplies and the competition is fierce. Although COVID-19 has boosted demand for PCs, it has also caused continuous lockdowns in different countries and caused many companies to cut capital expenditures for IT. The competition in the industry has intensified as power supply manufacturers do their best to compete for orders in an environment with lower demand but more competitors. Fortunately, FSP has been fully committed to the PC industry for years and benefits from the growth in demand for working from home and remote learning. We continue to develop power supplies for commercial computers, education computers, and gaming computers, and we have developed a full range of PD product lines for information electronic products with removable batteries in response to EU regulatory requirements. Meanwhile, the application of 5G, AIoT and edge computing is continuing to expand, FSP has created a comprehensive product line that meets customers' product development needs. We have become one of the few companies in the power supply industry that can provide a full range of products. The Group's brand Protek specializes in niche medical power and 3Y Power specializes in telecom applications. We have integrated the resources of the FSP Group with the aim of developing a new blue ocean strategy with innovative products and high-quality services in an environment of intense competition.

(III) Overview Technologies and R&D Work

The key to the design of power supply products lies in the rapid development of power supplies that are compatible with the systems. We have the advantage of an experienced R&D team and have established a safety laboratory, electromagnetic interference (EMI) measurement room, noise measurement room, and air pressure and flow measurement equipment in our R&D environment to speed up product development and verification. We have modularized and even integrated some of our circuit designs to speed up product design. We also plan to introduce the next-generation PLM system and 3D layout system to shorten our product development and design time by approximately 2 weeks. This allows us to quickly provide our customers with product samples and computer-aided 3D designs, which are beneficial for collaborative design with our customers. The Company's safety laboratory has obtained safety laboratory evaluation certification from UL, TUV, Nemko, and CSA. We can conduct product certification directly in the factory to shorten the time required for the launch of products.

Since 1998, we have closely collaborated with Intel and AMD, the industry leaders for setting standards, to develop standard power supplies for ATX specifications. In 2001, we launched power factor correction (PFC) products for the European market; in 2002, we developed environmentally friendly power supplies; in 2003, we began development on power supplies for IPC and LCD TV; in 2006, we launched 1000W high-end models for professional gamers; in 2007, we launched a variety of high-efficiency (80PLUS, 85PLUS) energy-saving products; in 2008, we added Redundant and medical power supplies; in 2009, we added DC to DC module power supplies for telecommunication and ultra-thin Adapter series; in 2010, we added energy-saving, high-efficiency, and long-lasting power supply for LED lighting; in 2011, we launched a full series of power supply for LED lighting. We have a high penetration rate of commercial lighting in Japan, which has increased FSP's brand effectiveness in the country. We have worked hard on mobile power supply for many years and we have achieved great results in 2012. In 2013, we launched digital power supplies and DALI power supplies and modules for LED lighting; in 2014, we became the first company in the industry to launch the 80 PLUS Titanium efficiency 400W ATX computer power supply, and we launched the complete CRPS Redundant power supply series; in 2015, we launched the next-generation industrial adapters that comply with DOE VI to create more efficient products with lower standby power consumption; in 2016, we successively launched the latest products that comply with the next-generation "Hazard-Based Safety Engineering (HBSE)" requirements based on the latest telecom technology application and safety standard UL/IEC 62368-1; in 2018, we completed the deployment of more than 80% of 62368-compliant power supply products and establish the newest high-end redundant CRPS product platform to transform the Company into a mid-range and high-end power supply provider.

In 2019, we collaborated with Intel to launch a series of Next Unit of Computing (NUC) products for high-end applications, which have received wide acclaim in the PC market. With the development of 5G, AIoT and edge computing industries in 2020, we completed the development of 2000W Titanium CRPS products, charger products for smart transportation, and 420W PoE system power products for telecom customers. In 2021, we created the U3 series, the industry's most compact 90-180W external power supply for notebook computers, and the 2400W Platinum CRPS.

We started mass production of DC power supply for 5G switches and high-stability customized power supply for gambling. In 2022, we developed charger products suitable for mobile vehicles with lithium iron battery system, such as electric bicycles, electric motorcycles, drones and other vehicles, with a power of 2000W-3000W. In 2023, PC products launched the Titanium Efficiency Gaming Power Supply and received the Taipei Computer International Computer Exhibition Award. Additionally, the U3 series 240W laptop charger was introduced in the same year. In response to the demand for AI workstations, an ATX high-wattage 2500W power supply was developed in the same year to meet the requirements of efficient graphics card applications.

1. Research & development personnel and their academic records and experience

Year / Academic background distribution	2023		May 6, 2024	
	Number of people	Ratio (%)	Number of people	Ratio (%)
PhD	5	1.40%	7	1.79%
Master's	73	20.45%	85	21.74%
Bachelor's	250	70.03%	259	66.24%
High school	29	8.12%	40	10.23%
Total	357	100.00%	391	100.00%

Note: Consolidated information

2. R&D expenses invested in the past five fiscal years

Unit: NT$ thousands

Item	2019	2020	2021	2022	2023	Q1 of 2024
R&D expenses	451,480	451,578	455,887	481,663	559,978	152,523
Ratio of R&D expenses to net revenue	3.17%	3.05%	2.74%	3.22%	4.25%	5.64%

Note: Consolidated information

3. Successfully developed technologies or products

Main R&D results in the past five fiscal years

Year	R&D results
2019	• Completed the fourth-generation 150W 12/19/24/54V and the first-generation 230W 54V product line. • Completed the 45W compact USB PD (Type C) products. • Completed the wall-mount fixed adapter (12V/18W, 24W, 30W, 36W, 40W; 19V/40W, 45W). • Complete NO-Y CAP. Fixed adapter (12V/18W, 24W). • Completed the fourth-generation models for the 30W to 65W/12V and 19V series. • Completed the 24V Peak models. • New PS2/MINI/1U/2U Redundant models that meet IEC/EN 62368 safety regulations. • CRPS 2.0 series. 25 models including 550W to 2000W AC, LVDC, HVDC, and reversed fan. • Medical-grade 30W DOE Level VI Desk Top Adapters. • 2"x 4" 80W standard products. • 3"x 5" 65W standard products. • 3"x 5" 350W standard products. • PoE 250W. • Launched outdoor UPS with 5G base station requirements in response to IoT-NB schedule. • Developed energy storage applications such as medical AGV and robotic arms. • American standard 600VA to 1.5kVA online interactive UPS. • Off-grid solar energy storage inverter with capacity for battery-free operation FSP302PV-230CFS-24 & FSP502PV-230CFS-48. • 42V/2A (7S-12S) products. • 42V/4A (7S-16S) products. • 42V/6A (7S-16S) products. • Safety regulation application for hazardous voltage in excess of 42.4V (EN61558). • Onboard Charger 500W(IP67).
2020	• Completed the TFX 250W/300W models (Gold). • Completed the Flex 200W/300W models (Bronze). • High-wattage Twins Pro series ATX Redundant power supply to provide operators of unbranded servers or workstations with more comprehensive solutions. • Completed the 230W models. • Completed the 330W models. • Completed the wall-mount fixed adapter (12V/30W-40W). • Completed slim models below 90W. • Completed the first 54V model for the wide temperature adaptation series. • Completed the new model for 1U/2U/SFX that meet IEC/EN 62368 safety regulations. • CRPS 2000 and 2400W 80 Plus platinum models. • Completed the Felx series products with 12V & 53V output developed for the PoE market. • Completed CRPS modularized back panel and housing to meet the high-mix low-volume demand for edge computing. • Completed the development of 1U redundant entry-level products for small-scale edge computing demand. • 18W Wall Mount Adapter products. • 30W C14 Desk Top Adapter products. • 120W C14 & C8 Desk Top Adapter products.

Year	R&D results
	• 150W C14 & C8 Desk Top Adapter products. • 100W @ 2”x 4” Class-I Open Frame products. • 500W @ 4.21” x 7.09” Class-II Open Frame products. • 80W @ 2”x4”, FSP080-P24 products. • 250W @ 2”x4”, FSP250-H24-A12. • PoE 200W, FSP200-2H35-A54H. • PoE 420W, FSP420-2F47-A54H. • PoE 550W, FSP550-2F67-A54H. • Continuous development of third-generation off-grid inverters to integrate UPS functions and provide more comprehensive protection in electricity use. • Development of 5kW Split-Phase off-grid inverters to support low voltage and support 220Vac appliances without the use of traditional isolation transformers. • Launched the new iFP series online interactive model with a power range of 400VA to 2KVA, touch LCD panel, and USB communication functions. • Developed rack-mount online interactive UPS. • Launched high-end on-line UPS with an output power factor (PF) = 1. • 600W/1200W On Board/off Board Charger。 • 1800W 30V/60A;60V/30A on Board/off Board。 • Completed the development of hazardous voltage models rated for more than 300W 12-16S. • Introduced IATF 16949 Production Part Approval Process (PPAP) into related departments. • 700W aluminum-cast high-end water, dust, and shock-proof product study.
2021	• Increased ATX power density. • Continuous development of highly automated products to reduce the cost of labor and increase production capacity. • Development of power supply to support the 12Vo platform developed by Intel: SFX 650/750W. • Conducted research and assessment of new component materials and plan the introduction of suitable products. • High-wattage SFX power supply with multiple output rated for 750W/850W. • GaN USB PD 65W products. • 90W/120/135/150W/180W U3 series compact models. • 50/65W products with wide temperature adaptation. • Development of 300W 5V, 12V, and 24V power supply for industrial computer products with touch screens or motors. • CRPS 2400W and 3000W high-power density devices. • Completed CRPS modularized back panel and entry-level housing to meet the high-mix low-volume demand for edge computing: FC210E. • 80W and 150W @2" x 4" power supply for telecom applications. • 30W, 50W, and 75W power supply for industrial applications. • 250W @ 2" x 4" series. • 260W @ 3" x 5" series. • 450W @ 3" x 5" series. • 120W IP54。 • 250W ATX。 • 500W Class II substrate medical application power supply. • 600/700W ATX。 • 600W/1100W 50.4V-58.8V On Board/Off Board Charger。 • 1800W 60V/30V On Board Charger 。 • 300W CANBUS Charger。 • 700W aluminum-cast high-end water, dust, and shock-proof product development. • AMR application charger development (1100W).
2022	• Compact ATX 750/850/1000/1200W. • Efficient Titanium 850/1KW ATX power supply, plan for MP in 2023/Q1. • Development of power supply to support the ATX 12Vo platform developed by Intel and meet new energy efficiency requirements. • Research and develop Titanium 1.3/1.6KW products. • High-wattage SFX 1KW power supply plan for MP in 2023/Q1. • Compact PD 30-65W lipstick machine series products.

Year	R&D results
	• PD 3.1 140W 28V output models. • ATX 250-500W power supply of ATX 3.0. • CRPS 2400W and 3000W high-power density devices. • Completed CRPS modularized back panel and entry-level housing to meet the high-mix low-volume demand for edge computing: FC210C. • Iterative design for 65W @ 2" x 4" series. • Iterative design for 150W @ 2" x 4" series. • Iterative design for 200W @ 3" x 5" series. • 100W @ 2.44”x 6.1 series power supply for industrial applications. • 150W @ 3”x 6.3 series power supply for industrial applications. • 700W ATX PC Power。 • mass production of IP67 600W/completing appearance design of 2000W On Board/Off Board Charger. • UDS automobile communication software development is completed. • Continuous development of 3300W On Board Charger for cooling module. • 3KW mobile energy storage - 800W/2.6KWh. • Stationary energy storage system - 10KW Off-grid ESS; 30KW Hybrid ESS. • Lithium iron phosphate battery module - 48V low voltage version.
2023	• Efficient Titanium 850/1KW ATX power supply 2023/Q1 MP. • Research and develop Titanium 1.3/1.6KW products 2023/Q4 MP. • Research and develop Gold SFX Gen5 750/850W power supply, 2023/Q1 MP. • Flex 100~300W power supply compliant with ATX 3.0. • ATX 250~500W power supply compliant with ATX 3.0. • Compact PD 65W >1W/cc lipstick machine products. • 45W/65W wall plugs, multi-country interchangeable wall plugs, and desktop products. • PD 3.1 180W 36V output models. • Networking products with 50/60/65W 12V. • CRPS 2400W, 2700W and 3000W high-power density devices. • CRPS 300W, supporting NEBS compatibility testing. • 1U Slim 250W, 300W and 400W Industrial Control/Networking Redundant Power Supply. • 200W @ 3”x 6.3” series industrial power supply. • 550W PoE power supply. • 950W PoE power supply. • 300W Series Models Industrial Application Power Supply. • 45W C14 Desktop Adapter (Class I) products. • 60W/65W C14 Desktop Adapter (Class I) products. • 60W/65W C8 Desktop Adapter (Class II) products. • 260W @ 3”x 5” Open Frame products. • Mobile charging station Proto Type. • 1+1 E-bike Charger Proto Type. • 700W Fan-less waterproof charger. • 3300W Stack design. • Mobile energy storage Emergy 3K+–1500W/110Vac/2.0kWh. • Mobile energy storage EnerX 3000–3000W/230Vac/2.5kWh. • Off-grid inverters LightUp series - 2KW/3KW/5KW/6KW/8KW/11KW.

(IV) Long-term and Short-term Business Development Plans

1. Short-term Development Plans

Marketing Strategy

(1) Due to the impact of the COVID-19 pandemic, exhibitions in various countries have been suspended or switched to online exhibitions, and business visits have also been restricted. As different countries adopt different inspection and quarantine policies, the Internet has become the most important means of communication and marketing to the outside world. FSP has updated the official website in recent years and added micro websites dedicated to industrial applications. We adopted a responsive web design with large images with summarized information in text. We have launched micro websites with diverse application contents for 5G power solutions, smart life applications, battery

charger applications, uninterruptible power supply (UPS) applications, Internet of Things (IoT) applications, energy storage, and management applications for potential customers around the world to learn more about our products and contact us. The marketing team also actively plans digital marketing with videos and launched the FSP Global YouTube Channel to publish videos on company image and product application. It also promotes the digital contents on official social platforms such as FSP Technology Inc. LinkedIn and FSP Global Facebook pages. In 2021, we placed them on Digi-Key, a professional e-commerce platform, to establish new communication channels with customers, increase product exposure, and maintain customer relations.

(2) FSP has been committed to the development of the PC DIY industry for years under its own brand. The retail team has invested in regional media for a long time to operate its own brand. It continues to work with famous KOLs in different countries to promote FSP brand and e-sports products. Additionally, partnerships with global Key Opinion Leaders (KOLs) have led to exposure on YouTube channels. Results: Compared to the previous year of 2022, the performance of its proprietary brand grew by 66.2% in 2023, with the proportion of Gold and above efficiency products shipped increasing slightly to 33.9%.

Production Policy

(1) Improve the production and sales process and production line setup, and add automatic production equipment to enhance production capacity and efficiency.

(2) Expand production facilities and production lines in accordance with the growth of operation.

(3) Disperse the production sites and inaugurate the new factory in Taiwan in July 2021.

(4) The manufacturing plant in Vietnam officially began operations in January 2024.

Product Development Strategy

We continue to increase output power, improve efficiency, and develop more standard products for existing products such as PC power, adapters, open Frame, and industrial PSU, and redundant products based on the development trends for terminal products, and develop more applications. They include industrial UPS, industrial, home-use, medical-use, telecommunications, solar inverter, and E-Bike/E-Motor chargers. We also focus on products for IoT, edge computing applications, digital communications, industrial charging applications, battery backup systems, and energy storage subsystems. In addition to the general electric vehicle market, we also launched a charger for electric bicycles, drones and other electric vehicles in 2023, power more than 3300W.

Financial Plans

(1) We outline our short-term financial plans based on medium and long-term capital requirements and the principle of secure and healthy development.

(2) We build trust and mutual interests with banks to monitor the financial market and improve financial performance.

2. Long-term Development Plans

Marketing Strategy

(1) We shall establish a global management and division of labor system, particularly in regards to strengthening the establishment of sales offices in developing countries as the main expansion strategies for existing products, including the search for CKD/SKD partners in South America/India. We shall also strengthen the establishment of sales networks in third-world regions such as ASEAN, Middle East, and South Africa to leverage the demand in emerging markets and establish a solid international marketing network for long-term development.

(2) We shall increase the types and share of products shipped to emerging markets such as

networking, data center, and other products in Mainland China. In the Indian market, we will strengthen our promotion of industrial applications and continue to develop and improve the quality of products in R&D units to increase our market share, sales and profits.

(3) We shall reorganize our marketing resources in America, Europe, and China, restructure the organization, and increase our support to customers in China with AE/FAE and local R&D personnel. We shall reorganize the marketing organization for the Chinese market and strengthen management. In addition, we will continue to increase R&D resources and plan relevant core strategies for each market. It is expected to provide technology integration services for the networking industry outside the original industrial, medical, computer, cloud, and monitoring markets.

(4) We shall continue to strengthen and intensify brand awareness. For both retail and industrial brands, we will build strong foundations for the brand and strong sales channels with more strategic partnerships, such as participation in the Intel & AMD forums and activities and connecting with mainstream media and marketing channels in each region.

(5) Establishment of online marketing and other sales channels.

Production Policy

(1) Enhance communication with upstream/downstream businesses and government research institutions to ensure the stable supply of key components and materials while using production, sales and purchase collaboration projects to integrate cross-departmental functions and improve both operational efficiency and customer satisfaction.

(2) Enhance the functions and efficiency of R&D departments and establish a knowledge management platform for communication between different departments.

(3) Recruit high-level technical and R&D personnel, and actively participate in major seminars at home and abroad. Continue to improve production quality, technical capability, yield, and cost reduction.

(4) Continue to disperse the production sites. In response to changes in the international situation and geopolitical demands, the production base was adjusted according to the products demanded by customers. For example, in July 2021, the new manufacturing factory in Taoyuan, Taiwan Internal function was commissioned and the factory in Kaohsiung, Taiwan was continuously optimized. In January 2024, the factory in Vietnam was officially opened.

Product Development Strategy

FSP has developed advanced AC to DC power supply technologies. We will focus on the aforementioned short to medium-term product development to satisfy the need for more applications, and develop more comprehensive industrial computers and medical computers. For long-term plans, we will gradually create comprehensive DC to DC(CONVERTER), AC to AC (UPS) & DC to AC (inverter) product lines. In the future, products including high-voltage three-phase conversion power supply, DC to DC Module used in communication system, power supply related to industrial application of battery charging, and energy storage power supply required by new energy will be the direction of product development. In addition to products, the company has also started to build a power conversion product sub-system, and is working on the industrial design of products, especially for the consumer market power products. We shall also strengthen the integration technology for the parts that require firmware and communication. In addition to focusing on our core competencies in power conversion, we will also increase the versatility and applications of our future products.

Financial Plans

The Company uses its own capital and bank loans to meet its financial needs. Where necessary, the Company adopts more diverse fundraising tools for medium and long-term capitalization to meet its capital needs and strengthen its long-term development.

II. Analysis of Market and Production and Marketing Situation

(I) Market Analysis

1. Sales Territory of Main Products

The consolidated product sales for each region in the past two years are shown in the table below:

Unit: NT$ thousands; %

Region \ Year		2022		2023	
		Amount	%	Amount	%
Domestic Sales		2,661,315	19.15%	2,405,014	18.25%
Foreign Sales	Asia	6,559,191	47.20%	5,955,808	45.19%
	America	2,325,052	16.73%	2,137,942	16.22%
	Europe	2,320,003	16.70%	2,621,092	19.89%
	Others	30,309	0.22%	59,725	0.45%
	Subtotal	11,234,555	80.85%	10,774,567	81.75%
Total		13,895,870	100.00%	13,179,581	100.00%

Note: Consolidated information

2. Market Share

According to Canalys' statistics, the global sales volume of desktop computers in 2023 was approximately 52.8 million units. The Company shipped more than 2.72 million power supply units for desktop computers in 2023, and its estimated global market share was approximately 5.1%.

3. Supply and Demand in the Market and Possible Future Growth

According to IDC' statistics, desktop computers will grow at a CAGR of 3.2% from 2021 to 2025, and PC shipments by 2025 are estimated at 56 million units.

4. Competitive Niches

Establishment of Capable R&D Teams for Individual Product Categories

The power supply is a mature product, but there are compatibility issues with systems in different applications. Due to cost consideration, a lower number of components used offers significant advantages, and we must also consider product reliability and stability. Therefore, we need advanced product design and R&D capabilities to improve our competitiveness and our R&D organization has created a technology development center to focus on new technology development. We also assigned R&D personnel to focus on new product design for products in different applications such as PC power, open frame, adapters, retail and industrial PC power, redundant power, medical applications, chargers, and other products. Each team has capable and experienced engineers. We have R&D centers in Taoyuan, Taipei, and Kaohsiung in Taiwan. We also set up R&D departments in Shanghai, Wuhan, Shenzhen, and Wuxi. As of today, FSP Group has more than 300 R&D personnel, and the main R&D personnel have more than 10 years of experience. Due to the growth of our businesses in recent years, we have recruited experienced engineers to join our R&D team, and we have built a new R&D building next to the head office. Our strong R&D capabilities remain our strongest niche.

Market segmentation

The global PC industry is divided into two major markets — branded PC and assemblies (clones). The detailed specifications and standardization of computer components have significantly lowered the threshold for self-assembly, allowing branded PCs and clones to meet customer needs in different markets. Both markets are our target markets. With the development of the gaming industry in recent years, many assembly companies in the clone market have transformed themselves into Gaming SIs to provide high-quality gaming computers to consumers. These PC clone assembly companies are mostly FSP customers and they accelerate FSP's development in the gaming market to meet market demand.

Global operation and management model

PC manufacturers have developed the global logistics business model with information systems to respond quickly to changes in market demand and reduce operating costs in an environment of cut-throat price competition. They exchange information instantly, completely, and accurately with production sites in China, distribution centers, or business locations in different countries (Germany, Russia, USA, UK, China, India, etc.). In response to inventory control implemented by downstream PC manufacturers, we also developed the BTO production mode for flexible production and fast delivery. We also set up warehouses in Europe and the United States to meet customers' requirements for delivery time, and gradually aim to win orders from international customers to increase the proportion of export sales and reduce operational risks.

Stable sources of components

The Company actively maintains good relations with upstream suppliers to strengthen control over the supply of key components.

Professional talents and laboratories for electromagnetic compatibility and safety tests

The increase in safety requirements and the rise of environmental awareness have made electromagnetic compatibility and safety certification essential tests for all electronic and information products marketed in different countries. For this reason, the Company has set up a product certification department and became the first to set up a safety test center and a simple indoor 3m EMC laboratory. Our experienced engineers are familiar with regulatory requirements and they conduct tests during product development. It effectively reduces the time and cost of product certification and helps the Company grasp market opportunities and expand businesses.

5. Favorable and unfavorable factors for future development and response measures

Favorable Factors

(1) The use of key technologies is the key to maintaining a competitive edge in high-tech industries. The Company is fully committed to technology development and product function innovation as we seek to stabilize technology sources. Our R&D organization fosters both technology development and product development. We also use the development of new technologies to effectively reduce the cost of production and increase product competitiveness.

(2) The design of all power supplies of the Company meets UL, CSA, VDE, TUV, DEMKO, NEMKO, SEMKO, FINKO, CCC, and CE safety standards, as well as US FCC and European CE requirements. We passed ISO 9001 and ISO 14001 certification in 2001 and obtained ISO 13485 Medical Device Quality Systems certification in 2016. In 2021, we hired a consultant to FSP to provide guidance on ISO 16949 Quality Management System for automotive applications to become a professional power supply manufacturer in compliance with international standards.

(3) The Company's production volume has reached economies of scale and meet increasingly stringent product regulations (e.g., environmental protection and energy efficiency) around the world. We have superior cost-sharing and we have created entry barriers in items (1) and (2) above.

(4) We maintain close communication with the industry leaders for setting standards (Intel and AMD) to gain first-hand information on changes in specifications.

(5) We use the JIT model and ERP information management system. Our Product Life Management (PLM) system was also launched to reduce the operating time from R&D to production and cost of errors.

(6) To strengthen the control of marketing channels, we have set up offices in Germany, UK, France, USA, Russia, and Shanghai, Beijing, and Shenzhen, China. In recent years, we also set up offices in Japan, Korea, India, Brazil, Finland to leverage proximity

marketing, provide services, and monitor channels. In addition to expanding our marketing channels, we have also implemented a customer relationship management (CRM) system to effectively manage customer relations and enhance services.

(7) The Company uses FSP®, ®, 全漢®, and 全汉® logos as the main trademarks in manufacturing, corporate identity, sales, promotions, marketing, and advertising of power supply products or services. We have accumulated a reputation over the years that has received the recognition and trust of consumers and customers. In the future, we will work hard to become a famous trademark and a well-known trademark in Greater China.

Unfavorable Factors

(1) Price war with competitors.

(2) The computer information hardware industry has plateaued.

(3) Rising transportation costs and delivery time are difficult to control.

(4) Customers are only willing to provide short-term orders due to inventory impact in 2023.

Response

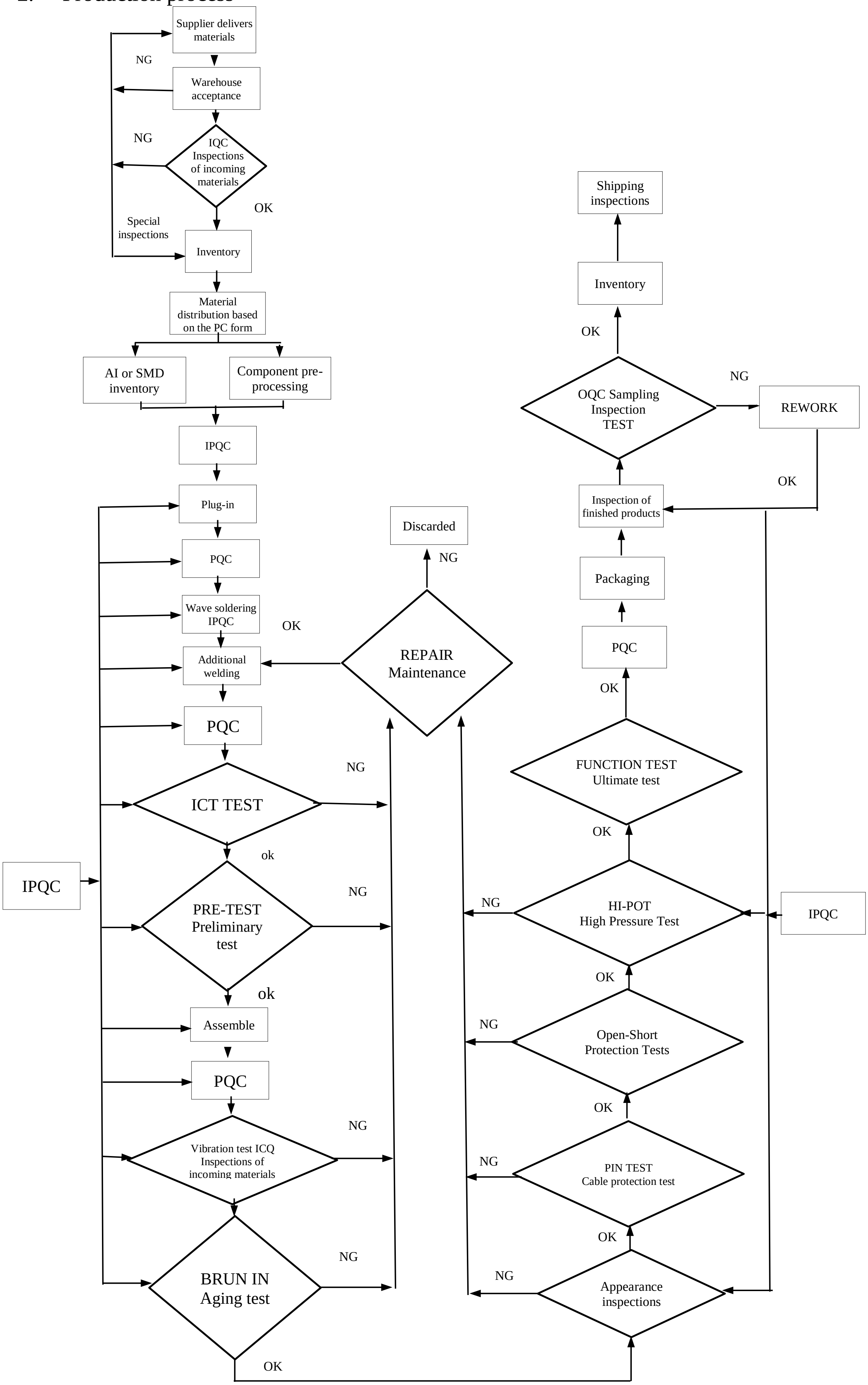
Expand overseas distribution to quickly grasp customer needs and market trends, and to serve customers in close proximity. Cooperate with upstream and downstream companies and work together to enhance the effectiveness of global logistics services. Reduce costs and improve R&D capabilities and market share to increase the market entry barriers for competitors.

(II) Usage and Manufacturing Processes for Main Products

1. Usage of Main Products

Main Products	Main Functions	Main Applications
PC Power Supply	It provides a stable operating voltage source for electronic products and is an indispensable component.	Desktop Computer
Open Frame		It is used for IA network communication products, industrial computers, LED lighting, etc.
Adapter		Notebook computers, IA network communication products, LCD monitors, printers, scanners, etc.
Display/ LED TV Power Supply		LCD monitors, LCD TVs, etc.
IPC/Medical Power Supply		Healthcare equipment, data storage systems, POS, gaming devices, AI/Edge servers, etc.
Charger	Efficient charging products for electric assistive devices	Electric forklifts, electric bicycles, and AGV electric storage robots

2. Production process



(III) Supply Situation for Major Raw Materials in 2023

Products	Main Material	Main Suppliers in 2023	Supply Situation
Power Supply	Transformers	Fatek Automation, Yihong	Normal
	Capacitors	Skytex International, Wu and Woo International, Tairung, Faratronic	Normal
	Semiconductors	Yosun Industrial, Lumax International, WT Microelectronics, Avnet Asia (Singapore), World Peace Industrial, Hongwei Electronics	Normal
	Cables	E Ink Holdings, Carol Wiring Harness, Jet Data System	Normal
	Cooling fins	Yongqi, Hua Jie	Normal

(IV) List of major suppliers and clients

1. Suppliers and clients accounting for 10% or more of the total purchase (sales) amount and ratio in any of the most recent 2 years: List of Major Suppliers in Most Recent 2 Years

Unit: NT$ thousands

Item	2022				2023				Q1 of 2024 (Note 2)			
	Name	Amount	Proportion to Net Purchase for the Year (%)	Relationship with the Issuer	Name	Amount	Proportion to Net Purchase for the Year (%)	Relationship with the Issuer	Name	Amount	Proportion to Net Purchase for the Year (%)	Relationship with the Issuer
1	None (Note 1)	-	-	-	None (Note 1)	-	-	-	None (Note 1)	-	-	-
	Others	8,788,679	100%	8,788,679	Others	7,944,757	100%	-	Others	1,111,911	100%	-
	Net purchase	8,788,679	100%	8,788,679	Net purchase	7,944,757	100%	-	Net purchase	1,111,911	100%	-

Note 1: There were no suppliers who accounted for more than 10% of the total purchases in any of the last two years or 2023 Q1

Note 2: If there is any financial data of companies whose stocks are traded on TWSE or TPEx for the most recent period audited and certified by the CPA before the date of publication of the annual report, it shall also be disclosed.

2. Suppliers and clients accounting for 10% or more of the total purchase (sales) amount and ratio in any of the most recent 2 years: List of Major Clients in Most Recent 2 Years

Unit: NT$ thousands

Item	2022				2023				Q1 of 2024 (Note 2)			
	Name	Amount	Proportion to Net Sales for the Year (%)	Relationship with the Issuer	Name	Amount	Proportion to Net Sales for the Year (%)	Relationship with the Issuer	Name	Amount	Proportion to Net Sales for the Year (%)	Relationship with the Issuer
1	None (Note 1)	-	-	-	None (Note 1)	-	-	-	None (Note 1)	-	-	-
	Others	13,895,870	100%	-	Others	13,179,581	100%	-	Others	2,706,526	100%	-
	Net sales	13,895,870	100%	-	Net sales	13,179,581	100%	-	Net sales	2,706,526	100%	-

Note 1: There were no customers who accounted for more than 10% of the total sales in any of the last two years or 2023 Q1

Note 2: If there is any financial data of companies whose stocks are traded on TWSE or TPEx for the most recent period audited and certified by the CPA before the date of publication of the annual report, it shall also be disclosed.

(V) Production Volume and Value for Most Recent 2 Years

Unit: thousand units/NT$ thousands

Year / Production Volume and Value / Main Products		2022			2023		
		Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Power Supply	250W (inclusive) or below	—	1,809	928,499	—	1,605	811,077
	More than 250W	—	4,634	5,557,170	—	4,455	5,241,026
	Others (Note 1)	—	652	409,050	—	569	356,783
Others (Note 2)		—	15,420	3,760,557	—	11,734	3,213,258
Total		—	22,515	10,655,276	—	18,363	9,622,144

Note 1: Power supplies - other products were power supply products from Kaohsiung Branch.

Note 2: Other products include inverters, adapters, and open frame, etc. Due to the wide variety of units with quantities measured, their production quantities are not shown.

(VI) Sales Volume and Value for Most Recent 2 Years

Unit: thousand units/NT$ thousands

Year / Sales Volume and Value / Main Products		2022				2023			
		Domestic Sales		Foreign Sales		Domestic Sales		Foreign Sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Power Supply	250W (inclusive) or below	140	178,017	1,647	952,321	102	206,124	1,296	722,601
	More than 250W	618	1,535,485	3,326	5,027,809	463	1,326,566	2,998	4,952,223
	Others (Note)	28	13,949	396	452,662	17	7,620	401	463,347
Others		2,695	933,864	94,357	4,801,763	2,193	864,704	95,054	4,636,396
Total		3,481	2,661,315	99,726	11,234,555	2,775	2,405,014	99,749	10,774,567

Note: Power supplies - other products were power supply products from Kaohsiung Branch.

III. Information on Employees for the Two Most Recent Fiscal Years and during the Current Fiscal Year Up to the Date of Publication of the Annual Report

Year		2022	2023	Current fiscal year as of May 6, 2024
Number of Employees	Management personnel	368	377	379
	General employees	1,094	1,140	1,173
	Production line employees	3,933	3,805	3,623
	Total	5,395	5,322	5,175
Average Age		39.75	39.62	40.23
Average Service Year		7.99	7.72	8.17
Academic Background Distribution (%)	PhD	0.07%	0.11%	0.15%
	Master's	2.22%	2.45%	2.80%
	Bachelor's	16.99%	17.89%	18.75%
	High school	19.11%	19.92%	19.88%
	Below high school	61.61%	54.43%	58.42%

Note: Consolidated information

IV. Disbursements for Environmental Protection

List the losses suffered by the Company due to pollution of the environment in the most recent two years up to the publication date of this annual report (including compensation and results of environmental protection audits that violated environmental protection laws and regulations; specify the date of the penalty, penalty number, violated articles in regulations, contents of violation, and the contents of penalties), and disclose the estimated amount arising both at present and in the future and the corresponding countermeasures. If the amount cannot be reasonably estimated, the reason for the inability to provide a reasonable estimation shall be explained: None.

V. Labor Relations

(I) Labor-management agreements and implementation

1. Employee benefits

(1) Benefits and subsidies: Childbirth subsidies, wedding and funeral subsidies, hospitalization subsidies, major emergency subsidies, birthday gift, caring for employees' lives, and massage services provided by the visually impaired.

(2) Education subsidies: We organize seminars on exercise and health to encourage employees to take care of their physical and mental health. We also provide them with subsidies for on-the-job training and independent learning to encourage employees to always learn.

(3) Culture and fitness activities: We provide fitness equipment and club activities to promote healthier lifestyles for employees.

(4) Comprehensive insurance:We have a comprehensive labor insurance/health insurance system, paid group insurance for all employees and family members, and overseas travel insurance for employees on business trips or overseas assignments.

(5) The Company established the Employee Welfare Committee dedicated to promoting employee benefits.

(6) Employee shareholding trust: To retain talented employees, the Company has created an employee stock ownership trust and makes fixed monthly contributions to the Company's incentive fund as rewards for employees.

(7) Preschool growth fund: Encourage employees to have children, and reduce the burden of supporting, set up "preschool growth fund" open to apply for employees with children under 6 years old.

(8) Filial care leave: In response to the aging society and generational inclusivity, the Company promotes two days of paid "filial care leave" beyond legal requirements, allowing employees to take care of their children and accompany their parents.

(9) Birthday Leave: Employee birthday leave enables employees to plan meaningful activities and celebrate their special day.

2. Continuing education and training for employees

Learning drives growth and we value talent development and the self-growth of our employees at FSP. We plan diverse training programs for different roles, rank systems, and practical needs to strengthen employees' professional knowledge and skills and to satisfy the needs of employees in different countries and regions. We start from strengthening employees' skills and core competencies and improve their management and leadership skills to enhance performance. Training courses include: We provide pre-job/on-the-job training, basic general knowledge training, training for core functions, management functions and professional functions, an on-the-job training system, and group training programs for new employees. We are committed to creating a free and diverse learning environment that allows employees to create their own learning plans. We encourage them to learn actively to pursue their goals and make a commitment to personal career development. They must learn more in work and life and continuously improve and enhance their skills.

3. Retirement system and implementation status

   The Company complied with the implementation of the Labor Pension Act and surveyed employees in 2005 on their intent for choosing the new system or the old system. For those who chose the old system, we contribute 2% of the total monthly salary to the pension fund and deposit it in a special account at the Bank of Taiwan in accordance with the Labor Standards Act. For those who chose the new system or those who joined the Company after July 1, 2005, the Company contributes 6% of the monthly wages of these employees to their pension accounts set up by the Bureau of Labor Insurance. All other matters shall be handled in accordance with laws and regulations.

   Pension payment: The pension for employees who meet the retirement requirements for whom the Labor Standards Act applies shall be paid in accordance with Article 55 of the Labor Standards Act; those for whom the Labor Pension Act applies may collect payment from their personal labor pension account set up by the Bureau of Labor Insurance..

   In 2022, the Company initiated the settlement of retirement pensions under the old Labor Standards Act. We provided a flexible utilization plan for employees with seniority under the old system, allowing them to receive retirement benefits they might potentially receive in the future before meeting the eligibility requirements for retirement. For employees who have opted for the new retirement pension system, they can also choose to transfer the settlement amount into the new retirement fund account. This ensures a more stable financial life after retirement. Additionally, there is a benefit of being exempt from income tax on retirement benefits in the year of settlement.

4. Labor-management agreements

   The Company provides leave and several benefits to take good care of the employees. The employees are thus loyal to the Company. Any problem between the labor and management can be fully expressed and communicated in the quarterly labor-management meetings. We maintain a spirit of teamwork and cooperation and a harmonious relationship between employees and management.

5. Measures for preserving employees' rights and interests

   Talents are always crucial to business success and sustainability. FSP has always aimed to provide good labor conditions and work environment so that employees can be all they can be, make the most use of their skills, and become important partners for the Company's stable growth while maintaining balanced development of their work and quality of life.

6. Protective measures for the work environment and the personal safety of employees

   The Company has set up the Labor Safety Dept. and an Occupational Safety Committee in accordance with regulations. We have launched and obtained ISO 45001 certification and adopted the PDCA management cycle for the implementation of different projects. We also follow the Regulation Governing Occupational Safety and Health and related regulations on work safety inspections to implement continuous improvements.

   When the Company hires new employees, we provide pre-employment labor safety and health training, regularly organize safety and health training courses and organize fire drills and exercises, to enhance their safety awareness when working in the factory. In order to ensure the safety of the working environment, fire maintenance and labor environment monitoring are carried out regularly in the factory. We also arrange labor health promotion activities, such as blood donations, flu vaccination, physician consultation services, etc. We provide yearly health examinations for employee in accordance with the law.

   The company attaches great importance to environmental safety and health management and continuous improvement, and regularly holds quarterly occupational safety and health meetings to discuss safety and health related matters. More than half of the labor representatives in the meeting of the Occupational Safety and Health committee help employees and managers communicate the breadth and representativeness of safety and health related issues, and with the help of the committee members, communicate with other workers to explain the safety and health publicity materials, so as to improve the concept of safety and health among colleagues.

In terms of occupational accident management, the Company has always aimed to achieve "zero accident." The mechanisms for handling occupational accidents and traffic accidents require mandatory reports, comprehensive investigations, and improvements to avoid the recurrence of the same hazards.

Occupational injury statistics

Item \ Year	2022	2023
Number of occupational injuries	15 (including traffic accidents)	13 (including traffic accidents)
Total number of employees	639	651
Disabling frequency rate	11.78	10.10
Occupational injury category	10 non-occupational injuries (traffic accidents) 2 non-occupational injuries (other) 2 occupational injuries (outsourced cleaning work) 1 occupational injury (Forklift operation)	9 persons non-occupational injuries (traffic accidents) 4 persons non-occupational injuries (other)
Work-related fatalities	0	0

Explanation: The disabling frequency in 2023 was 10.10%, a decrease compared to 11.78% in 2022, but there were 13 cases of occupational accidents in 2023, excluding commuting accidents, none of which resulted in significant events such as hospitalization. However, considering that traffic accidents still account for a significant proportion of non-work-related injuries, the Company will continue to promote the awareness of safe and defensive driving and conduct quarterly traffic safety and defensive driving education and training courses.

In 2023, there were a total of 2 workplace injuries within the Company. One case has already been investigated and improved, while the other case is still under investigation and improvement. The improvement situation will be continuously monitored in 2024.

Occupational safety training and occupational safety inspections in 2023

Year	Number of trainees	Training man-hours
2023	632	1096

2023 occupational safety audits and inspections

Occupational safety audit	Monthly
Occupational safety inspections	Monthly
Occupational safety discrepancies	Monthly 1 missing item (improved)

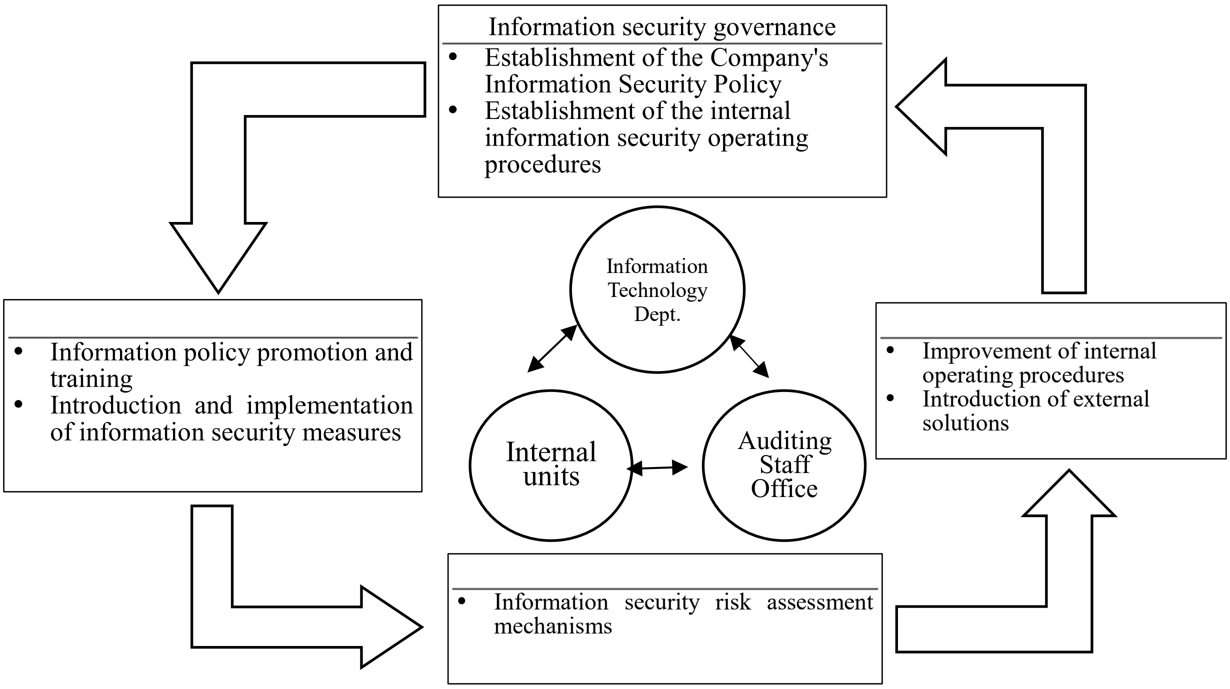
(II) List the losses suffered by the Company due to labor-management disputes in the most recent two years up to the publication date of this annual report (including results of labor inspections that violate regulations in the Labor Standards Act; specify the date of the penalty, penalty number, violated articles in regulations, contents of violation, and the contents of penalties), and disclose the estimated amount arising both at present and in the future and the corresponding countermeasures. If the amount cannot be reasonably estimated, the reason for the inability to provide a reasonable estimation shall be explained: None.

VI. Information security management:

The Company has established information security policies and management programs to ensure the confidentiality, security, and availability of corporate information.

(I) Information Security Risk Management Structure

- The Company's Information Technology Dept. is responsible for information security, the planning, implementation, and promotion of information security management, and promotion of information security awareness.
- The Auditing Staff Office of the Company is the audit unit for responsible for information security monitoring. If the audit reveals any deficiencies, it immediately requests the inspected unit to propose improvement plans and submit them to the Board of Directors. It also regularly tracks the effectiveness of the improvements to reduce internal information security risks.
- Our organization operation model is based on the PDCA (Plan-Do-Check-Act) cycle management to ensure that we achieve our reliability targets and continue to improve.



<u>Information Security Policy:</u>

The Company has established the Information Security Policy in January 2021 as the highest guiding principles for information security management to ensure the normal operations of all information systems, confidentiality of important information systems, safe operations of information and network systems for sustainability.

<u>Information Security Commitments:</u>

Comply with the Information Security Policy, set up information security systems, and implementation of information security management.

Strengthen training, raise awareness of information security, and ensure sustainable development.

Information security management measures:

Information security management measures		
Category	Description	Related Operations
Access control	Control measures for personnel account privileges, system access control, and data transmission channels	1. Account management and audit 2. Internal/external system access control measures
Protection against threats	Internal and external measures to protect against potential vulnerabilities, threats, and viruses	1. Measures for server/computer vulnerability, threats, virus detection, and update 2. Internal/external information security device setup and management
System availability	System availability and backup support measures	1. System/network availability monitoring and notification mechanisms 2. Anomaly handling and regular disaster recovery exercises 3. Information backup copy measures and off-site backup copy mechanisms 4. Information backup measures and off-site backup mechanisms

Resources invested for information security management:

The Company's Information Technology Dept. organizes regular information security training for employees and send emails to enhance their information security awareness.

The company has been introduced into the ISO 27001 capital management system in 2022, and obtained ISO 27001 certification. The certificate number is TW 23/00000077, and the certificate is valid from January 27, 2023 to October 31, 2025.

By introducing ISO27001 Capital Security Management system, strengthen the contingency handling capability of Capital security incidents to protect the asset safety of the company and customers.

Implementation status in 2023:

The Company reviewed the implementation of the Information Security Policy by each unit in 2023 and found no incidents that jeopardized the Company's information security during the year.

In 2022, the Company conducted 2 off-site backup exercises and enhanced employees' responses and awareness of information security risks (Promote the information security policy on the homepage of the Company's Intranet and publicize the information by e-mail at irregular times).

To strengthen employees' awareness of information security, the Company has held information security courses every year since 2022 and include them as mandatory courses for all employees to strengthen their information security awareness.

(II) List the losses, suffered by the Company due to critical information security incidents, potential impact, and response measures in the most recent two years up to the publication date of this annual report. If the amount cannot be reasonably estimated, the reason for the inability to provide a reasonable estimation shall be explained: None.

VII. Important Contracts: None.

Chapter6. Financial Information

I. Condensed Balance Sheets and Statements of Comprehensive Income for the Past Five Fiscal Years

(I) Parent Company Only Condensed Balance Sheets - International Financial Reporting Standards

Unit: NT$ thousands

Item \ Year		Financial Information for the Past Five Fiscal Years (Note 1)					Financial Information as of March 31, 2024 (Note 2)
		2019	2020	2021	2022 (after restatement)	2023	
Current Assets		6,183,356	6,963,595	7,658,353	7,399,313	7,118,700	
Property, Plant, and Equipment		859,633	901,411	966,351	967,991	993,198	
Intangible Assets		115,684	114,860	117,968	119,139	117,892	N/A
Other Assets		5,889,926	8,155,000	9,802,008	9,449,055	10,094,887	
Total Assets		13,048,599	16,134,866	18,544,680	17,935,498	18,324,677	
Current Liabilities	Before distribution	4,142,437	4,735,805	5,033,681	4,416,587	3,952,859	
	After distribution	4,430,830	5,297,591	5,651,645	5,128,182	4,664,454	
Non-current Liabilities		121,466	214,245	302,038	189,660	104,382	
Total Liabilities	Before distribution	4,263,903	4,950,050	5,335,719	4,606,247	4,057,241	
	After distribution	4,552,296	5,511,836	5,953,684	5,317,842	4,768,836	
Equity Attributable to Owners of the Parent		8,784,696	11,184,816	13,208,961	13,329,251	14,267,436	
Capital Stock		1,922,620	1,872,620	1,872,620	1,872,620	1,872,620	
Capital Surplus		1,131,801	1,011,016	1,011,016	1,011,016	861,207	
Retained Earnings	Before distribution	2,647,725	3,386,744	4,242,739	4,894,657	5,427,936	
	After distribution	2,455,464	2,824,959	3,624,775	4,332,872	4,866,150	
Other Equity		3,082,550	4,914,436	6,082,586	5,550,958	6,105,673	
Treasury Stock		-	-	-	-	-	
Non-controlling Interests		-	-	-	-	-	
Total Equity	Before distribution	8,784,696	11,184,816	13,208,961	13,329,251	14,267,436	
	After distribution	8,496,303	10,623,030	12,590,996	12,617,656	13,555,841	

Note 1: The financial information for the past five fiscal years has been audited by the CPAs.

Note 2: There is no parent company only financial information audited by the CPAs for 2024 as of March 31.

Note 3: (1) The parent company only balance sheets have been restated for the years 2021-2022 in 2023 due to the impact of the Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transactions."

(2) Due to intergroup transactions conducted through external trading partners, which are considered related-party transactions, the parent company only financial statements for the years 2018-2022 were restated in 2023.

(II) Consolidated Condensed Balance Sheets - International Financial Reporting Standards

Unit: NT$ thousands

Item \ Year		Financial Information for the Past Five Fiscal Years (Note 1)					Financial Information as of March 31, 2024 (Note 2)
		2019	2020	2021	2022 (after restatement)	2023	
Current Assets		9,901,548	10,746,907	11,832,195	11,431,705	10,990,048	10,511,248
Property, Plant, and Equipment		1,458,838	1,523,809	1,544,427	1,487,995	1,481,716	1,470,825
Intangible Assets		223,416	221,038	223,496	224,905	223,440	224,892
Other Assets		4,164,565	5,956,725	7,577,424	7,183,816	7,727,618	7,990,318
Total Assets		15,748,367	18,448,479	21,177,542	20,328,421	20,422,822	20,197,283
Current Liabilities	Before distribution	6,073,860	6,412,365	6,904,113	5,981,742	5,360,572	5,251,499
	After distribution	6,372,815	6,991,052	7,540,669	6,725,450	6,104,280	-
Non-current Liabilities		584,840	543,454	725,953	623,094	393,026	357,084
Total Liabilities	Before distribution	6,658,700	6,955,819	7,630,066	6,604,836	5,753,598	5,608,583
	After distribution	6,957,656	7,534,506	8,266,622	7,348,543	6,497,307	-
Equity Attributable to Owners of the Parent		8,784,696	11,184,816	13,208,961	13,329,251	14,267,436	14,174,906
Capital Stock		1,922,620	1,872,620	1,872,620	1,872,620	1,872,620	1,872,620
Capital Surplus		1,131,801	1,011,016	1,011,016	1,011,016	861,207	864,425
Retained Earnings	Before distribution	2,647,725	3,386,744	4,242,739	4,894,657	5,427,936	4,999,911
	After distribution	2,455,464	2,824,959	3,624,775	4,332,872	4,866,150	-
Other Equity		3,082,550	4,914,436	6,082,586	5,550,958	6,105,673	6,437,950
Treasury Stock		-	-	-	-	-	-
Non-controlling Interests		304,971	307,844	338,515	394,334	401,788	413,794
Total Equity	Before distribution	9,089,667	11,492,660	13,547,476	13,723,585	14,669,224	14,588,700
	After distribution	8,790,711	10,913,973	12,910,920	12,979,878	13,925,514	-

Note 1: The financial information for the past five fiscal years has been audited by the CPAs.

Note 2: The financial information for 2024 as of March 31 has been audited by the CPAs.

Note 3: (1) The consolidated balance sheets have been restated for the years 2021-2022 in 2023 due to the impact of the Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transactions."

(2) Due to intergroup transactions conducted through external trading partners, which are considered related-party transactions, the consolidated financial statements for the years 2018-2022 were restated in 2023.

(III) Parent Company Only Condensed Statements of Comprehensive Income - International Financial Reporting Standards

Unit: NT$ thousands

Item \ Year	Financial Information for the Past Five Fiscal Years (Note 1)					Financial Information as of March 31, 2024 (Note 2)
	2019	2020	2021	2022 (after restatement)	2023	
Operating Revenue	10,222,162	10,873,018	12,319,833	10,831,532	10,306,305	
Gross Profit	1,241,550	1,540,785	1,825,198	1,770,577	1,798,164	
Operating Income	156,814	382,372	525,526	490,129	426,306	
Non-operating Income and Expenses	14,617	362,994	348,939	361,174	285,570	N/A
Income before Tax	171,431	745,366	874,465	851,303	711,876	
Net Profit for the Period from Continuing Operations	135,390	669,314	754,082	722,439	599,238	
Loss from Discontinued Operations	-	-	-	-	-	
Net Income (Loss)	135,390	669,314	754,082	722,439	599,238	
Other Comprehensive Income (Net Value After Tax)	956,652	2,115,422	1,831,849	11,184	1,050,542	
Total Comprehensive Income	1,092,042	2,784,736	2,585,931	733,623	1,649,780	
Net Income Attributable to Shareholders of the Parent Company	135,390	669,314	754,082	722,439	599,238	
Net Income Attributable to Non-controlling Interests	-	-	-	-	-	
Comprehensive Income Attributable to Owners of the Parent	1,092,042	2,784,736	2,585,931	733,623	1,649,780	
Comprehensive Income Attributable to Non-controlling Interests	-	-	-	-	-	
Earnings per Share	0.7	3.55	4.03	3.86	3.2	

Note 1: The financial information for the past five fiscal years has been audited by the CPAs.

Note 2: There is no parent company only financial information audited by the CPAs for 2024 as of March 31.

Note 3: Due to intergroup transactions conducted through external trading partners, which are considered related-party transactions, the parent company only financial statements for the years 2018-2022 were restated in 2023.

(IV) Consolidated Concise Statements of Comprehensive Income - International Financial Reporting Standards

Unit: NT$ thousands

Item \ Year	Financial Information for the Past Five Fiscal Years (Note 1)					Financial Information as of March 31, 2024 (Note 2)
	2019	2020	2021	2022 (after restatement)	2023	
Operating Revenue	13,089,884	13,454,275	15,204,727	13,895,870	13,179,581	2,706,526
Gross Profit	1,524,973	2,063,548	2,424,205	2,308,783	2,404,027	461,557
Operating Income	(31,559)	462,337	671,909	542,320	468,813	(5,287)
Non-operating Income and Expenses	225,348	471,707	288,691	409,447	313,696	156,917
Income (Loss) Before Tax	193,789	934,044	960,600	951,767	782,509	151,630
Net Income (Loss) from Continuing Operations for the Period	144,124	692,075	801,279	791,036	639,684	123,173
Loss from Discontinued Operations	-	-	-	-	-	-
Net Income (Loss)	144,124	692,075	801,279	791,036	639,684	123,173
Other Comprehensive Income (Net Value After Tax)	967,986	2,106,097	1,829,860	16,917	1,049,661	392,021
Total Comprehensive Income	1,112,110	2,798,172	2,631,139	807,953	1,689,345	515,194
Net Income Attributable to Shareholders of the Parent Company	135,390	669,314	754,082	722,439	599,238	113,993
Net Income Attributable to Non-controlling Interests	8,734	22,761	47,197	68,597	40,446	9,180
Comprehensive Income Attributable to Owners of the Parent	1,092,042	2,784,736	2,585,931	733,623	1,649,780	503,490
Comprehensive Income Attributable to Non-controlling Interests	20,068	13,436	45,208	74,330	39,565	11,704
Earnings per Share	0.70	3.55	4.03	3.86	3.20	0.61

Note 1: The financial information for the past five fiscal years has been audited by the CPAs.
Note 2: The financial information for 2024 as of March 31 has been audited by the CPAs.
Note 3: Due to intergroup transactions conducted through external trading partners, which are considered related-party transactions, the consolidated financial statements for the years 2018-2022 were restated in 2023.

(V) Name and audit opinions of CPAs for the last five years

Year	Name of CPA Firm	Name of CPA	Opinions
2019	KPMG Taiwan	Kuan, Chun-Hsiu, Chao, Min-Ju	Unqualified opinion and other supplementary matters
2020	KPMG Taiwan	Kuan, Chun-Hsiu, Chao, Min-Ju	Unqualified opinion and other supplementary matters
2021	KPMG Taiwan	Chang, Chun-I, Chao, Min-Ju	Unqualified opinion and other supplementary matters
2022	KPMG Taiwan	Chang, Chun-I, Chao, Min-Ju	Unqualified opinion and other supplementary matters
2023	KPMG Taiwan	Chang, Chun-I, Chao, Min-Ju	Unqualified opinion and other supplementary matters

II. Financial Analyses for the Past Five Fiscal Years

(I) Parent Company Only Financial Analysis - International Financial Reporting Standards

Analysis Item (Note 3) \ Year (Note 1)		Financial Analyses for the Past Five Fiscal Years					Financial Information as of March 31, 2024 (Note 2)
		2019	2020	2021	2022	2023	
Financial Structure (%)	Debt-to-asset ratio	32.68	30.68	28.77	25.69	22.14	N/A
	Ratio of long-term capital to property, plant, and equipment	1,036.05	1,264.58	1,398.15	1,395.96	1,447.02	
Solvency (%)	Current ratio	149.27	147.04	152.14	167.53	180.09	
	Quick ratio	119.21	112.38	108.97	124.78	140.70	
	Interest coverage ratio	120.61	332.27	227.14	121.36	49.36	
Operating ability	Accounts receivable turnover rate (times)	3.42	3.64	3.89	3.57	4.25	
	Average days for cash receipts	106.79	100.29	93.78	102.35	85.98	
	Inventory turnover rate (times)	7.40	6.50	5.53	4.48	4.95	
	Accounts payable turnover rate (times)	2.75	2.59	2.77	2.53	3.00	
	Average days for sale of goods	49.34	56.15	65.97	81.45	73.73	
	Property, plant, and equipment turnover rate (times)	11.72	12.35	13.19	11.20	10.51	
	Total assets turnover rate (times)	0.82	0.75	0.71	0.59	0.57	
Profitability	Return on total assets (%)	1.09	4.60	4.33	3.98	3.37	
	Return on equity (%)	1.61	6.70	6.18	5.44	4.34	
	Ratio of income before tax to paid-in capital (%)	8.92	39.80	46.70	45.39	38.01	
	Net profit margin (%)	1.32	6.16	6.12	6.66	5.81	
	Earnings Per Share (NT$)	0.70	3.55	4.03	3.85	3.20	
Cash Flow	Cash flow ratio (%)	6.83	9.68	(4.62)	21.63	16.20	
	Cash flow adequacy ratio (%)	(5.68)	19.84	5.71	36.01	56.29	
	Cash reinvestment ratio (%)	0.72	2.62	(11.10)	20.52	(0.90)	
Leverage	Operating leverage	1.41	1.24	1.15	1.15	1.21	
	Financial leverage	1.01	1.01	0.99	1.01	1.04	

Notes 1: The financial information for the past five fiscal years has been audited by the CPAs.

Notes 2: There is no parent company only financial information audited by the CPAs for 2024 as of March 31.

Notes 3: (1) The parent company only balance sheets have been restated for the years 2021-2022 in 2023 due to the impact of the Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transactions."

(2) Due to intergroup transactions conducted through external trading partners, which are considered related-party transactions, the parent company only financial statements for the years 2018-2022 were restated in 2023.

Explanation for changes in financial ratios up to 20% in the past two years:

Interest coverage ratio: primarily attributed to the decrease in net profit before tax for the current year compared to the same period last year and the increase in interest expenses compared to the same period last year.

Return on equity: primarily attributed to the decrease in net profit after tax for the current year compared to the same period last year.

Cash flow ratio and cash reinvested ratio: The result of a decrease in net cash inflow from operating activities in the current year compared to the same period last year.

Cash flow adequacy ratio: The result of an increase in net cash inflow from operating activities in the current period of the past five years compared to the same period last year.

(II) Consolidated Financial Analysis - International Financial Reporting Standards

Analysis Item (Note 4) / Year (Note 1)		Financial Analyses for the Past Five Fiscal Years					Financial Information as of March 31, 2024 (Note 2)
		2019	2020	2021	2022	2023	
Financial Structure (%)	Debt-to-asset ratio	42.28	37.70	36.45	32.49	28.17	27.77
	Ratio of long-term capital to property, plant, and equipment	663.17	789.87	933.50	964.16	1,016.54	988.02
Solvency (%)	Current ratio	163.02	167.60	171.38	191.11	205.02	200.16
	Quick ratio	127.99	125.81	119.10	139.68	157.44	159.30
	Interest coverage ratio	11.64	71.07	85.66	56.89	33.41	49.76
Operating ability	Accounts receivable turnover rate (times)	3.02	3.10	3.36	3.20	3.8	3.56
	Average days for cash receipts	120.81	117.74	108.48	113.90	96.14	102.44
	Inventory turnover rate (times)	5.43	4.78	4.09	3.49	3.85	3.84
	Accounts payable turnover rate (times)	2.62	2.38	2.55	2.54	3.03	3.16
	Average days for sale of goods	67.23	76.42	89.19	104.72	94.85	94.96
	Property, plant, and equipment turnover rate (times)	8.55	9.02	9.91	9.16	8.88	7.33
	Total assets turnover rate (times)	0.89	0.79	0.76	0.67	0.65	0.13
Profitability	Return on total assets (%)	1.08	4.11	4.07	3.86	3.24	0.62
	Return on equity (%)	1.66	6.72	6.40	5.80	4.51	0.85
	Ratio of income before tax to paid-in capital (%)	10.08	49.88	51.30	50.83	41.79	8.10
	Net profit margin (%)	1.10	5.14	5.27	5.69	4.85	4.55
	Earnings Per Share (NT$)	0.70	3.55	4.03	3.86	3.20	0.61
Cash Flow	Cash flow ratio (%)	6.38	6.58	0.45	23.16	21.32	(2.58)
	Cash flow adequacy ratio (%)	0.02	13.59	7.55	44.76	70.55	68.66
	Cash reinvestment ratio (%)	2.15	1.76	(6.40)	8.60	4.32	(1.52)
Leverage	Operating leverage	(9.67)	1.70	1.51	1.69	1.83	(17.91)
	Financial leverage	0.63	1.03	1.02	1.03	1.05	0.63

Notes 1: The financial information for the past five fiscal years has been audited by the CPAs.

Notes 2: The financial information for 2024 as of March 31 has been audited by the CPAs.

Notes 3: (1) The consolidated balance sheets have been restated for the years 2021-2022 in 2023 due to the impact of the Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transactions."

(2) Due to intergroup transactions conducted through external trading partners, which are considered related-party transactions, the consolidated financial statements for the years 2018-2022 were restated in 2023.

Explanation for changes in financial ratios up to 20% in the past two years:

Interest coverage ratio: primarily attributed to the decrease in net profit before tax for the current year compared to the same period last year and the increase in interest expenses compared to the same period last year.

Return on equity: primarily attributed to the decrease in net profit after tax for the current year compared to the same period last year.

Cash flow adequacy ratio: The result of an increase in net cash inflow from operating activities in the current period of the past five years compared to the same period last year.

Cash reinvested ratio: Due to the decrease in net cash inflow from operating activities compared with the same period of last year.

Notes 4: The calculation formula for the items of financial analysis is stated below:

1. Financial structure
   (1) Debt to asset ratio = Total liabilities/Total assets.
   (2) Ratio of long-term capital to property, plant, and equipment= (Total equity+ Non-current liabilities)/Net value of property, plant, and equipment.
2. Solvency
   (1) Current ratio = Current assets/Current liabilities.
   (2) Quick ratio = (Current assets - Inventories - Prepaid expenses)/Current liabilities.
   (3) Interest coverage ratio = Income before tax and interest expenses/Interest expenses.
3. Operating ability
   (1) Receivables (including accounts receivable and notes receivable generated from operations) turnover rate = Net sales/Average balance of receivables (including accounts receivable and notes receivable generated from operations) for each period.
   (2) Average days for cash receipts = 365/Accounts receivable turnover rate.
   (3) Inventory turnover rate = Cost of goods sold/Average inventories.
   (4) Payables (including accounts payable and notes payable generated from operations) turnover rate = Cost of goods sold/Average balance of payables (including accounts payable and notes payable generated from operations) for each period.
   (5) Average days for sale of goods = 365/Inventory turnover rate.
   (6) Property, plant, and equipment turnover rate = Net sales/Average net property, plant, and equipment.
   (7) Total assets turnover rate = Net sales/Average total assets.
4. Profitability
   (1) Return on assets = [Income after tax + Interest expenses x (1 - Tax rate)]/Average total assets.
   (2) Return on equity = Income after tax/Average total equity.
   (3) Net profit margin = Income after tax/Net sales.
   (4) Earnings per share = (Income attributable to owners of the parent company- Preferred stock dividends)/Weighted average number of shares issued. (Note 4)
5. Cash Flow
   (1) Cash flow ratio = Net cash flows generated from operating activities/Current liabilities.
   (2) Cash flow adequacy ratio = Five-year sum of net cash flows generated from operating activities/Five-year sum of (capital expenditure, inventory additions and cash dividends).
   (3) Cash reinvestment ratio = (Net cash flows from operating - cash dividends)/(Gross amount of property, plant, and equipment + Long term investment + Other non-current assets + Working capital). (Note 5)
6. Leverage:
   (1) Operating leverage = (Net operating revenue - Variable operating costs & expenses)/Operating income (Note 6).
   (2) Financial leverage = Operating income/(Operating income - Interest expenses).

Notes 5: Special attention must be paid to the following items when using the aforementioned calculation formula for the earnings per share:

1. The calculations shall be based on the average number of the weighted common shares rather than shares issued at the end of the year.
2. The circulation period shall be considered for cash capital increase or treasury stock trading when calculating the weighted average number of shares.
3. When calculating annual or semi-annual earnings per share for those with capitalization of retained

earnings or capital reserves, the capital ratio shall be adjusted retrospectively and the replenishment period issues does not need to be considered.

4. If the preferred stock is non-convertible cumulative preferred stock, the dividend of the current year (whether it is distributed) should be deducted from net income after tax or added to net loss. If the preferred shares are non-cumulative in nature, where net income after tax is available, preferred share dividends should be deducted from it. No adjustment is required if the Company incurs a loss after tax.

Notes 6: Special attention must be paid to the following items during cash flow analysis measurements:

1. Net cash flow from operating activities shall refer to the net cash inflow from operating activities listed in the cash flow statement.
2. Capital expenditure shall refer to the annual capital investment cash outflow.
3. Inventory increase is only recognized when the ending balance exceeds the beginning balance. If inventory decreases at the end of the year, it is calculated as zero.
4. Cash dividends include common stock and preferred stock cash dividends.
5. Gross profit for property, plant, and equipment shall refer to the total amount for property, plant, and equipment before accumulated depreciation is deducted.

Notes 7: The issuer shall divide the operating costs and expenses as fixed or changeable based on the nature. If such costs are subject to estimates or subjective judgments, the issuer shall ensure that the methods of deriving those costs are rational and consistent.

Notes 8: For company shares with no face value or with face value per share not equaling NT$10, the aforementioned calculation for paid-in capital ratio should be changed to calculation for the equity ratio attributable to owners of the parent company in the balance sheet instead.

III. Audit Committee Report for the Most Recent Fiscal Year's Financial Statement

FSP Technology Inc.
Audit Committee's Review Report

The Company's 2023 Parent Company Only Financial Statements and Consolidated Financial Statements have been audited by Chang, Chun-I, CPA, and Chao, Min-Ju, CPA of KPMG Taiwan, and have been submitted, along with the 2023 Business Report and Earnings Distribution Proposal to the Audit Committee for review. The Audit Committee found them to be compliant with the Company Act and related regulations. It therefore prepares this Review Report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act and filed for approval for your review.

Sincerely,

FSP Technology Inc.

2024 Annual Shareholders' Meeting

Convener of the Audit Committee: Liu, Shou-Hsiang

March 14, 2024

IV. Financial Statements for the Most Recent Fiscal Year

Independent Auditors' Report

To the Board of Directors of FSP Technology Inc.:

Opinions

The balance sheet of FSP Technology Inc. as of December 31, 2023 and the balance sheet after reorganization as of December 31 and January 1, 2022 along with the comprehensive income statement, statement of changes in equity, and statement of cash flows for the period from January 1 to December 31, 2023 and the period from January 1 to December 31, 2022 after reorganization, have been audited by our certified public accountants. The individual financial report notes, including a summary of significant accounting policies, have also been audited.

Based on our audit results and the audit reports of other auditors (please refer to the Other Matters section), it is our opinion that the individual financial statements, prepared in accordance with the Financial Reporting Standards for Issuers of Securities, of FSP Technology Inc. as of December 31, 2023, December 31, 2022 (restated) and January 1, 2022, present fairly, in all material respects, the financial position of the company as of those dates and the financial performance and cash flows for the periods from January 1 to December 31, 2023, and January 1 to December 31, 2022 (restated).

Basis for Opinions

Our accountant conducted the audit work in accordance with the Certified Public Accountants' Rules for Attestation of Financial Statements and Audit Standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (the "Code"), and we have fulfilled other ethical responsibilities in accordance with the Code. Based on our audit results and the reports of other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the Parent Company Only Financial Statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the Parent Company Only Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our judgment, revenue recognition is the key audit matter that should be communicated in the audit report.

Please refer to Note IV (XV) for the accounting policy of revenue recognition and Note VI (XIX) for the related disclosure of revenue.

Description of key audit matter:

Sales revenue of the Company is a key indicator for investors and management to evaluate financial or business performance. As a listed company, there is a high inherent risk of misrepresentation for the Company. Furthermore, the timing of revenue recognition may vary depending on the transaction conditions with customers, which poses a risk of income not being recorded in the appropriate period near the balance sheet date. Hence, it is crucial to determine the recognition of revenue and the timing of transferring control over goods close to the balance sheet date in order to accurately present the financial statements. The accountant acknowledges that revenue is a crucial aspect to consider during the audit of the financial statements for the current fiscal year.

Audit procedure to address the matter:

We performed the following audit procedure in respect of the above key audit matter:

- Tested the effectiveness of the design and implementation of the internal control mechanism in relation to revenue recognition.
- Conducted trend analysis for the top ten customers, including comparison of customer lists and sales revenue between the current period and the most recent period as well as the same period last year, in order to assess whether there is any significant irregularity, and to identify and analyze the reasons for any material changes.
- Performed random sample checking on the sales transactions of the year to evaluate the authenticity of these transactions, the correctness of the recognized amount of sales revenue and the reasonableness of the timing of recording.
- Reviewed samples of sales transactions for a specified period before and after the end of the year to assess whether the timing of revenue recognition is appropriate.

Other Matters

Under the equity method of investment adopted by FSP Technology Inc., our accountants have not audited the financial reports of certain invested companies. Instead, these reports have been audited by other accountants. Hence, the accountant's assessment of the financial statements of the mentioned entity suggests that certain figures mentioned in the financial statements of the invested companies rely on audit reports from other accountants. As of December 31, 2023 and restated as of January 1 to December 31, 2022, the long-term equity investment amounts recognized represented 4.29%, 4.30%, and 3.58% of the total assets, respectively. For the period from January 1 to December 31, 2023, and restated from January 1 to December 31, 2022, the share of income or loss from subsidiaries, associated enterprises, and joint ventures accounted for using the equity method amounted to 11.69% and 15.64% of the profit before tax, respectively.

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

Management is responsible for the preparation and fair presentation of the Parent Company Only Financial Statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and maintain internal controls which are necessary for the preparation of the Parent Company Only Financial Statements so as to avoid material misstatements due to fraud or errors therein.

In preparing the Parent Company Only Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing related matters and adopting the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's governance body, including the Audit Committee, is responsible for overseeing the financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the Parent Company Only Financial Statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a significant level of assurance. However, the audit work conducted in compliance with auditing standards cannot ensure the identification of significant errors in the individual financial statements. Misstatements can arise from fraud or error Misstatements are considered material if misstated individual or aggregate amounts could reasonably be expected to influence the economic decisions of users taken on the basis of these Parent Company Only Financial Statements.

The auditor exercised professional judgment and professional skepticism in accordance with auditing standards. We also perform the following tasks:

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investee companies under the equity method to express an opinion on the Parent Company Only 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 the key audit matters in the audit of the Company's Parent Company Only Financial Statements for the year ended December 31, 2021. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chang, Chun-I and Chao, Min-Ju.

KPMG Taiwan
Taipei, Taiwan (Republic of China)
March 14, 2024

<u>*Notice to Readers*</u>

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

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

FSP Technology Inc.
Parent Company Only Balance Sheets
December 31, 2023 and 2022

Unit: NT$ thousand

Code	Assets	2023.12.31 Amount	%	December 31, 2022 (restated) Amount	%	January 1, 2022 (restated) Amount	%
11xx	**Current Assets:**						
1100	Cash and cash equivalents (Note VI (I))	$ 2,760,841	15	2,390,487	13	1,683,746	9
1110	Financial assets at fair value through profit or loss - current (Note VI (II))	417,543	2	293,290	2	316,390	2
1136	Financial assets at amortized cost	-	-	-	-	10,800	-
1150	Notes receivable, net (Notes VI (IV) and (XIX))	1,357	-	1,791	-	2,682	-
1170	Accounts receivable, net (Notes VI (IV) and (XIX))	1,425,871	8	1,922,560	11	2,359,536	13
1180	Accounts receivable - related parties, net (Notes VI (IV), (XIX) and VII)	701,256	4	802,722	5	985,345	5
1200	Other receivables (Notes VI (III) and (V))	155,729	1	34,519	-	16,480	-
1210	Other receivables - related parties (Notes VI (V) and VII)	54,146	-	36,107	-	40,968	-
130x	Inventories (Note VI (VI))	1,552,915	9	1,879,414	10	2,162,501	12
1410	Prepayments (Note VII)	39,031	-	26,326	-	65,083	-
1470	Other current assets	10,011	-	12,097	-	14,822	-
	Total current assets	7,118,700	39	7,399,313	41	7,658,353	41
15xx	**Non-current Assets:**						
1517	Financial assets at fair value through other comprehensive income - non-current (Note VI (III) and (XVII))	6,990,413	39	6,350,320	36	6,736,644	36
1550	Investment under equity method (Note VI (VII))	2,986,585	16	2,993,349	17	2,948,906	16
1600	Property, plant and equipment (Notes VI (VIII), (XI), and (XII), VIII and IX)	993,198	5	967,991	5	966,351	5
1755	Right-of-use assets (Note VI (IX) and (XIII))	47,156	-	48,373	-	49,919	-
1780	Intangible assets (Note VI (X))	117,892	1	119,139	1	117,968	1
1840	Deferred income tax assets (Note VI (XVI))	65,218	-	53,246	-	67,326	-
1900	Other non-current assets (Notes VI (VIII), VIII and IX)	4,734	-	3,767	-	3,844	-
1975	Net defined benefit assets - non-current (Note VI (XV))	781	-	-	-	-	-
	Total non-current assets	11,205,977	61	10,536,185	59	10,890,958	58
1xxx	**Total assets**	$ 18,324,677	100	17,935,498	100	18,549,311	100

Code	Liabilities and Equity	2023.12.31 Amount	%	December 31, 2022 (restated) Amount	%	January 1, 2022 (restated) Amount	%
21xx	**Current Liabilities:**						
2150	Notes payable	$ 11,450	-	13,057	-	14,445	-
2170	Accounts payable	2,299,409	13	2,607,891	15	3,417,288	18
2180	Accounts payable - related parties (Note VII)	298,189	2	439,919	3	330,210	2
2200	Other payables (Note VI (XV) and (XX))	843,239	5	891,094	5	825,993	4
2220	Other payables - related parties (Note VII)	38,882	-	30,153	-	47,611	-
2230	Current income tax liabilities	67,669	-	86,960	-	111,599	1
2250	Provisions - current (Note VI (XIV))	130,311	1	131,155	1	146,223	1
2280	Lease liabilities - current (Notes VI (XIII))	4,337	-	3,483	-	3,040	-
2300	Other current liabilities (Notes VI (XII), (XIX and X))	183,757	1	137,945	1	64,258	-
2320	Long-term liabilities due within one year or one operating cycle (Notes VI (VIII), (XII) and VIII)	75,616	-	74,930	-	73,014	-
	Total current liabilities	3,952,859	22	4,416,587	25	5,033,681	26
25xx	**Non-current Liabilities:**						
2540	Long-term borrowings (Notes VI (VIII), (XII) and VIII)	48,788	-	124,404	1	199,334	1
2570	Deferred income tax liabilities (Note VI (XVI))	6,360	-	4,502	-	2,919	-
2580	Lease liabilities - non-current (Notes VI (XIII))	45,684	-	47,517	-	49,239	-
2640	Net defined benefit liabilities - non-current (Note VI (XV))	-	-	8,511	-	44,234	-
2670	Other non-current liabilities - others (Notes VI (XII) and VII)	3,550	-	4,726	-	6,312	-
	Total non-current liabilities	104,382	-	189,660	1	302,038	1
2xxx	**Total liabilities**	4,057,241	22	4,606,247	26	5,335,719	27
31xx	**Equity (Note VI (III), (VII), (XV), (XVI) and (XVII)):**						
3100	Capital Stock	1,872,620	10	1,872,620	10	1,872,620	10
3200	Capital Surplus	861,207	5	1,011,016	6	1,011,016	5
3300	Retained earnings:						
3310	Legal reserve	1,301,707	7	1,175,322	6	1,033,544	6
3350	Unappropriated earnings	4,126,229	23	3,719,335	21	3,213,826	17
	Total retained earnings	5,427,936	30	4,894,657	27	4,247,370	23
34xx	Other Equity:						
3410	Exchange differences on translation of financial statements of foreign operations	(126,335)	(1)	(77,349)	-	(117,703)	(1)
3420	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	6,232,008	34	5,628,307	31	6,200,289	33
	Total other equity	6,105,673	33	5,550,958	31	6,082,586	32
3xxx	**Total equity**	14,267,436	78	13,329,251	74	13,213,592	70
2-3xxx	**Total liabilities and equity**	$ 18,324,677	100	17,935,498	100	18,549,311	100

(Please see accompanying notes to the Parent Company Only Financial Statements)

Chairman: Cheng, Ya-Jen **Manager: Cheng, Ya-Jen** **Accounting Supervisor: Sang, Hsi-Yun**

FSP Technology Inc.
Parent Company Only Statements of Comprehensive Income
January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

		2023 Fiscal year		2022 Fiscal year (Revised Edition)	
		Amount	%	Amount	%
4000	**Operating revenue (Notes VI (XIX) and VII)**	$ 10,306,305	100	10,831,532	100
5000	**Operating costs (Notes VI (VIII), (IX), (X), (XIV), (XIV), (XV), VII and XX)**	8,496,076	82	9,056,686	84
5910	Add: Unrealized sales gains (losses)	(12,065)	-	(4,269)	-
5900	**Gross profit**	1,798,164	18	1,770,577	16
6000	**Operating expenses (Notes VI (IV), (VIII), (IX), (X), (XIII), (XIV), (XVI), (XX), VII and XII):**				
6100	Selling and marketing expenses	524,144	5	440,189	4
6200	General and administrative expenses	423,636	4	458,921	4
6300	Research and development expenses	439,990	4	387,628	3
6450	Gain on expected credit loss	(15,912)	-	(6,290)	-
	Total operating expenses	1,371,858	13	1,280,448	11
6900	**Net operating income**	426,306	5	490,129	5
7000	**Non-operating income and expenses (Notes VI (III), (VII), (XII), (XIII), (XXI) and VII):**				
7100	Interest income	49,974	-	12,449	-
7010	Other income	208,553	2	144,206	1
7020	Other gains and losses	18,236	-	168,638	2
7050	Finance costs	(14,719)	-	(7,061)	-
7070	Share of profits (losses) of subsidiaries, associates and joint ventures under equity method	23,526	-	42,942	-
	Total non-operating income and expenses	285,570	2	361,174	3
7900	**Income before income tax from continuing operations**	711,876	7	851,303	8
7950	**Less: Income tax expense (Note VI (XVI))**	112,638	1	128,864	1
8200	**Net Income**	599,238	6	722,439	7
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified to profit or loss (Note VI (XV), (XVI) and (XVII))**				
8311	Gains (losses) on re-measurements of defined benefit plans	(1,046)	-	25,058	-
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	1,100,229	10	(50,513)	-
8330	Share of other comprehensive income (losses) of subsidiaries, associates and joint ventures under equity method	136	-	1,297	-
8349	Less: Income tax related to items that will not be reclassified subsequently	(209)	-	5,012	-
	Total items that will not be reclassified to profit or loss	1,099,528	10	(29,170)	-
8360	**Items that may be reclassified subsequently to profit or loss (Note VI (VII) and (XVII))**				
8361	Exchange differences on translation of financial statements of foreign operations	(48,945)	-	36,972	-
8380	Share of other comprehensive income (losses) of subsidiaries, associates and joint ventures under equity method	(41)	-	3,382	-
8399	Less: Income tax related to items that may be reclassified subsequently	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	(48,986)	-	40,354	-
8300	**Other Comprehensive Income**	1,050,542	10	11,184	-
8500	**Total Comprehensive Income**	**$ 1,649,780**	**16**	**733,623**	**7**
	Earnings per share (unit: NT$) (Note VI (XVIII))				
9750	Basic earnings per share	**$**	**3.20**		**3.86**
9850	Diluted earnings per share	**$**	**3.17**		**3.82**

(Please see accompanying notes to the Parent Company Only Financial Statements)

Chairman: Cheng, Ya-Jen **Manager: Cheng, Ya-Jen** **Accounting Supervisor: Sang, Hsi-Yun**

FSP Technology Inc.

Parent Company Only Statements of Changes in Equity

January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

			Retained earnings			Other equity items			
	Capital stock - common shares	Capital Surplus	Legal reserve	Unappropriated earnings	Total	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total	Total Equity
Balance as of January 1, 2022	$ 1,872,620	1,011,016	1,033,544	3,209,195	4,242,739	(117,703)	6,200,289	6,082,586	13,208,961
Retroactive adjustments to new standards	-	-	-	4,631	4,631	-	-	-	4,631
Balance after restatement as of January 1, 2022	1,872,620	1,011,016	1,033,544	3,213,826	4,247,370	(117,703)	6,200,289	6,082,586	13,213,592
Appropriation and distribution of earnings:									
Appropriation of legal surplus reserve	-	-	141,778	(141,778)	-	-	-	-	-
Cash dividends of common stock	-	-	-	(617,964)	(617,964)	-	-	-	(617,964)
Net Income	-	-	-	722,439	722,439	-	-	-	722,439
Other Comprehensive Income	-	-	-	21,343	21,343	40,354	(50,513)	(10,159)	11,184
Total Comprehensive Income	-	-	-	743,782	743,782	40,354	(50,513)	(10,159)	733,623
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	521,469	521,469	-	(521,469)	(521,469)	-
Balance after restatement as of December 31, 2022	1,872,620	1,011,016	1,175,322	3,719,335	4,894,657	(77,349)	5,628,307	5,550,958	13,329,251
Appropriation and distribution of earnings:									
Appropriation of legal surplus reserve	-	-	126,385	(126,385)	-	-	-	-	-
Cash dividends of common stock	-	-	-	(561,786)	(561,786)	-	-	-	(561,786)
Changes in other capital surplus:									
Cash dividends appropriated from capital surplus	-	(149,809)	-	-	-	-	-	-	(149,809)
Net Income	-	-	-	599,238	599,238	-	-	-	599,238
Other Comprehensive Income	-	-	-	(701)	(701)	(48,986)	1,100,229	1,051,243	1,050,542
Total Comprehensive Income	-	-	-	598,537	598,537	(48,986)	1,100,229	1,051,243	1,649,780
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	496,528	496,528	-	(496,528)	(496,528)	-
Balance as of December 31, 2023	$ 1,872,620	861,207	1,301,707	4,126,229	5,427,936	(126,335)	6,232,008	6,105,673	14,267,436

(Please see accompanying notes to the Parent Company Only Financial Statements)

Chairman: Cheng, Ya-Jen **Manager: Cheng, Ya-Jen** **Accounting Supervisor: Sang, Hsi-Yun**

FSP Technology Inc.
Parent Company Only Statements of Cash Flows
January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

	2023 Fiscal year	2022 Fiscal year (Revised Edition)
Cash flows from operating activities:		
Income before income tax	$ 711,876	851,303
Adjustments for:		
Adjustments to reconcile profit or loss		
Depreciation expenses	71,916	65,293
Amortization expenses	4,424	5,960
Expected credit impairment losses (gains)	(15,912)	(6,290)
Interest expense	14,719	7,061
Interest income	(49,974)	(12,449)
Dividend income	(192,370)	(127,003)
Share of profits of subsidiaries, associates and joint ventures	(23,526)	(42,942)
Loss on disposal of property, plant, and equipment	443	644
Unrealized sales gains (losses)	12,065	4,269
Unrealized foreign currency exchange gain	(10,545)	29,440
Total adjustments for profit or loss	(188,760)	(76,017)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	(124,253)	23,100
Notes receivable	434	891
Accounts receivable	451,537	440,984
Accounts receivable - related parties	101,466	182,623
Other receivables	(110,785)	(17,828)
Other receivables - related parties	(18,039)	4,861
Inventories	326,499	283,087
Prepayments	(12,705)	38,757
Other current assets	2,086	2,725
Total changes in operating assets	616,240	959,200
Changes in operating liabilities:		
Notes payable	(1,607)	(1,388)
Accounts payable	(249,339)	(830,676)
Accounts payable - related parties	(132,113)	109,949
Other payables	(48,177)	51,571
Other payables - related parties	8,901	(17,522)
Provisions for liabilities	(844)	(15,068)
Other current liabilities	45,614	73,459
Net defined benefit liabilities	(10,338)	(10,665)
Other non-current liabilities	(978)	(1,358)
Total changes in operating liabilities	(388,881)	(641,698)
Total changes in operating assets and liabilities	227,359	317,502
Total adjustments	38,599	241,485
Cash flows generated by operating activities	750,475	1,092,788
Interest received	46,483	12,404
Interest paid	(14,719)	(7,061)
Income tax paid	(141,834)	(142,852)
Net cash flows generated from operating activities	640,405	955,279
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(50,745)	(187,324)
Disposal of financial assets at fair value through other comprehensive income	502,498	523,135
Disposal of financial assets at amortized cost	-	10,959
Acquisition of investments accounted for using the equity method	(92,600)	-
Acquisition of property, plant, and equipment	(88,791)	(56,992)
Decrease in deposits for guarantees	(967)	76
Acquisition of intangible assets	(3,177)	(7,131)
Dividends received	254,345	162,884
Net cash flows from investing activities	520,563	445,607
Cash flows from financing activities:		
Repayments of long-term loans	(74,930)	(73,014)
Repayment of the principal of lease liabilities	(4,089)	(3,167)
Cash dividends paid	(711,595)	(617,964)
Net cash flows used in financing activities	(790,614)	(694,145)
Increase in cash and cash equivalents for the period	370,354	706,741
Cash and cash equivalents at the beginning of the year	2,390,487	1,683,746
Cash and cash equivalents at the end of the year	$ 2,760,841	2,390,487

(Please see accompanying notes to the Parent Company Only Financial Statements)

Chairman: Cheng, Ya-Jen **Manager: Cheng, Ya-Jen** **Accounting Supervisor: Sang, Hsi-Yun**

FSP Technology Inc.
Notes to Parent Company Only Financial Statements
Fiscal years of 2023 and 2022
(Amounts in NT$ thousands, unless specified otherwise)

I. Company History

FSP Technology Inc. (the “Company”) was incorporated on April 15, 1993, and registered under the Ministry of Economic Affairs, R.O.C. The Company is listed on the Taiwan Stock Exchange since October 16, 2002. The Company is primarily engaged in the manufacturing, processing and trading of power supplies and various electronic components.

II. Date of Authorization for Issuance of the Parent Company Only Financial Statements and Procedures for Authorization

The Parent Company Only Financial Statements were authorized for issue by the Board of Directors on March 18, 2024.

III. Application of new and amended standards and interpretations

(I) Impact of adoption of new or amended standards and interpretations endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”)

The company began applying the following new and amended International Financial Reporting Standards (IFRS) accounting standards starting from January 1, 2023, and the impact is explained as follows:

1. Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”

   The amendment restricts the scope of the recognition exemption. When the original recognition of a transaction results in an equal amount of taxable and deductible temporary differences, the recognition exemption is no longer applicable, and an equal amount of deferred income tax assets and deferred income tax liabilities should be recognized. This accounting adjustment resulted in an increase of NT$4,631,000 in the investment and retained earnings under the equity method as of January 1, 2022. Additionally, there was an increase of NT$6,117,000, NT$6,039,000, and NT$78,000 in the investment, retained earnings, and foreign operation financial statement translation adjustment under the equity method as of December 31, 2022. These adjustments have no significant impact on basic earnings per share, diluted earnings per share, and the cash flow statement.

   In fiscal year 2023, if processed according to the previous accounting policy, the current changes have no significant impact on the company's individual financial statements.

2. Others

   The following new amendments are also effective as of January 1, 2023, but have no material impact on the individual financial statements:

   - Amendments to IAS 1 “Disclosure of Accounting Policies”
   - Amendments to IAS 8 “Definition of Accounting Estimates”

   The Company has adopted the following new amendments, which do not have a significant impact on the Parent Company Only Financial Statements, since May 23, 2023.

   - Amendment to IFRS 12 “International Rental Tax Reform Pillar Two Model Rules”

(II) The impact of IFRS endorsed by the FSC but not yet adopted by the Company

The Company assesses that the adoption of the following new amendments effective from January 1, 2024 will not have a significant impact on the Parent Company Only Financial Statements.

- Amendments to IAS 1 “Classification of liabilities as current or non-current”
- Amendment to IAS 1, “Non-current Liabilities with Contractual Provisions”
- Amendment to IAS 7 and IFRS 7 “Supplier Financing Arrangements”
- Amendment to IFRS 16 “Lease Liabilities in Sales and Leaseback”

(III) IFRSs issued by the International Accounting Standards Board (“IASB”) but not yet endorsed by the FSC

The Company expects that the upcoming new releases and revised guidelines, which are yet to be approved, will not have a significant impact on individual financial reporting.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendment to IFRS 17, “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”
- Amendment to International Accounting Standard No. 21: Lack of Convertibility

IV. Summary of Significant Accounting Policies

The significant accounting policies adopted in the Parent Company Only Financial Statements are summarized as follows. The following accounting policies have been applied consistently to all periods presented in the Parent Company Only Financial Statements.

(I) Compliance declaration

The Company's accompanying Parent Company Only Financial Statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

(II) Preparation basis

1. Measurement basis

The Parent Company Only Financial Statements have been prepared on a historical cost basis except for the following items:

(1) Financial assets measured at fair value through profit or loss;

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

(3) Defined benefit liability, which are measured based on pension fund assets plus unrecognized service costs in the previous period and unrecognized actuarial losses, less unrecognized actuarial gains, the present value of defined benefit obligations and effect of the asset ceiling as mentioned in Note IV(XVII).

2. Functional and presentation currency

The functional currency of each Company entity is determined based on the primary economic environment in which the entity operates. The Parent Company Only Financial Statements are presented in NT$, which is the Company's functional currency. All financial information presented in NT$ has been rounded to the nearest thousand.

(III) Foreign currencies

1. Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period ("the reporting date"), monetary items denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing on that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currency based on the exchange rates at the date when the fair value is determined, whereas non-monetary items denominated in foreign currencies measured at historical costs are translated using the exchange rates at the dates of the transactions. The resulting exchange differences are generally recognized in profit or loss, except for the equity instruments designated to be measured at fair value through other comprehensive income, whose exchange differences are recognized in other comprehensive income.

2. Foreign operations

The assets and liabilities of foreign operations are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rates for the period and the resulting exchange differences are recognized in other comprehensive income.

When disposing of foreign operating entities that result in loss of control, joint control, or significant influence, the accumulated translation differences related to those entities are reclassified in their entirety to profit or loss. When disposing of investments that include affiliated enterprises or joint ventures with foreign operating organizations, the accumulated exchange differences related to these investments should be reclassified proportionally in the income statement.

(IV) Classification criteria for current and non-current assets and liabilities

Assets are classified as current assets when one of the following criteria is met, and all other assets are classified as non-current assets:

1. It is expected to be realized, or intended to be sold or consumed in the normal operating cycle.
2. Assets held mainly for trading purpose.
3. Assets that are expected to be realized within twelve months after the balance sheet date.
4. Cash or cash equivalents, excluding restricted cash or cash equivalents that are reserved for exchange, debt repayment or under other restrictions for more than twelve months after the balance sheet date.

Liabilities are classified as current liabilities when one of the following criteria is met, and all other liabilities are classified as non-current liabilities:

1. It is expected to be settled in the normal operating cycle.
2. Assets held mainly for trading purpose.
3. Liabilities that are expected to be settled upon maturity within twelve months after the balance sheet date.
4. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

(V) Cash and cash equivalents

Cash consists of cash on hand, checking account deposits and saving account deposits. Cash equivalents refer to short-term and highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of changes in value. Time deposits that meet the criteria and are held for the purpose of fulfilling short-term cash commitment rather than other purposes are classified as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Company’s cash management are included as a component of cash and cash equivalents.

(VI) Financial instruments

Accounts receivables are initially recognized when they are incurred. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets (excluding accounts receivable without a significant financing component) and financial liabilities that are not measured at fair value through profit or loss, are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition or issue of these financial assets or financial liabilities. Accounts receivable without a significant financing component is initially measured at the transaction price.

1. Financial assets

   The Company applies trade date accounting to all regular way purchases or sales of financial assets that are classified in the same way.

   The financial assets were initially classified as follows: financial assets measured at amortized cost, equity instruments measured at fair value through other comprehensive income, or financial assets measured at fair value through profit or loss. When the Company changes its business model for managing financial assets, all affected financial assets are reclassified on the first day of the next reporting period.

   (1) Financial assets at amortized cost

   Financial assets are measured at amortized cost if all of the following conditions are met and the financial assets are not designated as measured at fair value through profit or loss:

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

   These assets are subsequently measured at amortized cost, using initial recognized amount plus or minus cumulative amortization calculated by adopting the effective interest method and taking into account the adjustment of allowance for impairment loss as well. Interest income, foreign exchange gains and losses, and impairment loss are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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

   At initial recognition of investments in equity instruments that are not held for trading, the Company may make an irrevocable election to present subsequent changes in fair value of the investments in other comprehensive income. This election is made on an instrument-by-instrument basis.

   Investments in equity instruments are subsequently measured at fair value. Dividend income is recognized in profit or loss unless the dividend clearly represents the recovery of part of the investment cost. Other net gains or losses are recognized in other comprehensive income and will not be reclassified to profit or loss.

Dividend income from equity investments is recognized on the date that the Company is eligible to receive the dividends (usually the ex-dividend date).

(3) Financial assets at fair value through profit or loss

Financial assets that are not measured at amortized cost or fair value through other comprehensive income, such as financial assets held for trading and managed and evaluated for performance based on fair value, are measured at fair value through profit or loss. At initial recognition, the Company may irrevocably designate a financial asset, which meets the criteria to be measured at amortized cost or at fair value through other comprehensive income, to the category measured at fair value through profit or loss if doing so eliminates or significantly reduces the accounting mismatch that would otherwise arise.

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

(4) Impairment of financial assets

The Company recognizes loss allowance for expected credit loss on financial assets at amortized cost, including cash and cash equivalents, financial assets at amortized cost, notes and accounts receivable, other receivables and refundable deposits.

The Group measures loss allowance for notes and accounts receivable at the amount equal to lifetime expected credit loss. Taking into account reasonable and supportable information available without undue cost or effort, including both quantitative and qualitative information and analysis based on the Company's historical experience, credit assessment, as well as forward-looking information, the Company measures the impairment of financial assets at amortized cost according to 12-month expected credit loss when the credit risk of the financial assets has not increased significantly since initial recognition. If there has been a significant increase in credit risk since initial recognition, the impairment is measured based on lifetime expected credit loss.

Lifetime expected credit loss refers to the expected credit loss resulting from all possible default events over the expected life of the financial instrument.

12-Month expected credit loss refers to the expected credit loss resulting from default events of the financial instrument that are likely to occur within the 12 months after the reporting date (or a shorter period if the expected life of the financial instrument is less than 12 months).

The maximum period considered when estimating expected credit loss is the maximum contractual period over which the Company is exposed to credit risk.

Expected credit loss is the probability-weighted estimate of credit loss over the expected life of financial instruments. Credit loss is measured at the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Company in accordance with the contracts and the cash flows that the Company expects to receive). Expected credit loss is discounted at the effective interest rate of the financial assets.

Loss allowance for financial assets at amortized cost is deducted from the carrying amount of the assets. The amount of provision or reversal of loss allowance is recognized in profit or loss.

The carrying amount of the financial assets is written off when the Company has no reasonable expectation of recovering the entire or part of the financial assets. The Company individually makes the assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects there will be no significant reversal on the write-off amount. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedure for collecting overdue amount.

(5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or the Company transfers the financial asset in which almost all of the risks and returns associated with the ownership of the financial asset are transferred to other companies or in which the Company neither transfers nor retains nearly all of the risks and returns of ownership and it does not hold control on the financial asset.

When the Company enters into transactions of financial asset transfer, if all or almost all of the risks and returns associated with the ownership of the transferred asset is retained, the transferred asset continues to be recognized in the balance sheet.

2. Financial liabilities and equity instruments

(1) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the amount of consideration received, less the direct issuing cost.

(2) Financial liabilities

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

(3) Derecognition of financial liabilities

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

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

(4) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and presented on a net basis only when the Company has the legally enforceable right to offset and intends to settle on a net basis or to liquidate asset for settling the liabilities simultaneously.

(VII) Inventories

The cost of inventories comprises all costs incurred in bringing the inventories to their present location and condition ready for sale. The variable manufacturing expenses are allocated based on the actual production volume. Fixed manufacturing expenses are allocated to finished goods and work in process based on the normal capacity of the production equipment. Unallocated fixed manufacturing expenses resulting from lower production capacity or idle equipment shall be recognized as cost of goods sold in the period in which they are incurred. If actual production volume is higher than the normal production capacity, the difference is recognized as a reduction of cost of goods sold. The monthly weighted-average method is adopted for the calculation of the costs.

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses at the end of the period. When the cost of inventories is higher than the net realizable value, inventories are written down to net realizable value, and the write-down amount is recognized in cost of goods sold. If net realizable value increases in the future, the cost of inventories is reversed within the original write-down amount, and such reversal is treated as a reduction of cost of goods sold for the period.

(VIII) Investments in associates

An associate is an entity in which the Company has significant influence, but not control over their financial and operating policies. The Company is deemed to have significant influence when it holds 20% to 50% of the voting rights of the investee company.

Investments in associates are accounted for using the equity method. Under the equity method, investments in associates are recognized initially at cost. Subsequent adjustments are based on the changes in the Company's share of net assets. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

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

When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. Additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing of a part of interest in the associate, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Company accounts for all the amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss or retained earnings on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss or retained earnings when the equity method is discontinued. If the Company's ownership interest in an associate is reduced while it continues to apply the equity method, the Company reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to the reduction in ownership interest to profit or loss or retained earnings.

(IX) Investments in subsidiaries

When preparing the Parent Company Only Financial Statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, profit or loss and other comprehensive income recognized in the Parent Company Only Financial Statements are in line with profit or loss and other comprehensive income attributable to owners of the Parent in the consolidated financial statements. In addition, shareholder's equity in the Parent Company Only Financial Statements is in line with the equity attributable to the shareholders of the parent in the consolidated financial statements.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

(X) Property, Plant, and Equipment

1. Recognition and measurement

Property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses.

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

Any gains or losses on disposal of property, plant and equipment are recognized in profit or loss.

2. Subsequent costs

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

3. Depreciation

Depreciation is calculated on the cost of assets less their residual values and is recognized in profit or loss using the straight-line method over the estimated useful lives of each component of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Housing and Construction	1~50 years
Buildings and Building Improvements	5~10 years
Machinery	1~19 years
Transportation Equipment	5~11 years
Other Equipment	1~26 years

The Company reviews depreciation methods, useful lives and residual values on each reporting date and makes appropriate adjustments when necessary.

(XI) Leases - Lessee

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

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the Company periodically assesses whether the right-of-use asset is impaired and recognizes any impairment loss that has occurred. The right-of-use asset is adjusted when the remeasurement of the lease liabilities takes place.

The lease liability is initially measured at the present value of the lease payments that have not been paid on the commencement date. If the interest rate implied by the lease is easy to determine, it would be used as the discount rate. If the implied interest rate is not easy to determine, the Company's incremental borrowing rate is applied. Generally, the Company uses its incremental borrowing rate as the discount rate.

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

1. Fixed payments, including in-substance fixed payments;
2. Variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
3. Amounts expected to be payable under residual value guarantees; and
4. The exercise price of a purchase option or payments of penalties for exercising the option to terminate the lease, if the lessee is reasonably certain to exercise that option.

The interests of lease liabilities are subsequently calculated using the effective interest method and lease liabilities are remeasured when:

1. There is a change in future lease payments arising from the change in an index or rate;
2. There is a change in the estimate of the amount expected to be payable under a residual value guarantee;
3. There is a change in the assessment on the purchase option of the underlying asset;

4. There is a change in the lease term assessment resulting from a change in the estimate regarding whether the extension or termination option will be exercised;
5. There is any modification in lease subject, scope of the lease or other clauses.

When the lease liability is remeasured under the above-mentioned circumstances other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss.

When the lease liability is remeasured due to lease modification that decreases the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognizes the difference between the carrying amount of the right-of-use asset and the remeasurement amount of lease liability in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment properties, and lease liabilities as a separate line item respectively in the Balance Sheets.

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

The Company applies the practical expedient to the rent concessions that meet all of the following criteria without assessing if they are lease modification.

1. Rent concession is a direct consequence of the COVID-19 pandemic;
2. As a result of the change in lease payments, revised consideration for the lease is almost the same as, or less than, the consideration for the lease prior to the change;
3. Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
4. There is no change in substance to the other terms and conditions of the lease.

With the application of practical expedient, the amount of changes in lease payments arising from rent concessions is recognized in profit or loss for the reporting period.

(XII) Intangible assets

1. Recognition and measurement

   Goodwill of the Company occurred in the business combination prior to the date of IFRS adoption. Upon conversion to IFRS endorsed by the FSC, the Company elected to restate only those business combinations that occurred after January 1, 2012 (inclusive). For acquisitions made before January 1, 2012, the amount of goodwill was recognized in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers issued by the FSC on

January 10, 2009, and Accounting Standards and related interpretations (hereinafter referred to as "previously generally accepted accounting principles") issued by the Accounting Research and Development Foundation of the Republic of China.

Company's other separately acquired intangible assets with finite useful lives, including software and patents, are carried at cost less accumulated amortization and accumulated impairment losses.

2. Subsequent expenditures

Subsequent expenditures are capitalized only when they increase the future economic benefits of the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred, including internally developed goodwill and brands.

3. Amortization

Except for goodwill, amortization is calculated based on the cost of the asset less the estimated residual value, and is recognized in profit or loss using the straight-line method over the estimated useful life of the intangible asset when it becomes available for use.

The estimated useful lives for the current and comparative periods are as follows:

Software cost	1~5 years
Patent	91 months

The Company reviews the amortization method, useful life and residual value of the intangible assets on each reporting date and makes appropriate adjustments when necessary.

(XIII) Impairment of non-financial assets

The Company assesses on each reporting date whether there is any indication that the carrying amount of non-financial assets (excluding inventories, deferred income tax assets, employee benefit related assets) may be impaired. If any such indication exists, then the recoverable amount of the asset is estimated. Goodwill is tested for impairment on an annual basis.

For the purpose of impairment testing, assets are divided into the smallest group of identifiable assets that generates cash inflows largely independent of the cash inflows from other individual asset or groups of assets. Goodwill arising from a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an individual asset or cash-generating unit is the higher of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit exceeds the recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then to reduce the carrying amount of the other assets in the cash-generating unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other non-financial assets, an impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the assets in prior years.

(XIV) Provisions for liabilities

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

A provision for maintenance is recognized when the underlying products or services are sold. The provision is estimated based on historical maintenance rates and maintenance cost per unit.

(XV) Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of goods or services to a customer. Transfer of control of the product occurs when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products are shipped to the specific location, the risks of obsolescence and loss are transferred to the customer, and either the customer accepts the products according to the sales contract with the acceptance provisions being invalid or the Company has objective evidence that all criteria for acceptance have been satisfied.

(XVI) Government grant

When the Company can receive the government grant relating to the operating activities, such grant with no conditions attached is recognized as non-operating income. The Company recognizes the grant relating to assets as deferred income at fair value when there is reasonable assurance that the Company will comply with the conditions attached to the grant and that the grant will be received. The above deferred income is recognized as non-operating income over the estimated useful lives of the related assets on a systematic basis. If the government grant is used to compensate the Company's expenses or losses, such government grant is recognized in profit or loss over the period necessary to match it with the related expenses, for which it is intended to compensate, on a systematic basis.

(XVII) Employee benefits

1. Defined contribution plans

   Obligations for contributions to defined contribution pension plans are expensed during the period in which employees render services.

2. Defined benefit plans

   The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

   The defined benefit obligation is calculated annually by qualified actuaries using the projected unit credit method. When the calculation result may be beneficial to the Company, the recognized assets shall be limited to the present value of any economic benefits available in the form of refunding the contribution from the plan or reducing the future contribution to the plan. When calculating the present value of economic benefits, the minimum contribution requirements are considered.

   The remeasurements of the net defined benefit liability comprise actuarial gains and losses, return on plan assets (excluding interest), and any changes in the effect of the asset ceiling (excluding interest). The remeasurements of the net defined benefit liability are recognized in other comprehensive income and reflected in retained earnings. The net interest expense (income) of the net defined benefit liabilities (assets) is calculated based on the net defined benefit liabilities (assets) and the discount rate determined at the beginning of the annual reporting period. The net interest expense and other expenses of the defined benefit plan are recognized in profit or loss.

   When the plan is revised or reduced, the amount of changes in benefits related to the past service costs or reduced benefits or losses is recognized in profit or loss. When the settlement occurs, the Company shall recognize the settlement gain or loss of the defined benefit plan.

3. Short-term employee benefits

   Short-term employee benefit obligations are expensed during the period in which employees render services. If the Company has a present legal or constructive obligation to make such payments as a result of past service provided by the employees and the obligation can be estimated reliably, the amount of payments is recognized as a liability.

(XVIII) Income Tax

Income taxes comprise current taxes and deferred income taxes. Current and deferred income taxes are recognized in profit or loss unless they relate to business combinations or items recognized directly in equity or other comprehensive income.

The Company has determined that interest or penalties associated with income tax, including uncertain tax treatments, do not fall under the definition of income tax. As a result, they are subject to accounting treatment in accordance with International Accounting Standard 37.

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

Deferred income tax is recognized based on the temporary differences between the carrying amounts of assets and liabilities as of the reporting date and their tax bases. Deferred income taxes are not recognized for the following temporary differences:

1. Assets or liabilities that are not initially recognized as part of a business combination and do not impact accounting profit, taxable income (loss), or generate equal temporary differences for taxable and deductible purposes at the time of the transaction;
2. Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
3. Taxable temporary differences arising from the initial recognition of goodwill.

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

Deferred income taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred income tax assets and deferred income tax liabilities are offset when the following criteria are met:

1. The Company has a legally enforceable right to set off current income tax assets against current income tax liabilities; and
2. The deferred income tax assets and the deferred income tax liabilities relate to income taxes levied by the same taxation authority on either:
   (1) The same taxable entity; or

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

(XIX) Earnings per Share

The basic and diluted EPS attributable to stockholders of the Company are disclosed in the Parent Company Only Financial Statements. Basic EPS of the Company is calculated by dividing net income attributable to stockholders of the Company by the weighted-average number of common shares outstanding during the year. In calculating diluted EPS, the net income attributable to stockholders of the Company and weighted-average number of common shares outstanding during the year are adjusted for the effects of dilutive potential common shares. The Company's dilutive potential common shares include estimates of employee compensation.

(XX) Segment Information

The Company discloses the operating segment information in the consolidated financial statements. Therefore, the Company does not disclose the operating segment information in the Parent Company Only Financial Statements.

V. Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions

When preparing the individual financial statements, management must make judgments, estimates, and assumptions that will affect the adoption of accounting policies and the reporting amounts of assets, liabilities, income, and expenses. Actual results may differ from the estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in the future periods affected.

This financial report pertains to the invested company, FSP Group USA Corp. Does substantial control involve significant judgments, and does it have a significant impact on the amounts recognized in the individual financial statements? For relevant information, please refer to the consolidated financial statements for 2023.

In the Parent Company Only Financial Statements, there is no accounting policy that involves significant estimates and assumptions, and the information on accounting policies does not have a material impact on the amounts recognized in the Parent Company Only Financial Statements.

VI. Details of Significant Accounts

(I) Cash and cash equivalents

		2023.12.31	2022.12.31
Cash on hand	$	2,251	2,180
Deposits in saving accounts		659,966	1,000,164
Deposits in checking accounts		4,075	2,487
Time deposits		1,988,707	1,385,656
Cash equivalents Repurchase agreements		105,842	-
	$	2,760,841	2,390,487

Please refer to Note VI (XXII) for the disclosure of interest rate risk of the Company's financial assets and liabilities.

(II) Financial assets at fair value through profit or loss

		2023.12.31	2022.12.31
Financial assets mandatorily measured at fair value through profit or loss			
Non-derivative financial assets			
Beneficiary certificates	$	277,366	203,658
Private equity funds		68,545	18,000
Foreign unlisted stocks		71,632	71,632
Total	$	417,543	293,290

The company recorded dividend income of NT$552,000 and NT$592,000 for the fiscal years 2023 and 2022, respectively, from the financial assets measured at fair value through profit or loss as listed above.

Please refer to Note VI (XXI) for the amount recognized in profit or loss remeasured at fair value.

Please consult Note VI (XXII) for information regarding market risk.

(III) Financial assets at fair value through other comprehensive income

		2023.12.31	2022.12.31
Equity instruments at fair value through other comprehensive income:			
Domestic listed stock - Voltronic Power Technology Corp.	$	5,774,366	5,665,240
Domestic listed stock - JESS-LINK Products Co., Ltd.		841,000	400,000
Domestic listed stock - WT Microelectronics Co., Ltd.		45,650	47,750
Domestic listed stock - Taiwan Cement Corp.		1,917	1,851
Domestic listed stock - Taiwan Semiconductor Manufacturing Co., Ltd.		5,930	4,485
Domestic over-the-counter (OTC) stock - Coretronic Corporation		61,347	56,900
Domestic over-the-counter (OTC) stock - Champ-Ray Industrial Co., Ltd.		17,884	-
Foreign listed stocks		9,253	11,302
Domestic unlisted stocks		233,066	162,792
Total	$	6,990,413	6,350,320

1. Investments in equity instruments at fair value through other comprehensive

income

The Company holds these investments in equity instruments as long-term strategic investments and are not held for trading purposes, so these investments have been designated to be measured at fair value through other comprehensive income.

The dividend income recognized by the company for 2023 and 2022 from equity instruments designated as at fair value through other comprehensive income amounted to NT$191,818,000 and NT$126,411,000, respectively.

In fiscal year 2023, we sold shares of Voltronic Power Technology Corp, Guoyu Global Company Limited., and Coretronic Corporation. These shares were measured at fair value through other comprehensive income, in line with our company's capital utilization plan. The total fair value of the disposals was NT$510,881,000, resulting in disposal gains of NT$496,528,000. As of December 31, 2023, the outstanding disposal price is NT$8,442,000, which is recorded as other receivables. In 2022, the company sold its designated equity investment in Voltronic Power Technology Corp, which was measured at fair value through other comprehensive income, to align with the capital utilization plan of the consolidated company. The fair value at the time of disposal was NT$523,135,000, resulting in a disposal gain of NT$521,496,000. As of December 31, 2022, the outstanding proceeds from disposal amounted to NT$59,000, which was recognized under other receivables.

2. Please refer to Note VI (XXII) for the information on market risk.

(IV) Notes receivable and accounts receivable

	2023.12.31	2022.12.31
Notes receivable	$ 1,357	1,791
Accounts receivable	1,436,474	1,946,818
Accounts receivable - related parties	701,256	802,722
Less: Allowance for impairment loss	(10,603)	(24,258)
	$ 2,128,484	2,727,073

Company's notes receivable and accounts receivable were not discounted or provided as collaterals.

The Company applies the simplified approach to estimate expected credit loss for all notes receivable and accounts receivable, i.e. the use of lifetime expected credit loss for all receivables. For the measurement purpose, notes receivable and accounts receivable are grouped according to common credit risk characteristics that represent the customer's ability to pay all amounts due under the terms of the contract. Forward-looking information, including macro economy and related industry information, is taken into consideration as well.

Analysis of expected credit loss on notes receivable and accounts receivable of the Company was as follows:

	2023.12.31		
	Carrying amount of notes receivable and accounts receivable	**Weighted-average expected credit loss rate (%)**	**Allowance for expected credit loss**
Not Past Due	$ 1,862,743	0.24	4,533
Past due within 30days	48,729	6.30	3,068
Past due 31-60days	1,453	19.88	289
Past due 91-120days	1,303	45.45	592
Past due over 121days	1,645	100.00	1,645
	$ 1,915,873		10,127

The book value of accounts receivable and accounts payable mentioned above does not include the total accounts receivable from the subsidiary company and a specific sales customer. These amounts to NT$220,833,000 and NT$2,381,000, respectively.

For all accounts receivable from a specific sales customer, due to the unstable assessment of their collection status, the entire receivable amount has been provisioned for bad debts after deducting their insurance claim limit, totaling NT$476,000. Therefore, it is not included in the company's provision for expected credit losses based on the remaining expected credit loss calculation period.

	2022.12.31		
	Carrying amount of notes receivable and accounts receivable	**Weighted-average expected credit loss rate (%)**	**Allowance for expected credit loss**
Not Past Due	$ 2,457,331	0.46	11,182
Past due within 30days	72,291	7.58	5,478
Past due 31-60days	3,285	23.93	786
Past due 61-90days	2,846	46.14	1,313
	$ 2,535,753		18,759

The carrying amount of the above notes and accounts receivable did not include the account receivable due from subsidiaries and a specific customer, amounting to NT$188,085,000 and NT$27,493,000, respectively. The above-mentioned accounts receivable was not overdue.

Due to poor recovery of the account receivable due from this customer, the Company has specifically recorded an allowance for loss of NT$5,499 thousand for this uncollected payment, net of insurance claims, and therefore the amount was excluded from the above calculation of allowance for expected credit loss.

Changes in the allowance for notes receivable and accounts receivable were as follows:

		2023 Fiscal year	2022 Fiscal year
Beginning balance	$	24,258	32,806
Reversal of impairment loss		(15,912)	(6,290)
Write-off		-	(2,258)
Write-off amounts turnover in the previous year		2,257	-
Ending balance	$	10,603	24,258

(V) Other receivables

		2023.12.31	2022.12.31
Other receivables	$	155,729	34,519
Other receivables - related parties		54,146	36,107
Less: Allowance for impairment loss		-	-
	$	209,875	70,626

As of December 31, 2023 and 2022, there were no overdue for all other receivables (including related parties).

(VI) Inventories

		2023.12.31	2022.12.31
Finished goods	$	927,573	1,051,801
Work in process		246,930	417,950
Raw materials		378,412	409,663
	$	1,552,915	1,879,414

Breakdown of cost of goods sold:

		2023 Fiscal year	2022 Fiscal year
Inventories sold	$	8,418,819	8,868,064
Loss on inventory write-down		12,591	59,459
Unallocated manufacturing expense		35,594	99,915
Loss on inventory obsolescence		29,055	29,244
Loss on inventory		17	4
	$	8,496,076	9,056,686

As of December 31, 2023 and 2022, the Company did not pledge any inventories as collateral.

(VII) Investments Accounted for Using the Equity Method

A summary of the Company's investments accounted for using the equity method at the reporting date is provided below:

	2023.12.31	December 31, 2022 (restated)	January 1, 2022 (restated)
Subsidiary	$ 2,952,024	2,959,149	2,921,959
Associate invested through subsidiary	34,561	34,200	26,947
	$ 2,986,585	**2,993,349**	**2,948,906**

1. Subsidiary

   Please refer to the consolidated financial statements for the year ended 2023.

2. Associate invested through subsidiary

   The financial information of insignificant associates that are invested through subsidiary and the Company adopts the equity method for recognition is summarized below. The amount is included in the Parent Company Only Financial Statements.

	2023.12.31	2022.12.31
The carrying amount of investments in associates that were not individually material to the Company at the end of the period	**$ 34,561**	**34,200**

	2023 Fiscal year	2022 Fiscal year
Attributable to the Company:		
Income from continuing operations	$ 2,453	3,612
Other comprehensive income	(41)	3,382
Total comprehensive income	**$ 2,412**	**6,994**

3. Collateral

   As of December 31, 2023 and 2022, the Company did not pledge any investments accounted for under the equity method as collateral.

(VIII) Property, Plant, and Equipment

The changes in costs, depreciation and impairment loss of property, plant and equipment for the years ended December 31, 2023 and 2022 were as follows:

	Land	Housing and Construction	Buildings and Building Improvements	Machinery	Transportation Equipment	Other Equipment	Construction in progress and equipment under installation	Total
Cost or deemed cost:								
Balance as of January 1, 2023	$ 264,211	868,382	4,115	241,708	3,493	254,142	73	1,636,124
Addition	-	11,058	-	55,405	1,657	15,771	9,348	93,239
Disposal	-	(540)	-	(1,750)	(643)	(5,217)	-	(8,150)
Reclassification	-	-	-	-	-	73	(73)	-
Balance as of December 31, 2023	**$ 264,211**	**878,900**	**4,115**	**295,363**	**4,507**	**264,769**	**9,348**	**1,721,213**
Balance as of January 1, 2022	$ 264,211	809,633	4,076	229,073	3,493	244,889	27,875	1,583,250
Addition	-	33,660	39	13,302	-	17,069	73	64,143
Disposal	-	(1,447)	-	(1,393)	-	(8,429)	-	(11,269)
Reclassification	-	26,536	-	726	-	613	(27,875)	-
Balance as of December 31, 2022	**$ 264,211**	**868,382**	**4,115**	**241,708**	**3,493**	**254,142**	**73**	**1,636,124**

	Land	Housing and Construction	Buildings and Building Improvements	Machinery	Transportation Equipment	Other Equipment	Construction in progress and equipment under installation	Total
Depreciation and impairment loss:								
Balance as of January 1, 2023	$ -	259,311	2,054	190,673	2,385	213,710	-	668,133
Recognition in current period	-	33,457	484	15,248	455	17,945	-	67,589
Disposal	-	(272)	-	(1,646)	(642)	(5,147)	-	(7,707)
Balance as of December 31, 2023	$ -	292,496	2,538	204,275	2,198	226,508	-	728,015
Balance as of January 1, 2022	$ -	229,126	1,574	179,712	2,067	204,420	-	616,899
Recognition in current period	-	31,129	480	12,339	318	17,593	-	61,859
Disposal	-	(944)	-	(1,378)	-	(8,303)	-	(10,625)
Balance as of December 31, 2022	$ -	259,311	2,054	190,673	2,385	213,710	-	668,133
Carrying amounts:								
Balance as of December 31, 2023	$ 264,211	586,404	1,577	91,088	2,309	38,261	9,348	993,198
Balance as of December 31, 2022	$ 264,211	609,071	2,061	51,035	1,108	40,432	73	967,991

Please refer to Note VIII for the details of property, plant and equipment that have been pledged as collaterals for long-term and short-term borrowings and credit facilities as of December 31, 2023 and 2022.

(IX) Right-of-use assets

The costs and depreciation of land, buildings, and transportation equipment leased by the company are detailed as follows:

	Land	Housing and Construction	Transportation Equipment	Total
Costs of right-of-use assets:				
Balance as of January 1, 2023	$ 11,375	46,381	2,603	60,359
Addition	-	1,010	2,100	3,110
Balance as of December 31, 2023	$ 11,375	47,391	4,703	63,469
Balance as of January 1, 2022	$ 11,375	46,381	1,507	59,263
Addition	-	-	1,888	1,888
Reduction (contract expired)	-	-	(792)	(792)
Balance as of December 31, 2022	$ 11,375	46,381	2,603	60,359
Depreciation of right-of-use assets:				
Balance as of January 1, 2023	$ 2,186	9,215	585	11,986
Depreciation in current period	544	2,332	1,451	4,327
Balance as of December 31, 2023	$ 2,730	11,547	2,036	16,313
Balance as of January 1, 2022	$ 1,642	6,912	790	9,344

		Land	Housing and Construction	Transportation Equipment	Total
Depreciation in current period		544	2,303	587	3,434
Reduction (contract expired)		-	-	(792)	(792)
Balance as of December 31, 2022	$	2,186	9,215	585	11,986
Carrying amounts:					
Balance as of December 31, 2023	$	8,645	35,844	2,667	47,156
Balance as of December 31, 2022	$	9,189	37,166	2,018	48,373

(X) Intangible assets

The Company's costs, amortization and impairment loss of intangible assets for the years ended December 31, 2023 and 2022 were as follows:

		Goodwill	Software cost	Patent	Total
Costs:					
Balance as of January 1, 2023	$	114,411	9,606	15,863	139,880
Addition in current period		-	3,177	-	3,177
Reduction in current period		-	(6,577)	-	(6,577)
Balance as of December 31, 2023	$	114,411	6,206	15,863	136,480
Balance as of January 1, 2022	$	114,411	7,068	15,863	137,342
Addition in current period		-	7,131	-	7,131
Reduction in current period		-	(4,593)	-	(4,593)
Balance as of December 31, 2022	$	114,411	9,606	15,863	139,880
Amortization and impairment loss:					
Balance as of January 1, 2023	$	-	4,878	15,863	20,741
Amortization for the period		-	4,424	-	4,424
Reduction in current period		-	(6,577)	-	(6,577)
Balance as of December 31, 2023	$	-	2,725	15,863	18,588
Balance as of January 1, 2022	$	-	3,511	15,863	19,374
Amortization for the period		-	5,960	-	5,960
Reduction in current period		-	(4,593)	-	(4,593)
Balance as of December 31, 2022	$	-	4,878	15,863	20,741

	Goodwill	Software cost	Patent	Total
Carrying amounts:				
Balance as of December 31, 2023	$ 114,411	3,481	-	117,892
Balance as of December 31, 2022	$ 114,411	4,728	-	119,139

1. Amortization expenses

   The amortization of intangible assets was included in the following items of the Statements of Comprehensive Income for the years ended December 31, 2023 and 2022:

	2023 Fiscal year	2022 Fiscal year
Operating costs	$ 183	454
Operating expenses	4,241	5,506

2. Impairment test for goodwill

   (1) In accordance with International Accounting Standard No. 36, goodwill acquired through business combinations must undergo annual impairment testing. This testing involves allocating the goodwill to the cash-generating units that are expected to benefit from the synergies of the combination. Since all the goodwill generated from business combinations belongs to the Company and its subsidiary, the impairment of goodwill is assessed by comparing the recoverable amount of the Company and its subsidiary with their respective carrying amounts of net assets.

   (2) The recoverable amount of the cash-generating unit is based on its value in use. Value in use is determined by discounting the future cash flows arising from the continuing use of the unit. The calculation of the value in use (including goodwill) is based on the following key assumptions:

   A. The cash flow projections were based on historical figures, actual operating results and 5-year business plan. Cash flows beyond 5 years have been projected with zero growth rate.

   B. According to the estimated weighted average cost of capital, the discount rates as of December 31, 2023 and 2022 were 9.88% and 8.75% respectively.

   (3) According to the asset impairment test conducted in 2023 and 2022, no impairment losses were recognized as the recoverable amount of cash-generating unit exceeding the carrying amount.

(XI) Short-term loans

The details of the Company's short-term borrowings are provided below:

	2023.12.31	2022.12.31

Secured bank borrowings	$ -	-
Unused facility	$ 661,000	750,500
Interest rate range (%)	-	-

Please refer to Note VIII for the details of the Company's assets pledged as collateral for bank borrowings.

(XII) Long-term loans

The details of the Company's long-term borrowings are provided below:

	2023.12.31	2022.12.31
Secured bank borrowings	$ 124,404	199,334
Less: current portion of long-term debt	75,616	74,930
Total	$ 48,788	124,404
Unused facility	$ -	-
Interest rate range (%)	1.58	1.58

1. Collateral for bank borrowings

   Please refer to Note VIII for the details of the Company's assets pledged as collateral for bank borrowings.

2. Government-subsidized loan with preferential interest rate

   In August 2020, the Company obtained a NT$371,000,000 low-interest loan from Mega International Commercial Bank under the "Guidelines of Project Loans for Returning Overseas Taiwanese Businesses". Drawdown period was until December 31, 2021 and multiple drawdowns were allowed. As of the expiry date, the amount of actual utilization of the Company was NT$296,650,000 as of December 31, 2021. Based on the market interest rate of 1.58% to recognize and measure the loan, the difference between the actual repayment preferential interest rate of 0.65% and the market interest rate was NT$6,585,000 which were treated as government subsidies and recognized as deferred income under other current liabilities and other non-current liabilities. Deferred income for the 2023 and 2022 fiscal years was reclassified as other income in the amounts of NT$976,000and NT$1,362,000, respectively.

(XIII) Lease liabilities

The carrying amount of lease liabilities were as follows:

	2023.12.31	2022.12.31
Current	$ 4,337	3,483
Non-current	45,684	47,517
Total	$ 50,021	51,000

For maturity analysis, please refer to Note VI (XXII) Financial Instruments.

The amounts recognized in profit or loss were as follows:

	2023 Fiscal	2022 Fiscal

		year	year
Interest expense on lease liabilities	$	896	897
Variable lease payments not included in the measurement of lease liabilities	$	432	397
Expenses of short-term leases	$	1,501	897

Amount recognized in the Statements of Cash Flows was as follows:

		2023 Fiscal year	2022 Fiscal year
Total cash outflow in operating activities	$	2,829	2,191
Total cash outflow in financing activities		4,089	3,167
Total cash flows on lease	$	6,918	5,358

1. Lease of land, buildings and construction

   The Company leases land, buildings and construction as factories, office premises, staff quarters and warehouses with lease terms ranging from 3 to 10 years for factories and 1 to 3 years for office premises and warehouses. Some of these leases include the option to extend the lease term for the same period as the original contract at the end of the lease term.

   The lease payments for some of the warehouses are based on the actual floor area used each month.

   For these lease contracts, the variable lease payments paid by the Company in 2023 were as follows:

		Variable payment	The estimated impact on rent for every 1% increase in actual usable area
Lease contracts with variable payment calculated based on the actual floor area used per month	$	432	4

2. Other leases

   The Company leases machinery and transportation equipment with the lease terms ranging from three months to three years.

   The lease terms of some of Company's leases of buildings, construction, machinery and transportation equipment are within 1 year. These leases are considered as short-term leases or leases of low-value assets and the Company elected to apply exemption and did not recognize related right-of-use assets and lease liabilities.

(XIV) Provisions for liabilities

		2023 Fiscal year	2022 Fiscal year
Balance as of January 1	$	131,155	146,223
Addition of provision during the year		63,163	65,515
Amount utilized during the year		(64,007)	(80,583)
Balance at December 31	$	130,311	131,155

The provision of the Company is mainly for sales-related maintenance obligation. The provision is estimated based on historical maintenance rates and maintenance cost per unit of specific products.

(XV) Employee benefits

1. Defined benefit plans

The reconciliation between the present value of defined benefit obligations and the fair value of plan assets was as follows:

		2023.12.31	2022.12.31
Present value of defined benefit obligation	$	130,884	142,971
Fair value of plan assets		(131,665)	(134,460)
Net defined benefit liabilities	$	(781)	8,511

The Company makes contribution of defined benefit plan to the labor pension reserve account at Bank of Taiwan. Under the Labor Standards Act, pension benefit of each eligible employee is calculated based on the number of units accrued from service years and the average monthly salaries of the last 6 months prior to retirement.

(1) Composition of plan assets

The pension fund contributed by the Company is managed and administered by the Bureau of Labor Funds of the Ministry of Labor (the "Bureau of Labor Funds"). According to the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", with regard to the utilization of the Fund, minimum returns per year shall not be lower than the earnings attainable from two-year time deposits with interest rates offered by local banks.

As of December 31, 2023, the balance of the labor pension reserve account at Bank of Taiwan was NT$130,174,000. For information on the labor pension fund assets, including yield of the fund and the asset portfolio, please refer to the website of the Bureau of Labor Funds.

(2) Changes in present value of the defined benefit obligations

Changes in the present value of the Company's defined benefit obligations in 2023 and 2022 were as follows:

	2023 Fiscal year	2022 Fiscal year
Defined benefit obligations at January 1	$ 142,971	198,693
Service costs and interest in the year	3,258	4,847
Remeasurement on the net defined benefit liabilities (assets)		
— Actuarial loss arising from experience adjustments	1,829	(4,149)
— Actuarial loss arising from changes in demographic assumption	1	(2)
— Actuarial loss (gain) arising from changes in financial assumption	595	(9,273)
Benefits paid by the plan	(370)	(240)
Effect of plan curtailment	(17,400)	(46,905)
Defined benefit obligations at December 31	$ 130,884	142,971

(3) Changes in fair value of plan assets

Changes in fair value of defined benefit plan assets for the years ended December 31, 2023 and 2022 were as follows:

	2023 Fiscal year	2022 Fiscal year
Fair value of plan assets on January 1	$ 134,460	154,459
Interest income	1,628	1,052
Remeasurement on the net defined benefit assets - Return on plan assets (excluding interests)	1,379	11,634
Amount contributed to the plan	10,285	9,674
Benefits paid by the plan	(370)	(240)
Payment Amount for Project Asset Amortization	(15,717)	(42,119)
Fair value of plan assets on December 31	$ 131,665	134,460

(4) Expenses recognized in profit or loss

Details of expenses (gains) recognized in profit or loss for the years ended December 31, 2023 and 2022:

	2023 Fiscal year	2022 Fiscal year
Service costs for the current period	$ 1,542	3,498
Net interest expense of net defined benefit liabilities	88	297
Benefits of Clearing	(1,683)	(4,786)
	$ (53)	(991)
Operating costs	$ (4)	-
Selling and marketing expenses	(7)	-
General and administrative expenses	(18)	(991)
Research and development expenses	(24)	-
	$ (53)	(991)

(5) Actuarial assumptions

The major assumptions of the actuarial valuation to calculate the present value of the defined benefit obligation at the end of reporting period were as follows:

	2023.12.31	2022.12.31
Discount rate	1.20%	1.25%
Future salary increases	2.00%	2.00%

The Company intends to allocate NT$2,717,000 to the defined benefit plan within one year following the reporting date of fiscal year 2023.

The weighted-average duration of the defined benefit plan is 7 years.

(6) Sensitivity analysis

The following is the impact of changes in the main actuarial assumptions on the present value of defined benefit obligations as of December 31, 2023 and 2022:

	Impact on the defined benefit obligation	
	Increase by 0.25%	Decrease by 0.25%
December 31, 2023		
Discount rate (change by 0.25%)	(2,477)	2,567
Future salary adjustment rate (change by 0.25%)	2,506	(2,429)
December 31, 2022		
Discount rate (change by 0.25%)	(2,994)	3,106
Future salary adjustment rate (change by 0.25%)	3,035	(2,940)

The above sensitivity analysis considers the change in one assumption at a time, leaving other assumptions unchanged. In practical terms, many assumptions are interrelated and changing one individual assumption may trigger the changes in other assumptions. The method used to conduct the sensitivity analysis is consistent with the calculation of the net pension liabilities recognized in the balance sheets.

The method and assumptions used to conduct the sensitivity analysis are the same as those in the previous year.

2. Defined contribution plans

Per Company's defined contribution plan, the Company contributes monthly an amount equal to 6% of each employee's monthly wages to the employee's individual pension fund account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company has no legal or constructive obligation to pay additional amounts after contributing a fixed amount to the Bureau of Labor Insurance.

The retirement expenses for the 2023 and 2022 fiscal years, as determined by the Company's allocation of retirement benefits, were NT$30,913,000 and NT$28,100,000, respectively. These expenses have been allocated to the Labor Insurance Bureau.

3. Short-term employee benefits

For the fiscal years 2023 and 2022, the company allocated employee incentives to specific trust property accounts in the amounts of NT$35,024,000 and NT$11,670,000, respectively. These amounts have been reported as operating costs and expenses.

As of December 31, 2023 and 2022, the accrued unused vacation bonuses for the Company were NT$25,937,000 and NT$23,915,000, respectively. These amounts have been recorded under other accounts payable.

(XVI) Income Tax

1. Income tax expense

Below are the details of the income tax expenses for the 2023 and 2022 fiscal years of our company:

		2023 Fiscal year	2022 Fiscal year
Income tax expense (benefit) for the period			
Income tax expense incurred	$	122,543	146,816
Adjustment for prior year		-	(28,603)
		122,543	118,213
Deferred income tax expenses (benefits)			
Origination and reversal of temporary differences		(9,905)	10,651
Income tax expense	**$**	**112,638**	**128,864**

Details of income tax expense (benefit) recognized in other comprehensive income for the years ended December 31, 2023 and 2022 were as follows:

	2023 Fiscal year	2022 Fiscal year
Items that will not be reclassified to profit or loss:		
Gains (losses) on re-measurements of defined benefit plans	$ (209)	5,012

The adjustments for the relationship between income tax expenses and pre-tax net income for the 2023 and 2022 fiscal years of our company are as follows:

	2023 Fiscal year	2022 Fiscal year (Revised Edition)
Income before Tax	$ 711,876	851,303
Income tax using the Company's statutory tax rate	$ 142,375	170,261
Invest gain on long-term investment under the equity method	(4,705)	(8,589)
Cash dividend income	(38,474)	(25,401)
Non-deductible expenses	8,691	8,691
Gains on securities transactions	99,305	104,294
Exemption of income from securities transaction tax	(101,763)	(104,968)
Overestimation in previous periods	-	(28,603)
Tax on undistributed earnings 5%	7,209	13,179
Total	$ 112,638	128,864

2. Deferred income tax assets and liabilities

The changes in deferred income tax assets and liabilities for the 2023 and 2022 fiscal years are as follows:

	Pension provision	Unrealized valuation gains	Total
Deferred income tax liabilities:			
January 1, 2023	$ (1,583)	(2,919)	(4,502)
Debit income statement	(2,067)	-	(2,067)
Credit other comprehensive income	209	-	209
December 31, 2023	$ (3,441)	(2,919)	(6,360)
January 1, 2022	$ -	(2,919)	(2,919)
Debit other comprehensive income	(1,583)	-	(1,583)
December 31, 2022	$ (1,583)	(2,919)	(4,502)

		Allowance for inventory valuation loss	Pension provision	Unrealized foreign exchange gain or loss	Others	Total
Deferred income tax assets:						
January 1, 2023	$	28,053	-	9,172	16,021	53,246
Debit income statement		2,518	-	6,637	2,817	11,972
December 31, 2023	**$**	**30,571**	**-**	**15,809**	**18,838**	**65,218**
January 1, 2022	$	16,161	5,562	30,777	14,826	67,326
(Debit)/Credit income statement		11,892	(2,133)	(21,605)	1,195	(10,651)
Debit other comprehensive income		-	(3,429)	-	-	(3,429)
December 31, 2022	**$**	**28,053**	**-**	**9,172**	**16,021**	**53,246**

3. Income tax assessment

The tax returns for the years up to 2021 filed by the Company have been approved by the tax authority.

(XVII) Capital and other equity

1. Common stock issuance

As of December 31, 2023 and 2022, the Company's authorized common stock was NT$3,600,000,000 with the par value of NT$10 per share. 187,262,000 shares were issued.

2. Capital Surplus

The Company's capital surplus was as follows:

		2023.12.31	2022.12.31
Paid-in capital in excess of par value	$	856,427	1,006,236
Adjustments arising from changes in percentage of ownership in subsidiaries		4,780	4,780
	$	**861,207**	**1,011,016**

Pursuant to the Company Act, any realized capital surplus is initially used to cover accumulated deficit, and the balance, if any, can be transferred to common stock as stock dividends or distributed by cash based on the original shareholding percentage. Realized capital surplus includes the premium derived from the issuance of shares of stock in excess of par value and donations received by the Company. In accordance with the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers", distribution of stock dividends from capital surplus in each year shall not exceed 10% of paid-in capital.

Moreover, during the board meeting held on March 10, 2023, the company resolved to distribute the cash surplus of NT$149,809 at a rate of NT$0.8 per share.

3. Retained earnings

The Company's Articles of Incorporation stipulate that at least 10% of annual net income, after deducting tax and accumulated deficit, if any, must be retained as legal reserve until such retention equals the amount of paid-in capital. In addition, a special reserve shall be set aside in accordance with applicable laws and regulations. The remaining balance, along with the unappropriated earnings from the previous years, can be distributed as dividends to stockholders after the shareholders’ meeting approves the distribution plan submitted by the Board of Directors.

As per the dividend policy set forth in the Company's Articles of Incorporation, the Company's dividend policy is based on the assessment of the Company's future capital budget, planning of future capital requirements, financial structure and earnings, etc. The Board of Directors shall prepare a proposal for the distribution of earnings, which shall be approved by the shareholders' meeting. In light of our company's stable growth phase and the industry consolidation trend, we are committed to continuously expanding our scale to ensure sustainable operation and stable growth. According to our dividend policy, if there are no accumulated losses in the previous period, the company will distribute dividends to shareholders amounting to at least 50% of the annual net profit after tax. Dividends can be in the form of either stock or cash, with cash dividends constituting no less than 30% of the total shareholder dividends.

(1) Legal reserve

If the Company has no accumulated deficit, it may, subject to a resolution approved by the shareholders’ meeting, distribute its legal reserve by issuing new shares or distributing cash for the portion of legal reserve which exceeds 25% of the paid-in capital.

(2) Special reserve

Pursuant to the Ruling issued by the FSC, a special reserve equal to the total amount of items that are accounted for as deductions from other stockholders’ equity shall be set aside from current and prior year earnings. If it is the deduction amount of other shareholders' equity accumulated in the previous period, the special reserve of the same amount shall not be distributed from the undistributed earnings of the previous period. When the amount of the deduction of shareholders' equity is reversed subsequently, the reversed amount can be included in the distributable earnings.

(3) Earning distribution

On March 10, 2023 and March 18, 2022, the Board of Directors resolved on the amount of cash dividends of the distribution of earnings for the years ended December 31, 2022 and 2021, respectively, and the amount of dividends distributed to shareholders was as follows:

	2022 Fiscal year	2021 Fiscal year
Cash dividend distributed to the shareholders of common stock	$ 561,786	617,964

On March 14, 2024, the shareholders' meeting resolved on the distribution of earnings for the year ended December 31, 2023, and the amount of dividends distributed to shareholders was as follows:

	2023 Fiscal year
Cash dividend distributed to the shareholders of common stock	$ 599,238

For information on the distribution of our company's earnings, please contact the Public Information Observation Station.

4. Other equity items (netafter tax)

	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total
Balance after restatement as of January 1, 2023	$ (77,349)	5,628,307	5,550,958
Exchange differences on translation of financial statements of foreign operations	(48,945)	-	(48,945)
Share of other comprehensive income (losses) of associates and joint ventures under equity method	(41)	-	(41)
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	-	1,100,229	1,100,229
Disposal of equity instruments at fair value through other comprehensive income	-	(496,528)	(496,528)
December 31, 2023	$ (126,335)	6,232,008	6,105,673

	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total
Balance after restatement as of January 1, 2022	$ (117,703)	6,200,289	6,082,586
Exchange differences on translation of financial statements of foreign operations	36,972	-	36,972
Share of other comprehensive income (losses) of associates and joint ventures under equity method	3,382	-	3,382
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	-	(50,513)	(50,513)
Disposal of equity instruments at fair value through other comprehensive income	-	(521,469)	(521,469)
Balance after restatement as of December 31, 2022	$ (77,349)	5,628,307	5,550,958

(XVIII) Earnings per Share

		2023 Fiscal year	2022 Fiscal year (Revised Edition)
Basic earnings per share:			
Net income attributable to the ordinary shareholders of the Company	$	599,238	722,439
Weight-average number of ordinary shares outstanding (Unit: Thousands of shares)		187,262	187,262
Basic earnings per share (Unit: Thousands of shares)	$	3.20	3.86
Diluted earnings per share:			
Net income attributable to the ordinary shareholders of the Company	$	599,238	722,439
Weight-average number of ordinary shares outstanding (Unit: Thousands of shares)		187,262	187,262
Employee Compensation (Unit: in Thousand Shares)		1,564	2,044
Weight-average number of ordinary shares outstanding (Unit: Thousands of shares)		188,826	189,306
Basic earnings per share (Unit: NT$ Thousands)	$	3.17	3.82

(XIX) Revenue from contracts with customers

1. Breakdown of revenue

		2023 Fiscal year	2022 Fiscal year
Primary geographical markets:			
Taiwan	$	1,688,460	2,065,431
China		2,070,096	2,952,315
U.S.A.		2,237,489	1,514,692
Germany		1,200,705	1,833,858
Other countries		3,109,555	2,465,236
	$	10,306,305	10,831,532
Major product/service line:			
Sales of power supply	$	10,306,305	10,831,532

2. Contract balance

		2023.12.31	2022.12.31	2022.1.1
Notes and accounts receivable (including related parties)	$	2,139,087	2,751,331	3,380,369
Less: Allowance for impairment loss		(10,603)	(24,258)	(32,806)
Total	$	2,128,484	2,727,073	3,347,563
Contract liabilities (recognized in other current liabilities)	$	43,468	67,139	41,625

The amounts recognized as income for the contract liabilities' initial balances of January 1, 2023 and 2022 were NT$38,839,000 andNT$27,861,000, respectively. The change in contract liabilities primarily occurs due to the discrepancy between the timing of fulfilling performance obligations and the timing of customer payments.

Please refer to Note VI (V) for notes receivable, accounts receivable and related impairment.

(XX) Remuneration of Employees and Directors

The Company's Articles of Incorporation stipulate that a minimum of 6% of annual profit, if any, shall be allocated to employee remuneration and a maximum of 3% of annual profit shall be allocated to Directors’ remuneration. However, if the Company has accumulated losses, the Company shall set aside a part of the surplus profit first for making up the losses. Employees who are entitled to receive the employee remuneration in shares or cash include the employees of subsidiaries of the Company who meet certain specific requirements.

The estimated amounts of employee remuneration for the 2023 and 2022 fiscal years of the Company are NT$66,000,000 and NT$66,000,000, respectively. The estimated amounts of director remuneration are NT$7,000,000 and NT$7,000,000, respectively. These estimates are based on the Company's pre-tax net profit for the respective periods, after deducting the amounts of employee and director remuneration, multiplied by the distribution percentages of employee and director remuneration as stipulated in the Company's articles of incorporation. They are reported as operating expenses for the 2023 and 2022 fiscal years. The difference between accrual and actual payment is treated as the change in accounting estimate and recognized in profit or loss in the following year. There was no difference between the amount of the remuneration to employees and Directors resolved by the Board of Directors and the accrual amount recognized in the Parent Company Only Financial Statements for the years ended 2023 and 2022. Information related to remuneration to employees and Directors resolved by the Board of Directors is available on the Market Observation Post System website of Taiwan Stock Exchange.

(XXI) Non-operating income and expenses

1. Interest income

		2023 Fiscal year	2022 Fiscal year
Bank deposits	$	49,974	11,405
Interest income of financial assets at amortized cost		-	1,044
	$	**49,974**	**12,449**

2. Other income

		2023 Fiscal year	2022 Fiscal year
Dividend income	$	192,370	127,003
Other income			
Government grant		1,105	1,645
Income of management fee / service fee		7,455	7,101
Others		7,623	8,457
	$	208,553	144,206

3. Other gains and losses

		2023 Fiscal year	2022 Fiscal year
Foreign currency exchange gain, net	$	6,391	165,908
Gain on financial assets measured at fair value through profit or loss		12,288	3,374
Loss on disposal of property, plant and equipment		(443)	(644)
	$	18,236	168,638

4. Finance costs

		2023 Fiscal year	2022 Fiscal year
Interest expense:			
Bank borrowings	$	13,823	6,164
Lease liabilities		896	897
	$	14,719	7,061

(XXII) Financial instruments

1. Credit risk

(1) Exposure to credit risk

The maximum exposure to credit risk is equal to the carrying amount of the financial assets.

(2) Concentration of credit risk

As of December 31, 2023 and 2022, three major customers contributed 26% and 25% respectively to the balance of accounts receivable.

(3) Credit risk from receivables and debt securities

Please refer to Note VI (IV) for credit risk exposure of notes receivable and accounts receivable. For the details of other receivables, please refer to Note VI (V). Financial assets measured at amortized cost include other receivables, ordinary corporate bonds, restricted bank deposits, and deposited margin. The above-mentioned financial assets are considered low credit risk financial assets, and the loss allowance is measured using 12-month expected credit loss.

2. Liquidity risk

The Company manages and maintains sufficient cash and cash equivalents to support the Company's operations and mitigate the impact of cash flow fluctuations. The management of the Company supervises the use of the credit line and ensures compliance with the terms of the loan contracts.

The table below shows the contractual maturity dates for financial liabilities, including the effect of estimated interest.

	Carrying amount	Contractual cash flows	Within 6 months	6 to 12 months	1-2 years	2-5 years	Over 5 years
December 31, 2023							
Non-derivative financial liabilities							
Long-term loans	$ 124,404	126,118	38,579	38,455	47,859	1,225	-
Notes payable	11,450	11,450	11,450	-	-	-	-
Accounts payable	2,299,409	2,299,409	2,299,409	-	-	-	-
Accounts payable - related parties	298,189	298,189	298,189	-	-	-	-
Other payables	843,239	843,239	843,239	-	-	-	-
Other payables - related parties	38,882	38,882	38,882	-	-	-	-
Lease liabilities	50,021	56,694	2,616	2,595	5,058	10,836	35,589
Guarantee deposits received	330	330	-	-	-	-	330
	$ 3,665,924	3,674,311	3,532,364	41,050	52,917	12,061	35,919
December 31, 2022							
Non-derivative financial liabilities							
Long-term loans	$ 199,334	203,647	38,825	38,704	77,034	49,084	-
Notes payable	13,057	13,057	13,057	-	-	-	-
Accounts payable	2,607,891	2,607,891	2,607,891	-	-	-	-
Accounts payable - related parties	439,919	439,919	439,919	-	-	-	-
Other payables	891,094	891,094	891,094	-	-	-	-
Other payables - related parties	30,153	30,153	30,153	-	-	-	-
Lease liabilities	51,000	58,439	2,178	2,178	4,131	10,902	39,050
Guarantee deposits received	332	332	-	-	-	-	332
	$ 4,232,780	4,244,532	4,023,117	40,882	81,165	59,986	39,382

The Company does not expect that the cash flows included in the maturity analysis will occur significantly earlier or at significantly different amounts.

3. Foreign exchange risk

(1) Exposure to foreign exchange risk

The Company's financial assets and liabilities exposed to significant foreign currency exchange risk were as follows:

	2023.12.31			2022.12.31		
	Foreign currencies	Exchange Rate	NT$	Foreign currencies	Exchange Rate	NT$
Financial assets						
Monetary items						
RMB	$ 53,926	4.327	233,338	80,239	4.408	353,694
USD	123,083	30.705	3,779,264	132,106	30.710	4,056,975
Non-monetary items						
USD	2,534	28.268	71,632	2,534	28.268	71,632
USD	1,280	30.705	39,302	1,201	30.710	36,883
HKD	2,355	3.929	9,253	2,868	3.941	11,302
Financial liabilities						
Monetary items						
RMB	81,148	4.327	351,127	83,262	4.408	367,019
USD	74,502	30.705	2,287,584	88,353	30.710	2,713,321
HKD	5,925	3.929	23,279	8,669	3.938	34,139

(2) Sensitivity analysis

The Company's exposure to foreign exchange risk arises from cash and cash equivalents, accounts receivable (including related parties), other receivables, financial assets measured at amortized cost, financial assets measured at fair value through profit or loss, short-term borrowings, accounts payable (including related parties) and other payables that are denominated in foreign currencies and subject to foreign exchange loss in currency translation. In the years of December 31, 2023 and 2022, if the New Taiwan Dollar depreciates or appreciates by 5% against the US Dollar, Renminbi, and Hong Kong Dollar, with all other factors remaining unchanged, the after-tax net profit for fiscal year 2023 and 2022 will increase or decrease by NT$54,024,000 and NT$51,848,000, respectively. The analysis for both periods is based on the same foundation.

(3) Foreign exchange gain (loss) on monetary items

As our company engages in currency transactions with a wide range of foreign currencies, we provide information on the gains and losses from currency exchange through consolidation. In the 2023 and 2022 fiscal years, the gains from foreign currency exchange, including both realized and unrealized amounts, amounted to NT$6,391,000 and NT$165,908,000, respectively.

4. Market risk

If the prices of equity securities with active market quotations at the reporting date had changed (using the same basis for both periods and assuming no change in other variables), the impact on the comprehensive income would have been as follows:

Security price at the reporting date	2023 Fiscal year Other comprehensive income (pre-tax)	2023 Fiscal year Pre-tax income	2022 Fiscal year Other comprehensive income (pre-tax)	2022 Fiscal year Pre-tax income
Increase by 5%	$ 337,867	13,868	309,376	10,183
Decrease by 5%	$ (337,867)	(13,868)	(309,376)	(10,183)

Please refer to Note VI (IV) "Measurement of the fair value of Level 3, the sensitivity analysis of the fair value using reasonably possible alternative assumptions"for details of the price changes of the Level 3 equity securities.

5. Interest rate analysis

The Company's demand deposits and time deposits are subject to floating interest rates. However, changes in market interest rates are not significant and thus changes in interest rates do not give rise to significant cash flow risk.

6. Fair value information

(1) Category of financial instruments and their fair value

Company's financial instruments measured at fair value on a recurring basis include the financial assets at fair value through profit or loss and the financial assets at fair value through other comprehensive income. Carrying amount and fair value of various financial assets and financial liabilities (including fair value level information, except for financial instruments whose carrying amount is a reasonable approximation of fair value, and lease liabilities which are not required to disclose their fair value information) were as follows:

	2023.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Beneficiary certificates	$ 277,366	277,366	-	-	277,366
Private equity funds	68,545	-	-	68,545	68,545
Non-publicly quoted equity instruments measured at fair value	71,632	-	-	71,632	71,632
Subtotal	417,543	277,366	-	140,177	417,543
Financial assets at fair value through other comprehensive income					

	2023.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Domestic listed (OTC) stock	6,748,094	6,748,094	-	-	6,748,094
Foreign listed stock	9,253	9,253	-	-	9,253
Non-publicly quoted equity instruments measured at fair value	233,066	-	-	233,066	233,066
Subtotal	6,990,413	6,757,347	-	233,066	6,990,413
Financial assets at amortized cost					
Cash and cash equivalents	2,760,841	-	-	-	-
Notes and accounts receivable (including related parties)	2,128,484	-	-	-	-
Other receivables - related parties	209,875	-	-	-	-
Restricted bank deposits (classified in other non-current assets)	100	-	-	-	-
Refundable deposits (classified in other non-current assets)	4,176	-	-	-	-
Subtotal	5,103,476	-	-	-	-
Total	**$ 12,511,432**	**7,034,713**	**-**	**373,243**	**7,407,956**
Financial liabilities measured at amortized cost					
Bank borrowings	$ 124,404	-	-	-	-
Accounts payable and trade payables (including related parties)	2,609,048	-	-	-	-
Other payables - (related parties)	882,121	-	-	-	-
Lease liabilities	50,021	-	-	-	-
Guarantee deposits received	330	-	-	-	-
Total	**$ 3,665,924**	**-**	**-**	**-**	**-**

	2022.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Beneficiary certificates	$ 203,658	203,658	-	-	203,658
Private equity funds	18,000	-	-	18,000	18,000
Non-publicly quoted	71,632	-	-	71,632	71,632

	2022.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
equity instruments measured at fair value					
Subtotal	293,290	203,658	-	89,632	293,290
Financial assets at fair value through other comprehensive income					
Domestic listed (OTC) stock	6,176,226	6,176,226	-	-	6,176,226
Foreign listed stock	11,302	11,302	-	-	11,302
Non-publicly quoted equity instruments measured at fair value	162,792	-	-	162,792	162,792
Subtotal	6,350,320	6,187,528	-	162,792	6,350,320
Financial assets at amortized cost					
Cash and cash equivalents	2,390,487	-	-	-	-
Notes and accounts receivable (including related parties)	2,727,073	-	-	-	-
Other receivables - related parties	70,626	-	-	-	-
Restricted bank deposits (classified in other non-current assets)	100	-	-	-	-
Refundable deposits (classified in other non-current assets)	3,208	-	-	-	-
Subtotal	5,191,494	-	-	-	-
Total	**$ 11,835,104**	**6,391,186**	**-**	**252,424**	**6,643,610**
Financial liabilities measured at amortized cost					
Bank borrowings	$ 199,334	-	-	-	-
Accounts payable and trade payables (including related parties)	3,060,867	-	-	-	-
Other payables - (related parties)	921,247	-	-	-	-
Lease liabilities	51,000	-	-	-	-
Guarantee deposits received	332	-	-	-	-
Total	**$ 4,232,780**	**-**	**-**	**-**	**-**

(2) Valuation techniques for financial instruments measured at fair value - non-derivative financial instruments

If there is an active market for a financial instrument, the fair value is based on the quoted price in the active market. The market prices announced by major exchanges are the basis for the fair value of listed (over-the-counter) equity instruments and debt instruments that are publicly quoted in the active market.

A financial instrument has an active market for public quotations if public quotations can be obtained from an exchange, broker, underwriter, industry association, pricing service agencies or competent authority in a timely manner and on a regular basis, and if the price fairly represents actual and frequent market transactions. If the above conditions are not met, the market is deemed inactive. Generally speaking, a large bid-ask spread, a significant increase in the bid-ask spread, or a low volume of transactions are all indicators of an inactive market.

Among the financial instruments held by the Company, the listed stocks and beneficiary certificates are financial assets with standard terms and conditions that are traded in the active market, and their fair values are determined with reference to quoted market prices.

Except for the above-mentioned financial instruments with active markets, the fair values of the remaining financial instruments are obtained using valuation techniques or by referencing to quoted prices from counterparties. The fair value of financial instruments measured by using valuation techniques can refer to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the Balance Sheets date.

The fair value of financial instruments held by the Group that are not publicly quoted equity instruments with no active market is estimated using the market method and net asset value method. The market method is measured by reference to the recent fundraising activities of the investee or based on the earnings or equity net worth multiplier derived from the quoted market prices of comparable listed companies, adjusted for the effect of discount on the lack of marketability of the equity securities. Net assets value method is based on the assumption that the net worth of the investee is measured on a per share basis.

(3) Quantitative information of significant unobservable inputs (Level 3) relating to fair value measurement

The Level 3 of fair value measurements mainly includes financial assets measured at fair value through profit or loss - investments in equity securities, investments in private equity funds and financial assets measured at fair value through other comprehensive income.

The Company's equity instrument investment with no active market has multiple significant unobservable inputs. Significant unobservable inputs for investments in equity instruments with no active market are not correlated with each other because they are independent of each other.

Table of quantitative information of significant unobservable inputs is provided below:

Item	Valuation technique	Significant unobservable inputs	Relationship between significant unobservable inputs and fair value
Financial assets measured at fair value through profit or loss - Investment in equity instrument without an active market	Net assets value method	• Net asset value	• The higher the net assets value, the higher the fair value
Financial assets measured at fair value through profit or loss - private equity fund investment	Net assets value method	• Net asset value	• The higher the net assets value, the higher the fair value
Financial assets measured at fair value through other comprehensive income - Investment in equity instrument without an active market	Comparable company valuation method	• The equity-to-net-asset ratio multiplier as of (December 31, 2023 and 2022 was 2.57 and 2.27~4.54, respectively).	• The higher the multiple, the higher the fair value
		• There is a lack of market liquidity discount (29.39%on December31, 2023 and 2022).	• The higher the discount for lack of market liquidity, the lower the fair value
	Net assets value method	• Net asset value	• The higher the net assets value, the higher the fair value

(4) Fair value measurement in Level 3 - sensitivity analysis of reasonably possible alternative assumptions

The Company's measurement on the fair value of financial instruments is considered reasonable. However, the fair value may change if different valuation models or inputs are used. For financial instruments classified in Level 3, changing the valuation assumptions would have the following effects on other comprehensive income:

	Input	Upward or downward change	Fair value change reflected in current profit or loss		Fair value change reflected in other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
December 31, 2023						
Financial assets at fair value through profit or loss						
Investment in equity instrument without an active market	Net assets value method	5%	3,258	(3,258)	-	-
Financial assets at fair value through other comprehensive income						
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	2,155	(2,155)
December 31, 2022						
Financial assets at fair value through profit or loss						
Investment in equity instrument without an active market	Net worth ratio	5%	3,313	(3,313)	-	-
Financial assets at fair value through other comprehensive income						
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	2,895	(2,895)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	276	(276)

The favorable and unfavorable effects represent the changes in fair value, which is based on a variety of unobservable inputs calculated using the valuation technique. If the fair value of a financial instrument is subject to more than one input, the analysis above reflects only the effect of the change in a single input and does not consider the interrelationship between inputs.

(XXIII) Financial risk management

1. Overview

The Company is exposed to the following risks arising from financial instruments:

(1) Credit risk

(2) Liquidity risk

(3) Market risk

In this Note, the Company has disclosed the information on exposure to the aforementioned risks, and the Company’s objectives, policies and procedures to measure and manage these risks.

2. Risk management framework

The Board of Directors is responsible for developing and overseeing the Company's risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, to monitor the risk and to manage the exposure within the risk limits. Risk management policies and systems are reviewed on a regular basis to reflect the changes in market conditions and the Company's operations. The Company develops a disciplined and constructive control environment through training, management guidelines and operating procedures so that all employees understand their roles and responsibilities.

3. Credit risk

Credit risk refers to the risk of financial loss to the Company resulting from the failure of a customer or counterparty of a financial instrument to meet their contractual obligations, and arises primarily from the Company's accounts receivable and security investment.

(1) Accounts receivable and other receivables

The Company's customers are concentrated in a wide range of power supply-related industries. To mitigate the credit risk of accounts receivable, the Company continuously evaluates the financial position of customers and purchases insurance for the accounts receivable of customers in high-risk areas or with special characteristics to reduce the Company's accounts receivable risk. The Company regularly evaluates the possibility of receivables collection and makes provision for bad debts accordingly; overall, management is able to effectively manage the risk of accounts receivable.

The Company has established the credit policy under which it is required to analyze the credit rating of each new customer individually before granting standard payment and delivery terms and conditions. Purchasing limits are established for each individual customer and limits are reviewed periodically. Customers who do not meet the requirement of credit rating can only trade with the Company on an prepayment basis.

(2) Investment

The credit risk of bank deposits, fixed income investments and other financial instruments is measured and monitored by the financial department of the Company. Since the counterparties of transactions and obligations of the Company are banks with good credit standing, and financial institutions, corporate and government with investment grade and above, default risk is limited and hence there is no significant credit risk.

(3) Guarantee

It is the policy of the Company to provide financial guarantees only to wholly owned subsidiaries. As of December 31, 2023 and 2022, the Company did not provide any guarantee.

4. Liquidity risk

Liquidity risk is the risk that the Company encounters difficulty in settling its financial liabilities by delivering cash or other financial assets and fails to fulfill its related obligations. The Company manages its liquidity by ensuring that the Company has sufficient liquidity to meet its liabilities as they fall due under normal and stressful circumstances without incurring unacceptable losses or damaging the Company's reputation.

The Company ensures that it has sufficient cash to meet all contractual obligations. In addition, the unused borrowing facilities of our company amounted to NT$661,000,000 and NT$750,500,000 as of December 31, 2023 and 2022 fiscal years, respectively.

5. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable level, while optimizing the return of investment.

(1) Foreign exchange risk

The Company is exposed to foreign exchange risk on sales, procurement and loans that are denominated in a currency other than the functional currencies of the Company. Company's functional currencies mainly include NT$. The currencies used in these transactions are mainly NT$, Hong Kong Dollar, US Dollar and Renminbi.

There is no significant difference or significant change in the receivables and payables of the Company, so the Company currently adopts natural hedge as the main exchange rate hedging policy to mitigate the risk.

(2) Interest rate risk

The Company's financial assets exposed to the risk of fair value change arising from interest rate changes are bank deposits, but the impact of changes in interest rates on the fair value of the related financial assets is not significant.

(3) Other market price risk

Company's current financial assets at fair value through profit or loss and non-current financial assets at fair value through other comprehensive income mainly consist of investment in domestic funds, private equity funds, listed stocks, foreign listed stocks and foreign unlisted stocks. Because they are measured at fair value, the Company is exposed to the risk of changes in the market price of equity securities. In order to manage market risk, the Company selects investment targets carefully and controls its position in order to mitigate the market risk.

(XXIV) Capital management

It is the policy of the Board of Directors to maintain a sound capital base to sustain the confidence of investors, creditors and the market and to support the development of future operations. Capital consists of the Company's share capital, capital surplus, retained earnings, other equity. The Board of Directors is responsible for controlling the debt-to-equity ratio and the level of common stock dividends.

As of December 31, 2023 and 2022, debt-to-equity ratio was as follows:

	2023.12.31	December 31, 2022 (restated)
Total Liabilities	$ 4,057,241	4,606,247
Less: cash and cash equivalents	(2,760,841)	(2,390,487)
Net liability	**$ 1,296,400**	**2,215,760**
Equity	**$ 14,267,436**	**13,329,251**
Debt-to-equity ratio	**9.09%**	**16.62%**

As of December 31, 2023, there was no material change in the Company's capital management.

(XXV) Investing and financing activities not affecting cash flows

The reconciliation of liabilities arising from financing activities in 2023 and 2022 was as follows:

			Non-cash changes					
	2023.1.1	**Cash flows from:**	**Addition**	**Disposal**	**Changes in foreign exchange rate**	**Changes in lease payment**	**Others**	**2023.12.31**
Long-term loans	$ 199,334	(74,930)	-	-	-	-	-	124,404
Lease liabilities	51,000	(4,089)	3,110	-	-	-	-	50,021
Total liabilities from financing activities	**$ 250,334**	**(79,019)**	**3,110**	**-**	**-**	**-**	**-**	**174,425**

	2022.1.1	Cash flows from:	Non-cash changes: Addition	Disposal	Changes in foreign exchange rate	Changes in lease payment	Others	2022.12.31
Long-term loans	$ 272,348	(73,014)	-	-	-	-	-	199,334
Lease liabilities	52,279	(3,167)	1,888	-	-	-	-	51,000
Total liabilities from financing activities	$ 324,627	(76,181)	1,888	-	-	-	-	250,334

VII. Related Party Transactions

(I) Related party name and relationship

Related parties that had transactions with the Company during the reporting periods were listed below:

Name of Related Party	Relationship with the Company
FSP Group USA Corp.	Associate of the Company
Sparkle Power Inc.	The entity's Chairman is the second-degree relatives of the Chairman of the Company
Amacrox Technology Inc. ("Amacrox")	The entity's Chairman is the second-degree relatives of the Chairman of the Company
Voltronic Power Technology Corp. ("Voltronic")	Substantive related party
Fortron/Source (Europa) GmbH	Substantive related party
FSP(GB) Ltd.	Substantive related party
FSP North America Inc.	Substantive related party
FSP Power Solution GmbH	Substantive related party
FSP International Inc. (BVI)	Subsidiary of the Company
FSP Group Inc.	Subsidiary of the Company
Amacrox Technology Co., Ltd. (BVI)	Subsidiary of the Company
Power Electronics Co., Ltd.	Subsidiary of the Company
FSP Technology Inc. (BVI)	Subsidiary of the Company
Harmony Trading (HK) Ltd.	Subsidiary of the Company
FSP Technology USA Inc.	Subsidiary of the Company
FSP Turkey Dis Tic.Ltd.Sti.	Subsidiary of the Company
FSP International (HK) Ltd.	Subsidiary of the Company
Proteck Electronics (Samoa) Corp.	Subsidiary of the Company
FSP Technology Vietnam Co., Ltd. (SPV)	Subsidiary of the Company
Famous Holding Ltd.	Subsidiary of the Company
Amacrox GmbH	Subsidiary of the Company
Proteck Power North America, Inc.	Subsidiary of the Company
3Y Power Technology Inc.	Subsidiary of the Company

Name of Related Party	Relationship with the Company
3Y Power Technology (TAIWAN) Inc. ("3Y Power")	Subsidiary of the Company
FSP-C R&D Center ("FSP Jiangsu")	Subsidiary of the Company
Shenzhen Huili Electronic Co., Ltd. ("Huili")	Subsidiary of the Company
Dongguan Protek Electronics Corp.	Subsidiary of the Company
Amacrox Technology Co., Ltd.	Subsidiary of the Company
WUXI SPI Technology Co., Ltd. ("WUXI SPI")	Subsidiary of the Company
Wuxi Zhonghan Technology Co., Ltd.	Subsidiary of the Company
Haohan Electronic Technology (Ji'an) Co., Ltd.	Subsidiary of the Company
Shenzhen Zhonghan Technology Co., Ltd.	Subsidiary of the Company
Wuxi Xiangyuan Electronics Co., Ltd.	Subsidiary of the Company

(II) Significant transactions of related party

1. Operating revenue

Significant sales amount to related parties was as follows:

	2023 Fiscal year	2022 Fiscal year
Subsidiary	$ 956,054	1,134,940
Associate	75,259	48,046
Other related party	1,632,636	2,076,361
	$ 2,663,949	3,259,347

The prices and credit terms of the Company's sales to the above related parties were not significantly different from those of its regular customers.

2. Purchases

The amounts of goods purchased from related parties, raw materials purchased by related parties on behalf of the Company and processing of products were as follows:

	2023 Fiscal year	2022 Fiscal year
Subsidiary	$ 1,711,287	1,787,616
Other related party	337,062	375,168
	$ 2,048,349	2,162,784

The Company did not purchase similar products from other manufacturers, so there was no transaction price from regular manufacturers for comparison. The payment terms were not significantly different from those of regular manufacturers except that the payment term for some subsidiaries was 5 days after the monthly settlement.

3. Receivables from related parties

The detailed breakdown of receivables generated by our company due to sales transactions and advances for business needs is as follows:

Accounting Subject	Related party category/name	2023.12.31	2022.12.31
Accounts receivable	Subsidiary	$ 220,833	188,085
Accounts receivable	Associate	19,427	2,254
Accounts receivable	Other related party	460,996	612,383
		701,256	802,722
Other receivables	Subsidiary		
	3Y Power	5,374	7,631
	Famous Holding Ltd.	14,304	4,662
	Others	3,549	3,932
Other receivables	Associate	347	36
Other receivables	Other related party		
	FSP Power Solution GmbH	21,974	11,462
	Others	8,598	8,384
		54,146	36,107
		$ 755,402	838,829

As of December 31, 2023 and 2022, loss allowance for the above accounts receivable was recognized based on the expected credit loss rate. As of December 31, 2023 and 2022, there was no loss allowance recognized for other receivables.

4. Payable and prepayment to related parties

Accounts payable and prepayment arising from purchases of goods and raw materials and processing of products:

Accounting Subject	Related party category/name	2023.12.31	2022.12.31
Accounts payable	Subsidiary	$ 211,124	288,146
Accounts payable	Other related party	87,065	151,773
		298,189	439,919

Accounting Subject	Related party category/name	2023.12.31	2022.12.31
Other payables	Subsidiary	8,525	7,980
Other payables	Other related party	9,293	-
		17,818	7,980
		$ 316,007	447,899

5. Service from related party

The Company entered into a billing management service contract with 3Y Power, a subsidiary of the Company, to provide management guidance on the establishment of related departments, application systems and professional information services to 3Y Power at an annual cost of US$240,000. The Company also provides machinery and equipment services to 3Y Power.

The breakdown of the above income from the provision of management and equipment services to 3Y Power is as follows:

	2023 Fiscal year	2022 Fiscal year
Income from management service	$ 7,455	7,101
Income from machinery and equipment service	611	613
	$ 8,066	7,714

The details of technical service fees, labor costs and commissions paid by the Company to the related parties are as follows:

	2023 Fiscal year	2022 Fiscal year
Subsidiary		
FSP Jiangsu	$ 46,263	45,795
FSP Technology USA Inc.	11,843	2,890
Others	3,125	2,606
Associate		
FSP Group USA Corp.	11,390	8,918
Other related party	15,738	12,104
	$ 88,359	72,313

The Company recognized the following payables to related parties and advance receipts (recorded as other current liabilities and other non-current liabilities) as a result of the above transactions:

Accounting Subject	Related party category/name	2023.12.31	2022.12.31
Other payables	Subsidiary	$ 14,753	11,593
Other payables	Associate	1,279	934
Other payables	Other related party	5,032	9,646
		21,064	22,173
Other current liabilities	Subsidiary		
	3Y Power	620	620
Other non-current liabilities	Subsidiary		
	3Y Power	790	1,401
		$ 22,474	24,194

(III) Compensation for key management personnel

Compensation for key management personnel

	2023 Fiscal year	2022 Fiscal year
Short-term employee benefits	$ 56,967	57,262
Post-employment benefits	529	542
	$ 57,496	57,804

VIII. Pledged Assets

The carrying amount of pledged assets for custom duty performance guarantee, and borrowings was as follows:

Name of Assets	Pledged to secure	2023.12.31	2022.12.31
Restricted time deposits (recognized in other non-current assets)	Custom duty performance guarantee	$ 100	100
Land	Long-term and short-term loan facilities	161,077	161,077
Housing and Construction	Short-term loan facilities	170,455	178,451
Total		$ 331,632	339,628

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

(I) On December 31, 2023 and 2022, the bank provided the company with customs and goods tax accounting guarantee limits of NTS200,000,000 each, with a utilization of NT$30,000,000.

(II) The Company purchased products of Beyond Innovation Technology Co., Ltd. (hereinafter referred to as Beyond Innovation) through a distributor in Taiwan. O2 Micro International Limited (hereinafter referred to as O2), a competitor of Beyond Innovation, states that such products infringe upon its patent rights in the United States, and therefore filed a civil lawsuit against three companies including the Company in the Marshall Division, United States District Court for the Eastern District of Texas (hereinafter referred to as the United States District Court).

O2 withdrew all claims for monetary compensation against all defendants in the preceding civil lawsuit on April 24, 2006. The United States District Court subsequently rendered a first-instance judgment and injunction prohibiting the sale of the products to the United States on March 21, 2007. It also ruled that the attorneys' fees and litigation costs incurred in this lawsuit, totaling US$2,268,402.22, should be borne jointly by the Company, Beyond Innovation, and Lien Chang Electronic Enterprise Co., Ltd. After the defendants filed an appeal to the United States Court of Appeals for the Federal Circuit, the Federal Circuit issued a decision on April 3, 2008. It found the lower court's ruling, in which the defendants were found to be in violation of patent rights, did not meet the requirements for legal proceedings and therefore reversed and remanded to the original court for retrial. As for the ruling regarding the litigation expenses, although it was not reviewed by the court of appeals, the reversal of the first-instance judgment means that the ruling has lost its basis and is therefore nullified.

After the case was remanded to the United States District Court, the Court only reviewed the lawsuit between O2 and Beyond Innovation, and rendered a judgment on September 27, 2010, which found that although Beyond Innovation had infringed upon O2's patent rights, the infringement was not based on malicious intent. Beyond Innovation later filed an appeal and the United States Court of Appeals for the Federal Circuit (CAFC) rejected Beyond Innovation's appeal and affirmed the decision of the lower court.

The litigation between the Company and O2 was separated from the aforementioned litigation between O2 and Beyond Innovation on July 21, 2009. However, the Company has not yet received a notice of hearing from the US Court.

The Company was implicated by the use of Beyond Innovation's products, and after learning that Beyond Innovation's products involved in such disputes, the Company has switched to alternative materials that do not involve infringement disputes. According to the intellectual property right guarantee signed by the Company and Beyond Innovation, Beyond Innovation shall bear all liabilities, losses, damages, costs, or other expenses incurred by the Company as a result of the use of its products. As a result, Beyond Innovation shall bear the adjudication costs borne by the Company. Therefore, the attorneys' fees and litigation costs incurred in the above patent litigation do not have a significant impact on the Company's financial statements. The Company recognized the aforementioned expenses in as expenses for the year in which they occurred based on fiscal conservatism.

(III) The Company believes that since a ruling was rendered in the litigation between O2 and Beyond Innovation in the United States, the Company filed a civil lawsuit against Beyond Innovation based on the intellectual property rights guarantee provided by Beyond Innovation. The Company first requested the partial payment of the litigation costs and related expenses incurred by the O2 lawsuit in the United States in connection with the use of Beyond Innovation's products. However, on December 26, 2008, the Taiwan Taipei District Court rejected the claim for damages, and the Company did not agree with the rejection. On January 16, 2019, our company filed an appeal with the Taiwan High Court and successfully won the lawsuit on November 27, 2019. However, Beyond Innovation Technology Co., Ltd. appealed to the Supreme Court on December 30, 2019. After mediation by the Supreme Court of Taiwan, the two parties reached a settlement on October 5, 2022, regarding the aforementioned dispute.

(IV) The company has signed significant contracts for real estate, factory, and equipment procurement in 2023 and 2022. The contract prices were NT$16,534,000 and NT$0, respectively. Payments made for these contracts amounted to NT$8,045,000 and NT$0, respectively. These assets are recorded under unfinished projects and other non-current assets.

X. Significant Disaster Loss: None.

XI. Significant Events after the Balance Sheet Date: None.

XII. Others

A summary of employee benefits, depreciation, and amortization by function is provided below:

By function / By nature	2023 Fiscal year			2022 Fiscal year		
	Operation Costs	**Operation Expenses**	**Total**	**Operation Costs**	**Operation Expenses**	**Total**
Employee benefits						
Salary expense	53,638	692,938	746,576	54,751	706,444	761,195
Insurance expense	5,531	57,379	62,910	5,952	52,544	58,496
Pension expense	2,017	28,843	30,860	1,999	25,110	27,109
Remuneration Paid to Directors	-	9,675	9,675	-	9,180	9,180
Other employee benefit expense	2,390	26,175	28,565	2,902	24,489	27,391
Depreciation expenses	10,061	61,855	71,916	8,376	56,917	65,293
Amortization expenses	183	4,241	4,424	454	5,506	5,960

Information regarding the number of employee and employee benefit expenses as of December 31, 2023 and 2022 is as follows:

	2023 Fiscal year	2022 Fiscal year
Number of Employees	756	750
Directors not in concurrent employment	8	7
Average employee benefits expense	$ 1,162	1,177
Average employee salary expense	$ 998	1,024
Average adjustment of employee salary	(2.54)%	
Supervisor's remuneration	$ -	-

The Company's compensation policy, including Directors, Supervisors, managers and employees, is as follows:

(I) Remuneration Paid to Directors

According to the Article 20 of the Company's Articles of Incorporation, if there is any profit in the year, no more than 3% shall be allocated as the Director's remuneration. The payment standard of transportation fee is in accordance with the regulations on the payment of remuneration for Directors and functional members, and the transportation fee is NT$5 thousand per person each time. If Director is also an employee, remuneration shall be paid in accordance with the provision of (3).

(II) Remuneration of Independent Directors

The Company's independent directors do not participate in the distribution of Directors' remuneration under Article 20 of the Company's Articles of Incorporation. However, the Company is required to pay each independent director a fixed quarterly compensation regardless of profit or loss. If an Independent Director resigns during the quarter, his or her remuneration shall be calculated proportionally based on the period of services in the quarter.

(III) Remuneration of Managerial Officers

The remuneration of the Company's managers is based on the Company's "Manager Salary and Remuneration Management Regulations", taking into account the salary level of the position in the market, the scope of roles and responsibilities of the position in the Company and the contribution to the Company's business goals. The remuneration of the managers is reviewed by the Remuneration Committee and implemented after the approval by the Board of Directors. When determining reasonable remuneration, the Company considers its overall operating performance, future business risks, development trends of the industry, individual performance achievement and contribution to the Company's financial results. Manager's performance and reasonableness of the remuneration are reviewed by the Remuneration Committee and the Board of Directors, who will also revise the remuneration policy if deemed appropriate according to the actual operating conditions and relevant laws and regulations.

(IV) Remuneration of Employees

Employee salaries are determined in accordance with the Company's "Salary Management Guidelines" and with reference to average salary in the market and organizational structure. Employee salaries are adjusted in a timely manner according to market salary trends and government regulations. According to the Article 20 of the Company's Articles of Incorporation, the Company should allocate a minimum of 6% of annual profit, if any, to employee remuneration. But if there is any accumulated deficit, the Company's profit should be reserved to cover the deficit in the first place. Remuneration of employees can be paid in stock or cash, and the distribution of stock or cash to employees may include subsidiary’s employees who meet certain criteria. The Board of Directors is authorized to determine the method of distribution. To retain talented employees, the Company has created an employee stock ownership trust and makes fixed monthly contributions to the Company's incentive fund as rewards for employees.

XIII. Supplementary Disclosures

(I) Information on Significant Transactions

The relevant information regarding significant transactions that the company should disclose again according to the financial reporting standards for issuers of securities for the fiscal year 2023 is as follows:

1. Financing provided to other parties: None.
2. Guarantees and endorsements provided to other parties: None.
3. Marketable securities held at the end of the period (excluding investments in subsidiaries, associates and joint ventures):

Number of Shares: [insert number of shares]

Securities Holding Company	Type and Name of Securities	Relationship with Issuer of Securities	Ledger Account	End of Term				Remark
				Shares/Units	Carrying amount	Percentage of shareholding	Fair value	
The Company	Stock:							
	Mekong Resort Development Construction Co., Ltd.	–	Financial assets at fair value through profit or loss	1,905,750	71,632	8.25	71,632	
	Beneficiary certificates:							
	Fuh Hwa Money Market Fund	–	〃	3,650,421	53,984	-	53,984	
	Fuh Hwa Guardian Fund	–	〃	3,504,199	70,176	-	70,176	
	Fuh Hwa Ruei Hua Fund	–	〃	1,961,169	22,966	-	22,966	
	Fuhua three to eight-year callable bonds A and bonds (NT$)			5,000,000	50,737	-	50,737	
	Fuhua three to eight-year callable bonds A and bonds (USD)	–	〃	200,000	65,439	-	65,439	
	Yuanta FTSE4Good TIP Taiwan ESG ETF Securities Investment Trust Fund	–	〃	400,000	14,064	-	14,064	
	Private equity fund:							
	Harmony Mobile Communication Co., LTD partnership	–	〃	44,545,455	44,545	1.11	44,545	
	Mesh Cooperative Ventures Fund	–	〃	24,000,000	24,000	2.46	24,000	
					417,543		417,543	

Securities Holding Company	Type and Name of Securities	Relationship with Issuer of Securities	Ledger Account	End of Term				Remark
				Shares/Units	Carrying amount	Percentage of shareholding	Fair value	
The Company	Stock:							
	Voltronic Power Technology Corp.	Other related party	Financial assets at fair value through other comprehensive income	3,637,822	5,774,366	3.85	5,774,366	
	JESS-LINK Products Co., Ltd.	—	〃	10,000,000	841,000	8.19	841,000	
	WT Microelectronics Co., Ltd.	—	〃	1,000,000	45,650	0.74	45,650	
	Taiwan Cement Corp.	—	〃	54,996	1,917	-	1,917	
	Taiwan Semiconductor Manufacturing Co., Ltd.	—	〃	10,000	5,930	-	5,930	
	Coretronic Corporation			858,000	61,347	0.22	61,347	
	TOT BIOPHARM International Co., Ltd.	—	〃	1,195,200	9,253	0.15	9,253	
	Eastern Union Interactive Corp.			880,000	58,667	4.03	58,667	
	Taiwan Truewin Technology Co., Ltd.	—	〃	1,965,317	147,399	3.67	147,399	
	StockFeel	—	〃	340,000	17,000	0.97	17,000	
	Liwatt X Inc.	—	〃	1,000,000	10,000	14.29	10,000	
	Champ-ray Industrial Co., Ltd.	—	〃	200,000	17,884	0.75	17,884	
					6,990,413		6,990,413	
WUXI Zhonghan	Wuxi Lead Solar Energy Co., Ltd.	—	〃	-	-	12.04	-	
FSP Jiangsu	Powerland Technology Inc.	—	〃	-	26,493	3.39	26,493	
					7,016,906		7,016,906	

4. Marketable securities for which the accumulated purchase or sale amounts for the period exceed NT$300,000,000 or 20% of the paid-in capital:

Number of Shares: [insert number of shares]

Company Name	Type and Name of Securities	Ledger Account	Counterparty	Relationship	Beginning of Period		Purchase		Sale				End of Term	
					Shares	Amount	Shares	Amount	Shares	Selling Price	Carrying Cost	Gains (Losses) on Disposal	Shares	Amount
The Company	Stock: Voltronic Power Technology Corp.	Financial assets at fair value through other comprehensive income			3,666,822	5,665,240	-	-	290,000	496,840	1,368	495,472	3,376,822	5,774,366 (Note)

Note: The ending balance includes unrealized gain or loss on financial assets.

5. Acquisition of real estate at costs which exceed NT$300,000,000 or 20% of the paid-in capital: None.
6. Disposal of real estate at prices which exceed NT$300,000,000 or 20% of the paid-in capital: None.
7. Total purchases from and sales to related parties which exceed NT$100,000,000 or 20% of the paid-in capital:

The company involved in purchasing (selling) goods	Name of Related Party	Relationship	Transaction Situation				Unusual Transaction Terms and Reasons		Notes and Accounts Receivable (Payable)		Remark
			Purchases (Sales)	Amount	Percentage of Total Purchases (Sales) (%)	Credit Period	Unit Price	Credit Period	Balance	Percentage of total notes and accounts receivable (payable)	
The Company	Sparkle Power Inc.	The Chairman of the Company is the second-degree relatives of the entity's Chairman	(Sales)	(344,771)	(3.35)	Note 1			110,866	5.18	
The Company	FSP North America	Substantive related party of the Company	(Sales)	(371,529)	(3.60)	Note 1			91,415	4.27	
The Company	FSP Power Solution GmbH	Substantive related party of the Company	(Sales)	(574,694)	(5.58)	Note 1			189,476	8.86	

The company involved in purchasing (selling) goods	Name of Related Party	Relationship	Transaction Situation				Unusual Transaction Terms and Reasons		Notes and Accounts Receivable (Payable)		Remark
			Purchases (Sales)	Amount	Percentage of Total Purchases (Sales) (%)	Credit Period	Unit Price	Credit Period	Balance	Percentage of total notes and accounts receivable (payable)	
The Company	Fortron/ Source (Europa) GmbH	Substantive related party of the Company	(Sales)	(324,151)	(3.15)	Note 1			62,050	2.90	
The Company	WUXI Zhonghan	100% owned investment via indirect shareholding	(Sales)	(270,544)	(2.63)	Note 1			91,600	4.28	
The Company	FSP Technology USA Inc.	100% owned investment via direct shareholding	(Sales)	(126,526)	(1.23)	Note 1			49,171	2.30	
The Company	Zhong Han	100% owned investment via indirect shareholding	(Sales)	(357,359)	(3.47)	Note 1			-	-	
The Company	FSP TECHNOLOGY VIETNAM	100% owned investment via indirect shareholding	(Sales)	(102,867)	(1.00)	Note 1			48,261	2.26	
The Company	Huili	100% owned investment via indirect shareholding	Purchases (Note 2)	731,339	11.28	Note 4		Note 4	59,496 (Note 3)	2.28	
The Company	Zhonghan	100% owned investment via indirect shareholding	Purchases (Note 2)	302,896	4.67	Note 4		Note 4	25,148 (Note 3)	0.96	
The Company	WUXI SPI	100% owned investment via indirect shareholding	Purchases (Note 2)	220,980	3.41	Note 4		Note 4	34,139 (Note 3)	1.31	
The Company	Voltronic	The Company is the Director of this company	Purchases	337,063	5.20	Note 5			87,065	3.34	
The Company	3Y Power	65.87% owned investment via direct shareholding	Purchases	365,859	5.65	Note 1			101,425	3.89	
3Y Power	3Y Power Technologh Inc.	100% owned investment via direct shareholding	(Sales)	(352,189)	(15.75)	Note 1			15,531	2.86	
3Y Power	FSP Group USA Corp.	Affiliate	(Sales)	(365,859)	-	Note 1			-	-	
3Y Power	Zhong Han	Affiliate	(Sales)	(461,862)	(20.65)	Note 1			-	-	
3Y Power	Huili	Affiliate	Purchases (Note 2)	311,616	-	Note 4		Note 4	- (Note 3)	-	

Note 1: The Company's trading terms for this related party are not significantly different from those of other customers.

Note 2: Including purchases of products, purchases of raw materials and processing.

Note 3: Including accounts payable arising from purchases of products and raw materials and processing fee.

Note 4: The transaction price is not available for regular customers for comparison, and the credit term is 5 days after the monthly settlement.

Note 5: The Group does not purchase similar products from other manufacturers, so there is no transaction price from regular manufacturers for comparison. The payment terms were not significantly different from those of regular manufacturers.

8. Receivables from related parties which exceed NT$100,000,000 or 20% of the paid-in capital:

Company with accounts receivable	Name of Related Party	Relationship	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Recovery from overdue receivables from related parties (Note)	Loss allowance
					Amount	Action taken		
The Company	Sparkle Power Inc.	The Chairman of the Company is the second-degree relatives of the entity's Chairman	110,866	2.45	-		59,735	-
The Company	FSP Power Solution GmbH	Substantive related party of the Company	189,476	3.07	-		76,745	-
3Y Power	The Company	65.87% owned investment via indirect shareholding	101,425	3.74	-		52,100	-

Note: As of March 1, 2024.

9. Derivative instruments transactions: None.

(II) Information on Invested Companies:

Investment information in 2023 is as follows:

Notes to Parent Company Only Financial Statements of FSP Technology Inc. (Continued)

Name of Investor	Name of Investee	Location	Main Business Activities	Initial Investment Amount		End-of-period Holdings			Profit (Loss) of Investee for the Period (Note 1)	Investment gain (loss)recognized for the period (Note 1)	Remark
				Ending Balance for the Current Period	At the end of last year	Shares	Shareholding (%)	Carrying amount			
The Company	FSP International Inc. (BVI)	British Virgin Islands	Investment holdings	1,241,751	1,241,751	32,202,500	100.00	2,028,018	(70,849)	(70,849)	Subsidiary
	FSP Group Inc.	British Cayman Islands	Engaged in safety certification	1,752	1,752	50,000	100.00	299	(1)	(1)	Subsidiary
	Amacrox Technology Co., Ltd. (BVI)	British Virgin Islands	Investment holdings	40,925	40,925	1,109,355	100.00	70,442	1,806	1,806	Subsidiary
	3Y Power	Taiwan	Manufacturing and trading of power supply	304,406	304,406	16,309,484	65.87	785,987	126,346	83,245	Subsidiary
	Harmony Trading (HK) Ltd.	Hong Kong	Investment holdings	45	45	10,000	100.00	1,950	24	24	Subsidiary
	FSP Technology USA Inc.	U.S.A.	Business development and product technical service	3,143	3,143	100,000	100.00	6,012	4,134	4,134	Subsidiary
	FSP Turkey Dis Tic.Ltd.Sti.	Turkey	Business development and product technical service	22,640	22,640	6,673,000	91.41	16,333	13,885	12,692	Subsidiary
	FSP Technology VIETNAM CO.,LTD.	Vietnam	Manufacturing and trading of power supply	70,500 (Note 3)	-	70,500,000	100.00	77,544	(7,525)	(7,525)	Subsidiary
FSP International Inc. (BVI)	FSP Technology Inc. (BVI)	British Virgin Islands	Investment holdings	62,883	62,883	2,100,000	100.00	102,892	(10,949)	-	Sub-subsidiary
	Power Electronics Co., Ltd. (BVI)	British Virgin Islands	Investment holdings	217,707	217,707	7,000,000	100.00	156,806	(46,020)	-	Sub-subsidiary
	Famous Holding Ltd.	Samoa	Investment holdings	807,483	807,483	27,000,000	100.00	1,348,275	(1,637)	-	Sub-subsidiary
	Proteck Electronics (Samoa) Corp.	Samoa	Investment holdings	32,984	32,984	1,100,000	100.00	32,707	(1,369)	-	Sub-subsidiary
	FSP International (HK) Ltd.	Hong Kong	Investment holdings	141,042	141,042	4,770,000	100.00	46,159	(13,155)	-	Sub-subsidiary
Amacrox Technology Co., Ltd. (BVI)	Amacrox GmbH	Germany	Trading of power supply	18,181	18,181	25,000	100.00	3,012	(62)	-	Sub-subsidiary
	FSP Group USA Corp.	U.S.A.	Trading of power supply	14,903	14,903	247,500	45.00	34,561	5,452	2,453	Associate
	Proteck Power North America Inc.	U.S.A.	Investment holdings	(Note 2)	3,279	1,000	100.00	-	-	-	Sub-subsidiary
3Y Power	3Y Power Technology Inc.	U.S.A.	Trading of power supply	233,850	233,850	600,000	100.00	266,516	(9,079)	-	Sub-subsidiary
	Luckyield Co., Ltd.	Samoa	Investment holdings	4,500	4,500	45,000	100.00	2,835	(425)	-	Sub-subsidiary

Note 1: The investment gain or loss recognized by the company is based on the financial statements of the investees audited by the CPA of the parent company in Taiwan and accounted for under the equity method, except for the financial statements of 3Y Power, 3Y Power Technology Inc. and Luckyied Co. which are audited by other CPA.

Note 2: Proteck Power North America Inc. completed its liquidation on August 29, 2023.

Note 3: The Company established FSP VN for NT$30,500,000 (US$1,000,000) on June 19, 2023 and it became a subsidiary of the Company since then.

(III) Information on investment in Mainland China:

1. Information on the name of investee company in Mainland China and their main businesses and products:

Investee Company	Main Business Activities	Paid-in Capital	Method of Investments (Note 1)	Accumulated Amount of Investments Remitted from Taiwan at Beginning of Period	Amount of Investments Remitted or Repatriated for the Period		Accumulated Amount of Investments Remitted from Taiwan at End of Period	Profit (Loss) of Investee for the Period	Percentage of ownership of direct or indirect investment	Share of profits/losses for the period (Note 3)	Carrying amount of investment at the end of the period (Note 3)	Accumulated Investment Income Repatriated at End of Period
					Remitted	Repatriated						
Huili	Processing of power supply	144,522	(II)、1	176,873	-	-	176,873	(578)	100.00	(578)	246,204	197,299
Zhonghan	Processing of power supply	223,230 (Note 2)	(II)、1	104,342	-	-	104,342	(46,022)	100.00	(46,022)	154,155	75,044
WUXI SPI	Processing of power supply	719,537 (Note 2)	(II)、1	508,326	-	-	508,326	(1,497)	100.00	(1,497)	85,730	-
WUXI Zhonghan	Manufacturing and trading of power supply	414,470	(II)、1	380,595	-	-	380,595	(236)	100.00	(236)	1,264,010	-
Zhong Han	Manufacturing and trading of power supply	129,810	(II)、1	20,196	-	-	20,196	1,802	100.00	1,802	763,247	-
FSP Jiangsu	Research & development and design of various energy saving technology	69,009 (Note 2)	(II)、1	13,380	-	-	13,380	(10,949)	100.00	(10,949)	104,453	-
Protek Dongguan	Processing of power supply	39,237	(II)、1	38,038	-	-	38,038	1,367	100.00	1,367	32,444	-
Hao Han	Transformer processing	163,033 (Note 2)	(II)、1	-	-	-	-	(13,155)	100.00	(13,155)	46,127	-
WUXI 3Y	Design, manufacturing and trading of power supplies	4,106	(II)、2	-	-	-	-	(425)	65.87	(280)	2,835	-

Note 1: Method of investment can be divided into the following 3 categories:

(I) Direct investment in mainland China.

(II) Indirect investment in mainland China through a holding company established in other countries

1. Via FSP International Inc. The company is reinvesting in mainland China.
2. Through 3Y Power to invest in mainland China.

(III) Others.

Note 2: This includes the amount of capital contributed by a foreign subsidiary from its earnings or dividends from an investee company in China.

Note 3: The investment profits and losses and the carrying amount of the investment at the end of the period recognized by the company are based on the financial statements of the investee company audited by the CPA of Taiwan's parent company, except for WUXI 3Y, whose financial statements are audited by other CAP in Taiwan.

2. The limit of investment in mainland China:

Accumulated investment in mainland China at the end of period	Investment amounts approved by Investment Commission, MOEA	Limit of investment in mainland China approved by Investment Commission, MOEA
1,241,750 (Note 2) (HK$ 12,500,000 and US$ 35,640,000)	1,649,150 (Note 2) (HK$ 12,500,000 and US$ 52,110,000)	8,560,462 (Note1)

Note 1: 60% of net worth.

Note 2: The relevant amounts of investment in the Mainland China region mentioned above, except for the cumulative amount of investment from Taiwan to the Mainland China region at the end of this period, are based on the historical exchange rate. The recognition of investment gains and losses for this period is based on the weighted average exchange rate, with the exchange rate of USD to TWD at 1: 31.1548, the exchange rate of RMB to TWD at 1: 4.3954, and the exchange rate of HKD to TWD at 1: 3.9794. The paid-in capital, the approved amount by the Ministry of Economic Affairs Investment Commission, and the end-of -period investment book value are calculated based on the exchange rate on December 31, 2023, with the exchange rate of USD to TWD at 1: 30.7050, the exchange rate of RMB to TWD at 1: 4.3270, and the exchange rate of HKD to TWD at 1: 3.9290.

3. Significant transactions with the investee company in mainland China:
For the direct or indirect significant transactions between the Company and its investee companies in mainland China in 2023, please refer to the description of "Information on Significant Transactions".

(IV) Information on Major Shareholders:

Shareholding / Name of Major Shareholders	Number of Shares Held (Shares)	Percentage of Ownership
Chuan Han Investment Co., Ltd.	15,191,766	8.11%
Cheng Ya-Jen	11,792,834	6.29%
Yang Fu-An	11,167,477	5.96%

1. The information of major shareholders in this table was calculated by Taiwan Depository & Clearing Corporation on the last business day at the end of each quarter, and the shareholders who held more than 5% of the common shares and preferred shares of the Company that have been delivered (including treasury

shares) were disclosed. The number of shares recorded in the Company's financial statements and the number of shares actually delivered by the Company without physical registration may differ due to different basis of preparation of the calculations.

2. If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. As for the insider declaration for shareholding more than 10% of total shares in accordance with the Securities and Exchange Act, their shareholding shall include the shares held by themselves plus the shares that they have delivered to the trust and have the right to exercise decision-making power over the trust property. For more information, please refer to Market Observation Post System website.
3. The percentage of shareholding is calculated by rounding to two decimal places.

XIV. Segment Information

Please refer to the consolidated financial statements for the year ended December 31, 2023.

V. Consolidated Financial Statements for the Most Recent Fiscal Year, Audited by CPAs

Statement

In the fiscal year 2023 of our company (from January 1, 2023 to December 31, 2023), the companies that are required to prepare consolidated financial statements for related parties in accordance with the "Guidelines for the Preparation of Business Reports, Consolidated Financial Statements for Related Parties, and Related Reports" and the companies that are required to prepare consolidated financial statements for parent-subsidiary mergers in accordance with International Financial Reporting Standard No. 10 approved by the Financial Supervisory Commission are the same. Furthermore, the relevant information that should be disclosed in the consolidated financial statements for related parties has already been disclosed in the aforementioned consolidated financial statements for parent-subsidiary mergers, so there is no need to prepare separate consolidated financial statements for related parties.

Hereby Declare

Company Name: FSP Technology Inc. and Subsidiaries

Chairman: Cheng, Ya-Jen

Date: March 14, 2024

Independent Auditors' Report

To the Board of Directors of FSP Technology Inc.:

Opinions

We have reviewed the Consolidated Financial Statements of FSP Technology Inc. and its subsidiaries, which comprise the Consolidated Balance Sheets as of December 31, 2023, and December 31, 2022 (restated), and the Consolidated Statements of Comprehensive Income, the Consolidated Statements of Changes in Equity, the Consolidated Statements of Cash Flows, and Notes to the Consolidated Financial Statements (including a summary of significant accounting policies) from January 1 to December 31, 2023, and January 1 to December 31, 2022 (restated).

In our opinion, based on our audit results and the audit reports prepared by other independent auditors (please refer to Other Matters section), the accompanying Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and 2022, and its consolidated financial performance and consolidated cash flows for the periods from January 1 to December 31, 2023 and 2022, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (“IFRS”), International Accounting Standards (“IAS”), and interpretations from International Financial Reporting Interpretations Committee (“IFRIC”) and Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinions

Our accountant conducted the audit work in accordance with the Certified Public Accountants' Rules for the Attestation of Financial Statements and Audit Standards. 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 FSP Technology Inc. in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (the “Code”), and we have fulfilled other ethical responsibilities in accordance with the Code. Based on our audit results and the reports of other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the 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. In our judgment, revenue recognition is the key audit matter that should be communicated in the audit report.

Please refer to Note IV (XV) for the accounting policy of revenue recognition and Note VI (XX) for the related disclosure of revenue.

Description of key audit matter:

Sales revenue of the Company is a key indicator for investors and management to evaluate financial or business performance. As a listed company, there is a high inherent risk of misrepresentation for the Company. Additionally, there is a risk that revenue may not be recorded in the correct period close to the balance sheet date due to variations in the timing of revenue recognition based on different transaction conditions with customers. Therefore, the judgment of revenue recognition near the balance sheet date and the timing of transfer of control over goods are crucial for expressing financial statements accurately. Therefore, our accountant has categorized revenue recognition as a significant audit matter for this year's financial statement audit.

Audit procedure to address the matter:

We performed the following audit procedure in respect of the above key audit matter:

- Tested the effectiveness of the design and implementation of the internal control mechanism in relation to revenue recognition.
- Conducted trend analysis for the top ten customers, including comparison of customer lists and sales revenue between the current period and the most recent period as well as the same period last year, in order to assess whether there is any significant irregularity, and to identify and analyze the reasons for any material changes.
- Performed random sample checking on the sales transactions of the year to evaluate the authenticity of these transactions, the correctness of the recognized amount of sales revenue and the reasonableness of the timing of recording.
- Reviewed samples of sales transactions for a specified period before and after the end of the year to assess whether the timing of revenue recognition is appropriate.

Other Matters

Some subsidiary financial statements included in the FSP Technology Inc.'s consolidated financial report were not audited by our accountant but were audited by other auditors. Therefore, our accountant's opinion on the aforementioned consolidated financial report is based on the audit reports of other auditors for the amounts listed in the financial statements of those subsidiary companies. Those subsidiary companies accounted for 9.22%, 9.12% and 8.12％ of the total assets of the consolidated financial statements as of December 31, 2023 and restated as of December 31, 2022 and January 1st, respectively. For the net operating revenue, they represented 11.36% and 12.79% of the total net operating revenue of the consolidated financial statements for the periods from January 1st to December 31st of 2023 and restated from January 1st to December 31st of 2022, respectively.

FSP Technology Inc. has prepared its parent-company-only financial statements for the years ended December 31, 2023 and 2022, on which we have issued an unqualified opinion with the section of Other Matters in the audit report.

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 conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission, and maintain internal controls which are necessary for the preparation of the Consolidated Financial Statements so as to avoid material misstatements due to fraud or errors therein.

In preparing the Consolidated Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing related matters and adopting the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The governance of the Company, including the Audit Committee, is responsible for overseeing the financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Having a reasonable assurance is having a high level of confidence, but performing audit work in accordance with auditing standards cannot guarantee the detection of all material misstatements in the consolidated financial statements. Misstatements can arise from fraud or error. Misstatements are considered material if misstated individual or aggregate amounts could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

When our accountant conducts an audit in accordance with auditing standards, they employ professional judgment and professional skepticism. We also perform the following tasks:

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 Company's internal control.
3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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 Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the Consolidated 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 the key audit matters in the audit of the Company's Consolidated Financial Statements for the year ended December 31, 2021. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors’ report are Chang, Chun-I and Chao, Min-Ju.

KPMG Taiwan

Taipei, Taiwan (Republic of China)

March 14, 2024

<u>*Notice to Readers*</u>

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

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

FSP Technology Inc. and Subsidiaries
Consolidated Balance Sheets
December 31, 2023 and 2022

Unit: NT$ thousand

Code	Assets	2023.12.31 Amount	%	December 31, 2022 (restated) Amount	%	January 1, 2022 (restated) Amount	%
11xx	**Current Assets:**						
1100	Cash and cash equivalents (Note VI (I))	$ 4,225,848	21	3,695,970	18	2,794,253	13
1110	Financial assets at fair value through profit or loss - current (Note VI (II))	698,828	3	560,449	3	516,074	3
1136	Financial assets at amortized cost	-	-	-	-	10,800	-
1150	Notes receivable, net (Notes VI (IV) and (XX))	126,773	1	81,568	-	62,112	-
1170	Accounts receivable, net (Notes VI (IV) and (XX))	2,331,178	11	3,140,610	16	3,864,730	18
1180	Accounts receivable - related parties, net (Notes VI (IV), (XX) and VII)	541,208	3	721,838	4	801,748	4
1200	Other receivables (Notes VI (III), (V) and VII)	430,235	2	91,330	-	73,406	-
1220	Current income tax assets	8,351	-	5,865	-	5,779	-
130x	Inventories (Note VI (VI))	2,540,765	12	3,058,639	15	3,590,546	17
1410	Prepayments	63,325	-	44,578	-	77,899	-
1470	Other current assets	23,537	1	30,858	-	34,848	-
	Total current assets	10,990,048	54	11,431,705	56	11,832,195	55
15xx	**Non-current Assets:**						
1517	Financial assets at fair value through other comprehensive income - non-current (Notes VI (III) and (XVIII))	7,016,906	34	6,376,814	32	6,763,138	32
1550	Investment under equity method (Note VI (VII))	34,561	-	34,200	-	26,947	-
1600	Property, plant and equipment (Notes VI (IX), (XII), and (XIII), VIII and IX)	1,481,716	7	1,487,995	7	1,544,427	8
1755	Right-of-use assets (Notes VI (X), (XIV) and VII)	434,682	3	527,497	3	635,433	3
1780	Intangible assets (Note VI (XI))	223,440	1	224,905	1	223,496	1
1840	Deferred income tax assets (Note VI (XVII))	171,954	1	192,732	1	230,824	1
1900	Other non-current assets (Notes VI (IX), XVI, VIII and IX)	69,515	-	52,573	-	69,666	-
	Total non-current assets	9,432,774	46	8,896,716	44	9,493,931	45
1xxx	**Total assets**	$ 20,422,822	100	20,328,421	100	21,326,126	100

Code	Liabilities and Equity	2023.12.31 Amount	%	December 31, 2022 (restated) Amount	%	January 1, 2022 (restated) Amount	%
21xx	**Current Liabilities:**						
2100	Short-term borrowings (Notes VI (IX), (XII) and VIII)	$ 1,536	-	7,692	-	16,315	-
2150	Notes payable	11,450	-	13,057	-	14,445	-
2170	Accounts payable	2,993,921	15	3,854,819	18	4,986,689	23
2180	Accounts payable - related parties (Note VII)	87,065	-	151,773	1	90,024	-
2200	Other payables (Notes VI (XVI), (XXI) and VII)	1,535,992	8	1,247,717	6	1,151,339	6
2230	Current income tax liabilities	133,695	1	156,741	1	167,169	1
2250	Provisions - current (Note VI (XV))	130,311	1	131,155	1	146,223	1
2280	Lease liabilities - current (Notes VI (XIV) and VII)	190,025	1	175,602	1	166,758	1
2300	Other current liabilities (Notes VI (XIII) and (XX))	200,961	1	168,256	1	92,137	-
2320	Long-term liabilities - current portion (Notes VI (IX), (XIII) and VIII)	75,616	-	74,930	-	73,014	-
	Total current liabilities	5,360,572	27	5,981,742	29	6,904,113	32
25xx	**Non-current Liabilities:**						
2540	Long-term borrowings (Notes VI (IX) and (XIII), and VIII)	48,788	-	124,404	1	199,334	1
2570	Deferred income tax liabilities (Note VI (XVII))	86,100	-	121,940	-	146,792	1
2580	Lease liabilities - non-current (Notes VI (XIV) and VII)	255,209	2	364,713	2	474,996	2
2640	Net defined benefit liabilities - non-current (Note VI (XVI))	-	-	8,511	-	44,234	-
2645	Guarantee deposits received	500	-	532	-	500	-
2670	Other non-current liabilities (Note VI (XIII))	2,429	-	2,994	-	3,970	-
	Total non-current liabilities	393,026	2	623,094	3	869,826	4
2xxx	**Total liabilities**	5,753,598	29	6,604,836	32	7,773,939	36
31xx	**Equity Attributable to Owners of the Parent (Note VI (III), (VII) & (XVIII)):**						
3100	Capital Stock	1,872,620	9	1,872,620	9	1,872,620	9
3200	Capital Surplus	861,207	4	1,011,016	5	1,011,016	5
3300	Retained earnings:						
3310	Legal reserve	1,301,707	6	1,175,322	6	1,033,544	5
3350	Unappropriated earnings	4,126,229	20	3,719,335	18	3,213,826	15
	Total retained earnings	5,427,936	26	4,894,657	24	4,247,370	20
34xx	Other Equity:						
3410	Exchange differences on translation of financial statements of foreign operations	(126,335)	(1)	(77,349)	-	(117,703)	(1)
3420	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	6,232,008	31	5,628,307	28	6,200,289	29
	Total other equity	6,105,673	30	5,550,958	28	6,082,586	28
	Total equity attributable to shareholders of the parent	14,267,436	69	13,329,251	66	13,213,592	62
36xx	**Non-controlling Interests (Note VI (XVIII))**	401,788	2	394,334	2	338,595	2
3xxx	**Total equity**	14,669,224	71	13,723,585	68	13,552,187	64
2-3xxx	**Total liabilities and equity**	$ 20,422,822	100	20,328,421	100	21,326,126	100

(Please see accompanying notes to the Consolidated Financial Statements)

Chairman: Cheng, Ya-Jen **General Manager: Cheng, Ya-Jen** **Chief Accounting Officer: Sang, Hsi-Yun**

FSP Technology Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

		2023 Fiscal year		2022 Fiscal year (Revised Edition)	
		Amount	**%**	**Amount**	**%**
4000	**Operating revenue (Notes VI (XX) and VII)**	$ 13,179,581	100	13,895,870	100
5000	**Operating costs (Notes VI (VI), (IX), (X), (XI), (XIV), (XV), and (XVI), VII and XII)**	10,773,503	82	11,587,346	83
5920	Add: Realized (Unrealized) Profit on Sales	(2,051)	-	259	-
5900	**Gross profit**	2,404,027	18	2,308,783	17
6000	**Operating expenses (Notes VI (IV), (V), (IX), (X), (XI), (XIV), (XVI), (XXI), VII and XII):**				
6100	Selling and marketing expenses	710,183	5	622,750	5
6200	General and administrative expenses	648,076	5	668,340	5
6300	Research and development expenses	559,978	4	481,663	3
6450	Expected credit impairment losses (gains)	16,977	-	(6,290)	-
	Total operating expenses	1,935,214	14	1,766,463	13
6900	**Net operating income**	468,813	4	542,320	4
7000	**Non-operating income and expenses (Notes VI (II), (III), (VII), (VIII), (IX), (X), (XIII), (XIV), (XXII), and VII):**				
7100	Interest income	74,461	1	27,155	-
7010	Other income	251,049	2	205,748	2
7020	Other gains and losses	9,879	-	189,960	1
7050	Finance costs	(24,146)	-	(17,028)	-
7060	Share of profits (losses) of associates and joint ventures under equity method	2,453	-	3,612	-
	Total non-operating income and expenses	313,696	3	409,447	3
7900	**Income before income tax from continuing operations**	782,509	7	951,767	7
7950	**Less: Income tax expense (Note VI (XVII))**	142,825	1	160,731	1
8200	**Net Income**	639,684	6	791,036	6
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified to profit or loss (Note VI (XVI))**				
8311	Gains (losses) on re-measurements of defined benefit plans	(788)	-	27,519	-
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	1,100,229	8	(50,513)	-
8349	Less: Income tax related to items that will not be reclassified subsequently	(157)	-	5,504	-
	Total items that will not be reclassified to profit or loss	1,099,598	8	(28,498)	-
8360	**Items that may be reclassified subsequently to profit or loss (Note VI (VII) and (XVIII))**				
8361	Exchange differences on translation of financial statements of foreign operations	(49,896)	-	42,033	-
8370	Share of other comprehensive income (losses) of associates and joint ventures under equity method	(41)	-	3,382	-
8399	Less: Income tax related to items that may be reclassified subsequently	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	(49,937)	-	45,415	-
8300	**Other Comprehensive Income**	1,049,661	8	16,917	-
8500	**Total Comprehensive Income**	**$ 1,689,345**	**14**	**807,953**	**6**
	Net income (losses) attributable to:				
8610	Shareholders of the parent	$ 599,238	6	722,439	7
8620	Non-controlling Interests	40,446	-	68,597	(1)
		$ 639,684	**6**	**791,036**	**6**
	Total comprehensive income (losses) attributable to:				
8710	Shareholders of the parent	$ 1,649,780	14	733,623	5
8720	Non-controlling Interests	39,565	-	74,330	1
		$ 1,689,345	**14**	**807,953**	**6**
	Earnings per share (Unit: NT$) (Note VI (XIX))				
9750	Basic earnings per share	**$**	**3.20**		**3.86**
9850	Diluted earnings per share	**$**	**3.17**		**3.82**

(Please see accompanying notes to the Consolidated Financial Statements)

Chairman: Cheng, Ya-Jen General Manager: Cheng, Ya-Jen Chief Accounting Officer: Sang, Hsi-Yun

FSP Technology Inc. and Subsidiaries
Consolidated Statements of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

	Equity Attributable to Owners of the Parent										
			Retained earnings			Other equity items					
	Capital stock - common shares	Capital Surplus	Legal reserve	Unappropriated earnings	Total	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total	Total equity attributable to shareholders of the parent	Non-controlling Interests	Total Equity
Balance as of January 1, 2023	$ 1,872,620	1,011,016	1,033,544	3,209,195	4,242,739	(117,703)	6,200,289	6,082,586	13,208,961	338,515	13,547,476
Retroactive adjustments to new standards	-	-	-	4,631	4,631	-	-	-	4,631	80	4,711
Balance after restatement as of January 1, 2023	1,872,620	1,011,016	1,033,544	3,213,826	4,247,370	(117,703)	6,200,289	6,082,586	13,213,592	338,595	13,552,187
Appropriation and distribution of earnings:											
Appropriation of legal surplus reserve	-	-	141,778	(141,778)	-	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	(617,964)	(617,964)	-	-	-	(617,964)	-	(617,964)
Net Income	-	-	-	722,439	722,439	-	-	-	722,439	68,597	791,036
Other Comprehensive Income	-	-	-	21,343	21,343	40,354	(50,513)	(10,159)	11,184	5,733	16,917
Total Comprehensive Income	-	-	-	743,782	743,782	40,354	(50,513)	(10,159)	733,623	74,330	807,953
Distribution of cash dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	(18,591)	(18,591)
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	521,469	521,469	-	(521,469)	(521,469)	-	-	-
Balance after restatement as of December 31, 2023	1,872,620	1,011,016	1,175,322	3,719,335	4,894,657	(77,349)	5,628,307	5,550,958	13,329,251	394,334	13,723,585
Appropriation and distribution of earnings:											
Appropriation of legal surplus reserve	-	-	126,385	(126,385)	-	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	(561,786)	(561,786)	-	-	-	(561,786)	-	(561,786)
Changes in other capital surplus:											
Cash dividends appropriated from capital surplus	-	(149,809)	-	-	-	-	-	-	(149,809)	-	(149,809)
Net Income	-	-	-	599,238	599,238	-	-	-	599,238	40,446	639,684
Other Comprehensive Income	-	-	-	(701)	(701)	(48,986)	1,100,229	1,051,243	1,050,542	(881)	1,049,661
Total Comprehensive Income	-	-	-	598,537	598,537	(48,986)	1,100,229	1,051,243	1,649,780	39,565	1,689,345
Distribution of cash dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	(32,111)	(32,111)
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	496,528	496,528	-	(496,528)	(496,528)	-	-	-
Balance as of December 31, 2023	**$ 1,872,620**	**861,207**	**1,301,707**	**4,126,229**	**5,427,936**	**(126,335)**	**6,232,008**	**6,105,673**	**14,267,436**	**401,788**	**14,669,224**

(Please see accompanying notes to the Consolidated Financial Statements)

Chairman: Cheng, Ya-Jen **General Manager: Cheng, Ya-Jen** **Chief Accounting Officer: Sang, Hsi-Yun**

FSP Technology Inc. and Subsidiaries

Consolidated Statements of Cash Flows

January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

	2023 Fiscal year	2022 Fiscal year (Revised Edition)
Cash flows from operating activities:		
Income before income tax	$ 782,509	951,767
Adjustments for:		
Adjustments to reconcile profit or loss		
Depreciation expenses	379,163	366,270
Amortization expenses	6,349	8,080
Expected credit impairment losses (gains)	16,977	(6,290)
Interest expense	24,146	17,028
Interest income	(74,461)	(27,155)
Dividend income	(192,437)	(127,003)
Share of profits (losses) of associates and joint ventures under equity	(2,453)	(3,612)
Loss on disposal of property, plant, and equipment	607	536
Disposal of Intangible Asset Loss	11	-
Disposal of investment losses	549	-
Unrealized sales gains (losses)	2,051	(259)
Gains on lease modifications	(12)	(20)
Rent concessions reclassified to revenue	-	(3,861)
Total adjustments for profit or loss	160,490	223,714
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	(138,379)	(44,375)
Notes receivable	(45,205)	(19,456)
Accounts receivable	820,961	730,410
Accounts receivable - related parties	180,630	79,910
Other receivables	(356,952)	(17,637)
Inventories	517,874	531,907
Prepayments	(18,747)	32,768
Other current assets	7,321	3,990
Other Non-Current Assets	(10,581)	(1,717)
Total changes in operating assets	956,922	1,295,800
Changes in operating liabilities:		
Notes payable	(1,607)	(1,388)
Accounts payable	(860,898)	(1,131,870)
Accounts payable - related parties	(64,708)	61,749
Other payables	283,908	89,178
Provisions for liabilities	(844)	(15,068)
Other current liabilities	32,140	75,143
Net defined benefit liabilities	(9,556)	(10,665)
Total changes in operating liabilities	(621,565)	(932,921)
Total changes in operating assets and liabilities	335,357	362,879
Total adjustments	495,847	586,593
Cash flows generated by operating activities	1,278,356	1,538,360
Interest received	72,385	26,868
Interest paid	(24,227)	(16,979)
Income tax paid	(183,401)	(162,738)
Net cash flows generated from operating activities	1,143,113	1,385,511
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(50,745)	(187,324)
Disposal of financial assets at fair value through other comprehensive income	502,498	523,135
Disposal of financial assets at amortized cost	-	10,959
Acquisition of property, plant, and equipment	(195,910)	(116,401)
Disposal of property, plant and equipment	5,784	668
Acquisition of intangible assets	(4,906)	(8,937)
Increase in refundable deposits	(5,800)	(1,830)
Increase in prepayments for equipment	(2,006)	(91)
Dividends received	192,437	127,003
Reduction in restricted deposits	-	18,679
Net cash flows from investing activities	441,352	365,861
Cash flows from financing activities:		
Proceeds from short-term borrowings	1,560	-
Decrease in short-term loans	(7,697)	(8,623)
Repayments of long-term loans	(74,930)	(73,014)
Increase in deposited margin	-	26
Repayment of the principal of lease liabilities	(186,867)	(166,203)
Cash dividends paid	(711,595)	(617,964)
Cash dividends paid to non-controlling interests	(32,111)	(18,591)
Net cash flows used in financing activities	(1,011,640)	(884,369)
Effects of exchange rate changes on the balance of cash held in foreign currencies	(42,947)	34,714
Increase in cash and cash equivalents for the period	529,878	901,717
Cash and cash equivalents at the beginning of the year	3,695,970	2,794,253
Cash and cash equivalents at the end of the year	$ 4,225,848	3,695,970

(Please see accompanying notes to the Consolidated Financial Statements)

Chairman: Cheng, Ya-Jen **General Manager: Cheng, Ya-Jen** **Chief Accounting Officer: Sang, Hsi-Yun**

FSP Technology Inc. and Subsidiaries
Notes to Consolidated Financial Statements
Fiscal years of 2023 and 2022
(Amounts in NT$ thousands, unless specified otherwise)

I. Company History

FSP Technology Inc. (the "Company") was incorporated on April 15, 1993, and registered under the Ministry of Economic Affairs, R.O.C. The Company is listed on the Taiwan Stock Exchange since October 16, 2002. The Company and its subsidiaries (the "Group") are primarily engaged in the manufacturing, processing and trading of power supplies and various electronic components.

II. Date of Authorization for Issuance of the Parent Company Only Financial Statements and Procedures for Authorization

These consolidated financial statements were authorized for issue by the Board of Directors on March 14, 2024.

III. Application of New and Amended Standards and Interpretations

(I) Impact of adoption of new or amended standards and interpretations endorsed by the Financial Supervisory Commission, R.O.C. ("FSC")

the Company has initially adopted the following new amendments to IFRS since January 1, 2023, the impact of which is described as follows:

1. Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"

   The amendment restricts the scope of the recognition exemption. When the original recognition of a transaction results in an equal amount of taxable and deductible temporary differences, the recognition exemption is no longer applicable, and an equal amount of deferred income tax assets and deferred income tax liabilities should be recognized. This accounting adjustment resulted in an increase in deferred income tax assets, deferred income tax liabilities, retained earnings, and non-controlling interests by NT$148,584,000, NT$143,873,000, NT$4,631,000, and NT$80,000, respectively, as of January 1, 2022. As of December 31, 2022, the deferred income tax assets, deferred income tax liabilities, retained earnings, foreign exchange translation adjustments related to financial statements of foreign operations attributable to equity holders of the parent company, and non-controlling interests increased by NT$123,651,000, NT$117,438,000, NT$6,039,000, NT$78,000, and NT$96,000, respectively. This adjustment did not have a significant impact on basic earnings per share, diluted earnings per share, and cash flows for 2022.

If the Group follows the previous accounting policy for 2023, it would result in a decrease of NT$85,856,000 in deferred income tax assets, NT$79,740,000 in deferred income tax liabilities, NT$6,039,000 in retained earnings, a decrease of NT$28,000 in foreign exchange translation adjustments related to financial statements of foreign operations attributable to equity holders of the parent company, and an increase of NT$105,000 in non-controlling interests as of December 31, 2023. Additionally, for 2023, there would be a decrease of NT$106,000 in the foreign exchange translation adjustments related to financial statements of foreign operations, which would not have a significant impact on basic earnings per share, diluted earnings per share, and cash flows.

2. Others

The following new amendments are also effective as of January 1, 2023, but have no material impact on the Consolidated Financial Statements:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

The Group has adopted the following new amendments, which do not have a significant impact on the Consolidated Financial Statements, since May 23, 2023.

- Amendment to IFRS 12 “International Rental Tax Reform Pillar Two Model Rules”

(II) The impact of IFRS endorsed by the FSC but not yet adopted by the Company

The Group assesses that the adoption of the following new amendments effective from January 1, 2024 will not have a significant impact on the Consolidated Financial Statements.

- Amendments to IAS 1 “Classification of liabilities as current or non-current”
- Amendment to IAS 1, “Non-current Liabilities with Contractual Provisions”
- Amendment to IAS 7 and IFRS 7 “Supplier Financing Arrangements”
- Amendment to IFRS 16 “Lease Liabilities in Sales and Leaseback”

(III) IFRSs issued by the International Accounting Standards Board (“IASB”) but not yet endorsed by the FSC

the Company expects that the following new and amended standards, which have not been endorsed by the FSC, will not have a significant impact on the Consolidated Financial Statements.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendment to IFRS 17, “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”

- Amendment to International Accounting Standard No. 21: 'Lack of Convertibility'

IV. Summary of Significant Accounting Policies

The significant accounting policies adopted in the Consolidated Financial Statements are summarized as follows. The following accounting policies have been applied consistently to all periods presented in the Consolidated Financial Statements.

(I) Compliance declaration

The Company's accompanying Consolidated Financial Statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, and International Financial Reporting Standards (“IFRS”), International Accounting Standards (“IAS”), and interpretations from International Financial Reporting Interpretations Committee (“IFRIC”) and Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China (collectively as “IFRSs”).

(II) Preparation basis

1. Measurement basis

The Consolidated Financial Statements have been prepared on a historical cost basis except for the following items:

(1) Financial assets measured at fair value through profit or loss;

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

(3) Defined benefit liability (assets), which are measured based on pension fund assets plus unrecognized service costs in the previous period and unrecognized actuarial losses, less unrecognized actuarial gains, the present value of defined benefit obligations and effect of the asset ceiling as mentioned in Note IV (XVII).

2. Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The Consolidated Financial Statements are presented in New Taiwan Dollars, which is the Company's functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(III) Basis of consolidation

1. Principles of preparation of the Consolidated Financial Statements

The entities in the Consolidated Financial Statements include the Company and its subsidiaries.

The financial statements of the subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases. Profit or loss attributable to the non-controlling interests of the subsidiaries is attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. If the Group loses control over a subsidiary, the Group derecognizes the assets and liabilities of the subsidiary, as well as any carrying amount of non-controlling interests at the date of loss of control. In addition, the Group recognizes the fair value of the retained investment in the former subsidiary at the date of loss of control, and also recognizes the resulting difference in profit or loss as income or loss attributable to the Company. All inter-company transactions, balances and resulting unrealized income and loss are eliminated on consolidation.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

2. Subsidiaries included in the Consolidated Financial Statements

Subsidiaries included in the Consolidated Financial Statements are as follows:

Name of Investor	Name of Subsidiary	Main Business Activities	Percentage of Ownership 2023.12.31	Percentage of Ownership 2022.12.31	Description
The Company	FSP International Inc. (BVI)	Investment Transfer	100.00%	100.00%	
〃	FSP Group Inc.	Engaged in safety certification	100.00%	100.00%	
The Company	Amacrox Technology Co., Ltd. (BVI)	Investment Transfer	100.00%	100.00%	
〃	3Y Power Technology (TAIWAN) Inc. (“3Y Power”)	Trading and manufacturing of power supplies and related electronic products	65.87%	65.87%	
〃	Harmony Trading (HK) Ltd.	Trading of power supplies and related electronic products	100.00%	100.00%	
〃	FSP Technology USA Inc.	Business development and product technical service	100.00%	100.00%	
〃	FSP Turkey Dis Tic.Ltd.Sti.	Business development and product technical service	91.41%	91.41%	
The Company	FSP Technology Vietnam Co., Ltd. (hereinafter referred to as FSP VN)	Manufacturing of power supplies and related electronic	100.00%	- %	Note 1

Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries (Continued)

Name of Investor	Name of Subsidiary	Main Business Activities	Percentage of Ownership 2023.12.31	Percentage of Ownership 2022.12.31	Description
		products			
FSP International Inc. (BVI)	Shenzhen Huili Electronic Co., Ltd. (Huili)	Manufacturing of power supplies and related electronic products	100.00%	100.00%	
〃	FSP Technology Inc. (BVI)	Investment Transfer	100.00%	100.00%	
〃	Proteck Electronics (Samoa) Corp.	Investment Transfer	100.00%	100.00%	
〃	Power Electronics Co., Ltd. (BVI)	Investment Transfer	100.00%	100.00%	
〃	Famous Holding Ltd.	Investment Transfer	100.00%	100.00%	
〃	FSP International (HK) Ltd.	Investment Transfer	100.00%	100.00%	
FSP Technology Inc. (BVI)	FSP-C R&D Center (FSP Jiangsu)	Research & development and design of various energy saving technology	100.00%	100.00%	
Protek Electronics (Samoa) Corp.	Protek Electronics (China) Corp. (Protek Dongguan)	Manufacturing of power supplies and related electronic products	100.00%	100.00%	
Power Electronics Co., Ltd. (BVI)	Zhonghan Electronics (Shenzhen) Co., Ltd. (Zhonghan)	Manufacturing of power supplies and related electronic products	100.00%	100.00%	
Famous Holding Ltd.	WUXI SPI Technology Co., Ltd. (WUXI SPI)	Manufacturing of power supplies and related electronic products	100.00%	100.00%	
〃	WUXI Zhonghan Technology Co., Ltd. (WUXI Zhonghan)	Trading and manufacturing of power supplies and related electronic products	100.00%	100.00%	
FSP International (HK) Ltd.	Hao Han Electronic Technology (Jian) Co., Ltd. (Hao Han)	Trading and manufacturing of electronic components	100.00%	100.00%	
WUXI Zhonghan	Shenzhen Zhonghan Technology Co., Ltd. (“Zhonghan Tech.”)	Trading and manufacturing of power supplies and related electronic	100.00%	100.00%	

Name of Investor	Name of Subsidiary	Main Business Activities	Percentage of Ownership 2023.12.31	2022.12.31	Description
		products			
Amacrox Technology Co., Ltd. (BVI)	Amacrox GmbH	Trading of power supplies and related electronic products	100.00%	100.00%	
〃	Proteck Power North America, Inc.	Trading of power supplies and related electronic products	- %	100.00%	Note 2
3Y Power	3Y Power Technology Inc. (3Y Power USA)	Trading of power supplies and related electronic products	100.00%	100.00%	
〃	Luckyield Co., Ltd.	Investment Transfer	100.00%	100.00%	
Luckyield Co., Ltd.	WUXI 3Y Technology Co., Ltd. (WUXI 3Y)	Design, manufacturing and trading of power supplies	100.00%	100.00%	Note 3

Note 1: The Company established FSP VN for NT$30,500, 000 (US$1,000,000) on June 19, 2023 and it became a subsidiary of the Company since then.

Note 2: On January 5, 2023, the board of directors approved the liquidation plan of Proteck Power North America, Inc. The liquidation was successfully completed on August 29, 2023.

Note 3: The Company invested in WUXI 3Y through Luckyield Co., Ltd., and the shareholding percentage as of December 31, 2023 and 2022 was 65.87%.

3. Subsidiaries which are not included in the Consolidated Financial Statements: None.

(IV) Foreign currencies

1. Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period (the reporting date), monetary items denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing on that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currency based on the exchange rates at the date when the fair value is determined, whereas non-monetary items denominated in foreign currencies measured at historical costs are translated using the exchange rates at the dates of the transactions. The resulting exchange differences are generally recognized in profit or loss, except for the equity instruments designated to be measured at fair value through other comprehensive income, whose exchange differences are recognized in other comprehensive income.

2. Foreign operations

The assets and liabilities of foreign operations are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rates for the period and the resulting exchange differences are recognized in other comprehensive income.

When disposing of foreign operating entities that result in loss of control, joint control, or significant influence, the accumulated translation differences related to those entities are reclassified in their entirety to profit or loss. When partially disposing of subsidiary companies that include foreign operations, the related accumulated exchange differences are proportionately reallocated to non-controlling interests. When disposing of investments that include affiliated enterprises or joint ventures with foreign operating organizations, the accumulated exchange differences related to these investments should be reclassified proportionally in the income statement.

(V) Classification criteria for current and non-current assets and liabilities

Assets are classified as current assets when one of the following criteria is met, and all other assets are classified as non-current assets:

1. Assets that are expected to be realized, or intended to be sold or consumed within the normal operating cycle.
2. Assets held mainly for trading purpose.
3. Assets that are expected to be realized within twelve months after the balance sheet date.
4. Cash or cash equivalents, excluding restricted cash or cash equivalents that are reserved for exchange, debt repayment or under other restrictions for more than twelve months after the balance sheet date.

Liabilities are classified as current liabilities when one of the following criteria is met, and all other liabilities are classified as non-current liabilities:

1. Liabilities that are expected to be settled within the normal operating cycle.
2. Assets held mainly for trading purpose.
3. Liabilities that are expected to be settled upon maturity within twelve months after the balance sheet date.
4. The Group is unable to extend the repayment date unconditionally for at least twelve months after the balance sheet date.

(VI) Cash and cash equivalents

Cash consists of cash on hand, checking account deposits and saving account deposits. Cash equivalents refer to short-term and highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of changes in value. Time deposits that meet the criteria and are held for the purpose of fulfilling short-term cash commitment rather than other purposes are classified as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents in the Consolidated Statements of Cash Flows.

(VII) Financial instruments

Accounts receivables are initially recognized when they are incurred. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the financial instruments. Financial assets (excluding accounts receivable without a significant financing component) and financial liabilities that are not measured at fair value through profit or loss, are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition or issue of these financial assets or financial liabilities. Accounts receivable without a significant financing component is initially measured at the transaction price.

1. Financial assets

the Company applies trade date accounting to all regular way purchases or sales of financial assets that are classified in the same way.

The financial assets were initially classified as follows: financial assets measured at amortized cost, equity instruments measured at fair value through other comprehensive income, or financial assets measured at fair value through profit or loss. When the Company changes its business model for managing financial assets, all affected financial assets are reclassified on the first day of the next reporting period.

(1) Financial assets at amortized cost

Financial assets are measured at amortized cost if all of the following conditions are met and the financial assets are not designated as measured at fair value through profit or loss:

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

These assets are subsequently measured at amortized cost, using initial recognized amount plus or minus cumulative amortization calculated by adopting the effective interest method and taking into account the adjustment of allowance for impairment loss as well. Interest income, foreign exchange gains and losses, and impairment loss are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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

At initial recognition of investments in equity instruments that are not held for trading, the Group may make an irrevocable election to present subsequent changes in fair value of the investments in other comprehensive income. This election is made on an instrument-by-instrument basis.

Investments in equity instruments are subsequently measured at fair value. Dividend income is recognized in profit or loss (unless the dividend clearly represents the recovery of part) of the investment cost. Other net gains or losses are recognized in other comprehensive income and will not be reclassified to profit or loss.

Dividend income from equity investments is recognized on the date that the Company is eligible to receive the dividends (usually the ex-dividend date).

(3) Financial assets at fair value through profit or loss

Financial assets that are not classified as measured at amortized cost or at fair value through other comprehensive income as described above are measured at fair value through profit or loss. At initial recognition, the Company may irrevocably designate a financial asset, which meets the criteria to be measured at amortized cost or at fair value through other comprehensive income, to the category measured at fair value through profit or loss if doing so eliminates or significantly reduces the accounting mismatch that would otherwise arise.

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

(4) Impairment of financial assets

The Group recognizes loss allowance for expected credit loss on financial assets at amortized cost, (including cash and cash equivalents, financial assets at amortized cost, notes and accounts receivable, other receivables) and refundable deposits.

The Group measures loss allowance for notes and accounts receivable at the amount equal to lifetime expected credit loss. Taking into account reasonable and supportable information available without undue cost or effort, including both quantitative and qualitative information and analysis based on the Group's historical experience, credit assessment, as well as forward-looking information, the Group measures the impairment of financial assets at amortized cost according to 12-month expected credit loss when the credit risk of the financial assets has not increased significantly since initial recognition. If there has been a significant increase in credit risk since initial recognition, the impairment is measured based on lifetime expected credit loss.

Lifetime expected credit loss refers to the expected credit loss resulting from all possible default events over the expected life of the financial instrument.

12-Month expected credit loss refers to the expected credit loss resulting from default events of the financial instrument that are likely to occur within the 12 months after the reporting date (or a shorter period if the expected life of the financial instrument is less than 12 months).

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

Expected credit loss is the probability-weighted estimate of credit loss over the expected life of financial instruments. Credit loss is measured at the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contracts and the cash flows that the Group expects to receive). Expected credit loss is discounted at the effective interest rate of the financial assets.

Loss allowance for financial assets at amortized cost is deducted from the carrying amount of the assets. The amount of provision or reversal of loss allowance is recognized in profit or loss.

The carrying amount of the financial assets is written off when the Group has no reasonable expectation of recovering the entire or part of the financial assets. The Group individually makes the assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects there will be no significant reversal on the write-off amount. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedure for collecting overdue amount.

(5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or the Group transfers the financial asset in which almost all of the risks and returns associated with the ownership of the financial asset are transferred to other companies or in which the Group neither transfers nor retains nearly all of the risks and returns of ownership and it does not hold control on the financial asset.

When the Group enters into transactions of financial asset transfer, if all or almost all of the risks and returns associated with the ownership of the transferred asset is retained, the transferred asset continues to be recognized in the balance sheet.

2. Financial liabilities and equity instruments

(1) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the amount of consideration received, less the direct issuing cost.

(2) Financial liabilities

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

(3) Derecognition of financial liabilities

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

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

(4) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and presented on a net basis only when the Company has the legally enforceable right to offset and intends to settle on a net basis or to liquidate asset for settling the liabilities simultaneously.

(VIII) Inventories

The cost of inventories comprises all costs incurred in bringing the inventories to their present location and condition ready for sale. The variable manufacturing expenses are allocated based on the actual production volume. Fixed manufacturing expenses are allocated to finished goods and work in process based on the normal capacity of the production equipment. Unallocated fixed manufacturing expenses resulting from lower production capacity or idle equipment shall be recognized as cost of goods sold in the period in which they are incurred. If actual production volume is higher than the normal production capacity, the difference is recognized as a reduction of cost of goods sold. The monthly weighted-average method is adopted for the calculation of the costs.

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses at the end of the period. When the cost of inventories is higher than the net realizable value, inventories are written down to net realizable value, and the write-down amount is recognized in cost of goods sold. If net realizable value increases in the future, the cost of inventories is reversed within the original write-down amount, and such reversal is treated as a reduction of cost of goods sold for the period.

(IX) Investments in associates

An associate is an entity in which the Group has significant influence, but not control over their financial and operating policies. The Group is deemed to have significant influence when it holds 20% to 50% of the voting rights of the investee company.

Investments in associates are accounted for using the equity method. Under the equity method, investments in associates are recognized initially at cost. Subsequent adjustments are based on the changes in the Group's share of net assets. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

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

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

The Group discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing of a part of interest in the associate, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Company accounts for all the amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss or retained earnings on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss or retained earnings when the equity method is discontinued. If the Group's ownership interest in an associate is reduced while it continues to apply the equity method, the Group reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to the reduction in ownership interest to profit or loss or retained earnings.

(X) Property, Plant, and Equipment

1. Recognition and measurement

Property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses.

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

Any gains or losses on disposal of property, plant and equipment are recognized in profit or loss.

2. Subsequent costs

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

3. Depreciation

Depreciation is calculated on the cost of assets less their residual values and is recognized in profit or loss using the straight-line method over the estimated useful lives of each component of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Housing and Construction	1~50 years
Buildings and Building Improvements	3~15 years
Machinery	1~24 years
Transportation Equipment	4~19 years
Other Equipment	1~26 years
Leasehold Improvements	3~11 years

The Group reviews depreciation methods, useful lives and residual values on each reporting date and makes appropriate adjustments when necessary.

(XI) Leases - Lessee

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

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the Group periodically assesses whether the right-of-use asset is impaired and recognizes any impairment loss that has occurred. The right-of-use asset is adjusted when the remeasurement of the lease liabilities takes place.

The lease liability is initially measured at the present value of the lease payments that have not been paid on the commencement date. If the interest rate implied by the lease is easy to determine, it would be used as the discount rate. If the implied interest rate is not easy to determine, the Group's incremental borrowing rate is applied. Generally, the Group uses its incremental borrowing rate as the discount rate.

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

1. Fixed payments, including in-substance fixed payments;
2. Variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
3. Amounts expected to be payable under residual value guarantees; and
4. The exercise price of a purchase option or payments of penalties for exercising the option to terminate the lease, if the lessee is reasonably certain to exercise that option.

The interests of lease liabilities are subsequently calculated using the effective interest method and lease liabilities are remeasured when:

1. There is a change in future lease payments arising from the change in an index or rate;
2. There is a change in the estimate of the amount expected to be payable under a residual value guarantee;
3. There is a change in the assessment on the purchase option of the underlying asset;
4. There is a change in the lease term assessment resulting from a change in the estimate regarding whether the extension or termination option will be exercised;
5. There is any modification in lease subject, scope of the lease or other clauses.

When the lease liability is remeasured under the above-mentioned circumstances other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss.

For lease modifications that reduce the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and any difference between this amount and the remeasured lease liability is recognized in the income statement.

The Group presents right-of-use assets that do not meet the definition of investment properties, and lease liabilities as a separate line item respectively in the Consolidated Balance Sheets.

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

The Group applies the practical expedient to the rent concessions that meet all of the following criteria without assessing if they are lease modification.

1. Rent concession is a direct consequence of the COVID-19 pandemic;
2. As a result of the change in lease payments, revised consideration for the lease is almost the same as, or less than, the consideration for the lease prior to the change;
3. Any reduction in lease payments affects only payments originally due on or before June 30, 2023; and
4. There is no change in substance to the other terms and conditions of the lease.

With the application of practical expedient, the amount of changes in lease payments arising from rent concessions is recognized in profit or loss for the reporting period.

(XII) Intangible assets

1. Recognition and measurement

Goodwill of the Company occurred in the business combination prior to the date of IFRS adoption. Upon conversion to IFRS endorsed by the FSC, the Group elected to restate only those business combinations that occurred after January 1, 2012 (inclusive). For acquisitions made before January 1, 2012, the amount of goodwill was recognized in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers issued by the FSC on January 10, 2009, and Accounting Standards and related interpretations (hereinafter referred to as "previously generally accepted accounting principles") issued by the Accounting Research and Development Foundation of the Republic of China.

The Group's other separately acquired intangible assets with finite useful lives, including software and patents, are carried at cost less accumulated amortization and accumulated impairment losses.

2. Subsequent expenditures

   Subsequent expenditures are capitalized only when they increase the future economic benefits of the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred, including internally developed goodwill and brands.

3. Amortization

   Except for goodwill, amortization is calculated based on the cost of the asset less the estimated residual value, and is recognized in profit or loss using the straight-line method over the estimated useful life of the intangible asset when it becomes available for use.

   The estimated useful lives for the current and comparative periods are as follows:

Software cost	1~5 years
Patent	91 months

   The Group reviews the amortization method, useful life and residual value of the intangible assets on each reporting date and makes appropriate adjustments when necessary.

(XIII) Impairment of non-financial assets

The Group assesses on each reporting date whether there is any indication that the carrying amount of non-financial assets (excluding inventories, deferred income tax assets, employee benefit related assets) may be impaired. If any such indication exists, then the recoverable amount of the asset is estimated. Goodwill is tested for impairment on an annual basis.

For the purpose of impairment testing, assets are divided into the smallest group of identifiable assets that generates cash inflows largely independent of the cash inflows from other individual asset or groups of assets. Goodwill arising from a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an individual asset or cash-generating unit is the higher of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit exceeds the recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then to reduce the carrying amount of the other assets in the cash-generating unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other non-financial assets, an impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the assets in prior years.

(XIV) Provisions for liabilities

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

A provision for maintenance is recognized when the underlying products or services are sold. The provision is estimated based on historical maintenance rates and maintenance cost per unit.

(XV) Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of goods or services to a customer. Transfer of control of the product occurs when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products are shipped to the specific location, the risks of obsolescence and loss are transferred to the customer, and either the customer accepts the products according to the sales contract with the acceptance provisions being invalid or the Company has objective evidence that all criteria for acceptance have been satisfied.

(XVI) Government grant

When the Group can receive the government grant relating to the operating activities, such grant with no conditions attached is recognized as non-operating income. The Group recognizes the grant relating to assets as deferred income at fair value when there is reasonable assurance that the Group will comply with the conditions attached to the grant and that the grant will be received. The above deferred income is recognized as non-operating income over the estimated useful lives of the related assets on a systematic basis. If the government grant is used to compensate the Group's expenses or losses, such government grant is recognized in profit or loss over the period necessary to match it with the related expenses, for which it is intended to compensate, on a systematic basis.

(XVII) Employee benefits

1. Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed during the period in which employees render services.

2. Defined benefit plans

   The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

   The defined benefit obligation is calculated annually by qualified actuaries using the projected unit credit method. When the calculation result may be beneficial to the Group, the recognized assets shall be limited to the present value of any economic benefits available in the form of refunding the contribution from the plan or reducing the future contribution to the plan. When calculating the present value of economic benefits, the minimum contribution requirements are considered.

   The remeasurements of the net defined benefit liability comprise actuarial gains and losses, return on plan assets (excluding interest), and any changes in the effect of the asset ceiling (excluding interest). The remeasurements of the net defined benefit liability are recognized in other comprehensive income and reflected in retained earnings. The net interest expense (income) of the net defined benefit liabilities (assets) is calculated based on the net defined benefit liabilities (assets) and the discount rate determined at the beginning of the annual reporting period. The net interest expense and other expenses of the defined benefit plan are recognized in profit or loss.

   When the plan is revised or reduced, the amount of changes in benefits related to the past service costs or reduced benefits or losses is recognized in profit or loss. When the settlement occurs, the Group shall recognize the settlement gain or loss of the defined benefit plan.

3. Short-term employee benefits

   Short-term employee benefit obligations are expensed during the period in which employees render services. If the Group has a present legal or constructive obligation to make such payments as a result of past service provided by the employees and the obligation can be estimated reliably, the amount of payments is recognized as a liability.

(XVIII) Income Tax

Income taxes comprise current taxes and deferred income taxes. Current and deferred income taxes are recognized in profit or loss unless they relate to business combinations or items recognized directly in equity or other comprehensive income.

The Group has determined that interest or penalties associated with income tax, including uncertain tax treatments, do not fall under the definition of income tax. As a result, they are subject to accounting treatment in accordance with International Accounting Standard 37.

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

Deferred income tax is recognized based on the temporary differences between the carrying amounts of assets and liabilities as of the reporting date and their tax bases. Deferred income taxes are not recognized for the following temporary differences:

1. Assets or liabilities that are not initially recognized as part of a business combination and do not impact accounting profit, taxable income (loss), or generate equal temporary differences for taxable and deductible purposes at the time of the transaction;
2. Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
3. Taxable temporary differences arising from the initial recognition of goodwill.

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

Deferred income taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred income tax assets and deferred income tax liabilities are offset when the following criteria are met:

1. The Group has a legally enforceable right to set off current income tax assets against current income tax liabilities; and
2. The deferred income tax assets and the deferred income tax liabilities relate to income taxes levied by the same taxation authority on either;
   (1) The same taxable entity; or
   (2) Different taxable entities which intend to settle current income tax assets and income tax liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant

amounts of deferred income tax assets are expected to be recovered or significant amounts of deferred income tax liabilities are expected to be settled.

(XIX) Earnings per Share

The basic and diluted EPS attributable to stockholders of the Group are disclosed in the Consolidated Financial Statements. Basic EPS of the Group is calculated by dividing net income attributable to stockholders of the Company by the weighted-average number of common shares outstanding during the year. In calculating diluted EPS, the net income attributable to stockholders of the Company and weighted-average number of common shares outstanding during the year are adjusted for the effects of dilutive potential common shares. The Group's dilutive potential common shares include estimates of employee compensation.

(XX) Segment Information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's key operation decision maker, who determine the allocation of resources to the segment and assesses its performance.

V. Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions

When the management prepares this consolidated financial report, it must make judgments, estimates, and assumptions, which will impact the adoption of accounting policies and the reported amounts of assets, liabilities, income, and expenses Actual results may differ from the estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in the future periods affected.

The consolidated financial report pertains to the invested company, FSP Group USA Corp. Whether substantive control involves significant judgment and has a material impact on the amounts recognized in these consolidated financial statements, the relevant information is as follows:

The merged company holds 45% of the voting shares of FSP Group USA Corp., while the remaining 55% is held by three other shareholders. In previous years, all three of these shareholders would attend the shareholders' meeting. However, the merged company does not have more than half of the voting rights at the shareholders' meeting, and the other shareholders may exercise their consent rights jointly due to their similar positions. Additionally, the merged company does not hold any director positions. Therefore, it is determined that the merged company has no control over FSP Group USA Corp. Only significant influence.

In the Consolidated Financial Statements, there is no accounting policy that involves significant estimates and assumptions, and the information on accounting policies does not have a material impact on the amounts recognized in the Consolidated Financial Statements.

VI. Details of Significant Accounts

(I) Cash and cash equivalents

	2023.12.31	2022.12.31
Cash on hand	$ 9,808	9,302
Cash equivalents		
Money market funds	-	24,567
Attached Repurchase Bonds	105,842	-
Deposits in saving accounts and checking accounts	1,544,510	2,104,779
Time deposits	2,565,688	1,557,322
	$ 4,225,848	3,695,970

Please refer to Note VI (XXIII) for the disclosure of interest rate risk of the Group's financial assets and liabilities.

(II) Financial assets at fair value through profit or loss

	2023.12.31	2022.12.31
Financial assets mandatorily measured at fair value through profit or loss		
Non-derivative financial assets		
Beneficiary certificates	$ 277,366	206,617
Private equity funds	68,545	18,000
Foreign unlisted stocks	71,632	71,632
Structured deposits	281,285	264,200
Total	$ 698,828	560,449

The merged company held structured deposits on December 31, 2023 and 2022 expected yields ranging from 1.30% to 2.70% and 1.75% to 3.30%, respectively. These deposits will mature between February and March 2024 and between January and February of 2023.

The dividend income recognized by the Group for the financial assets measured at fair value through profit or loss, as listed above, amounted to NT$619,000 for 2023 and NT$592,000 for 2022.

Please refer to Note VI (XXII) for the amount recognized in profit or loss remeasured at fair value.

Please refer to Note VI (XXIII) for the information on market risk.

(III) Financial assets at fair value through other comprehensive income

		2023.12.31	2022.12.31
Equity instruments at fair value through other comprehensive income			
Domestic listed stock - Voltronic Power Technology Corp.	$	5,774,366	5,665,240
Domestic listed stock - JESS-LINK Products Co., Ltd.		841,000	400,000
Domestic listed stock - WT Microelectronics Co., Ltd.		45,650	47,750
Domestic listed stock - Taiwan Cement Corp.		1,917	1,851
Domestic listed stock - Taiwan Semiconductor Manufacturing Co., Ltd.		5,930	4,485
Domestic over-the-counter (OTC) stock - Coretronic Corporation		61,347	56,900
Domestic over-the-counter (OTC) stock - Champ-Ray Industrial Co., Ltd.		17,884	-
Foreign listed stocks		9,253	11,302
Foreign unlisted stocks		26,493	26,494
Domestic unlisted stocks		233,066	162,792
Total	$	7,016,906	6,376,814

1. Investments in equity instruments at fair value through other comprehensive income

   The Group holds these investments in equity instruments as long-term strategic investments and are not held for trading purposes, so these investments have been designated to be measured at fair value through other comprehensive income.

   The dividend income recognized by the Group for 2023 and 2022 from equity instruments designated as at fair value through other comprehensive income amounted to NT$191,818,000 and NT$126,411,000, respectively.

   In fiscal year 2023, we sold shares of Voltronic Power Technology Corp, Guoyu Global Company Limited., and Coretronic Corporation. These shares were measured at fair value through other comprehensive income, in line with our Group's capital utilization plan. The total fair value of the disposals was NT$510,881,000, resulting in disposal gains of NT$496,528,000. As of December 31, 2023, the outstanding disposal price is NT$8,442,000, which is recorded as other receivables. In 2022, the Group sold its designated equity investment in Voltronic Power Technology Corp, which was measured at fair value through other comprehensive income, to align with the capital utilization plan of the consolidated company. The fair value at the time of disposal was NT$523,135,000, resulting in a disposal gain of NT$521,496,000. As of December 31, 2022, the outstanding proceeds from disposal amounted to NT$59,000 , which was recognized under other receivables.

2. Please refer to Note VI (XXIII) for the information on market risk.

(IV) Notes receivable and accounts receivable

	2023.12.31	2022.12.31
Notes receivable	$ 126,773	81,568
Accounts receivable	2,345,626	3,165,251
Accounts receivable - related parties	541,208	721,838
Less: Allowance for impairment loss	(14,448)	(24,641)
	$ 2,999,159	3,944,016

The Group's notes receivable and accounts receivable were not discounted or provided as collaterals.

The Group applies the simplified approach to estimate expected credit loss for all notes receivable and accounts receivable, i.e. the use of lifetime expected credit loss for all receivables. For the measurement purpose, notes receivable and accounts receivable are grouped according to common credit risk characteristics that represent the customer's ability to pay all amounts due under the terms of the contract. Forward-looking information, including macroeconomy and related industry information, is taken into consideration as well.

Analysis of expected credit loss on notes receivable and accounts receivable of the Group's operating entity in Taiwan was as follows:

	2023.12.31		
	Carrying amount of notes receivable and accounts receivable	**Weighted-average expected credit loss rate (%)**	**Allowance for expected credit loss**
Not Past Due	$ 2,047,808	0.24	4,533
Past due within 30 days	48,729	6.30	3,068
Past due 31-60 days	1,452	19.88	289
Past due 91-120 days	1,303	45.45	592
Past due over 121 days	1,645	100.00	1,645
	$ 2,100,937		10,127

The carrying amount of the above notes and accounts receivable did not include the account receivable due from a specific customer, amounting to NT$2,381,000. Due to poor recovery of the account receivable due from this customer, the Group has specifically recorded an allowance for loss of NT$476,000 for this uncollected payment, net of insurance claims, and therefore the amount was excluded from the above calculation of allowance for expected credit loss.

	2022.12.31		
	Carrying amount of notes receivable and accounts receivable	Weighted-average expected credit loss rate (%)	Allowance for expected credit loss
Not Past Due	$ 2,926,231	0~0.46	11,182
Past due within 30 days	72,291	7.58	5,478
Past due 31-60 days	3,285	23.93	786
Past due 61-90 days	2,846	46.14	1,313
	$ 3,004,653		18,759

The carrying amount of the above notes and accounts receivable did not include the account receivable due from a specific customer, amounting to NT$27,493000. Due to poor recovery of the account receivable due from this customer, the Group has specifically recorded an allowance for loss of NT$5,499,000 for this uncollected payment, net of insurance claims, and therefore the amount was excluded from the above calculation of allowance for expected credit loss.

The analysis of the expected credit loss on notes receivable and accounts receivable for the Company's operating entities in Mainland China is provided below:

	2023.12.31		
	Carrying amount of notes receivable and accounts receivable	Weighted-average expected credit loss rate (%)	Allowance for expected credit loss
Not Past Due	$ 720,132	0.05	362
Past due within 30 days	14,133	0.05	7
Past due 31-60 days	10,105	0.05	5
Past due 61-90 days	2,077	0.05	1
Past due 121-180 days	604	0.05	-
Past due over 181-360 days	656	-	-
Past due over a year	376	-	1
	$ 748,083		376

	2022.12.31		
	Carrying amount of notes receivable and accounts receivable	**Weighted-average expected credit loss rate (%)**	**Allowance for expected credit loss**
Not Past Due	$ 742,100	0.05	378
Past due within 30 days	3,424	0.05	2
Past due 31-60 days	6,489	0.50	3
Past due 61-90 days	101	0.05	-
	$ 752,114		**383**

The analysis of the expected credit loss on notes receivable and accounts receivable for other operating entities of the Company is provided below:

	2023.12.31		
	Carrying amount of notes receivable and accounts receivable	**Weighted-average expected credit loss rate (%)**	**Allowance for expected credit loss**
Not Past Due	$ 107,133	-	-
Past due within 30 days	22,222	-	-
Past due 31-60 days	13,523	-	-
Past due 61-90 days	8,559	-	-
Past due 91-120 days	10,371	0.30	3,071
Past due over a year	398	100.00	398
	$ 162,206		**3,469**

	2022.12.31		
	Carrying amount of notes receivable and accounts receivable	**Weighted-average expected credit loss rate (%)**	**Allowance for expected credit loss**
Not Past Due	$ 133,205	-	-
Past due within 30 days	32,839	-	-
Past due 31-60 days	14,256	-	-
Past due 61-90 days	4,097	-	-
	$ 184,397		**-**

Changes in the allowance for notes receivable and accounts receivable were as follows:

	2023 Fiscal year	2022 Fiscal year
Beginning balance	$ 24,641	39,771
Reversal of impairment losses resulting in gains	(11,529)	(6,290)
Write-off	-	(9,175)
Foreign exchange gain/loss	(56)	335
Write-off amounts turnover in the previous year	1,392	-
Ending balance	$ 14,448	24,641

(V) Other receivables

	2023.12.31	2022.12.31
Other receivables	$ 458,840	91,840
Less: Allowance for impairment loss	(28,605)	(510)
	$ 430,235	91,330

Changes in loss allowance for other receivables:

	2023 Fiscal year	2022 Fiscal year
Beginning balance	$ 510	460
Impairment losses recognized	28,506	-
Foreign exchange gain/loss	(411)	50
Ending balance	$ 28,605	510

(VI) Inventories

	2023.12.31	2022.12.31
Finished goods	$ 1,503,290	1,750,634
Work in process	434,453	634,291
Raw materials	603,022	673,714
	$ 2,540,765	3,058,639

Breakdown of cost of goods sold:

	2023 Fiscal year	2022 Fiscal year
Inventories sold	$ 10,328,490	11,351,252
Loss on inventory write-down	21,731	64,976
Loss on inventory	17	4
Unallocated manufacturing expense	376,612	120,242
Loss on inventory obsolescence	46,796	51,335
Income from sales of scraps	(143)	(463)
	$ 10,773,503	11,587,346

As of December 31, 2023 and 2022, the Group did not pledge any inventories as collateral.

(VII) Investments Accounted for Using the Equity Method

A summary of the Group's investments accounted for using the equity method at the reporting date is provided below:

	2023.12.31	2022.12.31
Associate	$ 34,561	34,200

1. Associate

   Aggregated financial information on associates that were accounted for using the equity method and were not individually material to the Company is summarized below. This financial information was included in the amount of the Consolidated Financial Statements.

	2023.12.31	2022.12.31
The carrying amount of investments in associates that were not individually material to the Company at the end of the period	$ 34,561	34,200

	2023 Fiscal year	2022 Fiscal year
Attributable to the Company:		
Income from Continuing Operations	$ 2,453	3,612
Other comprehensive income	(41)	3,382
Total comprehensive income	$ 2,412	6,994

2. Collateral

   As of December 31, 2023 and 2022, the Group did not pledge any investments accounted for under the equity method as collateral.

(VIII) Disposal of Subsidiary

On January 5, 2023, the Group resolved at the Board of Directors' meeting to liquidate its subsidiary Power North America. The liquidation was completed on August 29, 2023 with a recognized disposal loss of NT$549,000, accounted for under other gains and losses.

1. Below is the comprehensive breakdown of the net asset book value of Power North America on the disposal date:

	2023.6.30
Cash	$ 15,281

2. The following are the details of the loss amount incurred by the Group when disposing of its subsidiary:

	2023.6.30
The foreign exchange translation differences from the reclassification of other equity to profit or loss for the financial statements of foreign operations.	$ 549

(IX) Property, Plant, and Equipment

The details of changes in cost, depreciation, and impairment losses of property, plant, and equipment for the Group for 2023 and 2022 are as follows:

	Land	Housing and Construction	Buildings and Building Improvements	Machinery	Transportation Equipment	Other Equipment	Leasehold Improvements	Construction in progress and equipment under installation	Total
Cost or deemed cost:									
Balance as of January 1, 2023	$ 310,476	1,217,961	28,387	1,235,925	18,803	499,757	76,042	73	3,387,424
Addition	-	12,039	-	126,673	4,197	32,234	15,867	9,348	200,358
Disposal	-	(540)	-	(39,443)	(642)	(12,307)	(213)	-	(53,145)
Reclassification (Note 1)	-	-	-	1,681	-	93	-	(73)	1,701
Effect of exchange rate changes	-	(4,970)	(438)	(17,273)	(298)	(2,375)	(1,817)	-	(27,171)
Balance as of December 31, 2023	$ 310,476	1,224,490	27,949	1,307,563	22,060	517,402	89,879	9,348	3,509,167
Balance as of January 1, 2022	$ 310,476	1,155,739	27,589	1,177,087	19,031	474,302	74,207	27,875	3,266,306
Addition	-	33,827	439	53,377	560	34,457	819	73	123,552
Disposal	-	(2,076)	-	(12,947)	(1,127)	(11,071)	-	-	(27,221)
Reclassification (Note 1)	-	26,536	-	5,239	-	613	-	(27,875)	4,513
Effect of exchange rate changes	-	3,935	359	13,169	339	1,456	1,016	-	20,274
Balance as of December 31, 2022	$ 310,476	1,217,961	28,387	1,235,925	18,803	499,757	76,042	73	3,387,424
Depreciation and impairment loss:									
Balance as of January 1, 2023	$ -	519,214	9,607	912,700	13,376	405,636	38,896	-	1,899,429
Recognition in current period	-	50,321	2,155	93,965	1,742	36,690	9,555	-	194,428
Disposal	-	(272)	-	(33,427)	(642)	(12,200)	(213)	-	(46,754)
Effect of exchange rate changes	-	(4,364)	(164)	(12,461)	(199)	(1,627)	(837)	-	(19,652)
Balance as of December 31, 2023	$ -	564,899	11,598	960,777	14,277	428,499	47,401	-	2,027,451
Balance as of January 1, 2022	$ -	469,062	7,387	824,346	13,085	378,664	29,335	-	1,721,879
Recognition in current period	-	48,404	2,139	92,041	1,163	36,884	9,171	-	189,802
Disposal	-	(1,325)	-	(12,675)	(1,126)	(10,891)	-	-	(26,017)
Effect of exchange rate changes	-	3,073	81	8,988	254	979	390	-	13,765
Balance as of December 31, 2022	$ -	519,214	9,607	912,700	13,376	405,636	38,896	-	1,899,429
Carrying amounts:									
Balance as of December 31, 2023	$ 310,476	659,591	16,351	346,786	7,783	88,903	42,478	9,348	1,481,716
Balance as of December 31, 2022	$ 310,476	698,747	18,780	323,225	5,427	94,121	37,146	73	1,487,995

Note 1: During fiscal years 2023 and 2022, prepayments for equipment were transferred in the amounts of 1,701,000 and 4,513,000, respectively.

Please refer to Note VIII for the details of property, plant and equipment that have been pledged as collaterals for long-term and short-term borrowings and credit facilities as of December 31, 2023 and 2022.

(X) Right-of-use assets

The changes in the costs and depreciation of land, buildings and construction and transportation equipment leased by the Group were as follows:

		Land	Housing and Construction	Transportation Equipment	Total
Costs of right-of-use assets:					
Balance as of January 1, 2023	$	27,784	1,119,990	3,497	1,151,271
Addition		-	97,236	2,511	99,747
Reduction (contract expired and early termination of contract)		-	(2,276)	(390)	(2,666)
Effect of exchange rate changes		(301)	(20,274)	-	(20,575)
Balance as of December 31, 2023	$	27,483	1,194,676	5,618	1,227,777
Balance as of January 1, 2022	$	27,546	1,046,660	3,451	1,077,657
Addition		-	55,401	2,377	57,778
Reduction (contract expired and contract modification)		-	(88)	(2,364)	(2,452)
Effect of exchange rate changes		238	18,017	33	18,288
Balance as of December 31, 2022	$	27,784	1,119,990	3,497	1,151,271
Depreciation of right-of-use assets:					
Balance as of January 1, 2023	$	4,106	618,627	1,041	623,774
Depreciation in current period		1,023	181,955	1,757	184,735
Reduction (contract expired and early termination of contract)		-	(1,899)	(390)	(2,289)
Effect of exchange rate changes		(42)	(13,080)	(3)	(13,125)
Balance as of December 31, 2023	$	5,087	785,603	2,405	793,095
Balance as of January 1, 2022	$	3,062	437,245	1,917	442,224
Depreciation in current period		1,025	174,486	957	176,468
Reduction (contract expired and contract modification)		-	-	(1,844)	(1,844)
Effect of exchange rate changes		19	6,896	11	6,926
Balance as of December 31, 2022	$	4,106	618,627	1,041	623,774
Carrying amounts:					
Balance as of December 31, 2023	$	22,396	409,073	3,213	434,682
Balance as of December 31, 2022	$	23,678	501,363	2,456	527,497

(XI) Intangible assets

The Group's costs, amortization and impairment loss of intangible assets for the years ended December 31, 2023 and 2022 were as follows:

		Goodwill	Software cost	Patent	Total
Costs:					
Balance as of January 1, 2023	$	218,672	18,846	16,507	254,025
Addition in current period		-	4,665	241	4,906
Reduction in current period		-	(8,135)	(18)	(8,153)
Effect of exchange rate changes		-	-	(15)	(15)
Balance as of December 31, 2023	**$**	**218,672**	**15,376**	**16,715**	**250,763**
Balance as of January 1, 2022	$	218,672	15,603	15,863	250,138
Addition in current period		-	8,937	-	8,937
Reduction in current period		-	(5,696)	-	(5,696)
Reclassification (Note)		-	-	646	646
Effect of exchange rate changes		-	2	(2)	-
Balance as of December 31, 2022	**$**	**218,672**	**18,846**	**16,507**	**254,025**
Amortization and impairment loss:					
Balance as of January 1, 2023	$	-	13,099	16,021	29,120
Amortization for the period		-	6,273	76	6,349
Reduction in current period		-	(8,135)	(7)	(8,142)
Effect of exchange rate changes		-	-	(4)	(4)
Balance as of December 31, 2023	**$**	**-**	**11,237**	**16,086**	**27,323**
Balance as of January 1, 2022	$	-	10,779	15,863	26,642
Amortization for the period		-	8,014	66	8,080
Reduction in current period		-	(5,696)	-	(5,696)
Reclassification (Note)		-	-	93	93
Effect of exchange rate changes		-	2	(1)	1
Balance as of December 31, 2022	**$**	**-**	**13,099**	**16,021**	**29,120**
Carrying amounts:					
Balance as of December 31, 2023	**$**	**218,672**	**4,139**	**629**	**223,440**
Balance as of December 31, 2022	**$**	**218,672**	**5,747**	**486**	**224,905**

Note: This amount has been transferred from prepaid expenses.

1. Amortization expenses

The amortization of intangible assets was included in the following items of the Statements of Comprehensive Income for the years ended December 31, 2023 and 2022:

	2023 Fiscal year	2022 Fiscal year
Operating costs	$ 362	606
Operating expenses	5,987	7,474

2. Impairment test for goodwill

(1) For the purpose of impairment test, goodwill is allocated to the Group's operating units, which are the smallest levels used by the Group to monitor goodwill for internal management purposes and shall not be larger than the operating departments of the Group. Allocation of the carrying amount of goodwill as of December 31, 2023 and 2022 was as follows:

	2023.12.31	2022.12.31
FSP Technology Inc. and Processing Subsidiaries	$ 114,411	114,411
3Y Power	104,261	104,261
	$ 218,672	218,672

(2) The recoverable amount of the cash-generating unit is based on its value in use. Value in use is determined by discounting the future cash flows arising from the continuing use of the unit. The calculation of the value in use (including goodwill) is based on the following key assumptions:

A. The cash flow projections were based on historical figures, actual operating results and 5-year business plan. Cash flows beyond 5 years have been projected with zero growth rate.

B. The Group estimates the pre-tax discount rate based on the weighted average cost of capital (WACC), the discount rates as of December 31, 2023 and 2022 were 9.88% and 8.75% respectively.

(3) According to the asset impairment test conducted in 2023 and 2022, no impairment losses were recognized as the recoverable amount of cash-generating unit was higher than the carrying amount.

(XII) Short-term loans

The details of the Group's short-term borrowings are provided below:

	2023.12.31	2022.12.31
Credit loans	$ 1,536	7,692
Unused facility	$ 818,000	907,500
Interest rate range	7.42	4.95

Please refer to Note VIII for the details of the Group's assets pledged as collateral for bank borrowings.

(XIII) Long-term loans

The details of the Group"s long-term borrowings are provided below:

	2023.12.31	2022.12.31
Secured bank borrowings	$ 124,404	199,334
Less: current portion of long-term debt	75,616	74,930
Total	$ 48,788	124,404
Unused facility	$ -	-
Interest rate range	1.40	1.58

1. Collateral for bank borrowings

   Please refer to Note VIII for the details of the Group's assets pledged as collateral for bank borrowings.

2. Government-subsidized loan with preferential interest rate

   In August 2020, the Company obtained a NT$371,000,000 low-interest loan from Mega International Commercial Bank under the "Guidelines of Project Loans for Returning Overseas Taiwanese Businesses". The drawdown period was until December 31, 2021, and multiple drawdowns were allowed. As of the expiry date, the amount of actual utilization of the Group was NT$296,650,000 as of December 31, 2021. Based on the market interest rate of 1.58% to recognize and measure the loan, the difference between the actual repayment preferential interest rate of 0.65% and the market interest rate was NT$6,585,000, which were treated as government subsidies and recognized as deferred income under other current liabilities and other non-current liabilities. Deferred income for the 2023 and 2022 fiscal years was reclassified as other income in the amounts of NT$976,000 and NT$1,362,000, respectively.

(XIV) Lease liabilities

The carrying amount of lease liabilities were as follows:

	2023.12.31	2022.12.31
Current	$ 190,025	175,602
Non-current	255,209	364,713
Total	$ 445,234	540,315

For maturity analysis, please refer to Note VI (XXIII) Financial Instruments.

The amounts recognized in profit or loss were as follows:

	2023 Fiscal year	2022 Fiscal year
Interest expense on lease liabilities	$ 9,750	10,319

		2023 Fiscal year	2022 Fiscal year
Variable lease payments not included in the measurement of lease liabilities	$	1,319	1,822
Expenses of short-term leases	$	13,095	11,871
Expenses relating to leases of low-value assets (excluding short-term leases of low-value assets)	$	202	140
Rent concession arising from the COVID-19 pandemic (recognized in other income)	$	4	3,861

Amount recognized in the Statements of Cash Flows was as follows:

		2023 Fiscal year	2022 Fiscal year
Total cash outflow in operating activities	$	24,366	24,152
Total cash outflow in financing activities		186,867	166,203
Total cash flows on lease	$	211,233	190,355

1. Lease of land, buildings and construction

   The Group leases land, buildings, and construction as factories, office premises, staff quarters, and warehouses with lease terms ranging from 1 to 10 years. Some of these leases include the option to extend the lease term for the same period as the original contract at the end of the lease term.

   The lease payments for some of the warehouses are based on the actual floor area used each month.

   For these lease contracts, the variable lease payments paid by the Group in 2023 were as follows:

		Variable payment	The estimated impact on rent for every 1% increase in actual usable area
Lease contracts with variable payment calculated based on the actual floor area used per month	$	1,319	13

2. Other leases

   The Group leases machinery, and transportation equipment with the lease terms ranging from one year to eight years.

   The lease terms of some of the Group's leases of buildings, construction, machinery and transportation equipment are within 1 year. These leases are considered as short-term leases or leases of low-value assets and the Group elected to apply for exemption and did not recognize related right-of-use assets and lease liabilities.

(XV) Provisions for liabilities

		2023 Fiscal year	2022 Fiscal year
Opening balance as of January 1	$	131,155	146,223
Addition of provision during the year		63,163	65,515
Amount utilized during the year		(64,007)	(80,583)
Closing balance as of December 31	**$**	**130,311**	**131,155**

The provision of the Group is mainly for sales-related maintenance obligation. The provision is estimated based on historical maintenance rates and maintenance cost per unit of specific products.

(XVI) Employee benefits

1. Defined benefit plans

The reconciliation between the present value of defined benefit obligations and the fair value of plan assets was as follows:

		2023.12.31	2022.12.31
Present value of defined benefit obligation	$	130,884	157,942
Fair value of plan assets		(143,666)	(159,594)
Net defined benefit liabilities	**$**	**(12,782)**	**(1,652)**
Recorded under other non-current assets	**$**	**12,782**	**10,163**
Recorded under net defined benefit liabilities	**$**	**-**	**8,511**

The Group makes contribution of defined benefit plan to the labor pension reserve account at Bank of Taiwan. Under the Labor Standards Act, pension benefit of each eligible employee is calculated based on the number of units accrued from service years and the average monthly salaries of the last 6 months prior to retirement.

(1) Composition of plan assets

The pension fund contributed by the Group is managed and administered by the Bureau of Labor Funds of the Ministry of Labor (the "Bureau of Labor Funds"). According to the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", with regard to the utilization of the Fund, minimum returns per year shall not be lower than the earnings attainable from two-year time deposits with interest rates offered by local banks.

On December 31, 2023, the balance of the merged company's Taiwan Bank Employee Retirement Reserve Account amounted to NT$141,980 For information on the labor pension fund assets, including yield of the fund and the asset portfolio, please refer to the website of the Bureau of Labor Funds.

(2) Changes in present value of the defined benefit obligations

Changes in present value of the defined benefit obligations in 2023 and 2022 were as follows:

		2023 Fiscal year	2022 Fiscal year
Defined benefit obligations at January 1	$	157,942	214,365
Service costs and interest in the year		3,443	4,954
Remeasurement on the net defined benefit liabilities (assets)			
— Actuarial loss arising from experience adjustments		1,813	(4,194)
— Actuarial loss arising from changes in demographic assumption		1	(2)
— Actuarial loss (gain) arising from changes in financial assumption		477	(10,036)
Benefits paid by the plan		(1,022)	(240)
Effect of plan curtailment		(31,770)	(46,905)
Defined benefit obligations at December 31	**$**	**130,884**	**157,942**

(3) Changes in fair value of plan assets

Changes in fair value for the Group's defined benefit plan assets for the years ended December 31, 2023 and 2022 were as follows:

		2023 Fiscal year	2022 Fiscal year
Fair value of plan assets on January 1	$	159,594	176,113
Interest income		1,942	1,202
Remeasurement on the net defined benefit assets - Return on plan assets (excluding interests)		1,503	13,287
Amount contributed to the plan		11,059	11,351
Benefits already paid by the plan		(1,022)	(240)
Scheduled repayment amount		(29,410)	(42,119)
Fair value of plan assets on December 31	**$**	**143,666**	**159,594**

(4) Expenses recognized in profit or loss

Details of the Group's expenses (gains) recognized in profit or loss for the years ended December 31, 2023 and 2022:

		2023 Fiscal year	2022 Fiscal year
Service costs for the current period	$	1,542	3,498
Net interest expense of net defined benefit liabilities		(41)	254
Benefits of Clearing		(2,360)	(4,786)
	$	(859)	(1,034)
Operating costs	$	(4)	-
Selling and marketing expenses		(7)	(2)
General and administrative expenses		(824)	(1,009)
Research and development expenses		(24)	(23)
	$	(859)	(1,034)

(5) Actuarial assumptions

The major assumptions of the actuarial valuation to calculate the present value of the defined benefit obligation at the end of reporting period were as follows:

	2023.12.31	2022.12.31
Discount rate	1.20%	1.25%
Future salary increases	2.00%	2.00%

The Company intends to allocate NT$2,717,000 to the defined benefit plan within one year following the reporting date of fiscal year 2023.

The weighted-average duration of the defined benefit plan is 7 years.

(6) Sensitivity analysis

The impact of a change in assumptions on the present value of the defined benefit obligation as of December 31, 2023 and 2022 is summarized below:

	Impact on the defined benefit obligation	
	Increase by 0.25%	Decrease by 0.25%
December 31, 2023		
Discount rate (change by 0.25%)	(2,477)	2,567
Future salary adjustment rate (change by 0.25%)	2,506	(2,429)
December 31, 2022		
Discount rate (change by 0.25%)	(3,323)	3,446
Future salary adjustment rate (change by 0.25%)	3,371	(3,267)

The above sensitivity analysis considers the change in one assumption at a time, leaving other assumptions unchanged. In practical terms, many assumptions are interrelated and changing one individual assumption may trigger the changes in other assumptions. The method used to conduct the sensitivity analysis is consistent with the calculation of the net pension liabilities recognized in the balance sheets.

The method and assumptions used to conduct the sensitivity analysis are the same as those in the previous year.

2. Defined contribution plans

Per Group's defined contribution plan, the Group contributes monthly an amount equal to 6% of each employee's monthly wages to the employee’s individual pension fund account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company has no legal or constructive obligation to pay additional amounts after contributing a fixed amount to the Bureau of Labor Insurance.

The retirement expenses under the defined contribution retirement plan for the Group were NT$36,262,000 for 2023 and NT$33,171,000 for 2022, and they have been allocated to the Labor Insurance Bureau.

The remaining retirement expenses for the consolidated subsidiaries for 2023 and 2022, as per local regulations, were NT$84,388,000 and NT$89,502,000, respectively.

3. Other short-term employee benefits

For the years ended December 31, 2023 and 2022, the Company contributed NT$36,643,000 and NT$12,911,000 respectively to a specific trust account for employee incentives, which were recognized as operating costs and operating expenses.

As of December 31, 2023 and 2022, the Group had accrued unused leave bonuses of NT$48,304,000 and NT$47,078,000, respectively, which were recorded under other payables.

(XVII) Income Tax

1. Details of income tax expense (benefit) for the years ended December 31, 2023 and 2022 were as follows:

		2023 Fiscal year	2022 Fiscal year (Revised Edition)
Income tax expense for the period			
Income tax expense incurred	$	165,222	193,869
Adjustment for prior year		(7,353)	(41,645)

	2023 Fiscal year	2022 Fiscal year (Revised Edition)
	157,869	152,224
Deferred income tax benefit		
Origination and reversal of temporary differences	(15,044)	8,507
Income tax expense	$ 142,825	160,731

Details of the Group's income tax expense (benefit) recognized in other comprehensive income for the years ended December 31, 2023 and 2022 were as follows:

	2023 Fiscal year	2022 Fiscal year
Items that will not be reclassified to profit or loss:		
Gains (losses) on re-measurements of defined benefit plans	$ (157)	5,504

Reconciliation between the expected income tax expense calculated based on the Group's statutory tax rate and the actual income tax expense reported in the Consolidated Statements of Comprehensive Income was as follows:

	2023 Fiscal year	2022 Fiscal year (Revised Edition)
Income before Tax	$ 782,509	951,767
Income tax using the Company's statutory tax rate	$ 156,502	190,354
Effect of different tax rates in foreign jurisdictions	14,333	12,915
Non-deductible expenses	8,691	8,691
Cash dividend income	(38,474)	(25,401)
Gains on securities transactions	99,305	104,294
Gains on exemption from securities transaction tax	(101,763)	(104,968)
Adjustments in respect of prior years	(7,353)	(41,645)
Tax on undistributed earnings 5%	11,584	16,491
Total	$ 142,825	160,731

2. Deferred income tax assets and liabilities

(1) Unrecognized deferred income tax assets

Group's unrecognized deferred income tax assets:

	2023.12.31	2022.12.31
Tax loss	$ 70,605	100,656

In accordance with the U.S. federal tax laws, losses approved by the tax authority may be deducted from the net income of the current year before income tax is assessed. Losses incurred in 2018 and subsequent years can be deducted indefinitely against the taxable income of future years, provided that the amount of offsetting in any profitable year is limited to 80% of the taxable income of that year. Losses incurred prior to the 2018 can be carried forward for a maximum of twenty years, with no restriction on the amount that can be deducted in a single tax year. The above deferred income tax asset was not recognized as the Company believed that it is not probable that future taxable income will be available against which the Company can utilize the temporary differences.

As of December 31, 2023, the merged company has not recognized tax losses as deferred income tax assets. The deduction periods are as follows:

Loss year	Unused tax loss	Year of expiry
Fiscal year 2014	$ 1,608	Fiscal year 2034
Fiscal year 2013	3,499	Fiscal year 2035
Fiscal year 2017	3,823	Fiscal year 2037
Fiscal year 2018	9,763	No expiry date
Fiscal year 2019	37,575	No expiry date
Fiscal year 2020	14,337	No expiry date
Total	$ 70,605	

(2) Recognized deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities in 2023 and 2022 were as follows:

	Pension provision	Unrealized valuation gains	Others	Total
Deferred income tax liabilities:				
January 1, 2023	$ (1,583)	(2,919)	-	(4,502)
Retroactive adjustments to new standards	-	-	(117,438)	(117,438)
January 1, 2023 (Restated)	(1,583)	(2,919)	(117,438)	(121,940)
Debit income statement	(2,068)	-	35,805	33,737
Debit other comprehensive income	210	-	-	210
Exchange differences on translation of financial statements of foreign operations	-	-	1,893	1,893
December 31, 2023	**$ (3,441)**	**(2,919)**	**(79,740)**	**(86,100)**
January 1, 2022	$ -	(2,919)	-	(2,919)
Retroactive adjustments to new standards	-	-	(143,873)	(143,873)
January 1, 2022 (Restated)	-	(2,919)	(143,873)	(146,792)
Debit other comprehensive	(1,583)	-	-	(1,583)

	Pension provision	Unrealized valuation gains	Others	Total
income				
Revised Impact Number	-	-	26,435	26,435
December 31, 2022 (Restated)	**$ (1,583)**	**(2,919)**	**(117,438)**	**(121,940)**

	Allowance for inventory valuation loss	Pension provision	Unrealized foreign exchange gain or loss	Others	Total
Deferred income tax assets:					
January 1, 2023	$ 35,246	1,114	10,267	22,454	69,081
Retroactive adjustments to new standards	-	-	-	123,651	123,651
January 1, 2023 (Restated)	35,246	1,114	10,267	146,105	192,732
(Debit)/Credit income statement	7,479	-	6,208	(32,380)	(18,693)
Debit other comprehensive income	-	(53)	-	-	(53)
Exchange differences on translation of financial statements of foreign operations	(43)	-	-	(1,989)	(2,032)
December 31, 2023	**$ 42,682**	**1,061**	**16,475**	**111,736**	**171,954**
January 1, 2022	$ 23,815	7,168	29,640	21,617	82,240
Retroactive adjustments to new standards	-	-	-	148,584	148,584
January 1, 2022 (Restated)	23,815	7,168	29,640	170,201	230,824
(Debit)/Credit income statement	11,172	(2,133)	(19,373)	412	(9,922)
Debit other comprehensive income	-	(3,921)	-	-	(3,921)
Revised Impact Number	-	-	-	(24,933)	(24,933)
Exchange differences on translation of financial statements of foreign operations	259	-	-	425	684
December 31, 2022 (Restated)	**$ 35,246**	**1,114**	**10,267**	**146,105**	**192,732**

3. Income tax assessment

The tax returns for the years up to 2021 filed by the Company have been approved by the tax authority.

(XVIII) Capital and other equity

1. Common stock issuance

As of December 31, 2023 and 2022, the Company’s authorized common stock was NT$3,600,000,000 with the par value of NT$10 per share. 187,262,000 shares were issued.

2. Capital Surplus

The Company’s capital surplus was as follows:

	2023.12.31	2022.12.31
Paid-in capital in excess of par value	$ 856,427	1,006,236
Adjustments arising from changes in percentage of ownership in subsidiaries	4,780	4,780
	$ 861,207	**1,011,016**

Pursuant to the Company Act, any realized capital surplus is initially used to cover accumulated deficit, and the balance, if any, can be transferred to common stock as stock dividends or distributed by cash based on the original shareholding percentage. Realized capital surplus includes the premium derived from the issuance of shares of stock in excess of par value and donations received by the Company. In accordance with the “Regulations Governing the Offering and Issuance of Securities by Securities Issuers”, distribution of stock dividends from capital surplus in each year shall not exceed 10% of paid-in capital.

Moreover, during the board meeting held on March 10, 2023, the company resolved to distribute the cash surplus of NT$149,809 at a rate of NT$0.8 per share.

3. Retained earnings

The Company's Articles of Incorporation stipulate that at least 10% of annual net income, after deducting tax and accumulated deficit, if any, must be retained as legal reserve until such retention equals the amount of paid-in capital. In addition, a special reserve shall be set aside in accordance with applicable laws and regulations. The remaining balance, along with the unappropriated earnings from the previous years, can be distributed as dividends to stockholders after the shareholders’ meeting approves the distribution plan submitted by the Board of Directors.

As per the dividend policy set forth in the Company's Articles of Incorporation, the Company's dividend policy is based on the assessment of the Company's future capital budget, planning of future capital requirements, financial structure and earnings, etc. The Board of Directors shall prepare a proposal for the distribution of earnings, which shall be approved by the shareholders' meeting. In light of our company's stable growth phase and the industry consolidation trend, we are committed to continuously expanding our scale to ensure sustainable operation and stable growth. According to our dividend policy, if there are no accumulated losses in the previous period, the company will distribute dividends to shareholders amounting to at least 50% of the annual net profit after tax. Dividends can be in the form of either stock or cash, with cash dividends constituting no less than 30% of the total shareholder dividends.

(1) Legal reserve

If the Company has no accumulated deficit, it may, subject to a resolution approved by the shareholders’ meeting, distribute its legal reserve by issuing new shares or distributing cash for the portion of legal reserve which exceeds 25% of the paid-in capital.

(2) Special reserve

Pursuant to the Ruling issued by the FSC, a special reserve equal to the total amount of items that are accounted for as deductions from other stockholders' equity shall be set aside from current and prior year earnings. If it is the deduction amount of other shareholders' equity accumulated in the previous period, the special reserve of the same amount shall not be distributed from the undistributed earnings of the previous period. When the amount of the deduction of shareholders' equity is reversed subsequently, the reversed amount can be included in the distributable earnings.

(3) Earning distribution

On March 10, 2023 and March 18, 2022, the Board of Directors resolved on the amount of cash dividends of the distribution of earnings for the years ended 2022 and 2021, respectively, and the amount of dividends distributed to shareholders was as follows:

	2022 Fiscal year	2021 Fiscal year
Cash dividend distributed to the shareholders of common stock	$ 561,786	617,964

On March 14, 2024, the shareholders' meeting resolved on the distribution of earnings for the year ended 2023, and the amount of dividends distributed to shareholders was as follows:

	2023 Fiscal year
Cash dividend distributed to the shareholders of common stock	$ 599,238

For information on the distribution of our company's earnings, please contact the Public Information Observation Station.

4. Other equity items (net after tax)

	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total
Balance as ofJanuary1, 2023	$ (77,427)	5,628,307	5,550,880
Retroactive adjustments to new standards	78	-	78
Balance after restatement as of January 1, 2023	(77,349)	5,628,307	5,550,958
Exchange differences on translation of financial statements of foreign operations	(49,494)	-	(49,494)

		Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total
Disposal of Subsidiary		549	-	549
Share of other comprehensive income of associates and joint-ventures under the equity method		(41)	-	(41)
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income		-	1,100,229	1,100,229
Disposal of equity instruments at fair value through other comprehensive income		-	(496,528)	(496,528)
Balance as of December 31, 2023	$	(126,335)	6,232,008	6,105,673
Balance after restatement as of January 1, 2022	$	(117,703)	6,200,289	6,082,586
Exchange differences on translation of financial statements of foreign operations (restated)		36,972	-	36,972
Share of other comprehensive income of associates and joint-ventures under the equity method		3,382	-	3,382
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income		-	(50,513)	(50,513)
Disposal of equity instruments at fair value through other comprehensive income		-	(521,469)	(521,469)
Balance after restatement as of December 31, 2022	$	(77,349)	5,628,307	5,550,958

5. Non-controlling interests (net after tax)

		2023 Fiscal year	2022 Fiscal year (Revised Edition)
Beginning balance	$	394,318	338,515
Retroactive adjustments to new standards		16	80
Opening balance after restatement		394,334	338,595
Net income for the year attributable to non-controlling interests		40,446	68,597

	2023 Fiscal year	2022 Fiscal year (Revised Edition)
Gains (losses) on re-measurements of defined benefit plans	70	672
Exchange differences on translation of financial statements of foreign operations	(951)	5,061
Distribution of cash dividends to non-controlling interests	(32,111)	(18,591)
	$ 401,788	394,334

(XIX) Earnings per Share

	2023 Fiscal year	2022 Fiscal year (Revised Edition)
Basic earnings per share:		
Net income attributable to the ordinary shareholders of the Company	$ 599,238	722,439
Weight-average number of ordinary shares outstanding (Unit: Thousands of shares)	187,262	187,262
Basic earnings per share (Unit: Thousands of shares)	$ 3.20	3.86
Diluted earnings per share:		
Net income attributable to the ordinary shareholders of the Company	$ 599,238	722,439
Weight-average number of ordinary shares outstanding (Unit: Thousands of shares)	187,262	187,262
Employee Compensation (Unit: in Thousand Shares)	1,564	2,044
Weight-average number of ordinary shares outstanding (Unit: Thousands of shares)	188,826	189,306
Basic earnings per share (Unit: NT$ Thousands)	$ 3.17	3.82

(XX) Revenue from contracts with customers

1. Breakdown of revenue

	2023 Fiscal year					
	The Company and its processing subsidiaries	3Y Power	Zhong Han	WUXI Zhonghan	Others	Total
Primary geographical markets:						
Taiwan	$ 1,670,028	734,986	-	-	-	2,405,014
China	1,446,487	165,458	1,469,800	538,653	16,464	3,636,862
U.S.A.	1,012,567	5,390	-	-	649,672	1,667,629

	2023 Fiscal year					
	The Company and its processing subsidiaries	3Y Power	Zhong Han	WUXI Zhonghan	Others	Total
Germany	2,237,489	65,806	-	-	-	2,303,295
Other countries	2,983,681	13,442	-	-	169,658	3,166,781
	$ 9,350,252	985,082	1,469,800	538,653	835,794	13,179,581
Major product/service line:						
Sales of power supply	$ 9,350,252	985,082	1,469,800	538,653	835,794	13,179,581

	2022 Fiscal year					
	The Company and its processing subsidiaries	3Y Power	Zhong Han	WUXI Zhonghan	Others	Total
Primary geographical markets:						
Taiwan	$ 2,053,175	608,140	-	-	-	2,661,315
China	2,126,376	123,010	1,890,524	558,453	17,077	4,715,440
U.S.A.	1,255,854	27,118	-	-	752,184	2,035,156
Germany	1,833,858	115,160	-	-	-	1,949,018
Other countries	2,427,329	16,946	-	-	90,666	2,534,941
	$ 9,696,592	890,374	1,890,524	558,453	859,927	13,895,870
Major product/service line:						
Sales of power supply	$ 9,696,592	890,374	1,890,524	558,453	859,927	13,895,870

2. Contract balance

	2023.12.31	2022.12.31	2022.1.1
Notes and accounts receivable (including related parties)	$ 3,013,607	3,968,657	4,768,361
Less: Allowance for impairment loss	(14,448)	(24,641)	(39,771)
Total	$ 2,999,159	3,944,016	4,728,590
Contract liabilities (recognized in other current liabilities)	$ 61,491	93,296	52,856

The change in contract liabilities primarily occurs due to the discrepancy between the timing of fulfilling performance obligations and the timing of customer payments.

Please refer to Note VI (IV) for notes receivable, accounts receivable and related impairment.

(XXI) Remuneration of Employees and Directors

The Company's Articles of Incorporation stipulate that a minimum of 6% of annual profit, if any, shall be allocated to employee remuneration and a maximum of 3% of annual profit shall be allocated to Directors' remuneration. However, if the Company has accumulated losses, the Company shall set aside a part of the surplus profit first for making up the losses. Employees who are entitled to receive the employee remuneration in shares or cash include the employees of subsidiaries of the Company who meet certain specific requirements.

The estimated amounts of employee remuneration for the 2023 and 2022 fiscal years of the Company are NT$66,000,000 and NT$66,000,000, respectively. The estimated amounts of director remuneration are NT$7,000,000 and NT$7,000,000, respectively. These estimates are based on the Company's pre-tax net profit for the respective periods, after deducting the amounts of employee and director remuneration, multiplied by the distribution percentages of employee and director remuneration as stipulated in the Company's articles of incorporation. They are reported as operating expenses for the 2023 and 2022 fiscal years. The difference between accrual and actual payment is treated as the change in accounting estimate and recognized in profit or loss in the following year. There was no difference between the amount of the remuneration to employees and Directors resolved by the Board of Directors and the accrual amount recognized in the Consolidated Financial Statements for the years ended December 31, 2023 and 2022. Information related to remuneration to employees and Directors resolved by the Board of Directors is available on the Market Observation Post System website of Taiwan Stock Exchange.

(XXII) Non-operating income and expenses

1. Interest income

	2023 Fiscal year	**2022 Fiscal year**
Bank deposits	$ 74,461	26,111
Interest income of financial assets at amortized cost	-	1,044
	$ 74,461	27,155

2. Other income

	2023 Fiscal year	**2022 Fiscal year**
Dividend income	$ 192,437	127,003
Other income		
Government grant	17,539	39,935
Rent concessions reclassified to revenue	4	3,861

		2023 Fiscal year	2022 Fiscal year
Tax refund		17,987	19,490
Gain on write-off of overdue payable		687	3,961
Others		22,395	11,498
	$	251,049	205,748

3. Other gains and losses

		2023 Fiscal year	2022 Fiscal year
Foreign currency exchange net gain (loss)	$	(361)	194,908
Gain on financial assets measured at fair value through profit or loss		12,288	3,333
Loss on disposal of property, plant and equipment		(607)	(536)
Disposal of Intangible Asset		(11)	-
Subsidiary losses		(549)	-
Gains on lease modifications		12	20
Others		(893)	(7,765)
	$	9,879	189,960

4. Finance costs

		2023 Fiscal year	2022 Fiscal year
Interest expense:			
Bank borrowings	$	14,396	6,709
Lease liabilities		9,750	10,319
	$	24,146	17,028

(XXIII) Financial instruments

1. Credit risk

(1) Exposure to credit risk

The maximum exposure to credit risk is equal to the carrying amount of the financial assets.

(2) Concentration of credit risk

As of December 31, 2023 and 2022, top three customers accounted for 19% of the Group's accounts receivable balance.

(3) Credit risk from receivables and debt securities

Please refer to Note VI (IV) for credit risk exposure of notes receivable and accounts receivable. For the details of other receivables, please refer to Note VI (V). Other financial assets measured at amortized cost include other receivables, ordinary corporate bonds, restricted bank deposits, and deposited margin. The above-mentioned financial assets are considered low credit risk financial assets, and the loss allowance is measured using 12-month expected credit loss.

2. Liquidity risk

The Group manages and maintains sufficient cash and cash equivalents to support the Group's operations and mitigate the impact of cash flow fluctuations. The management of the Group supervises the use of the credit line and ensures compliance with the terms of the loan contracts.

The table below shows the contractual maturity dates for financial liabilities, including the effect of estimated interest.

	Carrying amount	Contractual cash flows	Within 6 months	6 to 12 months	1-2 years	2-5 years	Over 5 years
December 31, 2023							
Non-derivative financial liabilities							
Short-term loans	$ 1,536	1,599	1,593	6	-	-	-
Long-term loans	124,404	124,893	38,579	38,455	47,859	-	-
Notes payable	11,450	11,450	11,450	-	-	-	-
Accounts payable	2,993,921	2,993,921	2,993,921	-	-	-	-
Accounts payable - related parties	87,065	87,065	87,065	-	-	-	-
Other payables	1,535,992	1,535,992	1,535,992	-	-	-	-
Lease liabilities	445,234	465,388	102,561	94,467	98,348	126,090	43,922
Guarantee deposits received	500	500	-	-	-	-	500
	$ 5,200,102	5,220,808	4,771,161	132,928	146,207	126,090	44,422
December 31, 2022							
Non-derivative financial liabilities							
Short-term loans	$ 7,692	7,916	7,881	35	-	-	-
Long-term loans	199,334	203,647	38,825	38,704	77,034	49,084	-
Notes payable	13,057	13,057	13,057	-	-	-	-
Accounts payable	3,854,819	3,854,819	3,854,819	-	-	-	-
Accounts payable - related parties	151,773	151,773	151,773	-	-	-	-
Other payables	1,247,717	1,247,717	1,247,717	-	-	-	-
Lease liabilities	540,315	563,371	92,113	91,526	195,393	107,578	76,761
Guarantee deposits received	532	532	-	-	-	-	532
	$ 6,015,239	6,042,832	5,406,185	130,265	272,427	156,662	77,293

The Group does not expect that the cash flows included in the maturity analysis will occur significantly earlier or at significantly different amounts.

3. Foreign exchange risk

(1) Exposure to foreign exchange risk

The Group's financial assets and liabilities exposed to significant foreign currency exchange risk were as follows:

	2023.12.31			2022.12.31		
	Foreign currencies	Exchange Rate	NT$	Foreign currencies	Exchange Rate	NT$
Financial assets						
Monetary items						
RMB	$ 169,439	4.327	733,163	184,349	4.408	812,610
USD	137,572	30.705	4,224,148	152,920	30.710	4,690,173
HKD	1,976	3.929	7,764	5,247	3.938	20,663
EUR	36	33.980	1,223	26	32.720	851
Non-monetary items						
USD	2,534	28.268	71,632	2,534	28.268	71,632
RMB	6,322	4.191	26,494	6,322	4.191	26,494
HKD	2,355	3.929	9,253	2,868	3.941	11,302
Financial liabilities						
Monetary items						
RMB	122,215	4.327	528,824	94,167	4.408	415,088
USD	84,642	30.705	2,598,933	99,822	30.710	3,065,534
HKD	6,747	3.929	26,505	8,915	3.938	35,107

(2) Sensitivity analysis

The Group's exposure to foreign exchange risk arises from cash and cash equivalents, accounts receivable (including related parties), other receivables, financial assets measured at amortized cost, financial assets measured at fair value through profit or loss, short-term borrowings, accounts payable (including related parties) and other payables that are denominated in foreign currencies and subject to foreign exchange loss in currency translation. If the New Taiwan Dollar depreciates or appreciates by 5% relative to the US Dollar, Renminbi, Hong Kong Dollar, and Euro, with all other factors remaining unchanged, the after-tax net profit for 2023 and 2022 will increase or decrease by NT$72,481,000 and NT$80,583,000, respectively. This analysis is based on the same assumptions for both periods.

(3) Foreign exchange gain (loss) on monetary items

Due to the wide variety of functional currencies within the merged company, the information on gains or losses from currency exchange is disclosed in an aggregated manner. For 2023 and 2022, the gains or losses from foreign currency exchange (including realized and unrealized) were (NT$361,000)and NT$194,908,000, respectively

4. Market risk

If the prices of securities with active market quotations at the reporting date had changed (using the same basis for both periods and assuming no change in other variables), the impact on the comprehensive income would have been as follows:

Security price at the reporting date	2023 Fiscal year		2022 Fiscal year	
	Other comprehensive income (pre-tax)	Pre-tax income	Other comprehensive income (pre-tax)	Pre-tax income
Increase by 5%	$ 337,867	13,868	309,376	10,331
Decrease by 5%	$ (337,867)	(13,868)	(309,376)	(10,331)

Please refer to Note VI (IV) "Measurement of the fair value of Level 3, the sensitivity analysis of the fair value using reasonably possible alternative assumptions"for details of the price changes of the Level 3 equity securities.

5. Interest rate analysis

the Company's demand deposits, time deposits and short-term liabilities are subject to floating interest rates. However, changes in market interest rates are not significant and thus changes in interest rates do not give rise to significant cash flow risk.

6. Fair value information

(1) Category of financial instruments and their fair value

Group's financial instruments measured at fair value on a recurring basis include the financial assets at fair value through profit or loss and the financial assets at fair value through other comprehensive income. Carrying amount and fair value of various financial assets and financial liabilities (including fair value level information, except for financial instruments whose carrying amount is a reasonable approximation of fair value, and lease liabilities which are not required to disclose their fair value information) were as follows:

	2023.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Beneficiary certificates	$ 277,366	277,366	-	-	277,366
Private equity funds	68,545	-	-	68,545	68,545
Non-publicly quoted equity instruments measured at fair value	71,632	-	-	71,632	71,632
Structured deposits	281,285	-	-	281,285	281,285
Subtotal	698,828	277,366	-	421,462	698,828
Financial assets at fair value through other comprehensive income					

	2023.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Domestic listed (OTC) stock	6,748,094	6,748,094	-	-	6,748,094
Foreign listed stock	9,253	9,253	-	-	9,253
Non-publicly quoted equity instruments measured at fair value	259,559	-	-	259,559	259,559
Subtotal	7,016,906	6,757,347	-	259,559	7,016,906
Financial assets at amortized cost					
Cash and cash equivalents	$ 4,225,848	-	-	-	-
Notes receivable and accounts receivable	2,999,159	-	-	-	-
Other receivables	430,235	-	-	-	-
Restricted bank deposits (classified in other non-current assets)	100	-	-	-	-
Refundable deposits (classified in other non-current assets)	46,920	-	-	-	-
Subtotal	7,702,262	-	-	-	-
Total	$ 15,417,996	7,034,713	-	681,021	7,715,734
Financial liabilities measured at amortized cost					
Bank borrowings	$ 125,940	-	-	-	-
Notes payable and accounts payable	3,092,436	-	-	-	-
Other payables	1,535,992	-	-	-	-
Lease liabilities	445,234	-	-	-	-
Guarantee deposits received	500	-	-	-	-
Total	$ 5,200,102	-	-	-	-

	2022.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Beneficiary certificates	$ 206,617	206,617	-	-	206,617
Private equity funds	18,000	-	-	18,000	18,000
Non-publicly quoted equity instruments measured at fair value	71,632	-	-	71,632	71,632

	2022.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Structured deposits	264,200	-	-	264,200	264,200
Subtotal	560,449	206,617	-	353,832	560,449
Financial assets at fair value through other comprehensive income					
Domestic listed (OTC) stock	6,176,226	6,176,226	-	-	6,176,226
Foreign listed stock	11,302	11,302	-	-	11,302
Non-publicly quoted equity instruments measured at fair value	189,286	-	-	189,286	189,286
Subtotal	6,376,814	6,187,528	-	189,286	6,376,814
Financial assets at amortized cost					
Cash and cash equivalents	$ 3,695,970	-	-	-	-
Notes receivable and accounts receivable	3,944,016	-	-	-	-
Other receivables	91,330	-	-	-	-
Restricted bank deposits (classified in other non-current assets)	100	-	-	-	-
Refundable deposits (classified in other non-current assets)	41,120	-	-	-	-
Subtotal	7,772,536	-	-	-	-
Total	$ 14,709,799	6,394,145	-	543,118	6,937,263
Financial liabilities measured at amortized cost					
Bank borrowings	$ 207,026	-	-	-	-
Notes payable and accounts payable	4,019,649	-	-	-	-
Other payables	1,247,717	-	-	-	-
Lease liabilities	540,315	-	-	-	-
Guarantee deposits received	532	-	-	-	-
Total	$ 6,015,239	-	-	-	-

(2) Valuation techniques for financial instruments measured at fair value - non-derivative financial instruments

If there is an active market for a financial instrument, the fair value is based on the quoted price in the active market. The market prices announced by major exchanges are the basis for the fair value of listed (over-the-counter) equity instruments and debt instruments that are publicly quoted in the active market.

A financial instrument has an active market for public quotations if public quotations can be obtained from an exchange, broker, underwriter, industry association, pricing service agencies or competent authority in a timely manner and on a regular basis, and if the price fairly represents actual and frequent market transactions. If the above conditions are not met, the market is deemed inactive. Generally speaking, a large bid-ask spread, a significant increase in the bid-ask spread, or a low volume of transactions are all indicators of an inactive market.

Among the financial instruments held by the Group, the listed stocks and beneficiary certificates are financial assets with standard terms and conditions that are traded in the active market, and their fair values are determined with reference to quoted market prices.

Except for the above-mentioned financial instruments with active markets, the fair values of the remaining financial instruments are obtained using valuation techniques or by referencing to quoted prices from counterparties. The fair value of financial instruments measured by using valuation techniques can refer to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the Consolidated Balance Sheets date.

The fair value of financial instruments held by the Group that are not publicly quoted equity instruments with no active market is estimated using the market method and net asset value method. The market method is measured by reference to the recent fundraising activities of the investee or based on the earnings or equity net worth multiplier derived from the quoted market prices of comparable listed companies, adjusted for the effect of discount on the lack of marketability of the equity securities. Net assets value method is based on the assumption that the net worth of the investee is measured on a per share basis.

(3) Quantitative information of significant unobservable inputs (Level 3) relating to fair value measurement

The Level 3 of fair value measurements mainly includes financial assets measured at fair value through profit or loss - investments in equity securities, investments in private equity funds and financial assets measured at fair value through other comprehensive income.

the Company's equity instrument investment with no active market has multiple significant unobservable inputs. Significant unobservable inputs for investments in equity instruments with no active market are not correlated with each other because they are independent of each other.

Because the correlation between significant unobservable input value and fair value cannot be fully identified in practice, Group's structured deposits are not included in the disclosure of quantitative information of significant unobservable input values and the sensitivity analysis of fair value for reasonably possible alternative assumptions.

Table of quantitative information of significant unobservable inputs is provided below:

Item	Valuation technique	Significant unobservable inputs	Relationship between significant unobservable inputs and fair value
Financial assets measured at fair value through profit or loss - Investment in equity instrument without an active market	Net assets value method	• Net asset value	• The higher the net assets value, the higher the fair value
Financial assets measured at fair value through profit or loss - private equity fund investment	Net assets value method	• Net asset value	• The higher the net assets value, the higher the fair value
Financial assets measured at fair value through other comprehensive income - Investment in equity instrument without an active market	Comparable company valuation method	• The price-to-earnings ratio multiplier as of December 31, 2022 is 14.56. • Net worth multiple (2.57~25.9 and 2.27~4.54 for the years ended December 31, 2023 and 2022) • Discount for lack of market liquidity (29.39% as of December 31, 2023 and 2022)	• The higher the multiple, the higher the fair value • The higher the discount for lack of market liquidity, the lower the fair value

(4) Fair value measurement in Level 3 - sensitivity analysis of reasonably possible alternative assumptions

The Group's measurement on the fair value of financial instruments is considered reasonable. However, the fair value may change if different valuation models or inputs are used. For financial instruments classified in Level 3, changing the valuation assumptions would have the following effects on other comprehensive income:

	Input	Upward or downward change	Fair value change reflected in current profit or loss		Fair value change reflected in other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
December 31, 2023						
Financial assets at fair value through profit or loss						
Investment in equity instrument without an active market	Net assets value method	5%	3,258	(3,258)	-	-
Financial assets at fair value through other comprehensive income						
Investment in equity instrument without an active market	Price-to-earnings ratio	5%	-	-	6,313	(6,313)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	2,155	(2,155)
December 31, 2022						
Financial assets at fair value through profit or loss						
Investment in equity instrument without an active market	Net worth ratio	5%	3,313	(3,313)	-	-
Financial assets at fair value through other comprehensive income						
Investment in equity instrument without an active market	Price-to-earnings ratio	5%	-	-	1,608	(1,608)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	2,895	(2,895)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	276	(276)

The favorable and unfavorable effects represent the changes in fair value, which is based on a variety of unobservable inputs calculated using the valuation technique. If the fair value of a financial instrument is subject to more than one input, the analysis above reflects only the effect of the change in a single input and does not consider the interrelationship between inputs.

(XXIV) Financial risk management

1. Overview

the Company is exposed to the following risks arising from financial instruments:

(1) Credit risk

(2) Liquidity risk

(3) Market risk

In this Note, the Group has disclosed the information on exposure to the aforementioned risks, and the Group’s objectives, policies and procedures to measure and manage these risks.

2. Risk management framework

The Board of Directors is responsible for developing and overseeing the Company's risk management framework.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, to monitor the risk and to manage the exposure within the risk limits. Risk management policies and systems are reviewed on a regular basis to reflect the changes in market conditions and the Company's operations. The Group develops a disciplined and constructive control environment through training, management guidelines and operating procedures so that all employees understand their roles and responsibilities.

3. Credit risk

Credit risk refers to the risk of financial loss to the Company resulting from the failure of a customer or counterparty of a financial instrument to meet their contractual obligations, and arises primarily from the Company's accounts receivable and security investment.

(1) Accounts receivable and other receivables

The Group's customers are concentrated in a wide range of power supply-related industries. To mitigate the credit risk of accounts receivable, the Group continuously evaluates the financial position of customers and purchases insurance for the accounts receivable of customers in high-risk areas or with special characteristics to reduce the Group's accounts receivable risk. The Group regularly evaluates the possibility of receivables collection and makes provision for bad debts accordingly; overall, management is able to effectively manage the risk of accounts receivable.

The Group has established the credit policy under which it is required to analyze the credit rating of each new customer individually before granting standard payment and delivery terms and conditions. Purchasing limits are established for each individual customer and limits are reviewed periodically. Customers who do not meet the requirement of credit rating can only trade with the Group on an prepayment basis.

(2) Investment

The credit risk of bank deposits, fixed income investments and other financial instruments is measured and monitored by the financial department of the Company. Since the counterparties of transactions and obligations of the Group are banks with good credit standing, and financial institutions, corporate and government with investment grade and above, default risk is limited and hence there is no significant credit risk.

(3) Guarantee

It is the policy of the Group to provide financial guarantees only to wholly owned subsidiaries. As of December 31, 2023 and 2022, the Group did not provide any guarantee.

4. Liquidity risk

Liquidity risk is the risk that the Group encounters difficulty in settling its financial liabilities by delivering cash or other financial assets and fails to fulfill its related obligations. The Group manages its liquidity by ensuring that the Group has sufficient liquidity to meet its liabilities as they fall due under normal and stressful circumstances without incurring unacceptable losses or damaging the Group's reputation.

The Group ensures that it has sufficient cash to meet all contractual obligations. Additionally, as of December 31, 2023 and 2022, the Group had unused borrowing facilities totaling NT$818,000,000 and NT$907,500,000, respectively.

5. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable level, while optimizing the return of investment.

(1) Foreign exchange risk

the Company is exposed to foreign exchange risk on sales, procurement and loans that are denominated in a currency other than the respective functional currencies of the Company's entities. The Group's functional currencies mainly include New Taiwan Dollar, US Dollar and Renminbi. The currencies used in these transactions are mainly New Taiwan Dollar, Hong Kong Dollar, US Dollar and Renminbi.

There is no significant difference or significant change in the receivables and payables of the Company, so the Company currently adopts natural hedge as the main exchange rate hedging policy to mitigate the risk.

(2) Interest rate risk

The Group's financial assets exposed to the risk of fair value change arising from interest rate changes are bank deposits; financial liabilities are bank borrowings, but the impact of changes in interest rates on the fair value of the related financial assets is not significant.

(3) Other market price risk

The Group's current financial assets at fair value through profit or loss and non-current financial assets at fair value through other comprehensive income mainly consist of investment in domestic funds, private equity funds, listed stocks, unlisted stocks, foreign listed stocks and foreign unlisted stocks. Because they are measured at fair value, the Company is exposed to the risk of changes in the market price of equity securities. In order to manage market risk, the Company selects investment targets carefully and controls its position in order to mitigate the market risk.

(XXV) Capital management

It is the policy of the Board of Directors to maintain a sound capital base to sustain the confidence of investors, creditors and the market and to support the development of future operations. Capital consists of the Group's share capital, capital surplus, retained earnings, other equity and non-controlling interests. The Board of Directors is responsible for controlling the debt-to-equity ratio and the level of common stock dividends.

As of December 31, 2023 and 2022, debt-to-equity ratio was as follows:

	2023.12.31	2022.12.31
Total Liabilities	$ 5,753,598	6,604,836
Less: cash and cash equivalents	(4,225,848)	(3,695,970)
Net liability	$ 1,527,750	2,908,866
Equity	$ 14,669,224	13,723,585
Debt-to-equity ratio	10.41%	21.20%

As of December 31, 2023, there was no material change in the Group's capital management.

(XXVI) Investing and financing activities not affecting cash flows

The reconciliation of liabilities arising from financing activities in 2023 and 2022 was as follows:

	2023.1.1	Cash flows from:	Non-cash changes: Addition	Disposal	Changes in foreign exchange rate	Changes in lease payment	Others	2023.12.31
Long-term loans	$ 199,334	(74,930)	-	-	-	-	-	124,404
Short-term loans	7,692	(6,137)	-	-	(19)	-	-	1,536
Lease liabilities	540,315	(186,867)	99,747	-	(7,572)	(389)	-	445,234
Total liabilities from financing activities	$ 747,341	(267,934)	99,747	-	(7,591)	(389)	-	571,174

	2023.1.1	Cash flows from:	Non-cash changes: Addition	Disposal	Changes in foreign exchange rate	Changes in lease payment	Others	2022.12.31
Long-term loans	$ 272,348	(73,014)	-	-	-	-	-	199,334
Short-term loans	16,315	(8,623)	-	-	-	-	-	7,692
Lease liabilities	641,754	(166,203)	57,778	-	11,475	(4,489)	-	540,315
Total liabilities from financing activities	$ 930,417	(247,840)	57,778	-	11,475	(4,489)	-	747,341

VII. Related Party Transactions

(I) Related party name and relationship

Related parties that had transactions with the Company during the reporting periods were listed below:

Related Party	Relationship with the Company
FSP Group USA Corp.	Group's associate
Sparkle Power Inc.	The entity's Chairman is the second-degree relatives of the Chairman of the Company
Amacrox Technology Inc. (“Amacrox”)	The entity's Chairman is the second-degree relatives of the Chairman of the Company
Voltronic Power Technology Corp. (“Voltronic”)	Substantive related party
Fortron/Source (Europa) GmbH	Substantive related party
FSP(GB) Ltd.	Substantive related party
FSP North America Inc.	Substantive related party
FSP Power Solution GmbH	Substantive related party
3Y Power Exchange Inc.	Substantive related party
Cheng Ya-Jen	Chairman of the Company

(II) Significant related party transactions

1. Operating revenue

The amounts of significant sales to related parties were as follows:

	2023 Fiscal year	2022 Fiscal year
Associate	$ 75,259	49,139
Other related party	1,793,300	2,344,464
	$ 1,868,559	2,393,603

The prices and credit terms of the Group's sales to the above related parties were not significantly different from those of its regular customers.

2. Purchases

The amounts of purchases from related parties were as follows:

	2023 Fiscal year	2022 Fiscal year
Other related party	$ 351,835	357,168

The Group purchased goods from the above-mentioned related parties, and did not purchase similar products from other manufacturers, so there was no transaction price from regular manufacturers for comparison. The payment terms were not significantly different from those of regular manufacturers.

3. Receivables from related parties

The details of the receivables of the Group arising from sales transactions, business needs and disbursement fee were as follows:

Accounting Subject	Related party category/name	2023.12.31	2022.12.31
Accounts receivable	Associate	$ 19,427	2,254
	Other related party	521,781	719,584
		541,208	721,838
Other receivables	Associate	347	36
	Other related party		
	FSP Power Solution GmbH	22,252	11,508
	Others	8,608	9,697
		31,207	21,241
		$ 572,415	743,079

For the details of the loss allowance for accounts receivable - related party for the years ended December 31, 2023 and 2022. Please refer to Note VI (VI) for the details of the loss allowance for other receivables for other related party, 3Y Power Exchange. Please consult Note IV (V) for information regarding the allowance for doubtful accounts on other accounts receivable.

4. Payables to related parties

The details of the payables arising from the purchase of goods and the purchase via related parties were as follows:

Accounting Subject	Related party category/name	2023.12.31	2022.12.31
Accounts payable	Other related party	$ 87,065	151,773

5. Purchase of services from related parties

The details of the technical service fee, labor fee and commission paid by the Group to the related parties were as follows:

		2023 Fiscal year	2022 Fiscal year
Associate			
FSP Group USA Corp.	$	11,390	8,918
Other related party			
Amacrox		9,575	8,097
Others		6,937	7,070
	$	27,902	24,085

The details of the Company's recognized payable amounts due to related parties as a result of the above transactions and payments/collections on behalf of related parties were as follows:

Accounting Subject	Related party category/name		2023.12.31	2022.12.31
Other payables	Associate	$	1,279	934
	Other related party		5,332	10,944
		$	6,611	11,878

6. Leases

The merged company rented office space from our company. As of the end of 2023 and 2022, the lease liabilities were NT$5,883,000 and NT$6,805,000, respectively. The interest expenses recognized for the 2023 and 2022 fiscal years were NT$113,000 and NT$129,000, respectively.

(III) Compensation for key management personnel

		2023 Fiscal year	2022 Fiscal year
Short-term employee benefits	$	72,746	70,495
Post-employment benefits		665	666
	$	73,411	71,161

VIII. Pledged Assets

The carrying amount of pledged assets for custom duty performance guarantee, litigation guarantee and borrowings was as follows:

Name of Assets	Pledged to secure		2023.12.31	2022.12.31
Restricted time deposits (recognized in other non-current assets)	Custom duty performance guarantee	$	100	100

Name of Assets	Pledged to secure	2023.12.31	2022.12.31
Land	Long-term loan and short-term loan facilities	161,077	161,077
Housing and Construction	Long-term loan and short-term loan facilities	170,455	178,451
Total		$ 331,632	339,628

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

(I) As of 2023 and 2022, the guarantee facilities extended by banks for customs and excise duties were NT$215,000,000, and utilized facilities were all NT$33,000,000.

(II) The Group purchased products of Beyond Innovation Technology Co., Ltd. (hereinafter referred to as Beyond Innovation) through a distributor in Taiwan. O2 Micro International Limited (hereinafter referred to as O2), a competitor of Beyond Innovation, states that such products infringe upon its patent rights in the United States, and therefore filed a civil lawsuit against three companies including the Group in the Marshall Division, United States District Court for the Eastern District of Texas (hereinafter referred to as the United States District Court).

O2 withdrew all claims for monetary compensation against all defendants in the preceding civil lawsuit on April 24, 2006. The United States District Court subsequently rendered a first-instance judgment and injunction prohibiting the sale of the products to the United States on March 21, 2007. It also ruled that the attorneys' fees and litigation costs incurred in this lawsuit, totaling US$2,268,402.22, should be borne jointly by the Group, Beyond Innovation, and Lien Chang Electronic Enterprise Co., Ltd. After the defendants filed an appeal to the United States Court of Appeals for the Federal Circuit, the Federal Circuit issued a decision on April 3, 2008. It found the lower court's ruling, in which the defendants were found to be in violation of patent rights, did not meet the requirements for legal proceedings and therefore reversed and remanded to the original court for retrial. As for the ruling regarding the litigation expenses, although it was not reviewed by the court of appeals, the reversal of the first-instance judgment means that the ruling has lost its basis and is therefore nullified.

After the case was remanded to the United States District Court, the Court only reviewed the lawsuit between O2 and Beyond Innovation, and rendered a judgment on September 27, 2010, which found that although Beyond Innovation had infringed upon O2's patent rights, the infringement was not based on malicious intent. Beyond Innovation later filed an appeal and the United States Court of Appeals for the Federal

Circuit (CAFC) rejected Beyond Innovation's appeal and affirmed the decision of the lower court.

The litigation between the Group and O2 was separated from the aforementioned litigation between O2 and Beyond Innovation on July 21, 2009. However, the Group has not yet received a notice of hearing from the US Court.

the Company was implicated by the use of Beyond Innovation's products, and after learning that Beyond Innovation's products were involved in such disputes, we have switched to alternative materials that do not involve infringement disputes. According to the intellectual property right guarantee signed by the Company and Beyond Innovation, Beyond Innovation shall bear all liabilities, losses, damages, costs, or other expenses incurred by the Company as a result of the use of its products. As a result, Beyond Innovation shall bear the adjudication costs borne by the Company. Therefore, the attorneys' fees and litigation costs incurred in the above patent litigation do not have a significant impact on the Company's financial statements. The Group recognized the aforementioned expenses as expenses for the year in which they occurred based on fiscal conservatism.

(III) Customer of Zebra Technology Inc., the merged company. Zebra, hereinafter referred to as Zebra, sold printers to end customers. On July 10, 2021, a fire incident occurred, causing property damage for the end customers. The merged company sold some parts of the Zebra printers to the related party, FSP North America Inc. , and then by FSP North America Inc. On February 16, 2023, Great American Insurance Company, the insurance company of the end customer, filed a lawsuit against FSP North America Inc., the merged company, in the Galveston Division of the Southern District of Texas Federal Court. The lawsuit was filed after the sale of the company to Zebra. Zebra has initiated legal proceedings to claim damages and is seeking compensation in the amount of $4,933,000. The litigation process is currently underway.

The Group has taken out product liability insurance for all of its product lines. The case is currently being handled by an attorney. The amount of the aforementioned claim is still within the limits of the Group's product liability insurance. The Group's product liability insurance company will be responsible for the damages in the event of any subsequent damages.

(IV) The company has signed significant contracts for real estate, factory, and equipment procurement in 2023 and 2022. The contract prices were NT$16,534,000 and NT$0, respectively. Payments made for these contracts amounted to NT$8,045,000 and NT$0, respectively. These assets are recorded under unfinished projects and other non-current assets.

X. Significant Disaster Loss: None.

XI. Significant Events after the Balance Sheet Date: None.

XII. Others

A summary of employee benefits, depreciation, and amortization by function is provided below:

By function / By nature	2023 Fiscal year			2022 Fiscal year		
	Operation Costs	Operation Expenses	Total	Operation Costs	Operation Expenses	Total
Cost of Employee benefits						
Salary expense	1,319,236	963,385	2,282,621	1,469,768	950,737	2,420,505
Insurance expense	7,604	75,258	82,862	8,279	69,676	77,955
Pension expense	78,635	41,156	119,791	84,439	37,200	121,639
Other employee benefit expense	45,658	43,863	89,521	45,439	37,943	83,382
Depreciation expenses	282,114	97,049	379,163	276,082	90,188	366,270
Amortization expenses	362	5,987	6,349	606	7,474	8,080

XIII. Supplementary Disclosures

(I) Information on Significant Transactions

In accordance with the 2023 Regulations Governing the Preparation of Financial Reports by Securities Issuers, information on significant transactions is disclosed as follows:

1. Financing provided to other parties: None.
2. Guarantees and endorsements provided to other parties: None.
3. Marketable securities held at the end of the period (excluding investments in subsidiaries, associates and joint ventures):

Number of Shares: [insert number of shares]

Securities Holding Company	Type and Name of Securities	Relationship with Issuer of Securities	Ledger Account	End of Term				Maximum shareholding percentage during the period	Remark
				Shares/Units	Carrying amount	Percentage of shareholding	Fair value		
The Company	Stock:								
	Mekong Resort Development Construction Co., Ltd.	—	Financial assets at fair value through profit or loss	1,905,750	71,632	8.25	71,632	8.25	
	Beneficiary certificates:								
	Fuh Hwa Money Market Fund			3,650,421	53,984	-	53,984	-	
	Fuh Hwa Guardian Fund	—	〃	3,504,199	70,176	-	70,176	-	
	Fuh Hwa Ruei Hua Fund	—	〃	1,961,169	22,966	-	22,966	-	
	Fuhua three to eight-year callable bonds A and bonds (NT$)		〃	5,000,000	50,737	-	50,737	-	
	Fuhua three to eight-year callable bonds A and bonds (USD)		〃	200,000	65,439	-	65,439	-	
	Yuanta FTSE4Good TIP Taiwan ESG ETF Securities Investment Trust Fund		〃	400,000	14,064	-	14,064	-	
	Private equity fund:								
	Heshunhsing Intelligent Mobile LP		〃	44,545,455	44,545	1.11	44,545	1.11	
	Mesh Cooperative Ventures Fund LP		〃	24,000,000	24,000	2.46	24,000	2.46	

Securities Holding Company	Type and Name of Securities	Relationship with Issuer of Securities	Ledger Account	End of Term				Maximum shareholding percentage during the period	Remark
				Shares/Units	Carrying amount	Percentage of shareholding	Fair value		
					417,543		417,543	-	
The Company	Stock:								
	Voltronic Power Technology Corp.	Other related party	Financial assets at fair value through other comprehensive income	3,637,822	5,774,366	3.85	5,774,366	4.18	
	JESS-LINK Products Co., Ltd.	—	〃	10,000,000	841,000	8.19	841,000	8.19	
	WT Microelectronics Co., Ltd.	—	〃	1,000,000	45,650	0.74	45,650	0.74	
	Taiwan Cement Corp.	—	〃	54,996	1,917	-	1,917	-	
	Taiwan Semiconductor Manufacturing Co., Ltd.	—	〃	10,000	5,930	-	5,930	-	
	Coretronic Corporation		〃	858,000	61,347	0.22	61,347	0.26	
	TOT BIOPHARM International Co., Ltd.	—	〃	1,195,200	9,253	0.16	9,253	0.16	
	Eastern Union Interactive Corp.	—	〃	880,000	58,667	4.43	58,667	4.43	
	Taiwan Truewin Technology Co., Ltd.		〃	1,965,317	147,399	3.67	147,399	4.89	
	StockFeel		〃	340,000	17,000	0.97	17,000	0.97	
	Liwatt X Inc.		〃	1,000,000	10,000	14.29	10,000	14.29	
	Champ-ray Industrial Co., Ltd.	—	〃	200,000	17,884	0.75	17,884	0.75	
					6,990,413		6,990,413		
WUXI Zhonghan	Wuxi Lead Solar Energy Co., Ltd.	—	〃	-	-	12.04	-	12.04	
FSP Jiangsu	Powerland Technology Inc.	—	〃	-	26,493	3.39	26,493	3.54	
					7,016,906		7,016,906	-	

4. Marketable securities for which the accumulated purchase or sale amounts for the period exceed NT$300,000,000 or 20% of the paid-in capital:

Number of Shares: [insert number of shares]

Company Name	Type and Name of Securities	Ledger Account	Counterparty	Relationship	Beginning of Period		Purchase		Sale				End of Term	
					Shares	Amount	Shares	Amount	Shares	Selling Price	Carrying Cost	Gains (Losses) on Disposal	Shares	Amount
The Company	Stock: Voltronic Power Technology Corp.	Financial assets at fair value through other comprehensive income			3,666,822	5,665,240	-	-	290,000	496,840	1,368	495,472	3,376,822	5,774,366 (Note)

Note: Ending balance includes unrealized valuation gain (loss) of financial assets.

5. Acquisition of real estate at costs which exceed NT$300,000 thousand or 20% of the paid-in capital: None.

6. Disposal of real estate at prices which exceed NT$300,000 thousand or 20% of the paid-in capital: None.

7. Total purchases from and sales to related parties which exceed NT$100,000 thousand or 20% of the paid-in capital:

The company involved in purchasing (selling) goods	Name of Related Party	Relationship	Transaction Situation				Unusual Transaction Terms and Reasons		Notes and Accounts Receivable (Payable)		Remark
			Purchases (Sales)	Amount	Percentage of Total Purchases (Sales) (%)	Credit Period	Unit Price	Credit Period	Balance	Percentage of total notes and accounts receivable (payable)	
The Company	Sparkle Power Inc.	The Chairman of the Company is the second-degree relatives of the entity's	(Sales)	(344,771)	(3.35)	Note 1			110,866	5.18	

The company involved in purchasing (selling) goods	Name of Related Party	Relationship	Transaction Situation				Unusual Transaction Terms and Reasons		Notes and Accounts Receivable (Payable)		Remark
			Purchases (Sales)	Amount	Percentage of Total Purchases (Sales) (%)	Credit Period	Unit Price	Credit Period	Balance	Percentage of total notes and accounts receivable (payable)	
		Chairman									
The Company	FSP North America Inc.	Substantive related party of the Company	(Sales)	(371,529)	(3.60)	Note 1			91,415	4.27	
The Company	FSP Power Solution GmbH	Substantive related party of the Company	(Sales)	(574,694)	(5.58)	Note 1			189,476	8.86	
The Company	Fortron/ Source (Europa) GmbH	Substantive related party of the Company	(Sales)	(324,151)	(3.15)	Note 1			62,050	2.90	
The Company	WUXI Zhonghan	100% indirectly owned subsidiary	(Sales)	(270,544)	(2.63)	Note 1			91,600	4.28	Note 6
The Company	FSP Technology USA Inc.	100% owned investment via direct shareholding	(Sales)	(126,526)	(1.23)	Note 1			49,171	2.30	Note 6
The Company	Huili	100% indirectly owned subsidiary	Purchases (Note 2)	731,339	11.28	Note 4		Note 4	59,496 (Note 3)	2.28	Note 6
The Company	Zhonghan	100% indirectly owned subsidiary	Purchases (Note 2)	302,896	4.67	Note 4		Note 4	25,148 (Note 3)	0.96	Note 6
The Company	WUXI SPI	100% indirectly owned subsidiary	Purchases (Note 2)	220,980	3.41	Note 4		Note 4	34,139 (Note 3)	1.31	Note 6
The Company	Voltronic	The Company is the Director of this company	Purchases	337,063	5.20	Note 5			87,065	3.34	
The Company	3Y Power	65.87% owned investment via direct shareholding	Purchases	365,859	5.65	Note 1			101,425	3.89	Note 6
The Company	Zhong Han	100% indirectly owned subsidiary	(Sales)	(357,359)	(3.47)	Note 1			-	-	Note 6
The Company	FSP TECHNOLOGY VIETNAM	100% indirectly owned subsidiary	(Sales)	(102,867)	(1.00)	Note 1			48,261	2.26	Note 6
3Y Power	3Y Power Technology Inc.	100% owned investment via direct shareholding	(Sales)	(352,189)	(15.75)	Note 1			15,531	2.86	Note 6
3Y Power	Huili	Affiliate	Purchases (Note 2)	311,616	-	Note 4		Note 4	- (Note 3)	-	Note 6
3Y Power	FSP GROUP USA Corp	Affiliate	(Sales)	(365,859)	-	Note 1			-	-	
3Y Power	Zhong Han	Affiliate	(Sales)	(461,862)	(20.65)	Note 1			-	-	Note 6

Note 1: The Company's trading terms for this related party are not significantly different from those of other customers.

Note 2: Including purchases of products, purchases of raw materials and processing.

Note 3: Including accounts payable arising from purchases of products and raw materials and processing fee.

Note 4: The transaction price is not available for regular customers for comparison, and the credit term is 5 days after the monthly settlement.

Note 5: The Group does not purchase similar products from other manufacturers, so there is no transaction price from regular manufacturers for comparison. The payment terms were not significantly different from those of regular manufacturers.

Note 6: Eliminated under consolidation.

8. Receivables from related parties which exceed NT$100,000 thousand or 20% of the paid-in capital:

Company with accounts receivable	Name of Related Party	Relationship	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Recovery from overdue receivables from related parties (Note 1)	Loss allowance
					Amount	Action taken		
The Company	Sparkle Power Inc.	The Chairman of the Company is the second-degree relatives of the entity's Chairman	110,866	2.45	-		59,735	-
The Company	FSP Power Solution GmbH	Substantive related party of the Company	189,476	3.07	-		76,745	-
3Y Power	The Company	65.87% owned reinvestment via indirect shareholding	101,425 (Note 2)	3.74	-		52,100	-

Note 1: As of March 14, 2024.

Note 2: Eliminated under consolidation.

9. Derivative instruments transactions: None.

10. Business relationship and significant intercompany transactions:

Number (Note 1)	Company	Counterparty	Nature of Relationship (Note 2)	Description of Transactions			
				Ledger	Amount	Transaction Term	Percentage of total consolidated operating revenue or total assets (Note 3)
0	The Company	3Y Power	1	Cost of goods sold	365,859	No significant difference from other suppliers	2.78%
0	The Company	Huili	1	Cost of goods sold	731,339	No comparison is available	5.55%
0	The Company	Zhonghan	1	Cost of goods sold	302,896	No comparison is available	2.30%
0	The Company	WUXI SPI	1	Cost of goods sold	220,980	No comparison is available	1.68%
0	The Company	WUXI Zhonghan	1	Operating revenue	270,544	No significant difference from other customers	2.05%
0	The Company	Zhong Han	1	Operating revenue	357,359	No significant difference from other customers	2.71%
1	3Y Power	3Y Power Technology Inc.	3	Operating revenue	352,189	No significant difference from other customers	2.67%
1	3Y Power	Huili	3	Cost of goods sold	311,616	No comparison is available	2.36%
1	3Y Power	Zhong Han	3	Operating revenue	461,862	No significant difference from other customers	3.50%

Note 1: Fill in the number as per below:

1. 1.0 represents the parent company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Types of relationships with traders are listed as follows:

1. The parent company to subsidiaries.
2. Subsidiaries to the parent company.
3. Subsidiaries to subsidiaries.

Note 3: Information is disclosed only for the amounts that exceed 1% of total consolidated assets (balance sheet items) and 1% of total revenue (income statement items).

(II) Information on Invested Companies:

The information on the transfer investment projects in 2023 is as follows:

Name of Investor	Name of Investee	Location	Main Business Activities	Initial Investment Amount		End-of-period Holdings			Maximum shareholding during the period	Profit (Loss) of Investee for the Period (Note 1 & 2)	Investment gain (loss)recognized for the period (Note 1 & 2)	Remark
				Ending Balance for the Current Period	At the end of last year	Shares	Shareholding (%)	Carrying amount				
The Company	FSP International Inc. (BVI)	British Virgin Islands	Investment Transfer	1,241,751	1,241,751	32,202,500	100.00	2,028,018	1,241,751	(70,849)	(70,849)	Subsidiary
	FSP Group Inc.	British Cayman Islands	Engaged in safety certification	1,752	1,752	50,000	100.00	299	1,752	(1)	(1)	Subsidiary
	Amacrox Technology Co., Ltd. (BVI)	British Virgin Islands	Investment Transfer	40,925	40,925	1,109,355	100.00	70,442	40,925	1,806	1,806	Subsidiary
	3Y Power Technology (Taiwan) Inc.	Taiwan	Manufacturing and trading of power supply	304,406	304,406	16,309,484	65.87	785,987	304,406	126,346	83,245	Subsidiary
	Harmony Trading (HK) Ltd.	Hong Kong	Investment Transfer	45	45	10,000	100.00	1,950	45	24	24	Subsidiary
	FSP Technology USA Inc.	U.S.A.	Business development and product technical service	3,143	3,143	100,000	100.00	6,012	3,143	4,134	4,134	Subsidiary
	FSP Turkey Dis Tic.Ltd.Sti.	Turkey	Business development and product technical service	22,640	22,640	6,673,000	91.41	16,333	22,640	13,885	12,692	Subsidiary
	FSP Technology Vietnam Co.,Ltd.	Vietnam	Manufacturing of power supply	70,500	-	70,500,000	100.00	77,544	70,500	(7,525)	(7,525)	Subsidiary
FSP International	FSP Technology Inc.	British Virgin	Investment Transfer	62,883	62,883	2,100,000	100.00	102,892	62,883	(10,949)	-	Sub-

Name of Investor	Name of Investee	Location	Main Business Activities	Initial Investment Amount		End-of-period Holdings			Maximum shareholding during the period	Profit (Loss) of Investee for the Period (Note 1 & 2)	Investment gain (loss)recognized for the period (Note 1 & 2)	Remark
				Ending Balance for the Current Period	At the end of last year	Shares	Shareholding (%)	Carrying amount				
Inc. (BVI)	(BVI)	Islands										subsidiary
	Power Electronics Co., Ltd. (BVI)	British Virgin Islands	Investment Transfer	217,707	217,707	7,000,000	100.00	156,806	217,707	(46,020)	-	Sub-subsidiary
	Famous Holding Ltd.	Samoa	Investment Transfer	807,483	807,483	27,000,000	100.00	1,348,275	807,483	(1,637)	-	Sub-subsidiary
	Proteck Electronics (Samoa) Corp.	Samoa	Investment Transfer	32,984	32,984	1,100,000	100.00	32,707	32,984	(1,369)	-	Sub-subsidiary
FSP International Inc. (BVI)	FSP International (HK) Ltd.	Hong Kong	Investment Transfer	141,042	141,042	4,770,000	100.00	46,159	141,042	(13,155)	-	Sub-subsidiary
Amacrox Technology Co., Ltd. (BVI)	Amacrox GmbH	Germany	Trading of power supply	18,181	18,181	25,000	100.00	3,012	18,181	(62)	-	Sub-subsidiary
	FSP Group USA Corp.	U.S.A.	Trading of power supply	14,903	14,903	247,500	45.00	34,561	14,903	5,452	2,453	Associate
	Proteck Power North America Inc.	U.S.A.	Investment Transfer	-	3,279	1,000	100.00	-	-	-	-	Sub-subsidiary
3Y Power	3Y Power Technology Inc.	U.S.A.	Trading of power supply	233,850	233,850	600,000	100.00	266,516	233,850	(9,079)	-	Sub-subsidiary
	Luckyield Co., Ltd.	Samoa	Investment Transfer	4,500	4,500	45,000	100.00	2,835	4,500	(425)	-	Sub-subsidiary

Note 1: The company's recognition of investment gains and losses does not include Shan Yuan Technology Co., Ltd. and 3Y Power Technology Inc. and Luckyied Co., Ltd. The financial statements have been audited by other Taiwanese certified public accountants, and the remaining financial statements are based on the financial statements audited by the Taiwanese parent company's certified public accountants of the invested company, and are accounted for using the equity method.

Note 2: The profit and loss of the sub-subsidiary has been consolidated into the profit and loss of the subsidiary. The transactions between the Company and each subsidiary of the Company including sales transaction amount, accounts receivable and payable, carrying amount of long-term equity investment and investment profit and loss recognized in the current period, have been eliminated in preparing the consolidated financial statements.

(III) Information on investment in Mainland China:

1. Information on the name of investee company in Mainland China and their main businesses and products

Investee Company	Main Business Activities	Paid-in Capital	Method of Investments (Note 1)	Accumulated Amount of Investments Remitted from Taiwan at Beginning of Period	Amount of Investments Remitted or Repatriated for the Period		Accumulated Amount of Investments Remitted from Taiwan at End of Period	Maximum shareholding during the period	Profit (Loss) of Investee for the Period	Percentage of ownership of direct or indirect investment	Recognition of investment gains and losses for the current period (Notes 3 and 4)	The year-end carrying value of investments (Notes 3 and 4)	Accumulated Investment Income Repatriated at End of Period
					Remitted	Repatriated							
Huili	Processing of power supply	144,522	(二)、1	176,873	-	-	176,873	176,873	(578)	100.00	(578)	246,204	197,299
Zhonghan	Processing of power supply	223,230	(二)、1	104,342	-	-	104,342	104,342	(46,022)	100.00	(46,022)	154,155	75,044
WUXI SPI	Processing of power supply	(Note 2) 719,537	(II)、1	508,326	-	-	508,326	693,140	(1,497)	100.00	(1,497)	85,730	-
WUXI Zhonghan	Manufacturing and trading of power supply	(Note 2) 414,470	(II)、1	380,595	-	-	380,595	380,595	(236)	100.00	(236)	1,264,010	-
Zhong Han	Manufacturing and trading of power supply	129,810	(II)、1	20,196	-	-	20,196	20,196	1,802	100.00	1,802	763,247	-
FSP Jiangsu	Research & development and design of various energy saving technology	69,009 (Note 2)	(II)、1	13,380	-	-	13,380	13,380	(10,949)	100.00	(10,949)	104,453	-
Protek Dongguan	Processing of power supply	39,237	(II)、1	38,038	-	-	38,038	38,038	1,367	100.00	1,367	32,444	-
Hao Han	Transformer processing	163,033	(II)、1	-	-	-	-	-	(13,155)	100.00	(13,155)	46,127	-
WUXI 3Y	Design, manufacturing and trading of power supplies	(Note 2) 4,106	(II)、2	-	-	-	-	-	(425)	65.87	(280)	2,835	-

Note 1: Method of investment can be divided into the following 3 categories:

(I) Direct investment in mainland China.

(II) Indirect investment in mainland China through a holding company established in other countries

1. Via FSP International Inc. The company is reinvesting in mainland China.

2. Through 3Y Power to invest in mainland China.

(III) Others.

Note 2: This includes the amount of capital contributed by a foreign subsidiary from its earnings or dividends from an investee company in China.

Note 3: The investment profits and losses and the carrying amount of the investment at the end of the period recognized by the company are based on the financial statements of the investee company audited by the CPA of Taiwan's parent company, except for WUXI 3Y, whose financial statements are audited by other CAP in Taiwan.

Note 4: Eliminated under consolidation.

2. The limit of investment in mainland China:

Accumulated investment in mainland China at the end of period	Investment amounts approved by Investment Commission, MOEA	Limit of investment in mainland China approved by Investment Commission, MOEA
1,241,750 (Note 2) (HK$ 12,500,000 and US$ 35,640,000)	1,649,150 (Note 2) (HK$ 12,500,000 and US$ 52,110,000)	8,560,462 (Note1)

Note 1: 60% of net worth.

Note 2: The relevant amounts of investment in the Mainland China region mentioned above, except for the cumulative amount of investment from Taiwan to the Mainland China region at the end of this period, are based on the historical exchange rate. The recognition of investment gains and losses for this period is based on the weighted average exchange rate, with the exchange rate of USD to TWD at 1: 31.1548, the exchange rate of RMB to TWD at 1: 4.3954, and the exchange rate of HKD to TWD at 1: 3.9794. The paid-in capital, the approved amount by the Ministry of Economic Affairs Investment Commission, and the end-of -period investment book value are calculated based on the exchange rate on December 31, 2023, with the exchange rate of USD to TWD at 1: 30.7050, the exchange rate of RMB to TWD at 1: 4.3270, and the exchange rate of HKD to TWD at 1: 3.9290.

3. Significant transactions with the investee company in mainland China:

For the direct or indirect significant transactions between the Group and its investee companies in mainland China in 2023 (which were eliminated when preparing the consolidated report), please refer to the description of "Information on Significant Transactions"

(IV) Information on Major Shareholders:

Shareholding / Name of Major Shareholders	Number of Shares Held (Shares)	Percentage of Ownership
Chuan Han Investment Co., Ltd.	15,191,766	8.11%
Cheng Ya-Jen	11,792,834	6.29%
Yang Fu-An	11,167,477	5.96%

1. The information of major shareholders in this table was calculated by Taiwan Depository & Clearing Corporation on the last business day at the end of each quarter, and the shareholders who held more than 5% of the common shares and preferred shares of the Company that have been delivered (including treasury shares) were disclosed. The number of shares recorded in the Company's financial statements and the number of shares actually delivered by the Company without physical registration may differ due to different basis of preparation of the calculations.

2. If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. As for the insider declaration for shareholding more than 10% of total shares in accordance with the Securities and Exchange Act, their shareholding shall include the shares held by themselves plus the shares that they have delivered to the trust and have the right to exercise decision-making power over the trust property. For more information, please refer to Market Observation Post System website.
3. The percentage of shareholding is calculated by rounding to two decimal places.

XIV. Segment Information

(I) General information

The Group and its processing subsidiaries (including Huili, Zhonghan, WUXI SPI and Protek Dongguan), Zhonghan Tech., WUXI Zhonghan and 3Y Power, manufacture and sell their own products separately. The reportable segment of the Company is a product-specific business unit, and provides different products according to the functional requirements of customers. Since each product-specific business unit requires different technologies and marketing strategies, it has to be managed separately. the Company does not allocate income tax expenses to reportable segments. The reported amounts are consistent with the reports used by operation decision makers. The accounting policies of the operating segments are the same as the summary of significant accounting policies described in Note IV. Profit or loss of the operating segments of the Company is measured at net income before income taxes and are used as the basis for evaluating performance.

(II) Information on segment's profit or loss, assets, liabilities and reconciliation

the Company's operating segment information and reconciliation were as follows:

	2023 Fiscal year						
	The Company and its processing subsidiaries	**3Y Power**	**Zhong Han**	**WUXI Zhonghan**	**Others**	**Adjustment and elimination**	**Consolidation**
Revenue:							
Revenue from external customers	$ 9,350,252	985,082	1,469,800	538,653	835,794	-	13,179,581
Intersegment revenue	2,600,218	1,251,220	15,920	12,728	83,015	(3,963,101)	-
Total revenue	$ 11,950,470	2,236,302	1,485,720	551,381	918,809	(3,963,101)	13,179,581
Segment profit (loss)	$ 641,619	165,142	396	(2,038)	(18,742)	(3,868)	782,509

	2022 Fiscal year						
	The Company and its processing subsidiaries	3Y Power	Zhong Han	WUXI Zhonghan	Others	Adjustment and elimination	Consolidation
Revenue:							
Revenue from external customers	$ 9,696,592	890,374	1,890,524	558,453	859,927	-	13,895,870
Intersegment revenue	2,793,786	1,317,550	6,908	11,373	64,418	(4,194,035)	-
Total revenues	$ 12,490,378	2,207,924	1,897,432	569,826	924,345	(4,194,035)	13,895,870
Segment profit (loss)	$ 688,823	201,101	20,542	(43)	42,311	(967)	951,767

Note: As the total assets of the segment are not provided to the operation decision makers, it is not intended to disclose the measured amounts of the assets.

(III) Export sales information

1. Product and service information

   the Company is engaged in the single electronics business and does not operate in other industries. Its revenue from external customers is provided in the operating segment's financial information.

2. Geographic information

   Revenue from external customers:

Region	2023 Fiscal year	2022 Fiscal year
Taiwan	$ 2,405,014	2,661,315
China	3,636,862	4,715,440
U.S.A.	1,667,629	2,035,156
Germany	2,303,295	1,949,018
Others (below 5%)	3,166,781	2,534,941
Total	$ 13,179,581	13,895,870

   Non-current Assets:

Region	2023.12.31	2022.12.31
Taiwan	$ 1,385,775	1,369,671
Mainland China	642,994	841,119
Other countries	120,782	30,797
Total	$ 2,149,551	2,241,587

   Non-current assets include property, plant and equipment, right-of-use assets, intangible assets and other assets, but exclude financial instruments, deferred tax assets and retirement benefits assets.

(IV) Major customer information

In 2023 and 2022, there were no customers whose sales revenue accounted for more than 10% of the revenue on the income statement.

VI. Effect on the Financial Position of Any Financial Difficulties Experienced by the Company and Its Affiliates in the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report: None.

Chapter7. Review and Analysis of the Company's Financial Position and Financial Performance, and Listing of Assessed Risks

I. Financial Position

Unit: NT$ thousands

Item \ Year	2023	2022 (after restatement)	Difference	
			Amount	%
Current Assets	10,990,048	11,431,705	(441,657)	(3.86%)
Financial Assets at Fair Value Through Other Comprehensive Income - Non-Current	7,016,906	6,376,814	640,092	10.04%
Investments Recognized Through the Equity Method	34,561	34,200	361	1.06%
Property, Plant, and Equipment	1,481,716	1,487,995	(6,279)	(0.42%)
Right-of-use assets	434,682	527,497	(92,815)	(17.60%)
Intangible Assets	223,440	224,905	(1,465)	(0.65%)
Other Non-Current Assets	241,469	245,305	(3,836)	(1.56%)
Total Assets	20,422,822	20,328,421	94,401	0.46%
Current Liabilities	5,360,572	5,981,742	(621,170)	(10.38%)
Non-current Liabilities	393,026	623,094	(230,068)	(36.92%)
Total Liabilities	5,753,598	6,604,836	(851,238)	(12.89%)
Capital Stock	1,872,620	1,872,620	0	0.00%
Capital Surplus	861,207	1,011,016	(149,809)	(14.82%)
Retained Earnings	5,427,936	4,894,657	533,279	10.90%
Other Equity	6,105,673	5,550,958	554,715	9.99%
Non-controlling Interests	401,788	394,334	7,454	1.89%
Total Equity	14,669,224	13,723,585	945,639	6.89%

1. Reasons and impact of changes greater than 20% in the past two years:
   Non-current liabilities: Mainly due to the decrease in long-term borrowings, lease liabilities-non-current and deferred income tax liabilities.
2. Measures to be taken in response: N/A.

Notes1: Consolidated information

Notes2: The consolidated balance sheet for fiscal year 2022 was restated in the first quarter of 2023 due to the impact of IAS 12.

II. Financial Performance

Unit: NT$ thousands

Item \ Year	2023	2022	Change, by Amount	Change (%)
Net Operating Revenue	13,179,581	13,895,870	(716,289)	(5.15%)
Operating Costs	10,773,503	11,587,346	(813,843)	(7.02%)
Add: realized (unrealized) sales gains (losses)	(2,051)	259	(2,310)	(891.89%)
Gross Profit	2,404,027	2,308,783	95,244	4.13%
Operating Expenses	1,935,214	1,766,463	168,751	9.55%
Net Operating Margin (Loss)	468,813	542,320	(73,507)	(13.55%)
Non-operating Income and Expenses	313,696	409,447	(95,751)	(23.39%)
Income before Tax	782,509	951,767	(169,258)	(17.78%)
Income Tax Expenses (Benefits)	142,825	160,731	(17,906)	(11.14%)
Net Income	639,684	791,036	(151,352)	(19.13%)
Other Comprehensive Income	1,049,661	16,917	1,032,744	6,104.77%
Total Comprehensive Income	1,689,345	807,953	881,392	109.09%

1. Reasons and impact of changes greater than 20% in the past two years:
   (1) Realized (Unrealized) Profit on Sales: The change was caused by a Increase in the inventories of subsidiaries sold by the parent company but still held at the subsidiary as of the end of the year compared to the previous year.
   (2) Non-operating income and expenses: mainly due to the significant increase in foreign currency exchange benefits compared to the same period last year.
   (3) Other comprehensive profit and loss and total comprehensive profit and loss of the current period: mainly due to a decrease in unrealized appraisal gains and losses on equity instruments measured at fair value through other comprehensive gains and losses compared to the same period last year.
2. Sales volume forecast and the basis therefor, and the effect on the financial operations and measures to be taken in response
   (1) Forecast sales volume in the following year and its basis:
   The Company's forecast sales volume is based on changes in the macroeconomic conditions, business dynamics, and future development of the Company as well as the business targets based on the Company's recent operations. The annual sales target for power-related products for 2024 is set as 20.0 million units, which will help increase the Company's future revenue and profits.
   (2) Effect on the financial operations and measures to be taken in response: None.

Note 1: Consolidated information

Note 2: Due to intergroup transactions conducted through external trading partners, which are considered related-party transactions, the consolidated financial statements for the years 2018-2022 were restated in 2023.

III. Cash Flow

(I) Cash Flow Analysis for the Most Recent Year

Item \ Year	2023	2022	Percentage of Increase (Decrease) (%)
Cash flow ratio (%)	21.32	23.16	(7.94%)
Cash flow adequacy ratio (%)	70.55	44.76	57.62%
Cash reinvestment ratio (%)	4.32	8.60	(49.77%)
Analysis and explanation for items with increase and decrease ratio: The cash flow ratio and cash reinvestment ratio in 2023 decreased from levels in 2022 mainly due to the increase in net cash inflow from operating activities was smaller than the increase in capital expenditures, current liabilities, and cash dividends paid in 2023. The increase in cash flow adequacy ratio in 2023 compared to 2022 is primarily attributed to the increase in net cash inflow from operating activities over the past 5 years and the decrease in capital expenditure, inventory increase, and cash dividend payments over the past 5 years.			

(II) Improvement plan for insufficient liquidity: N/A.

(III) Liquidity Analysis for the Coming Year

Unit: NT$ thousands

Cash at Beginning of Year	from Operating Activities Net cash flows generated from activities	annual Cash Flows Used	Cash Surplus (Inadequacy)	Remedial Measures for Cash Inadequacy Investment Plan	 Financial Plan
4,225,848	290,728	200,761	4,315,816	0	0
(1) Operating activities: The Company expects to achieve growth in revenue and maintains a high level of control over accounts receivable and inventories. The Company expects to generate cash inflows of NT$290,728 thousand from operating activities in 2024. (2) Investing activities: They mainly include the cash dividends received, disposal of financial assets available for sale, set up a factory in Vietnam, and capital expenditures such as expansion of equipment in response to business requirements. (3) Financing activities: Mainly pays cash dividends and amortizes long-term loans.					

IV. Effect Upon Financial Operations of Any Major Capital Expenditures During the Most Recent Fiscal Year: None.

V. Company Reinvestment Policy for the Most Recent Fiscal Year, Main Reasons for Profits/Losses Generated Thereby, Plan for Improving Re-investment Profitability, and Investment Plans for Coming Year: None.

VI. Risk Analysis and Assessment for the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report

(I) Effect on the Profit (Loss) of Interest and Exchange Rate Fluctuations and Changes in the Inflation Rate, and Response Measures to Be Taken in the Future:

1. Interest rate

In the face of interest rate cuts by global central banks, the Company continues to observe changes in the financial market and interest rate market at any time, and adjusts corresponding measures in time to control and reduce the impact of interest rate fluctuation risks on the Company.

2. Exchange rate

In the face of rapid changes in the international financial market and foreign exchange market, the Company mainly adopts natural hedging methods to reduce its exposure to foreign currency positions and reduce the impact of exchange gains and losses on the Company.

3. Inflation

In the face of global inflation, the company still pays attention to market price fluctuations, maintains a good interactive relationship with upstream and downstream partners, pays close attention to the price changes of raw materials, and timely adjusts inventory and commits to various cost control.

(II) Policy regarding High-risk Investments, Highly Leveraged Investments, Loans to Other Parties, Endorsements/Guarantees, and Derivatives Transactions, Main Reasons for the Profit (Loss) Generated Thereby, and Response Measures to Be Taken in the Future:

The Company has always focused on its own business and has avoided engaging in high-risk and high-leverage investments unrelated to its business. In addition, the Company's loans to other parties, endorsements/guarantees, and derivatives transactions are processed in accordance with procedures specified by the competent authority. To mitigate exchange rate risks, the Company engages in forward exchange transactions and derivative transactions with financial institutions in accordance with the operating procedures in the Company's "Procedures for Acquisition or Disposal of Assets".

(III) R&D Work to Be Carried Out in the Future and Further Expenditures Expected for R&D Work:

1. R&D Work to Be Carried Out in the Future:

FSP has actively set up departments and expanded R&D personnel for each product category in recent years. We continue to develop new products and increase our R&D program by making necessary investments and increasing R&D and testing equipment to strictly control and track the progress. We leveraged our solid foundations for R&D for the development of power supplies compliant with USB PD 3.1 standards for consumer markets, digital power supplies, power supplies for artificial intelligence applications in the Internet of Things, power supplies for 5G edge computing applications, power supplies for AI and visual computing applications, power supplies for cloud computing servers, power supplies for medical applications, industrial chargers, and energy storage systems (ESS).

Products to be developed:

<u>PC products:</u>

- Platinum Large Wattage 2500W.
- Titanium Gold 1.3/1.6KW products.
- Gold ATX Full Series 650/750/850/1KW Products.
- Platinum SFX Gen5 850/1KW product.

<u>IPC products:</u>

- Complies with ATX 3.0 and maintains 8 cm fan with 850W to 1000W Titanium power supply.
- Complies with ATX 3.0 and maintains 8 cm fan with 850W to 2000W Platinum power supply.

<u>Products of Adapter:</u>

- Continue to develop new products for USB 3.1 240W PD.
- Develop All in One 65W PD with HDMI function.
- Next-generation networking products with 50/60/65W 54V.
- 65W 24V Next-generation printer products.
- Develop the iconic 400W Adapter to demonstrate the technical capabilities of FSP.

<u>Server and Workstation Products:</u>

- M-CRPS 2400W, 2700W and 3250W high power density, Titanium-grade efficiency devices.
- 1U Slim 400W DC Input Redundant Power Supply.
- Develop DC input, high-wattage (1.3-2KW) CRPS power module.

Open Frame Products:

- 300W @ 3.31”x 7.09” Series Models Industrial Application Power Supply.
- 1200W PoE power supply.

Industrial products:

- 500W Series Models Industrial Application Power Supply.
- 650W Series Models Industrial Application Power Supply.

Medical Products:

- 90W C14 Desktop Adapter (Class I) products.
- 90W C8 Desktop Adapter (Class II) products.
- 65W @ 2”x 4” Open Frame series products.
- 550W @ 3”x 5”.
- PS-II ATX 1000W.
- 1U ATX 900W.
- Flex ATX 400W.

Charger products:

- Mobile charging station M/P.
- 600W Low-cost charger M/P.
- 1200W/2000W 60V/72V/84V.
- 3.3kW 60V/72V/96V.
- 6.6 kW on-board charger.

Energy storage system:

- Mobile energy storage EnerX 3000-3000W/110Vac/2.5kWh.
- Mobile energy storage expansion battery pack - 24V / 2.5kWh.
- EnerX residential energy storage system 10K-10KW/3P 380Vac/10kWh~40kWh.
- EnerX residential energy storage system 10K-10KW/2P 120Vac & 240Vac/15kWh~40kWh.
- Commercial Office Energy Conversion System - 100KW (up to six units in parallel) / 3P 380Vac / on-grid and off-grid connection function.

2. Further Expenditures Expected for R&D Work

The Company's future R&D investments are based on the progress of new product and new technology development. We will gradually increase our annual R&D expenses to support our future R&D plans based on the growth of our revenue. The actual R&D expenses for 2023 totaled NT$559,978 thousand and the R&D expenses for 2024 are expected to reach NT$727,098 thousand.

(IV) Effect on the Financial Operations of Important Policies Adopted and Changes in the Legal Environment at Home and Abroad, and Measures to Be Taken in Response:

The Company complies with domestic and foreign laws and regulations in its operations and management. The changes in the legal environment at home and abroad do not have significant impact on the Company's financial operations. The Company will continue to monitor important trends in domestic and international policies and changes in regulations related to its operations, and take appropriate countermeasures.

(V) Effect on the Financial Operations of Developments in Science and Technology and Industrial Change (Including Cybersecurity Risks), and Measures to Be Taken in Response:

The company always pays attention to the changes of the global market and technology, and complies with the trend of global environmental protection, adheres to the mission of sustainable management, continues to move forward in the direction of green energy products development, and deepens the cooperation with customers, suppliers and other partners, so that the products developed and produced by the company create value for environmental customers and the company's business finance.

The Company has established comprehensive information security measures for networks and computers, and ensures the appropriateness and effectiveness of its information security protocols and procedures through continuous reviews and evaluations.

The Company implements relevant improvement measures and continues to update these measures. For example, we strengthen the network firewall and network control to prevent the spread of computer viruses across the plants, and set up anti-virus measures for terminal devices based on the computer type. We implement advanced solutions to detect and handle malware, introduce new technologies to enhance data protection, and strengthen phishing email detection, etc. We also conduct regular employee education and training to increase employees' information security awareness.

The company has been introduced into the ISO 27001 capital management system in 2022, and obtained ISO 27001 certification. The certificate number is TW 23/00000077, and the certificate is valid from January 27, 2023 to October 31, 2025. By introducing ISO27001 Capital Security Management system, strengthen the contingency handling capability of Capital security incidents to protect the asset safety of the company and customers.

(VI) Effect on the Crisis Management of Changes in the Corporate Image, and Measures to Be Taken in Response:

Since its establishment, the Company has been focusing on the industry to comply with the laws and regulations and make contributions to the environment, constantly implement and mitigate risk, continue to show a good corporate image, until the date of publication of the annual report did not happen any affect the corporate image of the company, continue to maintain a good corporate image and actively expand business.

(VII) Expected Benefits and Possible Risks Associated with Any Mergers and Acquisitions, and Measures to Be Taken in Response: None.

(VIII) Expected Benefits and Possible Risks Associated with Any Plant Expansion, and Measures to Be Taken in Response:

In order to expand manufacturing energy, disperse regional manufacturing risks and optimize global production, distribution, and logistics, the Company has commenced operations at its Vietnam factory in January 2024, in addition to its existing three factories in Shenzhen, Wuxi, Jiangxi and Taiwan. Adequate use of relevant funds, no insufficient funds and other operational risks.

(IX) Risks Associated with Any Consolidation of Sales or Purchasing Operations, and Measures to Be Taken in Response:

The company maintains good cooperative relations with existing customers and manufacturers, actively develops new product lines and new customers, and invests resources in the research and development stage to develop more efficient application design and suitable raw material suppliers, in addition to improving product value and dispersing the risk of excessive concentration of imports and sales.

(X) Effect on and Risk to the Company in the Event a Major Quantity of Shares Belonging to a Director or Shareholder Holding Greater than a 10% Stake in the Company Has Been Transferred or Has Otherwise Changed Hands, and Measures to Be Taken in Response: None.

(XI) Effect on and Risk to the Company Associated with Any Change in Governance Personnel or Top Management, and Measures to Be Taken in Response: None.

(XII) The Company and the Company's Directors, President, Actual Responsible Person, Shareholders Holding More than 10% of the Company Shares, and a Subsidiary Company Who Is Involved in a Major Lawsuit that Has Either Been Decided or Is Still Pending Whereby the Results of the Case May Have a Significant Impact to Shareholder Interests or Securities Prices, Must Be Specified. The Status of the Disputed Facts, Bid Amount, Litigation Commencement Date, and the Primary Parties Involved in Such Litigations up to the Publication Date of this Annual Report Shall Be Disclosed:

1. Confirmed Judgment, Ongoing Litigious, Non-litigious or Administrative Disputes of the Company That May Materially Affect the Shareholders' Equity or Prices of Securities Shall Be Disclosed. Disclosure Shall Include Disputed Facts, Monetary Amount Involved, Proceeding Starting Date, the Main Parties Involved, and Present Status:

(1) The Company purchased products of Beyond Innovation Technology Co., Ltd. (hereinafter referred to as Beyond Innovation) through a distributor in Taiwan. O2 Micro International Limited (hereinafter referred to as O2), a competitor of Beyond Innovation, states that such products infringe upon its patent rights in the United States, and therefore filed a civil lawsuit against three companies including the merged company in the Marshall Division, United States District Court for the Eastern District of Texas (hereinafter referred to as the United States District Court).

O2 withdrew all claims for monetary compensation against all defendants in the preceding civil lawsuit on April 24, 2006. The United States District Court subsequently rendered a first-instance judgment and injunction prohibiting the sale of the products to the United States on March 21, 2007. It also ruled that the attorneys' fees and litigation costs incurred in this lawsuit, totaling US$2,268,402.22, should be borne jointly by the merged company, Beyond Innovation, and Lien Chang Electronic Enterprise Co., Ltd. After the defendants filed an appeal to the United States Court of Appeals for the Federal Circuit, the Federal Circuit issued a decision on April 3, 2008. It found the lower court's ruling, in which the defendants were found to be in violation of patent rights, did not meet requirements for legal proceedings and therefore reversed and remanded to the original court for retrial. As for the ruling regarding the litigation expenses, although it was not reviewed by the court of appeals, the reversal of the first-instance judgment means that the ruling has lost its basis and is therefore nullified. After the case was remanded to the United States District Court, the Court only reviewed the lawsuit between O2 and Beyond Innovation, and rendered a judgment on September 27, 2010, which found that although Beyond Innovation had infringed upon O2's patent rights, the infringement was not based on malicious intent. Beyond Innovation later filed an appeal and the United States Court of Appeals for the Federal Circuit (CAFC) rejected Beyond Innovation's appeal and affirmed the decision of the lower court on November 18, 2011. The litigation between the Company and O2 was separated from the aforementioned litigation between O2 and Beyond Innovation on July 21, 2009. However, the merged company has not yet received a notice of hearing from the US Court.

The Company was implicated by the use of Beyond Innovation's products, and after learning that Beyond Innovation's products involved in such disputes, we have switched to alternative materials that do not involve infringement disputes. According to the intellectual property right guarantee signed by the merged company and Beyond Innovation, Beyond Innovation shall bear all liabilities, losses, damages, costs, or other expenses incurred by the merged company as a result of the use of its products. As a result, Beyond Innovation shall bear the adjudication costs borne by the merged company. Therefore, the attorneys' fees and litigation costs incurred in the above patent litigation do not have a significant impact on the merged company's financial statements. The merged company recognized the aforementioned expenses in as expenses for the year in which they occurred based on fiscal conservatism.

(2) On July 10, 2021, a printer sold by Zebra Technology Inc. ("Zebra"), a customer of the Company, to an end customer caught fire, resulting in property damage to the end customer. Certain parts of Zebra's printer were sold by the Group to FSP North America Inc., a substantial related party, and sold by FSP North America Inc. to Zebra. Therefore, Great American Insurance Company, the end customer's insurance company, filed a lawsuit for damages against the Group, FSP North America Inc. and Zebra in the United States District Court for the Southern District of Texas, Galveston Division on February 16, 2023, seeking US$4,933 thousand in damages. The lawsuit is still in progress.

The Company has taken out product liability insurance for all of its product lines. The case is currently being handled by an attorney. The amount of the aforementioned claim is still within the limits of the Group's product liability insurance. The Group's product liability insurance company will be responsible for the damages in the event of any subsequent damages.

2. The Company and the Company's Directors, President, Actual Responsible Person, Shareholders Holding More than 10% of the Company Shares, and a Subsidiary Company Who Is Involved in a Lawsuit that Has Either Been Decided or Is Still Pending as of the Publication Date of the Annual Report Whereby the Results of the Case May Have a Significant Impact to Shareholder Interests or Securities Prices, Must Be Specified: None.

(XIII) Other Significant Risks and Countermeasures:

Risk Type	Risk descriptions	Risk response measures
Sustainable environment	Regulatory requirements for reducing greenhouse gas emissions	1. The implementation of the ISO 14064-1 greenhouse gas inventory is currently underway, and the comprehensive group-wide greenhouse gas inventory will be finalized by 2026. 2. Promoting energy saving and carbon reduction projects, short-term evaluation of energy storage systems and renewable energy, implementation of clean energy and enhancement of renewable energy usage rate.
	Energy-saving target has not been achieved	1. Promoting energy saving and carbon reduction projects, short-term evaluation of introducing solar power generation, implementing clean energy and increasing the energy usage rate.
	Climate change	1. The issue of water shortage of water restrictions and rotational water supply is a potential response issue in our water stewardship. Therefore, besides monitoring reservoir water levels, we are implementing measures to monitor water usage trends to better understand consumption patterns. Additionally, we have implemented daily water conservation measures. 2. When a typhoon warning is issued, a typhoon prevention headquarters is set up to grasp the direction of the typhoon and the current situation in the plant, and to issue a typhoon forecast for the plant, so that the personnel can effectively understand the typhoon situation and take typhoon precautions to minimize the impacts of the typhoon, and in the event of flooding, the typhoon prevention headquarters will coordinate manpower to carry out the situation and eliminate the situation, and to carry out the subsequent restoration after the water has receded.
	Operational status of suppliers	1. FSP has established a supplier management system and requires suppliers to sign up to the Responsible Business Alliance (RBA) Code of Conduct, and plans to conduct environmental and social due diligence/audits on suppliers in conjunction with ISO 20400 starting in 2024. 2. In the future, we plan to monitor the management and implementation of suppliers with regards to sustainable development. We continue to encourage our suppliers to emphasize business ethics, protect the human rights of workers, emphasize workplace safety and health, and develop materials and processes that reduce environmental impact.
	Breach of environmental regulations	1. The Company ensures compliance with regulatory requirements in waste management, chemical management, and other related areas by implementing a robust environmental management system.
Social prosperity	Occurrence of occupational disaster	1. Provide occupational safety and health training to both new and existing employees 2. Establishment of on-site operating regulations, "Prevention of Human Factors Hazards," "Prevention of Diseases Triggered by Abnormal Workloads," and "Occupational Health and Safety Work Guidelines," supplemented with machine-related training, engineering improvements, or provision of personal protective equipment to ensure effective hazard control.
	Novel infectious disease	1. Establishment of a project team. 2. Continuously monitor epidemic information and make timely adjustments in compliance with government regulations. 3. Implement the job delegation mechanism. 4. Implementing a mechanism for preventive measures against new infectious diseases.
	Labor Shortage	1. As a result of industry and environmental factors, we are currently experiencing a shortage of labor. To tackle this issue, we are taking steps to enhance internal training programs to improve skills and are also exploring various external talent acquisition channels. Furthermore, we collaborate with academia to develop technical expertise and nurture talent in order to effectively manage the labor shortage.

Risk Type	Risk descriptions	Risk response measures
Corporate Governance	Ethical integrity risk	1. We implement relevant business operations in accordance with the "Ethical Corporate Management Best-Practice Principles" and "Codes of Ethical Conduct."
	Intellectual property risk	1. In line with the Company's operational strategy, establishing a policy and objectives for intellectual property management. 2. Implementation of the Taiwan Intellectual Property Management Standards (TIPS), integration of individual processes and forming a systematic and comprehensive management. 3. Regular reports to the Board of Directors on the intellectual property plan and the implementation results. 4. Publicly disclose the intellectual property plan and the results of its execution.
	Occurrence of information security incidents	1. Establishment of a Information Security Management Committee, with the President serving as the convener and the top information executive as the executive secretary to assist in executing directives. Meetings are held semi-annually to review the current status of the Company's security protection. 2. Planning for a dedicated information security organization and a dedicated information security officer. 3. Implementation of the Mail Social Engineering Exercise Program annually. 4. A vulnerability scan of the host is conducted annually. 5. Organize annual information security courses and regularly conduct monthly information security information campaigns to enhance employee awareness of information security. 6. Create an IT Abnormal Incident Analysis Report to transfer the report to the Information Security Management Committee and the critical information system, ensuring the reporting of information security incidents. 7. Establishment of a dedicated information security section within the employee website for internal sharing of information security information. 8. Continuously mandate regular updates to individual company account passwords and enforce complex password rules. 9. Continuously enable the automatic screen lock feature on personal computers. 10. The Company's employees utilize the MFA (multi-factor authentication) mechanism for their computer accounts. 11. Comprehensive commercial fire insurance for plant and equipment. 12. Implement the ISO 27001 Information security management systems operations.
	Risk management in raw material supply and demand	1. In order to deal with the uncertainty in supplier sourcing, in addition to developing and shifting sourcing countries, hedging procurement is employed to mitigate the risk of supply disruption. 2. Utilize logistics consolidation mechanisms and request suppliers to increase the rate of container consolidation shipments to mitigate the control risk of fragmented shipments.
	Geopolitical risks	1. Commence the evaluation project for third-party manufacturing.

VII. Other Important Matters: None.

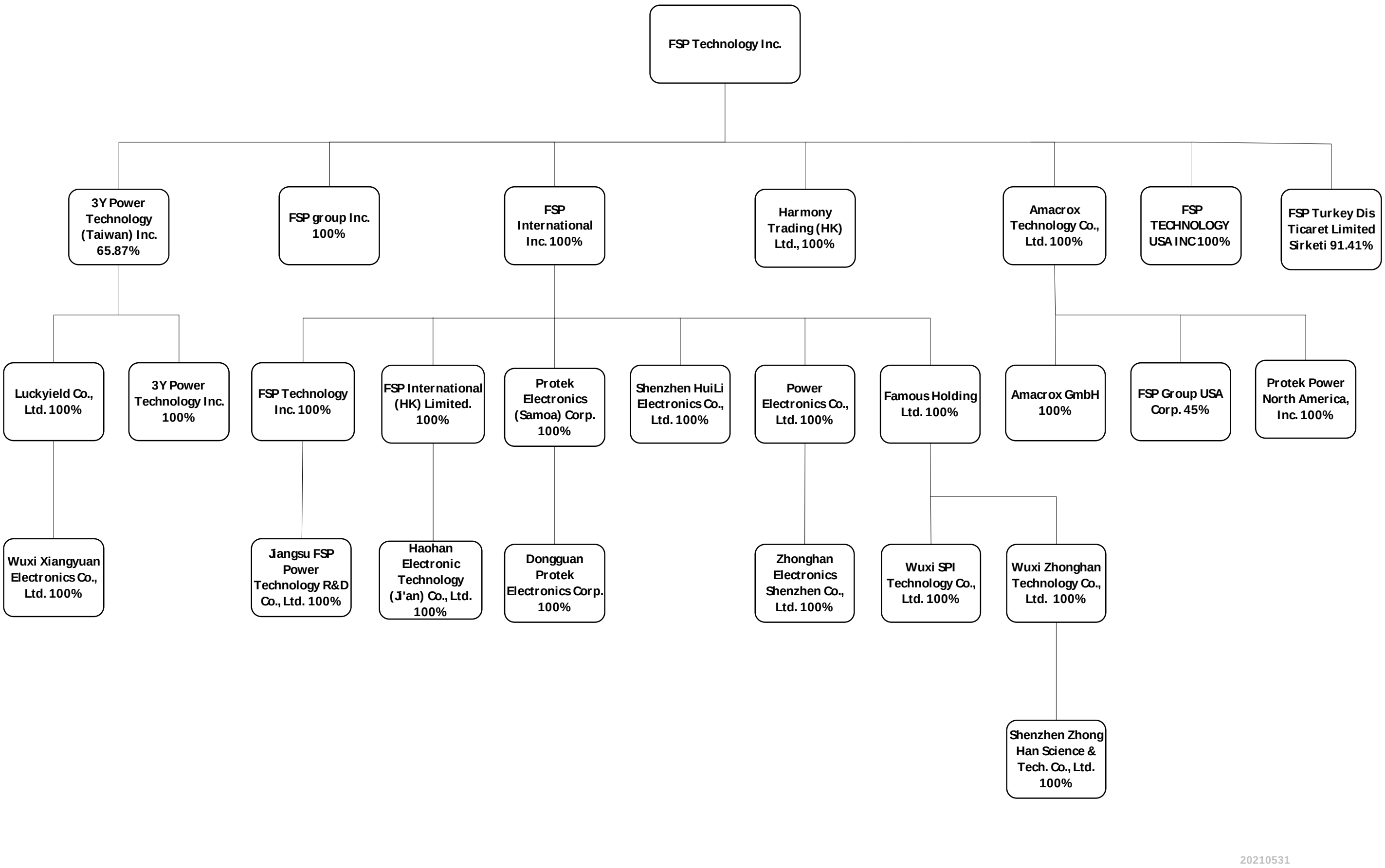
Chapter8. Special Disclosure

I. Information on the Company Affiliates

(I) Consolidated Business Report of Affiliates

1. Organizational Structure of Affiliates

FSP GROUP



Note: Organizational structure of affiliates as of December 31, 2023

2. Basic Information of FSP Affiliates

Unit: NT$ (foreign currency) thousands

Name of Company	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
FSP Technology Inc.	1993.04.15	Taoyuan	NTD 1,872,620	Manufacturing and trading of power supply
3Y Power Technology (Taiwan) Inc.	1996.12.31	Taoyuan	NTD 304,406	Trading of power supply
3Y Power Technology, Inc.	1985.06.04	U.S.A.	USD 600	Trading of power supply
FSP Technology USA Inc.	2015.01.07	U.S.A.	USD 100	Trading of power supply
FSP International Inc. (BVI)	1999.04.26	Virgin Islands	NTD 1,241,751	Holding company
Power Electronics Co., Ltd. (BVI)	2001.01.16	Virgin Islands	NTD 217,707	Holding company
FSP Group Inc.	1997.09.26	Cayman Islands	NTD 1,752	Safety regulation application
Shenzhen HuiLi Electronics Co., Ltd.	1993.03.24	Guangdong	NTD 144,522	Manufacturing of power supply
Investment in Zhonghan Electronics Shenzhen Co., Ltd.	2001.05.17	Guangdong	NTD 223,230	Manufacturing of power supply
Famous Holding Ltd.	2001.04.18	Samoa	NTD 807,483	Holding company
Wuxi SPI Technology Co., Ltd.	2003.04.03	Wuxi	NTD 719,537	Manufacturing of power supply
Wuxi Zhonghan Technology Co., Ltd.	2003.10.21	Wuxi	NTD 414,470	Manufacturing and trading of power supply
Amacrox GmbH	2004.03.09	Germany	EUR 25	Trading of power supply
FSP Group USA Corp.	2003.04.01	U.S.A.	USD 550	Trading of power supply
Amacrox Technology Co., Ltd. (BVI)	2003.11.05	Virgin Islands	NTD 40,925	Holding company
Shenzhen Zhong Han Science & Tech. Co., Ltd.	2001.06.18	Guangdong	NTD 129,810	Manufacturing and trading of power supply
FSP Technology Inc. (BVI)	2006.12.27	Virgin Islands	NTD 62,883	Holding company
Jiangsu FSP Power Technology R&D Co., Ltd.	2007.04.29	Jiangsu	NTD 69,009	Development, design, technology transfer, and services for power supply
Protek Electronics (Samoa) Corp.	2002.12.24	Samoa	NTD 32,984	Holding company
Harmony Trading (HK) Ltd.	2007.03.17	Hong Kong	NTD 45	Trading of power supply
Protek Power North America Inc.(Note)	2007.10.01	U.S.A.	USD 115	Trading of power supply
Dongguan Protek Electronics Corp.	2003.02.28	Guangdong	NTD 39,237	Manufacturing of power supply
Haohan Electronic Technology (Ji'an) Co., Ltd.	2006.09.01	Jiangxi	NTD 163,033	Production and sales of electronic components and products
FSP International (HK) Ltd.	2008.04.22	Hong Kong	NTD 141,042	Holding company
Luckyield Co,.Ltd.	2011.06.30	Samoa	NTD 4,500	Holding company
Wuxi Xiangyuan Electronics Co., Ltd.	2011.11.24	Suzhou	NTD 4,106	Trading of power supply
FSP Turkey Dis Tic.Ltd.Sti.	2016.03.16	Turkey	TRY 7,300	Trading of power supply
FSP Technology Vietnam Co., LTD.	2023.05.23	Vietnam	USD3,000	Manufacturing and trading of power supply

Note :The liquidation of Protek Power North America, Inc. was approved by the Board of Directors on January 5, 2023, and the liquidation has been completed on August 29, 2023.

3. Where There Is Considered to Be a Controlled and Subordinate Relation, Information of the Same Shareholders: None.

4. Business of Affiliates and Their Relationships

Industry	Name of Affiliate	Business Relationship with Other Affiliates
Holding company	FSP International Inc. (BVI)	Investment in Power Electronics Co., Ltd. (BVI), Famous Holding Ltd. Shenzhen HuiLi Electronics Co., Ltd., FSP Technology Inc. ,FSP International (HK) Ltd. , Protek Electronics (Samoa) Corp.
	Power Electronics Co., Ltd. (BVI)	Investment in Zhonghan Electronics Shenzhen Co., Ltd.
	Famous Holding Ltd.	Investment in Wuxi SPI Technology Co., Ltd. and Wuxi Zhonghan Technology Co., Ltd.
	Amacrox Technology Co., Ltd. (BVI)	Investments in Amacrox GmbH, FSP Group USA Corp.
	FSP Technology Inc. (BVI)	Investment in Jiangsu FSP Power Technology R&D Co., Ltd.
	Protek Electronics (Samoa) Corp.	Investment in Dongguan Protek Electronics Corp.
	FSP International (HK) Ltd.	Investment in Haohan Electronic Technology (Ji'an) Co., Ltd.
	Luckyield Co., Ltd.	Investment in Wuxi Xiangyuan Electronics Co., Ltd.
Manufacturing	Shenzhen HuiLi Electronics Co., Ltd.	Manufacturing of power supply
	Investment in Zhonghan Electronics Shenzhen Co., Ltd.	Manufacturing of power supply
	Wuxi SPI Technology Co., Ltd.	Manufacturing of power supply
	Wuxi Zhonghan Technology Co., Ltd.	Manufacturing and trading of power supply and investment in Shenzhen Zhong Han Science & Tech. Co., Ltd.
	Shenzhen Zhong Han Science & Tech. Co., Ltd.	Manufacturing and trading of power supply
	Dongguan Protek Electronics Corp.	Manufacturing of power supply
	FSP Technology Vietnam Co., Ltd.	Manufacturing and trading of power supply
	Investment in Haohan Electronic Technology (Ji'an) Co., Ltd.	Production and sales of electronic components and products
Safety regulation application company	FSP Group Inc.	Safety regulation application
R&D and services	Jiangsu FSP Power Technology R&D Co., Ltd.	Development, design, technology transfer, and services
Trading	3Y Power Technology (Taiwan) Inc.	Trading of power supply and investment in 3Y Power Technology, Inc.
	3Y Power Technology, Inc.	Trading of power supply and investment in Jiangsu FSP Power Technology R&D Co., Ltd.
	FSP Technology USA Inc.	Trading of power supply
	Amacrox GmbH	Trading of power supply
	FSP Turkey Dis Tic.Ltd.Sti.	Trading of power supply
	FSP Group USA Corp.	Trading of power supply
	Harmony Trading (HK) Ltd.	Trading of power supply
	Wuxi Xiangyuan Electronics Co., Ltd.	Trading of power supply

5. Information on Directors, Supervisors, and Presidents of Affiliates

Unit: shares; %

Name of Affiliate	Title	Name or Representative	Shares Held	
			Shares	Total Shareholding Percentage
FSP International Inc. (BVI)	Director	FSP Technology Inc. (Representative: Cheng, Ya-Jen)	32,202,500	100%
3Y Power Technology (Taiwan) Inc.	Chairman	FSP Technology Inc. (Representative: Cheng, Ya-Jen)	16,309,484	65.87%
3Y Power Technology, Inc.	Chairman	3Y Power Technology (Taiwan) Inc. (Representative: Cheng, Ya-Jen)	600,000	65.87%
FSP Technology USA Inc.	Chairman	FSP Technology Inc. (Representative: Cheng, Ya-Jen)	100,000	100%
FSP Turkey Dis Tic.Ltd.Sti.	Director	FSP Technology Inc. (Representative: Cheng, Ya-Jen)	6,673,000	91.41%
Power Electronics Co., Ltd. (BVI)	Director	FSP International Inc. (Representative: Cheng, Ya-Jen)	7,000,000	100%
Shenzhen HuiLi Electronics Co., Ltd.	Director	FSP International Inc. (Representative: Cheng, Ya-Jen)	(Note)	100%
Investment in Zhonghan Electronics Shenzhen Co., Ltd.	Director	Power Electronics Co., Ltd. (Representative: Cheng, Ya-Jen)	(Note)	100%
FSP Group Inc.	Director	FSP Technology Inc. (Representative: Cheng, Ya-Jen)	50,000	100%
Famous Holding Ltd.	Director	FSP International Inc. (Representative: Cheng, Ya-Jen)	27,000,000	100%
Wuxi SPI Technology Co., Ltd.	Director	Famous Holding Ltd. (Representative: Cheng, Ya-Jen)	(Note)	100%
Wuxi Zhonghan Technology Co., Ltd.	Director	Famous Holding Ltd. (Representative: Cheng, Ya-Jen)	(Note)	100%
Amacrox Technology Co., Ltd. (BVI)	Director	FSP Technology Inc. (Representative: Cheng, Ya-Jen)	1,109,355	100%
Amacrox GmbH	Chairman	Amacrox Technology Co., Ltd. (Representative: Cheng, Ya-Jen)	25,000	100%
FSP Group USA Corp.	Director	Amacrox Technology Co., Ltd. (Representative: Cheng, Ya-Jen)	247,500	45%
Shenzhen Zhong Han Science & Tech. Co., Ltd.	Director	Wuxi Zhonghan Technology Co., Ltd. (Representative: Chao, Er-Chang)	(Note)	100%
FSP Technology Inc. (BVI)	Director	FSP International Inc. (Representative: Cheng, Ya-Jen)	2,100,000	100%
FSP International (HK) Ltd.	Director	FSP International Inc. (Representative: Cheng, Ya-Jen)	4,770,000	100%
Investment in Haohan Electronic Technology (Ji'an) Co., Ltd.	Director	FSP International (HK) Ltd (Representative: Cheng, Ya-Jen)	(Note)	100%
Jiangsu FSP Power Technology R&D Co., Ltd.	Director	FSP Technology Inc. (Representative: Chao, Er-Chang)	(Note)	100%
Protek Electronics (Samoa) Corp.	Director	FSP International Inc. (Representative: Cheng, Ya-Jen)	1,100,000	100%
Harmony Trading (HK) Ltd.	Director	FSP Technology Inc. (Representative: Cheng, Ya-Jen)	10,000	100%
Dongguan Protek Electronics Corp.	Chairman	Protek Electronics (Samoa) Corp (Representative: Chen, Kuo-Ruey)	(Note)	100%
Luckyield Co,. Ltd.	Director	3Y Power Technology (Taiwan) Inc. (Representative: Cheng, Ya-Jen)	150,000	65.87%
Wuxi Xiangyuan Electronics Co., Ltd.	Director	Luckyield Co,. Ltd (Representative: Lin, Kao-Chou)	(Note)	65.87%
FSP Technology Vietnam Co., Ltd.	Chairman	FSP Technology Inc. (Representative: Cheng, Ming-Hsiang)	(Note)	100%

Note: Organized as a limited company.

6. Operating Status of Affiliates Unit: NT$ thousands

Name of Affiliate	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Income	Profit or Loss (after tax)	Earnings Per Share(NT$) (after tax)
FSP International Inc. (BVI)	1,241,751	2,029,002	984	2,028,018	0	(1)	(70,849)	(2.20)
Power Electronics Co., Ltd. (BVI)	217,707	156,806	0	156,806	0	0	(46,020)	(6.57)
FSP Group Inc.	1,752	299	0	299	0	(5)	(1)	(0.02)
Shenzhen HuiLi Electronics Co., Ltd.	144,522	525,223	279,019	246,204	1,045,463	(29,586)	(578)	Note (1)
Zhonghan Electronics Shenzhen Co., Ltd.	223,230	231,004	76,849	154,155	303,229	(49,707)	(46,022)	Note (1)
Famous Holding Ltd.	807,483	1,364,824	16,549	1,348,275	0	109	(1,637)	(0.06)
Wuxi SPI Technology Co., Ltd.	719,537	109,989	24,259	85,730	221,113	(10,212)	(1,497)	Note (1)
Wuxi Zhonghan Technology Co., Ltd.	414,470	1,438,325	174,315	1,264,010	551,550	(7,303)	(236)	Note (1)
Amacrox GmbH	18,181	5,013	2,001	3,012	0	(673)	(62)	(2.48)
FSP Group USA Corp.	14,903	54,346	19,785	34,561	125,403	7,632	5,452	22.03
FSP Turkey Dis Tic.Ltd.Sti.	22,640	77,431	61,098	16,333	179,956	24,656	13,885	Note (1)
Amacrox Technology Co., Ltd. (BVI)	40,925	70,442	0	70,442	0	(194)	1,806	1.63
Shenzhen Zhong Han Science & Tech. Co., Ltd.	129,810	1,384,151	620,904	763,247	1,485,994	(10,014)	1,802	Note (1)
3Y Power Technology (Taiwan) Inc.	304,406	1,528,847	742,860	785,987	2,236,302	160,491	126,346	5.10
3Y Power Technology, Inc.	233,850	355,226	88,710	266,516	521,016	(56,560)	(9,079)	(15.13)
FSP Technology Inc. (BVI)	62,883	102,892	0	102,892	0	0	(10,949)	(5.21)
Jiangsu FSP Power Technology R&D Co., Ltd.	69,009	135,378	30,925	104,453	48,688	(11,499)	(10,949)	Note (1)
Proteck Electronics (Samoa) Corp.	32,984	32,707	0	32,707	0	0	(1,369)	1.24
Harmony Trading (HK) Ltd.	45	2,163	213	1,950	1,833	24	24	2.40
Proteck Power North America Inc.(Note 3)	3,279	-	-	-	-	-	-	-
Dongguan Protek Electronics Corp.	39,237	73,651	41,207	32,444	76,512	2,654	1,367	Note (1)
FSP International (HK) Ltd.	141,042	46,215	56	46,159	0	0	(13,155)	(2.76)
Haohan Electronic Technology (Ji'an) Co., Ltd.	163,033	55,838	9,711	46,127	13,472	(13,758)	(13,155)	Note (1)
Luckyield Co, Ltd.	4,500	2,835	0	2,835	0	0	(425)	(2.83)
Wuxi Xiangyuan Electronics Co., Ltd.	4,106	4,036	1,201	2,835	12,454	(432)	(280)	Note (1)
FSP Technology USA Inc.	3,143	58,634	52,622	6,012	147,778	3,336	4,134	(41.34)
FSP Technology Vietnam Co., Ltd.	70,500	139,168	61,624	77,544	7,716	(8,797)	(7,525)	0.00

Notes1: Organized as a limited company.

Notes2: If the affiliated company is a foreign company, related statistics shall be disclosed in NTD based on the exchange rate specified in IAS 21 "The Effects of Changes in Foreign Exchange Rates."

Notes3: The liquidation of Protek Power North America, Inc. was approved by the Board of Directors on January 5, 2023, and the liquidation has been completed on August 29, 2023.

(II) Consolidated Financial Statements of Affiliates

Statement

In 2023 (from January 1 to December 31, 2023), pursuant to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," the Company's entities that shall be included in preparing the Consolidated Financial Statements of Affiliates and the Parent-Subsidiary Consolidated Financial Statements for International Financial Reporting Standards (IFRS) 10 recognized by the Financial Supervisory Commission are the same. Moreover, the disclosure information required for the Consolidated Financial Statements of Affiliates has been fully disclosed in the aforementioned Parent-Subsidiary Consolidated Financial Statements; hence, the Consolidated Financial Statements of Affiliates will not be prepared.

Sincerely,

Company Name: FSP Technology Inc.

Chairman: Cheng, Ya-Jen

Date: March 14, 2024

(III) Reports on Affiliations: N/A.

II. Private Placement of Securities During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report: None

III. Holding or Disposal of Shares in the Company by the Company's Subsidiaries During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report: None

IV. Other Supplementary Information: None

V. Situations Listed in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act, which Might Materially Affect Shareholders' Equity or the Price of the Securities, Occurring during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report: None.

FSP Technology Inc.

Chairman: Cheng, Ya-Jen