



2023 ANNUAL REPORT

STARLUX Airlines Co., Ltd.
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Notice to Readers

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

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I. Letter to Shareholders

Waving farewell to the pandemic, the global aviation and tourism industries are recovering well. In order to cope with the growing passenger transportation market, STARLUX Airlines has actively added more flights to existing routes and introduced 3 wide-body aircraft for high-demand destinations in 2023, continuously expanding our route network. A total of 8 new destinations were opened this year, which not only extended our route network in Asia but also marked our first step into North America. Our maiden flight to Los Angeles, USA, on April 26, 2023, was a major milestone in the market from Asia to North America. We have also gradually expanded our business in the transit market. We expect that our transit network will begin to take shape by the end of 2024, laying a solid foundation for our long-term development.

In order to improve service quality and establish brand differentiation, STARLUX Airlines is committed to providing exquisite and delicate soft and hard services. The A350-900 is the only aircraft in Taiwan equipped with first-class cabins and four first-class cabins, and it is now available on transoceanic routes from and to North America and routes from and to Singapore and Tokyo in Asia, offering passengers diverse choices. On the other hand, with the launch of America routes, STARLUX Airlines started to provide self-check-in and self-baggage-drop services at Taoyuan Airport Terminal 2 and the A1 Taipei Main Station of Taoyuan MRT Airport Line. In August of the same year, we introduced the self-baggage-drop service at Taoyuan Airport Terminal 1, providing passengers with a convenient and comfortable flight journey.

In addition, STARLUX Airlines has made an all-out effort to receive a number of international safety and quality certifications in a short period of time. In 2023, we passed and received the IATA Operational Safety Audit (IOSA) certification, successfully joined the TSA PreCheck program of the U.S. National Security Agency, and officially became a member of the International Air Transport Association (IATA) in December. In the future, we will actively participate in various IATA activities and courses, continuously improve flight safety and operational standards, and promise to provide passengers with the most reassuring and safest premium flying experience.

In order to consolidate the existing customer base and develop potential customers, STARLUX Airlines spares no effort in developing new products and promotes brand awareness through various marketing activities and partnerships with different industries. We have made significant progress, including becoming an airline partner of Alaska Airlines for direct baggage check-in, member mileage accumulation and redemption, etc., and leveraging the networks of both parties to allow passengers to travel quickly between inland North America and major cities in Asia. In addition, STARLUX Airlines partnered with E.Sun Bank to launch the STARLUX Airlines co-branded card. This card aims to meet the daily and travel spending needs of consumers and attract more consumers to become COSMILE members, increasing passenger loyalty. In the future, we will continue to develop a diverse range of innovative products in order to enhance market competitiveness.

In view of the high demand for air travel after the pandemic, national airlines have increased their flights, and many foreign companies have also resumed flying to Taiwan. Facing the intensified competition in the aviation market, STARLUX Airlines has resumed an operation model with passengers as the primary focus and cargo as the secondary one. We have adjusted our flight schedule and flexibly adjusted aircraft dispatch according to market dynamics, and our monthly revenue has hit record highs repeatedly. In 2024, global passenger traffic is expected to return to pre-pandemic levels. As such, our operational strategy will focus on increasing the number of flights and launching new routes depending on the market demand. In the mid-to long-term, we will continue to introduce passenger and cargo aircraft to increase operational efficiency and competitiveness. With stable operations as the cornerstone, we will be committed to corporate sustainable development.

1. Operating Performance in 2023

(1) Results of the 2023 business strategy

The operating revenue was NT\$22.47 billion, showing an increase of NT\$19.10 billion, or 568.4%, compared to the previous year.

A. Operating revenue from passenger transportation

The operating revenue from passenger transportation was NT\$19.74 billion, accounting for 87.9% of the total operating revenue, with an increase of 766.9% compared to 2022. Benefiting from the strong recovery of demand for travel transportation, the number of passengers carried increased compared to 2022, with a growth of 702.2%. As of the end of December 2023, we have launched 21 destinations across 8 countries.

B. Revenue from cargo transportation

The operating revenue from cargo transportation was NT\$1.59 billion, accounting for 7.1% of the total operating revenue, with an increase of 73.7% compared to 2022. This increase was mainly due to STARLUX Airlines beginning to introduce wide-body aircraft to increase belly-hold capacity and launching transoceanic routes from and to North America in 2023, resulting in the stable growth of cargo transportation revenue.

C. Other operating revenues

The other operating revenues totaled NT\$1.13 billion, accounting for 5.0% of the total operating revenue; of which, the miscellaneous revenue from passenger and cargo transportation was NT\$0.30 billion, making up 1.3% of the total operating revenue and becoming a major source of other operating revenue.

D. Aircraft fleet scale

According to our fleet plan, we would progressively introduce three A350-900 wide-body passenger aircraft in 2023. As of the end of 2023, STARLUX Airlines had a total of 13 A321neo narrow-body passenger aircraft, 4 A330-900neo wide-body passenger aircraft and 4 A350-900 wide-body passenger aircraft.

(2) Budget implementation

The budgeted operating revenue for 2023 was NT\$24.37 billion, and the actual operating revenue was NT\$22.47 billion, with an achievement rate of 92.2%. The budgeted net profit after tax was NT\$0.85 billion, and the actual net profit after tax was NT\$0.14 billion.

(3) Financial revenue and expenditure and profitability analysis

A. Financial revenue and expenditure :

The operating revenue in 2023 was NT\$22.47 billion, with an increase of 568.4% over 2022. The operating expenditure amounted to NT\$21.99 billion, showing an increase of 159.8% from 2022.

B. Profitability :

- Return on assets: 1.40%
- Return on equity: 1.76%
- After-tax profit margin: 0.66%
- Net profit per share: NT\$0.08

(4) Research and development

A. STARLUX Airlines continues to strengthen cooperation with companies in our and other industries in order to expand our reputation and service range, thereby increasing flight sales and seat utilization and improving business efficiency. For cross-industry collaboration, we issued a co-branded card with E.Sun Bank. This co-branding partnership could attract credit card users to convert their credit card points into our COSMILE mileage and enable the co-branded cardholders to enjoy discounts when purchasing our flight-related products or duty-free products and when shopping in our image stores. For intra-industry collaboration, in addition to increasing the number of partners for e-tickets

for codeshare flights, we also initiated collaboration with codeshare flight partners to provide services to our members.

- B. STARLUX Airlines has continued to add new services on the official website and app, including online itinerary change and online redemption of reward tickets for our COSMILE members, and increased flexibility in choosing between different points of access or stopovers when purchasing tickets online.
- C. STARLUX Airlines introduced a flight-based passenger transportation revenue management system to automate the distribution of expected revenue by flight seats and passenger types. Our official website for cargo transportation greatly simplifies the freight booking process and improves the goods status tracking function through visualization for the convenience of freight companies.
- D. In line with US TSA regulations, the TSA PreCheck service is provided for passengers traveling in and out of the United States, which greatly reduces the time required for security checks when entering or leaving the United States.
- E. We have developed an AI algorithm for business decision-making and accurate ad placement. AI technology helps analyze cross-platform channels, discover valuable customers at the best time, provide real-time information on audience needs and bidding strategies, and assist with business management to obtain maximum business benefits.

2. Summary of the 2024 Business Plan and Future Development Strategies

(1) Business Strategy

- A. Prioritizing focus on the growth of the existing route network

We will continue to monitor post-pandemic market dynamics and progressively expand and optimize our route network, which includes steadily increasing the number of flights for the existing routes and planning to launch new destinations such as Hong Kong and Seattle, USA, in order to improve the efficiency of fleet operations and steadily boost revenue.

- B. Actively expanding business in the transit market

Our San Francisco route has offered one flight per day since late March this year. We expect to launch a route to Seattle, our third destination in North America, in August to further improve our transit route network in North America and Southeast Asia.

- C. Strengthening cooperation with industry peers

STARLUX Airlines became an airline partner with Alaska Airlines in 2023. In the future, we will continue to launch more in-depth cooperation projects with Alaska Airlines, and actively sign agreements on passenger and cargo flights with other airline companies, in order to strive for more strategic cooperation opportunities to provide passengers with more convenient air transportation services.

(2) Operational Planning and Development

- A. Fleet planning

STARLUX Airlines introduced its 5th A350-900 in March and is expected to deliver another A330-900neo and 4 A350-900 wide-body aircraft this year. By then, our fleet will grow to 27 aircraft, including 13 A321neos, 5 A330-900neos and 9 A350-900s. In addition, focusing on the prospects of air passenger and cargo transport, STARLUX Airlines signed a purchase agreement with Airbus for 3 A330-900neos and 5 A350F freighters this February. The newly ordered A330-900neos are expected to be delivered from 2026 onward, and the A350F freighters will be delivered starting in 2027. STARLUX Airlines is also the first airline in Taiwan to introduce the A350F model. With the expansion of the fleet and destinations, our future passenger and cargo route networks will be denser.

B. Route network planning

As of the end of April 2024, STARLUX Airlines had a total of 25 regular routes, including 23 departing from Taoyuan and 2 departing from Taichung. This year, we have not only opened up two new destinations of Chiang Mai, Thailand, and Hakodate, Japan, but also taken advantage of Taichung's geographical advantage and travel demand to enter the Taichung market for the first time and launch two regular routes between Taichung - Macau and Taichung - Da Nang, Vietnam. We also provide charter flights between Taichung and Takamatsu, Japan, which is expected to drive the growth of passenger traffic in central Taiwan. In the second half of the year, STARLUX Airlines plans to add new destinations in Asia and North America to provide passengers with more diversified travel choices.

C. Planned entry to Terminal 2 of Taoyuan Airport

In response to our plan to launch long-haul routes, we offer US routes and VIP services through the GALACTIC Lounge in Terminal 2 of Taoyuan International Airport. Our operations for routes to Southeast Asia, including Singapore, Bangkok and Chiang Mai in Thailand, Cebu in the Philippines, and Da Nang in Vietnam, have also been relocated to Terminal 2. In the future, STARLUX Airlines will continue to move other routes to Southeast Asia to Terminal 2 to improve the convenience of passengers for connecting flights.

D. Planned development of intelligent customer services and establishment of a global customer service center

In view of the expansion of our route network and the significant growth in the number of passengers, STARLUX Airlines plans to introduce intelligent applications and establish a customer service center to not only provide diversified customer service channels, but also optimize response efficiency, thereby improving service quality to meet the needs of passengers.

3. Corporate Sustainability

In May 2023, the Board of Directors of STARLUX Airlines approved the establishment of the "Corporate Sustainability Committee," and the first sustainability report was issued to disclose our environmental protection, social co-prosperity, and corporate governance performance. In 2023, STARLUX Airlines established a sustainable corporate governance framework and released the assessment results of internal and external questionnaires about stakeholders' level of concern about sustainability issues. We listed 7 material topics in three areas: "environment," "society," and "management," including "energy and greenhouse gas management" in the environmental area; "brand strategy and development," "customer satisfaction and innovative service," and "occupational health and safety" in the social area; and "integrity management," "information security and personal information protection," and "flight safety," and then formulated short, medium and long-term goals and plans for sustainable performance based on these 7 material topics.

The sustainability report uses frameworks such as the GRI Standards, TCFD for climate-related risks and opportunities, and SASB disclosure standards for airlines. STARLUX Airlines has actively formulated management strategies and actions to cope with extreme weather in the face of potential risks brought about by climate change, in order to improve climate resilience and move towards low-carbon operations. STARLUX Airlines has focused on the improvement of resource efficiency and consumer preferences such as "fuel-efficient business models," "more efficient buildings," and "changes in consumer preferences." In terms of risks, we have paid attention to the risks of transition to low-carbon aviation products and services, such as "consumers' preference for low-carbon flying" and "rising costs for sustainable fuels." Sustainability metrics with material financial impacts have been disclosed, and relevant sustainability actions have been summarized in the sustainability report of STARLUX Airlines.

STARLUX Airlines hopes to stick to the ESG commitments for sustainability, fulfill the UN Sustainable Development Goals (SDGs), implement the carbon reduction roadmap panned by the International Civil Aviation Organization (ICAO), and focus on the national "Net Zero Emissions by 2050" policy. We were certified for the first time to the international ISO 14064-1:2018 standards on greenhouse gas inventory in April 2023. STARLUX Airlines will control carbon emissions more rigorously, continue to introduce the

most advanced and environmentally friendly models, and improve energy efficiency and sustainable operations.

In the future, when investing in the Taoyuan Aerotropolis base, we will actively plan for green energy systems, such as micro wind power generation, solar energy or green power storage systems, and appropriately integrate the concept of sustainability into building planning to build a sustainable and creative industrial base.

4. Impacts of External Competitive Environment, Regulatory environment and Overall Business Environment

Passenger transport demand has still been strong after the pandemic. The International Air Transport Association (IATA) expects the aviation market to usher in permanent growth. In 2024, passenger traffic will grow by 9.8% year-on-year, and the flight load factor will be 82.6%, which is around the same level as before the pandemic. The transportation capacity and traffic volume in the aviation industry have been steadily increasing. However, the shortage of manpower in air transportation-related industries and the delayed delivery in the aircraft supply chain still exist, which limits the expansion of our route network and the speed of the introduction of aircraft.

Due to the tightening monetary policies of major economies around the world, the weakness of trade and labor markets, and the rise of geopolitical risks, most major institutions have predicted that global economic growth will continue to slow in 2024. The International Monetary Fund (IMF) projects a global economic growth rate of 3.1% this year, and the United Nations tends to be more cautious and conservative, with an estimated economic growth rate of 2.4%. Meanwhile, various institutions have pointed out that the global employment and economic environment growth are smaller than expected, and regional conflicts such as the Ukrainian-Russian and Israel-Palestine wars as well as the Red Sea crisis may heat inflation again. Although the overall environment is facing the risk of uncertainty, STARLUX Airlines will continue to pay attention to the impact of the economic environment, geopolitics, and trade barriers, formulate response strategies based on market changes, and adjust the business model in a timely manner to deal with various new challenges.

Chairman: Chang, Kuo-Wei

April 16, 2024

II. Company Profile

1. Date of establishment

May 2, 2018

2. Company history

Year	Month	Important Milestones
2016	November	The founder, Chang Kuo-Wei, announced that he would establish "STARLUX Airlines."
2017	April	"STARLUX Investments Limited" was established for the preparatory work at the early stage of the establishment of "STARLUX Airlines."
2018	April	Obtained an establishment permit from the Civil Aviation Administration of the Ministry of Transportation and Communications and submitted an application to the Ministry of Economic Affairs for company establishment.
	May	Obtained approval for company registration, and "STARLUX AIRLINES CO., LTD." was formally established.
2019	October	Held a launch for the JX Style uniform and cabin.
		Our first A321neo passenger aircraft was delivered.
	December	Received an "Air Operator Certificate (AOC)" and "Taipei-Macao, Taipei-Da Nang, Taipei-Penang Air Route Certificates" from the Civil Aviation Administration of the Ministry of Transportation and Communications and launched the STARLUX Airlines website, and the Customer Service Center also started its operations in the same month.
		The construction of the GALACTIC Lounge at Taoyuan Airport was completed, which would provide passengers with premium rest and dining services after flights commence.
2020	January	We launched our inaugural flights from Taipei to three destinations, Macao, Da Nang, and Penang, and opened our self-operated VIP lounge at Taoyuan Airport Terminal 1, GALACTIC Lounge.
	May	The in-flight safety film "STARWONDERERS" won seven silver awards at the US Telly Awards.
	July	The first physical store of STARLUX Shop was officially opened for business in the Customer Service Center at Taipei HQ.
	August	In response to the severe Covid-19 pandemic, the Company's first Flight to Nowhere was piloted by Chairman Chang Kuo-Wei, giving passengers the opportunity to experience the beauty of Taiwan's landscapes from a bird's-eye view.
	October	The business and economy class wine menus won a Red Dot Award for branding and communication design in 2020.
	December	Launched three routes: Taipei-Bangkok, Taipei-Osaka, and Taipei-Tokyo.
2021	January	Launched the Taipei-Kuala Lumpur route.
	May	Launched the Taipei-Ho Chi Minh City route.
	June	STARLUX Airlines x 7-ELEVEN Concept Store on Dunhua N. Rd. in Taipei was opened.

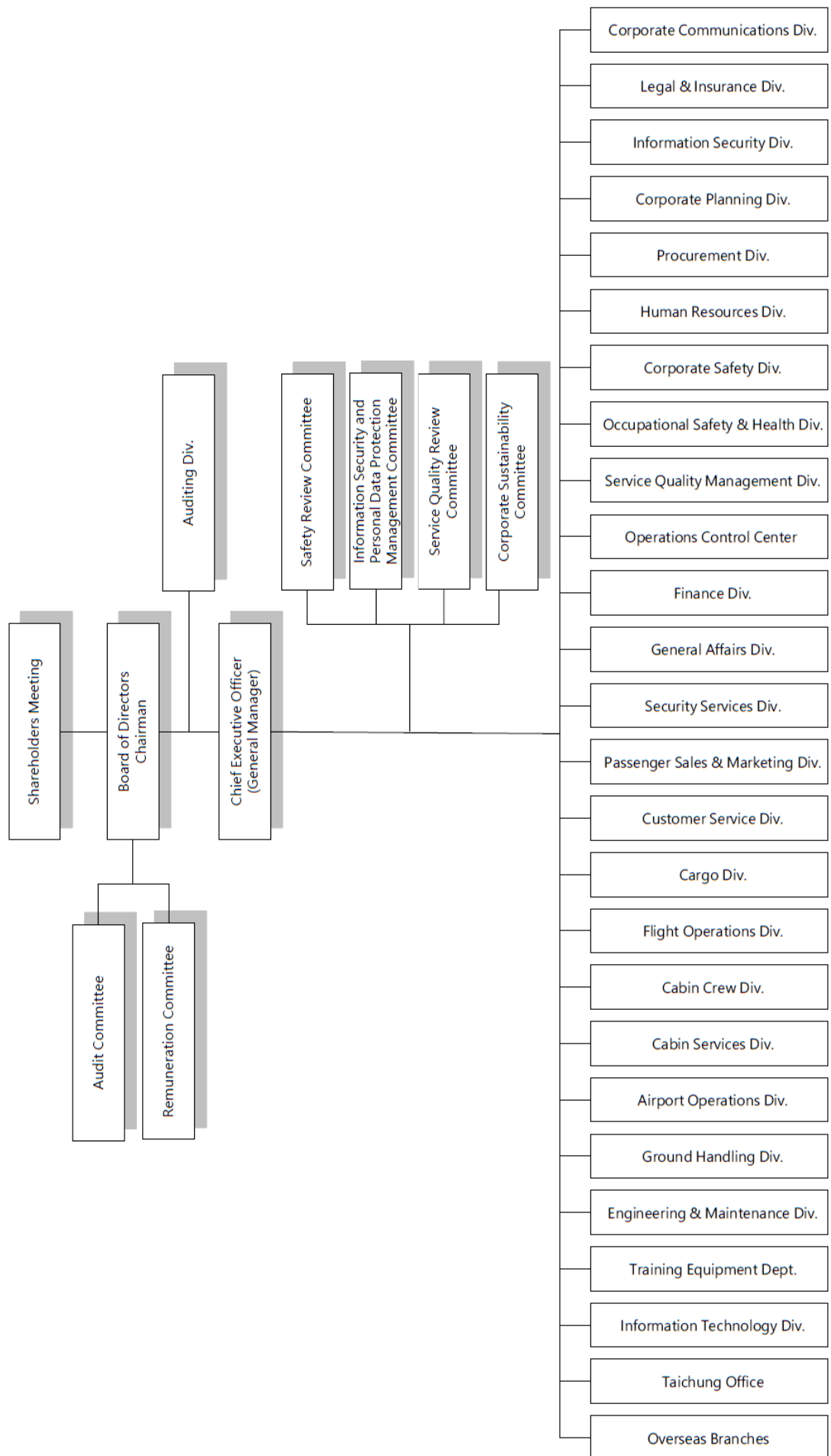
Year	Month	Important Milestones
2021	July	Launched the Taipei-Manila route.
		Received the "ISO 27001:2013 Information Security Management System" and "ISO 27701:2019 Privacy Information Management System" certifications, setting a new record among national airlines. By introducing information security and privacy information management systems compliant with international standards, we have continued to strengthen relevant processes to provide passengers with the most reassuring and safe in-flight services with excellent quality.
	August	The ticket counter was relocated and transformed into a brand-new multi-purpose commercial store that combines a ticket center, brand image display, and STARLUX Shop.
	September	Received the WTTC Safe Travel Stamp. STARLUX Airlines not only strives to ensure flight safety for passengers but will also join the effort to promote safe travels to Taiwan in the future.
		Launched the Taipei-Singapore route.
	October	Awarded an Information Resilience Excellence Award by BSI, making the Company the first airline to receive an information resilience award from BSI. In the future, we will continue to devote our efforts to implementing organizational information security and privacy information management.
2022	January	Passed the Taiwan Intellectual Property Management System Level A certification.
	February	Launched the Taipei-Fukuoka route.
		Our first A330-900neo passenger aircraft was delivered.
		Recognized as an "Aviation Maintenance Training Organization" by the Civil Aviation Administration.
	July	Obtained a use permit for the bonded building.
		Obtained an alcohol importer license.
		The Company's stock was approved for public offering, with a stock code 2646.
	September	Officially signed a contract at the Taoyuan Aerotropolis Industry Forum and Priority Commercial/Manufacturing Park Contracting Ceremony.
		Spent the shortest time to pass the "ISO 9001:2015 Quality Management System" certification among national airlines. By introducing this system, the Company can ensure high-quality management through the standardization of operating procedures in order to achieve the highest standards of flight safety, service quality, and customer satisfaction.
		The Company's stock was listed on the Emerging Stock Board.
	October	Launched the Taipei-Sapporo and Taipei-Okinawa routes.
		Our first A350-900 passenger aircraft was delivered.
	December	Won four major awards from TheDesignAir, a UK heavyweight aviation evaluation award, in 2022: "Design Airline of the Year," "Design Airline of the Year, Asia," "Best New First/Premium Business Class," and "Best New Premium Economy."

Year	Month	Important Milestones
2023	January	Launched the Taipei-Hanoi and Taipei-Cebu routes.
	March	STARLUX Airlines x E.Sun Bank co-branded card was officially launched.
	April	Launched the Taipei-Sendai and Taipei-Los Angeles routes.
		Made available self-check-in and self baggage-drop services at Taoyuan Airport Terminal 2 and in the Taipei Main Station of the MRT Airport Line to improve passenger services.
	June	Our maintenance depot obtained a maintenance permit for RR Trent XWB-84 engines from the Civil Aviation Administration to support the A350 fleet introduction plan and enhance flight safety.
	August	Launched the Taipei-Clark route.
		Made available self-check-in and self baggage-drop services at Taoyuan Airport Terminal 1 to ensure more comprehensive passenger services.
	September	Launched the Taipei-Kumamoto route.
	November	Set up a joint control center dedicated to improving the Company's internal command and coordination mechanisms for the maintenance of flight safety and quality and passengers' rights.
		Passed an IATA Operational Safety Audit (IOSA) and received international recognition for our operational standards.
	December	Launched the Taipei-Nagoya and Taipei-San Francisco routes.
		Recognized by the National Policy Agency as an Outstanding Unit of the Pengcheng Project for the excellent effectiveness of airport environment security inspections in 2023.
		Officially became a member of the International Air Transport Association (IATA) and will actively participate in activities in various fields to continuously improve flight safety and operational standards.
2024	January	Launched the Taipei-Chiang Mai route.
	February	Launched the Taipei-Hakodate route.
		Opened our self-operated VIP lounge, GALACTIC Lounge, at Taoyuan Airport Terminal 2.
	March	Launched Taichung-Macao and Taichung-Da Nang routes.
	April	Received the "ISO 45001:2018 Occupational Safety and Health Management System" and "CNS 45001:2018 & TOSHMS Taiwan Occupational Safety and Health Management System" certifications. The Company has been committed to ensuring sound working conditions, health, well-being, and equality, continuously promoting sustainable corporate development.

III. Corporate Governance Report

1. Organization

(1) Organization Chart



(2) Major Corporate Functions

Divisions	Major Functions
Corporate Communications Div.	Brand image maintenance, advertisement and promotion, public relations activity, marketing strategy, image design and social media management operations, etc.
Legal & Insurance Div.	Insurance affairs, contract review, legal consultation and dispute resolution related operations.
Information Security Div.	Information security policy establishment and audit, information security and personal information protection related operations.
Auditing Div.	Internal audit/control and ISO international standard operation procedures related operations.
Corporate Planning Div.	Route network planning, traffic right negotiation, investment planning, international organization, government affairs, flight schedule planning, fuel control and related operations.
Procurement Div.	Aircraft lease/purchase, cabinet interior, aviation environment, carbon credit and corporate sustainability affairs and related operations.
Human Resources Div.	Personnel recruitment, education and training, salary insurance, employee relationship, union affairs and outstation management related operations.
Corporate Safety Div.	Aviation safety and aviation security related operations.
Occupational Safety & Health Div.	Occupational safety, occupational accident prevention and employee health care related operations.
Service Quality Management Div.	Establishment of company's service quality policy and strategy, first-line unit service quality survey, assessment, and audit related operations.
Operations Control Center	Flight dispatch, flight status monitoring, flight adjustment, direction, and cooperation for uniformly handling various abnormal conditions of flights related operations.
Finance Div.	Account review of various incomes, costs and expenses and settlement analysis, tax filing, taxation operation, stock affairs operations, budget operation and fund planning management.
General Affairs Div.	Administrative supply purchase, construction work and electrical/mechanical management, group meal operation and office area cleaning related operations.
Security Services Div.	Office area safety management, senior officer personal safety related operations.
Passenger Sales & Marketing Div.	Passenger transportation service, passenger transportation revenue management, ticket price establishment, booking and ticket affairs management, member service, joint/sharing flight development, physical and digital marketing activities related operations.
Customer Service Div.	Booking/ticket affairs and physical store management, group and charter flight service, telephone, online and physical store customer service related operations.
Cargo Div.	Cargo transportation marketing development cargo transportation revenue management and cargo field operation and management related operations.
Flight Operations Div.	Pilot management and training, flight standard operation establishment related operations.
Cabin Crew Div.	Flight attendant management and training, in-flight service standard establishment related operations.

Divisions	Major Functions
Cabin Services Div.	In-flight service item development, duty free product purchase and sale, warehouse planning and management, and service item planning and installation related operations.
Airport Operations Div.	Transportation service policy establishment and operation management, station planning and management, Taoyuan and Taichung Airport transportation service and customer service operations, loading policy establishment and operation management, and related operations.
Ground Handling Div.	Ground operation policy, apron operation, aircraft cleaning, service item installation and delivery, passenger service and equipment repair related operations.
Engineering & Maintenance Div.	Aircraft quality control and educational training, aircraft maintenance plan establishment and management, aircraft software/hardware equipment introduction and management, aircraft repair operation, aircraft material and equipment purchase and delivery management, and parts repair related operations.
Training Equipment Dept.	Front and rear cabinet training equipment installation, repair, system maintenance, equipment certification and emergency response related operations.
Information Technology Div.	Information system introduction, application software development, information equipment and system operation maintenance related operations.
Taichung Office	Central Taiwan region passenger transportation service, booking/ticket affairs and customer service-related operations.
Overseas Branches	Overseas area financial and administrative operation, passenger transportation and cargo transportation business development and airport transportation related operations.

2. Information of Directors, General Manager, Executive Vice Presidents, Vice Presidents, and the heads of various Departments and Branches

(1) Directors

April 16, 2024; Unit: shares; %

Title	Nationality or place of registration	Name	Gender Age	Date elected (assumed position)	Term of office	Date of first election and job assumption	Shareholding when elected		Number of shares currently held		Current shareholding of spouse and minor children		Shareholding by nominee arrangement		Main experience (educational background)	Current adjunct positions at the Company and other companies	Other managers, directors or supervisors with relationship of spouse or within second degree of kinship			Remarks
							Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relationship	
Chairman	R.O.C. (Taiwan)	STARLUX Investments Limited	—	2022.08.29	3 years	2018.04.16	706,057,374	45.94	816,558,000	32.16	—	—	—	—	—	—	—	—	—	—
	R.O.C. (Taiwan)	Representative: Chang, Kuo-Wei	Male 51~60	2022.08.29	3 years	2018.04.16	—	—	—	—	—	—	1,633,116,000 (Note 1)	64.32 (Note 1)	Master of Economics, California State University, United States. Vice President of Evergreen Group Chairman of EVA Airways Corp. Chairman of UNI Airways Corp. Director of Evergreen Aviation Technologies Corp. and Kaohsiung Airport Catering Services Ltd.	Director: STARLUX Investments Limited and STARWAY Developing Investments Limited	Director	Yeh, Shu-Wen	Husband and wife	—
Director	R.O.C. (Taiwan)	STARLUX Investments Limited	—	2022.08.29	3 years	2018.04.16	706,057,374	45.94	816,558,000	32.16	—	—	—	—	—	—	—	—	—	—
	R.O.C. (Taiwan)	Representative: Chai, Chien-Hua	Male 51~60	2022.08.29	3 years	2018.04.16	72,000	0.00	81,907	0.00	—	—	—	—	Department of International Business, Chung Yuan Christian University Deputy Senior Vice President, Project Div., EVA Airways Corp. Director of Evergreen Aviation Technologies Corp.	CEO (General Manager) of the Company	—	—	—	—
Director	R.O.C. (Taiwan)	STARWAY Developing Investments Limited	—	2022.08.29	3 years	2018.04.16	705,057,373	45.88	816,558,000	32.16	—	—	—	—	—	—	—	—	—	—
	R.O.C. (Taiwan)	Representative: Yeh, Shu-Wen	Female 41~50	2022.08.29	3 years	2022.08.29	—	—	—	—	—	—	—	—	National Taipei University of Business Flight Attendant of EVA Airways Corp. Flight Attendant of UNI Airways Corp. Financial Staff of Evergreen Marine Corp.	—	Chairman	Chang, Kuo-Wei	Husband and wife	—
Director	R.O.C. (Taiwan)	Representative: Nieh, Kuo-Wei (Note 2)	Male 71~80	2022.08.29	3 years	2018.04.16	263,339	0.02	368,055	0.01	—	—	—	—	Master's degree in College of Journalism and Communications, Shih Hsin University Chief Communications Officer, Evergreen Group	Chief Communications Officer (Executive Vice President) of the Company	—	—	—	—

Title	Nationality or place of registration	Name	Gender Age	Date elected (assumed position)	Term of office	Date of first election and job assumption	Shareholding when elected		Number of shares currently held		Current shareholding of spouse and minor children		Shareholding by nominee arrangement		Main experience (educational background)	Current adjunct positions at the Company and other companies	Other managers, directors or supervisors with relationship of spouse or within second degree of kinship			Remarks
							Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relationship	
Director	R.O.C. (Taiwan)	ABICO AVY Co., Ltd. (Note 3)	—	2023.06.30	2.2 years	2023.06.30	8,654,227	0.34	—	—	—	—	—	—	—	—	—	—	—	—
	R.O.C. (Taiwan)	Representative: Tong, Chun-Yi (Note 3)	Male 51~60	2023.06.30	2.2 years	2023.06.30	—	—	—	—	—	—	—	—	LSI Master of Engineering Department, Waseda University Bachelor of Arts, University of Southern California Chairman of Ability Venture Management Co., Ltd.	ABICO AVY Co., Ltd. Vice Chairman Chairman: Ability I Venture Capital Corporation, Excelsior Capital Management Co., Ltd., Abico International Co., Ltd., Abico Capital Co., Ltd., Dongguan Chengguang Metal Products Co., Ltd., Dongguan Chengguang Trading Co., Ltd. Director: I Production Film Co., Honlynn Co., Ltd., IKKA Holdings (Cayman) Limited, Yichan Investment Co., Ltd., HIRASEIMITSU(Thailand) Co., Ltd. Independent Director of Sirtec International Co., Ltd.	—	—	—	—
Public Welfare Independent Director	R.O.C. (Taiwan)	Tsai, Duei	Male 71~80	2022.08.29	3 years	2021.09.24	—	—	—	—	—	—	—	—	PhD. of Electrical Engineering, National Taiwan University Adjunct Professor of Department of Electronics, National Taiwan University of Science and Technology Vice President of Public Construction Commission, Executive Yuan Political Deputy Minister of Ministry of Transportation and Communications (MOTC) Administrative Deputy Minister of MOTC Technical Superintendent of MOTC Director General of Civil Aviation Administration (CAA) Deputy Director of Directorate General of Telecommunications, MOTC Minister of MOTC	Director of Da Ai Satellite Television Co., Ltd. Independent Director: Compal Electronics, Inc., Taiwan High Speed Rail Corporation, ITTY Biopharm Company Limited	—	—	—	—
	R.O.C. (Taiwan)	Wang, Te-Ho	Male 71~80	2022.08.29	3 years	2022.08.29	—	—	—	—	—	—	—	—	Master of Business Administration, National Chengchi University Master of Air Transportation Management, Kainan University Chief Secretary of CAA Deputy Director of CAA	—	—	—	—	—

Title	Nationality or place of registration	Name	Gender Age	Date elected (assumed position)	Term of office	Date of first election and job assumption	Shareholding when elected		Number of shares currently held		Current shareholding of spouse and minor children		Shareholding by nominee arrangement		Main experience (educational background)	Current adjunct positions at the Company and other companies	Other managers, directors or supervisors with relationship of spouse or within second degree of kinship			Remarks
Independent Director	R.O.C. (Taiwan)	Huang, Chih-Chen	Male 51-60	2022.08.29	3 years	2022.08.29	Number of shares Shareholding percentage	— —	Number of shares Shareholding percentage	— —	Number of shares Shareholding percentage	— —	Number of shares Shareholding percentage	— —	Department of Accounting, Feng Chia University President of Guang Yun CPAs Limited	President of Guang Yun CPAs Limited Chairman of Baishiyi International Co., Ltd. Director: Jyh Eng Technology Co., Ltd., Auden Education Foundation Independent Director of Auden Techno Corp. Independent Director of Ability Enterprise Co., Ltd.	Title	Name	Relationship	— — —

Note 1: Chang, Kuo-Wei holds 1,633,116,000 shares of the Company, shareholding percentage of 64.32%, through the STARLUX Investments Limited and STARWAY Developing Investments Limited.

Note 2: Director Ntsh, Kuo-Wei was discharged on June 29, 2023.

Note 3: Corporate director ABICO AVY Co., Ltd. and its representative Director Tong, Chun-Yi assumed the position on June 30, 2023.

A. Major shareholders among institutional shareholders

April 16, 2024

Name of Institutional Shareholders	Major Shareholders of Institutional Shareholders	Percentage of shares held(%)
STARLUX Investments Limited	Chang, Kuo-Wei	59.474
	Chang, Sheng-Hung	20.263
	Chang, Sheng-Wei	20.263
STARWAY Developing Investments Limited	Chang, Kuo-Wei	50.96
	Chang, Sheng-Hung	24.52
	Chang, Sheng-Wei	24.52
ABICO AVY Co., Ltd.	Abico International Co., Ltd.	13.08
	Ability Enterprise Co., Ltd.	10.22
	Heng Neng Investment Co., Ltd.	4.67
	Taishiba International Co., Ltd.	1.00
	Scuderia Integrated Marketing Co., Ltd.	0.99
	Lin, Lai-Cheng	0.80
	Lin, Hsiu-Yun	0.71
	JPMorgan Securities Investment Account held in trust by JPMorgan Chase Bank N.A., Taipei Branch	0.67
	Tseng, Wan-Ting	0.64
	Yeh, Yung-Hsiung	0.63

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

Name of Institutional Shareholders	Major Shareholders of Institutional Shareholders	Percentage of shares held(%)
Abico International Co., Ltd.	Chia-Mei Investment Co., Ltd.	100.00
Ability Enterprise Co., Ltd.	Pegatron Corporation	11.52
	ABICO AVY Co., Ltd.	10.02
	Chia-Nine Investment Co., Ltd.	1.60
	Vanguard-managed Emerging Market Stock Index Fund Investment Account held in trust by JPMorgan Chase Bank N.A., Taipei Branch	0.91
	Hsu, Yeh-Hsuan	0.85
	Chia-Mei Investment Co., Ltd.	0.78
	Investment Account with CSC Securities (HK) Ltd. held in trust by CAPITAL SECURITIES CORP.	0.73
	Investment Account for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds, held in trust by JPMorgan Chase Bank N.A., Taipei Branch	0.73
	Viewquest Investment Co., Ltd.	0.73
	Sun, Wen-Chun	0.57

C. Disclosure of professional qualification of directors and independence of independent directors

<div><div></div><div>Criteria</div><div>Name</div></div>	Professional qualification and experience (Note 1)	Independence status (Note 2)	Number of companies for adjunct independent directors of other public offering companies
Chang, Kuo-Wei Director	1. Professional qualification and experience: Equipped with more than five years of working experience in civil aviation transportation industry. Previous positions of Vice President of Evergreen Group and Chairman of EVA Airways Corp, Vice President of Evergreen Aviation Technologies, Pilot of B777-300ER, Pilot of A350. 2. Not subject to any conditions defined in Article 30 of the Company Act.	Not applicable.	0
Chai, Chien-Hua Director	1. Professional qualification and experience: Equipped with more than five years of working experience in civil aviation transportation industry. Previous positions of Deputy Senior Vice President, Project Div., Eva Airways Corporation 2. Not subject to any conditions defined in Article 30 of the Company Act.	Not applicable.	0
Nieh, Kuo-Wei Director (Note 3)	1. Professional qualification and experience: Equipped with more than five years of working experience in civil aviation transportation industry. Previously acted as Chief Communications Officer of Evergreen Group. 2. Not subject to any conditions defined in Article 30 of the Company Act.	Not applicable.	0
Yeh, Shu-Wen Director	1. Professional qualification and experience: Equipped with the working experience of more than five years in the area necessary for the business of the Company. Previous positions of Flight Attendant of EVA Airways Corporation, Flight Attendant of UNI Airways Corporation, Financial Staff of Evergreen Marine Corp. (Taiwan) Ltd. 2. Not subject to any conditions defined in Article 30 of the Company Act.	Not applicable.	0
Tong, Chun-Yi Director (Note 4)	1. Professional qualification and experience: Equipped with the working experience of more than five years in the area necessary for the business of the Company. Previously acted as Director of Ability Venture Management Co., Ltd. Director of Jabon International Co., Ltd. 2. Not subject to any conditions defined in Article 30 of the Company Act.	Not applicable.	1
Tsai, Duei Public Welfare Independent Director (Convener of Remuneration Committee, Convener of Audit Committee)	1. Professional qualification and experience: Equipped with more than twelve years of professional qualification of instructors of relevant departments of public and private colleges and universities and working experience in the area necessary for the business of the Company, previously acted as Political Deputy Minister of Ministry of Transportation And Communications (MOTC), Administrative Deputy Minister of MOTC, Technical Superintendent of MOTC, Director General of Civil Aviation Administration (CAA) of MOTC, Deputy Director of Directorate General of Telecommunications of MOTC, Minister of MOTC. 2. Not subject to any conditions defined in Article 30 of the Company Act.	Comply with the independence requirements specified in the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”.	3
Wang, Te-Ho Independent Director	1. Professional qualification and experience: Equipped with more than five years of professional qualification of instructors of relevant departments of public and private colleges and universities and working experience	Comply with the independence requirements specified in the	0

Name	Criteria	Professional qualification and experience (Note 1)	Independence status (Note 2)	Number of companies for adjunct independent directors of other public offering companies
(Remuneration Committee Member, Audit Committee Member)		in the area necessary for the business of the Company, previously acted as Supervisor of Taipei International Airport of CAA, MOTC, Supervisor of Taoyuan International Airport of CAA, MOTC, Deputy Director of CAA. 2. Not subject to any conditions defined in Article 30 of the Company Act.	“Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”.	
Huang, Chih-Chen Independent Director (Remuneration Committee Member, Audit Committee Member)		1. Professional qualification and experience: Equipped with more than five years of working experience of CPA and equipped with national examination qualification certificate, acted as President of Guang Yun CPAs Limited. 2. Not subject to any conditions defined in Article 30 of the Company Act.	Comply with the independence requirements specified in the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”.	2

Note 1: Professional qualification and experience: It describes the professional qualification and experience of individual director and supervisor. For a director of the audit committee member and equipped with accounting or financial expertise, it is necessary to describe his/her accounting or financial background and working experience. In addition, explanation on whether there is any condition specified in Article 30 of the Company Act shall be provided.

Note 2: Independent directors complying with independence status, including but not limited to whether director of the company, his/her spouse, relative within second degree of kinship acts as director, supervisor or employee of the Company or its affiliates; number of company shares held and holding percentage of the director, spouse, relative within second degree of kinship (or under the name of others); whether he or she acts as director, supervisor or employee of company having special relationship with the Company (please refer to the provisions of Subparagraphs 5~8 of Paragraph 1 of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); remuneration amount collected for providing corporate commerce, legal, finance or accounting service to the Company or its affiliates in the most recent two years.

Note 3: Director Nieh, Kuo-Wei was discharged on June 29, 2023.

Note 4: Director Tong, Chun-Yi assumed the position on June 30, 2023.

D. Diversity and Independence of Board of Directors

a. Diversity of Board of Directors

- The Company respects and promotes the director diversity policy, and to enhance the corporate governance and to promote the sound development of the board composition and structure, the Company is of the opinion that diversity policy is beneficial to the improvement of the overall performance of the Company. The selection of board members adopts the principle of right talent for the right position. In addition, appropriate diversity policy is established according to the operation, business model and development needs, including basic criteria and value, professional knowledge and skills, and knowledge, skills, and quality necessary for executing duties of directors.
- The Board of Directors of the Company consists of 7 directors, including 3 independent directors (ratio of 42.9%), 1 director with the identity of employee of the Company (ratio of 14.29%), and 1 female director (ratio of 14.29%), and all directors have the nationality of R.O.C. (Taiwan).

- To achieve the ideal goal of corporate governance, the entirety of the Board of Directors shall possess the following abilities according to Article 20 of the “Corporate Governance Principles” and Article 3 of the “Procedures for the Election of Directors” of the Company as described in the following:

Diversity Name	Basic Composition								Diversity Core Items					
	Nationality	Gender	Equipped with Employee Identity	Age				Seniority of Independent Director Less than 3 years	Air Transportation	Finance and accounting	Government and Regulation	Operational judgment	Business management	Knowledge of international markets
				41-50	51-60	61-70	71-80							
Chang, Kuo-Wei	R.O.C. (Taiwan)	Male			✓				✓			✓	✓	✓
Chai, Chien-Hua	R.O.C. (Taiwan)	Male	✓		✓				✓			✓	✓	✓
Nieh, Kuo-Wei (Note)	R.O.C. (Taiwan)	Male	✓				✓		✓			✓	✓	✓
Yeh, Shu-Wen	R.O.C. (Taiwan)	Female		✓					✓	✓		✓	✓	✓
Tong, Chun-Yi (Note)	R.O.C. (Taiwan)	Male			✓							✓	✓	✓
Tsai, Duei	R.O.C. (Taiwan)	Male					✓	✓	✓		✓	✓	✓	✓
Wang, Te-Ho	R.O.C. (Taiwan)	Male					✓	✓	✓		✓	✓	✓	✓
Huang, Chih-Chen	R.O.C. (Taiwan)	Male			✓			✓		✓		✓	✓	✓

Note: Director Nieh, Kuo-Wei was discharged on June 29, 2023, and director Tong, Chun-Yi assumed the position on June 30, 2023.

b. Independence of Board of Directors

- The Company organized reelection of all directors (including independent directors) during the 1st extraordinary shareholders’ meeting in 2022. Director Nieh, Kuo-Wei resigned on May 2, 2023, and the resignation effective date was June 29, 2023, and one director was further elected during the regular shareholders’ meeting on June 30, 2023. Presently, the Board of Directors have seven directors, including one public welfare independent director and two independent directors (independent directors accounted for 42.9%), 4 non-independent directors (57.1%), among which one director is equipped with the identity of employee/managerial officer (14.9%, not exceeding one-third of the total number of directors). To enhance the independence and operation performance of the Board of Directors, the Company has established the “Rules Governing the Scope of Powers of Independent Directors”, and independent directors perform duties according to these rules. In addition, during the term of office, no relationship capable damaging the interest of the Company or subject to loss of fair judgment was established with the management or related parties of the Company. All three independent directors are able to act independent and to supervise the operation of the Board of Directors effectively.
- All directors of the Company are not subject to any matters prescribed in Paragraph 2 to Paragraph 4 of Article 26-3 of the Securities and Exchange Act. Please refer to “C. Disclosure of professional qualification of directors and independence of independent directors” on pages 16~17 for details.

(2) General Manager, Executive Vice Presidents, Vice Presidents, and the heads of various Departments and Branches

April 16, 2024 : Unit: shares

Title	Nationality	Name	Gender	Date elected (assumed position)	Shareholding		Shareholding of spouse or minor children		Shareholding by nominee arrangement		Main experience (educational background)	Current adjunct positions at other companies	Managerial officers with relationship of spouse or within second degree of kinship			Remarks
					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relationship	
Chief Executive Officer (General Manager)	R.O.C. (Taiwan)	Chai, Chien-Hua	Male	2017.09.01	81,907	0.00	—	—	—	—	Bachelor; Department of International Business, Chung Yuan Christian University Vice President of Planning Office, EVA Airways Corp. Vice President of Ever Run Travel Service Corp.	None	None	None	None	—
Mainland China Chief Representative and Branch General Manager, Hong Kong Branch (Executive Vice President)	R.O.C. (Taiwan)	Cho, Po-Yue	Male	2022.10.08	396,804	0.02	—	—	—	—	EMBA in Tsinghua University, Beijing, China Executive Director of HACTL Development Holdings Limited Chief Representative of Evergreen Group in China, Vice President of EVA Airways Corp. in Europe Branch	Director of UNI Airways Corp.	None	None	None	—
Chief Communications Officer (Executive Vice President)	R.O.C. (Taiwan)	Nieh, Kuo-Wei	Male	2017.09.01	368,055	0.01	—	—	—	—	Master's degree in College of Journalism and Communications, Shih Hsin University Chief Communications Officer, Evergreen Group, Spokesman, EVA Airways Corp.	None	None	None	None	—
General Counsel (Executive Vice President)	R.O.C. (Taiwan)	Huang, Pei-Pei	Female	2022.09.01	56,880	0.00	—	—	—	—	Master of International Law, American University Senior Attorney of Dentons Taiwan, Judge and Chief Judge of Taiwan Taipei District Court	None	None	None	None	—
Chief Strategy Officer (Executive Vice President)	R.O.C. (Taiwan)	Liu, Yun-Fu	Male	2022.09.01	244,509	0.01	—	—	—	—	Bachelor's degree in Department of Business Administration, NCCU Regional Vice President, Expeditors International Deputy Manager, Cargo Management Dept., EVA Airways Corp.	None	None	None	None	—
Chief Human Resources Officer (Executive Vice President)	R.O.C. (Taiwan)	Wu, Chun-Hung	Male	2022.09.01	346,509	0.01	—	—	—	—	Bachelor's degree in Department of Business Administration, NCCU Vice President, Human Resources Div., EVA Airways Corp.	None	None	None	None	—

Title	Nationality	Name	Gender	Date elected (assumed position)	Shareholding		Shareholding of spouse or minor children		Shareholding by nominee arrangement		Main experience (educational background)	Current adjunct positions at other companies	Managerial officers with relationship of spouse or within second degree of kinship			Remarks
					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relationship	
Executive Vice President	R.O.C. (Taiwan)	Tsai, Bor-Kuen	Male	2023.07.01	62,244	0.00	36,175	0.00	—	—	Bachelor's degree in Department of Electrical Engineering, Ming Chi University of Technology Deputy Vice President, Base Maintenance Div., Evergreen Aviation Technologies Corp.	None	None	None	None	—
Chief Passenger Commercial Officer (Executive Vice President)	R.O.C. (Taiwan)	Liang, Wen-Long	Male	2023.01.01	66,949	0.00	—	—	—	—	Master's degree in Department of Transportation and Logistics Management, NYCU Vice President, Passenger Business Div., EVA Airways Corp.	None	None	None	None	—
Chief Cargo Commercial Officer (Executive Vice President)	R.O.C. (Taiwan)	Chiou, Yu-Yi	Male	2022.09.01	—	—	—	—	—	—	Bachelor's degree in Department of Physics, Chinese Culture University Vice President, Cargo Div., EVA Airways Corp.	None	None	None	None	—
Executive Vice President	R.O.C. (Taiwan)	Lee, Chung-Ning	Male	2021.02.01	144,721	0.01	—	—	—	—	Bachelor's degree in Applied Mathematics, University of Washington B777/B767 Captain, EVA Airways Corp.	None	None	None	None	—
Executive Vice President	R.O.C. (Taiwan)	Tung, Huei-Ling	Female	2023.07.01	117,475	0.00	—	—	—	—	Bachelor's degree in Department of Japanese Language and Culture, Soochow University Director, Human Resources Div., EVA Airways Corp. Director, Cabin Crew Scheduling Dept., EVA Airways Corp.	None	None	None	None	—
Executive Vice President	R.O.C. (Taiwan)	Chang, Lih-Lih	Female	2024.01.01	196,818	0.01	—	—	—	—	Bachelor's degree in Department of Statistics, Tamkang University Vice President, Airport Div., EVA Airways Corp. Vice President, Cabin Service Div., EVA Airways Corp.	None	None	None	None	—
Executive Vice President	R.O.C. (Taiwan)	Lien, Chieh-Cheng	Male	2018.01.01	159,694	0.01	—	—	—	—	Bachelor's degree in Department of Aerospace Engineering, Tamkang University Deputy Vice President, Line Maintenance Div., Evergreen Aviation Technologies Corporation	None	None	None	None	—

Title	Nationality	Name	Gender	Date elected (assumed position)	Shareholding		Shareholding of spouse or minor children		Shareholding by nominee arrangement		Main experience (educational background)	Current adjunct positions at other companies	Managerial officers with relationship of spouse or within second degree of kinship			Remarks
					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relationship	
Chief Information Officer (Executive Vice President)	R.O.C. (Taiwan)	Huang, Chi-Yao	Male	2023.07.01	78,017	0.00	—	—	—	—	Master's degree in Management Information System, Texas Lutheran University Senior TECH Manager, Nike Taiwan Limited	None	None	None	None	—
Vice President	R.O.C. (Taiwan)	Lin, Yu-Chen	Female	2023.01.01	435,774	0.02	8,148	0.00	—	—	Bachelor's degree in Department of Foreign Languages and Literature, Tunghai University Director, Cabin Services Div., EVA Airways Corp. Secretary of Senior Executives, EVA Airways Corp.	None	None	None	None	—
Vice President	R.O.C. (Taiwan)	Liu, Li-Wen	Female	2022.10.01	26,432	0.00	—	—	—	—	Master's degree in Department of Public Relations and Advertising, Shih Hsin University Deputy Manager, Public Relations Div., EVA Airways Corp. Deputy Manager, Loyalty Marketing Dept., EVA Airways Corp.	None	None	None	None	—
Vice President	R.O.C. (Taiwan)	Chuang, Chung-Ting	Female	2023.07.01	29,163	0.00	—	—	—	—	Master's degree in Laws, University of Warwick Chief Manager, Legal Affairs Office, Taiwan Mobile Co.	None	None	None	None	—
Chief Audit Officer (Vice President)	R.O.C. (Taiwan)	Chang, Li-Jen	Male	2021.01.04	214,798	0.01	—	—	—	—	Master, Department of Accounting and Information Technology, National Chung Cheng University Manager of Overseas Business Management Department, JUSDA Supply Chain Management International Co., Ltd.; Chief Auditor of T3EX Global Holdings Corp.	None	None	None	None	—
Vice President	R.O.C. (Taiwan)	Hsu, Pei-Hsuan	Female	2022.09.01	23,490	0.00	—	—	—	—	Master's degree in International Business Administration, Northumbria University at Newcastle Vice President, EverFun Travel Services Corp.	None	None	None	None	—

Title	Nationality	Name	Gender	Date elected (assumed position)	Shareholding		Shareholding of spouse or minor children		Shareholding by nominee arrangement		Main experience (educational background)	Current adjunct positions at other companies	Managerial officers with relationship of spouse or within second degree of kinship			Remarks
					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relationship	
Chief Procurement Officer (Vice President)	R.O.C. (Taiwan)	Huang, Chieh-Chih	Male	2018.05.02	166,266	0.01	—	—	—	—	EMBA, School of Management, National Central University Deputy Vice President, Business Dept., Evergreen International Storage & Transport Corp. Deputy Vice President, Corporate Planning Div., EVA Airways Corp. Assistant Technical Specialist, Air Force Aviation Industry Bureau	None	None	None	None	—
Vice President	R.O.C. (Taiwan)	Chou, Hsien-Lun	Male	2020.01.01	13,000	0.00	—	—	—	—	Bachelor's degree in System and Naval Mechatronic Engineering Department, Natioaal Cheng Kung University Director, Corporate Planning Div., EVA Airways Corp.	None	None	None	None	—
Vice President	R.O.C. (Taiwan)	Yen, Chih-Fan	Male	2022.09.01	454,084	0.02	—	—	—	—	Bachelor's degree in College of Law, National Taiwan University Assistant Manager, Evergreen Marine Corp.	None	None	None	None	—
Chief Corporate Safety Officer (Vice President)	R.O.C. (Taiwan)	Yang, Chia-Ming	Male	2023.10.02	13,000	0.00	—	—	—	—	Master's degree in Aeronautics and Astronautics Department, National Cheng Kung University Vice President, Flight Safety Div., UNI Airways Corp.	None	None	None	None	—
Vice President	R.O.C. (Taiwan)	Chen, Hung-Ying	Male	2023.04.17	50,000	0.00	—	—	—	—	Master's degree in American Studies, Tamkang University Senior Manager, Transportation, Universal Beijing Resort Assistant Vice President, Cabin and Ground Service Div., China Express Airlines	None	None	None	None	—
Vice President (Financial Officer and Chief Corporate Governance Officer)	R.O.C. (Taiwan)	Chang, Chih-Lin	Female	2021.01.18	150,000	0.01	—	—	—	—	Bachelor's degree in Department of Finance, National Sun Yat-sen University Director, Japan Branch, EVA Airways Corp. Director, Finance Dept., UNI Airways Corp.	Supervisor of UNI Airways Co., Ltd.	None	None	None	—

Title	Nationality	Name	Gender	Date elected (assumed position)	Shareholding		Shareholding of spouse or minor children		Shareholding by nominee arrangement		Main experience (educational background)	Current adjunct positions at other companies	Managerial officers with relationship of spouse or within second degree of kinship			Remarks
					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relationship	
Vice President	R.O.C. (Taiwan)	Teng, Chieh-Yi	Female	2020.08.01	13,000	0.00	—	—	—	—	Bachelor's degree in Department of Russian Language and Literature, Chinese Culture University Director, General Affairs Dept., EVA Airways Corp.	None	None	None	None	—
Vice President	R.O.C. (Taiwan)	Wu, Chieh-Yuan	Male	2017.10.01	100,000	0.00	—	—	—	—	Department of Electronic Engineering, West Lake Vocational School Special Assistant to the President, Evergreen Group Vice Chairman, Evergreen Security Corp.	None	None	None	None	—
Chief Digital Marketing Officer (Vice President)	R.O.C. (Taiwan)	Chen, Chih-Hao	Male	2022.07.01	45,398	0.00	—	—	—	—	Master's degree in Communications Management, Ming Chuan University Chief Marketing Officer & Accommodation Business Head, ezTravel Co., Ltd. Chief Operating Officer, AsiaYo Co., Ltd.	None	None	None	None	—
Vice President	R.O.C. (Taiwan)	Tseng, Wen-Chiang	Male	2024.02.22	—	—	—	—	—	—	Bachelor's degree in Department of Journalism, Chinese Culture University Vice President, Revenue Management Dept., EVA Airways Corp.	None	None	None	None	—
Vice President	R.O.C. (Taiwan)	Hu, Chen-Te	Female	2018.07.01	26,800	0.00	—	—	—	—	Bachelor's degree in Department of International Trade, Chinese Culture University Director, Passenger Business Div., EVA Airways Corp.	None	None	None	None	—
Vice President	R.O.C. (Taiwan)	Wu, Kuo-Pin	Male	2023.10.01	448,685	0.02	—	—	—	—	Bachelor's degree in Department of Aeronautics and Astronautics, National Cheng Kung University A321 Captain, EVA Airways Corp.	None	None	None	None	—
A321 Chief Pilot (Vice President)	R.O.C. (Taiwan)	Chen, Chih-Hao	Male	2024.04.01	45,434	0.00	—	—	—	—	Master's degree in Department of Aeronautics and Astronautics, National Cheng Kung University A321 Captain, EVA Airways Corp.	None	None	None	None	—

Title	Nationality	Name	Gender	Date elected (assumed position)	Shareholding		Shareholding of spouse or minor children		Shareholding by nominee arrangement		Main experience (educational background)	Current adjunct positions at other companies	Managerial officers with relationship of spouse or within second degree of kinship			Remarks
					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relationship	
A330 Chief Pilot (Vice President)	R.O.C. (Taiwan)	Hong, Shyh-Wei	Male	110.07.01	271,635	0.01	93,882	0.00	—	—	Bachelor's degree in Department of Electronic Engineering, Chung Yuan Christian University A321 Captain, EVA Airways Corp.	None	None	None	None	—
A350 Chief Pilot (Vice President)	R.O.C. (Taiwan)	Chang, Dz-An	Male	2023.06.01	38,408	0.00	—	—	—	—	Master's degree in Department of Air Transportation, Kainan University B747 Captain, Asiana Airlines	None	None	None	None	—
Vice President	R.O.C. (Taiwan)	Chiou, Yunn-Ru	Female	2024.01.01	312,113	0.01	—	—	—	—	National Ping-Tung Girl's Senior High School Manager, Cabin Service Div., EVA Airways Corp.	None	None	None	None	—
Vice President	R.O.C. (Taiwan)	Huang, Ta-Chih	Female	2024.01.01	78,017	0.00	—	—	—	—	Bachelor's degree in Department of Mass Communication, Tamkang University Director, Revenue Management Dept., EVA Airways Corp.	None	None	None	None	—
Vice President	R.O.C. (Taiwan)	Lee, Ming-Chieh	Male	2018.08.15	378,000	0.01	—	—	—	—	Bachelor's degree in Department of Russian Language and Literature, Chinese Culture University Chief Director, France Branch, EVA Airways Corp.	None	None	None	None	—
Vice President	R.O.C. (Taiwan)	Chen, Yu-Chu	Female	2023.07.01	34,357	0.00	—	—	—	—	Bachelor's degree in Department of Educational Media and Library Sciences, Tamkang University Director, Operation Management Dept., EVA Airways Corp.	None	None	None	None	—
Vice President	R.O.C. (Taiwan)	Wang, Chih-Li	Male	2019.02.11	252,543	0.01	—	—	—	—	Bachelor's degree in School of Transportation and Tourism, Kainan University Director, Operations Coordination Dept., Evergreen Airline Services Corp.	None	None	None	None	—
Vice President	R.O.C. (Taiwan)	Chen, Ching-Ti	Male	2019.01.01	50,010	0.00	—	—	—	—	Department of Aircraft Engineering, Army Academy R.O.C. Director, Engineering Dept., Evergreen Aviation Technologies Corp.	None	None	None	None	—

Title	Nationality	Name	Gender	Date elected (assumed position)	Shareholding		Shareholding of spouse or minor children		Shareholding by nominee arrangement		Main experience (educational background)	Current adjunct positions at other companies	Managerial officers with relationship of spouse or within second degree of kinship			Remarks
					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relationship	
Vice President	R.O.C. (Taiwan)	Wang, Chih-Kai	Male	2020.01.01	475,327	0.02	—	—	—	—	Bachelor's degree in Mechanical and Electro-Mechanical Engineering, Tamkang University Deputy Manager, Line Maintenance Div., Evergreen Aviation Technologies Corp.	None	None	None	None	—
Vice President	R.O.C. (Taiwan)	Liao, Ming-Min	Male	2020.01.01	96,444	0.00	—	—	—	—	Bachelor's degree in Electronic Engineering, Taiwan Provincial Taipei Institute of Technology, Director, Taiwan High Speed Rail Corp.	None	None	None	None	—
Vice President	R.O.C. (Taiwan)	Lin, Chee-Jong	Male	2020.01.01	121,326	0.00	—	—	—	—	Bachelor's degree in Department of Aerospace Engineering, Tamkang University Director, Taiwan Aircraft Maintenance and Engineering Co., Ltd. Instructor Engineer, EVA Airways Corp.	None	None	None	None	—
Vice President	R.O.C. (Taiwan)	Lu, Kuo-Tien	Male	2022.09.01	1,086,655	0.04	—	—	—	—	Bachelor's degree in Department of Industrial Engineering and Management, National Taipei University of Technology Deputy Manager, Line Maintenance Div., Evergreen Aviation Technologies Corp.	None	None	None	None	—
Vice President	R.O.C. (Taiwan)	Wang, Chih-Ming	Male	2024.01.01	226,370	0.01	22,684	0.00	—	—	Bachelor's degree in Université de Bourgogne Professional Engineer, Line Maintenance Div., Evergreen Aviation Technologies Corp.	None	None	None	None	—
Vice President	R.O.C. (Taiwan)	Lee, Ming-Der	Male	2017.11.01	45,128	0.00	—	—	—	—	Bachelor's degree in Department of Marine Engineering, Provincial Taiwan Maritime Technology College Business Analyst, Orange Business Services Singapore Pte Ltd.	None	None	None	None	—
Vice President	R.O.C. (Taiwan)	Yang, Chien-Chin	Male	2023.01.01	99,409	0.00	—	—	—	—	Bachelor, Department of Information Management, Shih Hsin University Manager of Infrastructure Department, BenQ Corporation	None	None	None	None	—

Title	Nationality	Name	Gender	Date elected (assumed position)	Shareholding		Shareholding of spouse or minor children		Shareholding by nominee arrangement		Main experience (educational background)	Current adjunct positions at other companies	Managerial officers with relationship of spouse or within second degree of kinship			Remarks
					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relationship	
Vice President	R.O.C. (Taiwan)	Shen, Cheng-Lu	Female	2023.01.01	174,365	0.01	—	—	—	—	Bachelor's degree in Commerce and Administration, Griffith University, Queensland Australia Manager, Computer Div., EVA Airways Corp.	None	None	None	None	—
Branch General Manager, Japan Branch (Vice President)	R.O.C. (Taiwan)	Wang, Yun-Hsiang	Male	2019.04.01	213,039	0.01	—	—	—	—	Bachelor's degree in Department of Industrial Engineering and Management, National Taipei Institute of Technology Director, Passenger Business Div., EVA Airways Corp. Chief Representative, Shanghai Office, EVA Airways Corp.	None	None	None	None	—
General Manager, North America Co. (Vice President)	R.O.C. (Taiwan)	Wang, Chia-Chi	Male	2022.08.15	121,633	0.00	—	—	—	—	Bachelor's degree in Department of International Business, Feng Chia University Director, Revenue Management Dept., EVA Airways Corp. Director, Houston Branch/America Head Office, EVA Airways Corp.	None	None	None	None	—
Director (Accounting Officer)	R.O.C. (Taiwan)	Lin, Hsin-Hui	Female	2020.11.01	71,000	0.00	—	—	—	—	Bachelor's degree in Department of Accounting, Feng Chia University Manager, Finance Div. EVA Airways Corp.	None	None	None	None	—

(3) Regarding the chairman of the Board of Directors and the president or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity and response measures: None.

3. Remuneration paid to Directors, General Manager and Executive Vice Presidents in the Most Recent Year

(1) Remuneration of Directors and Independent Directors

2023; Unit: NT\$ thousand

Title	Name	Remuneration of directors				Total of four items of A+B+C+D as a percentage of net income after tax		Remuneration received for serving as an employee concurrently				Total of seven items of A+B+C+D+E+F+G as a percentage of net income (Note 6)		Remuneration from investees other than subsidiaries or from the parent company		
		Remuneration (A) (Note 1)		Severance and pension (B)		Remuneration of directors (C) (Note 2)		Expenses for execution of business (D) (Note 3)		Salary, bonus and special allowance (E) (Note 4)	Severance and pension (F)	Remuneration of employees (G) (note 5)			All companies in the financial statements	
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements							
												Cash amount	Stock amount			Cash amount
Chairman	STARLUX Investments Limited Representative: Chang, Kuo-Wei	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Director	STARLUX Investments Limited Representative: Chai, Chien-Hua	—	—	—	—	—	—	—	4,685	4,685	108	108	4,793 3.21%	4,793 3.21%	—	
Director (Note 7)	STARWAY Developing Investments Limited Representative: Nieh, Kuo-Wei	—	—	—	—	—	—	—	1,645	1,645	54	54	1,699 1.14%	1,699 1.14%	—	
Director	STARWAY Developing Investments Limited Representative: Yeh, Shu-Wen	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Director (Note 8)	ABICO AVY Co., Ltd. Representative: Tong, Chun-Yi	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Public Welfare Independent Director	Tsai, Duci	1,000	—	—	—	30	1,030 0.69%	—	—	—	—	—	1,030 0.69%	1,030 0.69%	—	
Independent Director	Wang, Te-Ho	1,000	—	—	—	30	1,030 0.69%	—	—	—	—	—	1,030 0.69%	1,030 0.69%	—	
Independent Director	Huang, Chih-Chen	1,000	—	—	—	30	1,030 0.69%	—	—	—	—	—	1,030 0.69%	1,030 0.69%	—	
1. Please describe the payment policy, system, standard and structure for remuneration of independent directors, and explain the relationship with the remuneration payment according to the job duties handled, risks and time invested, etc.: (1) The Company installs one Public Welfare Independent Director according to the Civil Aviation Act, and regardless whether the Company is operating at a profit or loss, the Public Welfare Independent Director collects a fixed remuneration on a monthly basis and further collects transportation allowance for each time of attendance of board of directors' meeting or shareholders' meeting. (2) After the consideration of the necessity, reasonableness, legality, company risk appetite and assessment based on the standards adopted in the same industry, the Company decides to not provide compensation items other than the aforementioned remuneration described above to the Public Welfare Independent Director. 2. In addition to the disclosure of the table above, the remuneration collected by directors of the Company for providing services to all companies listed in the financial report (such as acting as non-employee consultant of the parent company/companies/investees indicated in the financial report): None. Note 1: Refers to the remuneration of directors for the most recent year (including the directors' salary, allowance, severance pay, various bonuses and rewards etc.). Note 2: The amount of directors' remuneration appropriated in the most recent year and approved by the Board of Directors. Note 3: Refers to the relevant business execution expense of directors in the most recent year (including transportation fee, special disbursement, various subsidies, accommodation, company vehicles and other physical offers etc.). Note 4: Refers to the expense for the compensation, including salary, allowance, severance pay, various bonuses, rewards, transportation fee, special disbursement, various subsidies, accommodation, company car etc. and physical offers etc., collected by directors concurrently acting as employees (including adjunct Presidents, Vice Presidents, other managerial officers and employees). Note 5: Where directors concurrently acting as employees (including adjunct President, Vice President, other Managers and employees) obtain employees' remuneration (including stocks and cash), the employees' remuneration amount appropriated in the most recent year based on the approval of the Board of Directors shall be disclosed. If such amount cannot be estimated, then the proposed appropriation amount for present year shall be calculated according to the actual appropriation amount ratio of last year. Note 6: Net income after tax refers to the net income after tax disclosed in the individual financial statements of the most recent year. Note 7: Director Nieh, Kuo-Wei was discharged on June 29, 2023. Note 8: Corporate director ABICO AVY Co., Ltd. and its representative Director Tong, Chun-Yi assumed the position on June 30, 2023.																

Remuneration range table

Range of remunerations to each director of the Company	Director name			
	Sum of foregoing four items (A+B+C+D)		Sum of foregoing seven items (A+B+C+D+E+F+G)	
	The Company	All companies in the financial statements	The Company	All companies in the financial statements
Under NT\$1,000,000	Chang, Kuo-Wei Chai, Chien-Hua Nieh, Kuo-Wei Yeh, Shu-Wen Tong, Chun-Yi	Chang, Kuo-Wei, Chai, Chien-Hua, Nieh, Kuo-Wei, Yeh, Shu-Wen, Tong, Chun-Yi	Chang, Kuo-Wei Yeh, Shu-Wen Tong, Chun-Yi	Chang, Kuo-Wei Yeh, Shu-Wen Tong, Chun-Yi
NT\$1,000,000 (inclusive)~NT\$2,000,000 (exclusive)	Tsai, Duei Wang, Te-Ho Huang, Chih-Chen	Tsai, Duei Wang, Te-Ho Huang, Chih-Chen	Tsai, Duei, Wang, Te-Ho Huang, Chih-Chen Nieh, Kuo-Wei	Tsai, Duei Wang, Te-Ho Huang, Chih-Chen Nieh, Kuo-Wei
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)	—	—	—	—
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)	—	—	Chai, Chien-Hua	Chai, Chien-Hua
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	—	—	—	—
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	—	—	—	—
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	—	—	—	—
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)	—	—	—	—
NT\$50,000,000 (inclusive) ~ NT\$ 100,000,000 (exclusive)	—	—	—	—
Above NT\$ 100,000,000	—	—	—	—
Total	8 people	8 people	8 people	8 people

(2) Remuneration of Supervisors: The Company has established Audit Committee on August 29, 2022 to replace the functions of the supervisors.

(3) Remuneration of General Manager and Executive Vice Presidents

2023; Unit: NT\$ thousand; thousand shares

Title	Name	Salary (A) (Note 1)		Severance and pension (B)		Bonus and special disbursement (C) (Note 2)		Remuneration of employees (D) (Note 3)				Total of four items of A+B+C+D as a percentage of net income (Note 4)		Remuneration from investees or subsidiaries or parent company
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	Cash amount	Stock amount	The Company	All companies in the financial statements	
Chief Executive Officer (General Manager)	Chai, Chien-Hua													
Mainland China Chief Representative and Branch General Manager, Hong Kong Branch	Cho, Po-Yue (Note 5)													
Chief Communications Officer	Nieh, Kuo-Wei													
Executive Vice President	Lien, Chieh-Cheng													
Executive Vice President	Lee, Chung-Ning													
Chief Strategy Officer	Liu, Yun-Fu													
General Counsel	Huang, Pei-Pei	38,058	38,058	1,242	1,242	2,528	2,528	—	—	—	—	41,828 28.04%	41,828 28.04%	—
Chief Human Resources Officer	Wu, Chun-Hung													
Chief Passenger Commercial Officer	Liang, Wen-Long													
Chief Cargo Commercial Officer	Chiou, Yu-Yi													
Chief Information Officer	Huang, Chi-Yao (Note 6)													
Executive Vice President	Tsai, Bor-Kuen (Note 6)													
Executive Vice President	Tung, Hwei-Ling (Note 6)													

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

Note 2: Refers to various bonuses, rewards, transportation fees, special disbursement, various subsidies, accommodation, company car and physical offers etc. as well as other remuneration amounts.

Note 3: The amount (including shares and cash) of employees' remuneration for General Manager and Executive Vice Presidents appropriated in the most recent year and approved by the Board of Directors.

Note 4: Net income after tax refers to the net income after tax disclosed in the individual financial statements of the most recent year.

Note 5: Chairman's Special Assistant, Cho, Po-Yue, adjusted the job position to Mainland China Chief Representative and Branch General Manager, Hong Kong Branch on 2024/03/11.

Note 6: Chief Information Officer Chi-Yao Huang, Executive Vice President Po-Kun Tsai and Executive Vice President Hui-Ling Tung adjusted the job rank to Executive Vice President on 2023/07/01.

Remuneration range table

Range of remunerations to General Manager and Executive Vice Presidents of the Company	Name of President and Vice President	
	The Company	All companies in the financial statements
Under NT\$1,000,000	—	—
NT\$1,000,000 (inclusive)~NT\$2,000,000 (exclusive)	Huang, Chi-Yao Tsai, Bor-Kuen Tung, Huei-Ling	Huang, Chi-Yao Tsai, Bor-Kuen Tung, Huei-Ling
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)	Cho, Po-Yue Nieh, Kuo-Wei Liu, Yun-Fu Huang, Pei-Pei Wu, Chun-Hung Liang, Wen-Long Chiou, Yu-Yi Lien, Chieh-Cheng	Cho, Po-Yue Nieh, Kuo-Wei Liu, Yun-Fu Huang, Pei-Pei Wu, Chun-Hung Liang, Wen-Long Chiou, Yu-Yi Lien, Chieh-Cheng
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)	Chai, Chien-Hua	Chai, Chien-Hua
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	Lee, Chung-Ning	Lee, Chung-Ning
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	—	—
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	—	—
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)	—	—
NT\$50,000,000 (inclusive) ~ NT\$ 100,000,000 (exclusive)	—	—
Above NT\$100,000,000	—	—
Total	13 people	13 people

Note 1: Chief Information Officer Huang, Chi-Yao, Executive Vice President Tsai, Bor-Kuen and Executive Vice President Tung, Huei-Ling adjusted the job rank to Executive Vice President on 2023/07/01.

(4) Name of Managerial officers for Distribution of Remuneration of Employees and Distribution Status:

December 31, 2023; Unit: NT\$ thousand

	Title	Name	Stock amount	Cash amount	Total	Total as a percentage of net income after tax (%)
Managerial Officers	Chief Executive Officer	Chai, Chien-Hua	—	—	—	—
	Mainland China Chief Representative and Branch General Manager, Hong Kong Branch	Cho, Po-Yue				
	Chief Communications Officer	Nieh, Kuo-Wei				
	General Counsel	Huang, Pei-Pei				
	Chief Strategy Officer	Liu, Yun-Fu				
	Chief Human Resources Officer	Wu, Chun-Hung				
	Executive Vice President	Tsai, Bor-Kuen				
	Chief Passenger Commercial Officer	Liang, Wen-Long				

	Title	Name	Stock amount	Cash amount	Total	Total as a percentage of net income after tax (%)
	Chief Cargo Commercial Officer	Chiou, Yu-Yi				
	Executive Vice President	Lee, Chung-Ning				
Managerial Officers	Executive Vice President	Tung, Huei-Ling				
	Executive Vice President	Chang, Lih-Lih				
	Executive Vice President	Lien, Chieh-Cheng				
	Chief Information Officer	Huang, Chi-Yao				
	Vice President	Lin, Yu-Chen				
	Vice President	Liu, Li-Wen				
	Vice President	Chuang, Chung-Ting				
	Chief Audit Officer	Chang, Li-Jen				
	Vice President	Hsu, Pei-Hsuan				
	Chief Procurement Officer	Huang, Chieh-Chih				
	Vice President	Chou, Hsien-Lun				
	Vice President	Yen, Chih-Fan				
	Chief Corporate Safety Officer	Yang, Chia-Ming				
	Vice President	Chen, Hung-Ying				
	Vice President (Financial Officer and Chief Corporate Governance Officer)	Chang, Chih-Lin				
	Vice President	Teng, Chieh-Yi				
	Vice President	Wu, Chieh-Yuan				
	Branch General Manager, Japan Branch	Wang, Yun-Hsiang				
	Chief Digital Marketing Officer	Chen, Chih-Hao	—	—	—	—
	Vice President	Hu, Chen-Te				
	Vice President	Wu, Kuo-Pin				
	A321 Chief Pilot	Hung, Chi-Tang				
	A330 Chief Pilot	Horng, Shyh-Wei				
	A350 Chief Pilot	Chang, Dz-An				
	Vice President	Lee, Ming-Chieh				
	Vice President	Chen, Yu-Chu				
	Vice President	Wang, Chih-Li				
	Vice President	Chen, Ching-Ti				
	Vice President	Wang, Chih-Kai				
	Vice President	Liao, Ming-Min				
	Vice President	Lin, Chee-Jong				
	Vice President	Lu, Kuo-Tien				
	Vice President	Lee, Ming-Der				
	Vice President	Yang, Chien-Chin				
	Vice President	Shen, Cheng-Lu				
	General Manager, North America Co.	Wang, Chia-Chi				
	Director (Accounting Officer)	Lin, Hsin-Hui				

(5) Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or financial reports, paid in the past two fiscal years by the Company and all companies included in the parent company only financial statements to the Company's General Manager and Executive Vice Presidents. Also, analyze and describe the remuneration policies, standards, and packages, the procedures through which remunerations were determined, and their linkage to business performance and future risks :

A. Remuneration paid to directors, supervisors, presidents, and vice presidents of the Company as a proportion to the net income after tax referred to in the individual financial statements in the most recent two years :

Job Title	Total remuneration as a percentage of net profit after tax in 2022		Total remuneration as a percentage of net profit after tax in 2023	
	The Company	All companies in the financial statements	The Company	All companies in the financial statements
Director	(0.21%)	(0.21%)	6.42%	6.42%
Supervisor	—	—	—	—
General Manager and Executive Vice Presidents	(0.45%)	(0.45%)	28.04%	28.04%

B. Policy, standard and combination for payment of remuneration, establishment of procedure of remuneration, and correlation between the business performance and future risk: The remuneration of directors of the Company comply with the provisions of the Articles of Incorporation of the Company, and the Board of Directors is authorized to determine the remuneration according to the operation participation level of the Company along with the consideration of the common standard adopted in the same industry. The remuneration of managerial officers is handled according to the salary structure and standard of the Company. Regarding the distribution of bonus, bonus is distributed depending upon the overall business performance of the Company and individual performance achievement rate.

4. Corporate Governance Status

(1) Board Meeting Operation Status

A. In 2023, a total of 8 sessions (A) of the Board of Directors' meetings were convened, and the director attendance status is as follows :

Job Title	Name (Note 1)	Actual Number of Attendance (Presence) (B)	Number of Attendance by Proxy	Actual Attendance Rate (%) [B/A] (Note 2)	Remarks
Chairman	STARLUX Investments Limited Representative: Chang, Kuo-Wei	8	1	87.50%	Director Chai, Chien-Hua was entrusted to attend as a proxy on March 27, 2023.
Director	STARLUX Investments Limited Representative: Chai, Chien-Hua	8	0	100%	None
Director	STARWAY Developing Investments Limited Representative: Nieh, Kuo-Wei	3	0	100%	Previous term of office Date of dismissal: 2023/06/29 Number of required attendance: 3 times
Director	STARWAY Developing Investments Limited Representative: Yeh, Shu-Wen	8	3	62.50%	Director Nieh, Kuo-Wei was entrusted to attend as a proxy on March 27, 2023. Chairman Chang, Kuo-Wei was entrusted to attend as a proxy on December 11, 2023. Chairman Chang, Kuo-Wei was entrusted to attend as a proxy on December 26, 2023.
Director	ABICO AVY Co., Ltd. Representative: Tong, Chun-Yi	5	0	100%	New assumption of position Date of job assumption: 2023/06/30 Number of required attendance: 5 times
Public Welfare Independent Director	Tsai, Duei	8	0	100%	None
Independent Director	Wang, Te-Ho	8	0	100%	None
Independent Director	Huang, Chih-Chen	8	0	100%	None

Other matters required to be recorded:

1. Where the operation of a board meeting is subject to one of the following, the board meeting date, session, proposal content, opinion of all independent directors and Company's handling for the opinions of independent directors shall be described:

- (1) Matters specified in Article 14-3 of Securities and Exchange Act: The Company has established the Audit Committee; therefore, the provision of Article 14-3 of the Securities and Exchange Act shall not be applicable in accordance with the Article 14-5 of the Securities and Exchange Act.
- (2) Any other resolution(s) passed but with independent directors voicing opposing or qualified opinions on the record or in writing: None.

Note 1: Where a director or supervisor is a corporate entity, the name of the corporate shareholder and the name of its representative shall be disclosed.

Note 2: (1) Before the end of the fiscal year, if there is any resignation of director or supervisor, the resignation date shall be indicated in the remarks field. The actual attendance rate (%) is calculated according to the number of board meetings convened and the number of actual attendance during the term of office.
(2) Where a reelection may be held for filling the vacancies of directors or supervisors before the end of the fiscal year, list both the new and the discharged directors or supervisors, and specify if they are the former directors or supervisors, or newly elected, re-elected and the date of the reelection in the "Remark" section. The actual attendance rate (%) is calculated according to the number of board meetings convened and the number of his/her actual attendance during his/her term of office.

2. For the execution status of recusal of directors due to conflicts of interest, the name of directors, proposal content, reasons of recusal and participation in voting shall be described:

Meeting date	Proposal content	Director for recusal due to conflict of interest	Reason for recusal of conflict of interest	Voting participation status
2023.03.27 Board of Directors	Proposal for ratification on the labor contract between the Company and related parties.	Director Chai, Chien-Hua Director Nieh, Kuo-Wei	With conflict of interest for this proposal	Except that Director Chai, Chien-Hua and Director Nieh, Kuo-Wei recused himself from participating in the discussion and voting due to conflict of interest according to the law, this proposal was approved by the remaining three attending directors, and this proposal was passed as proposed.
2023.08.10 Board of Directors	Proposal for ratification on the trademark rights and obligations transfer agreement between the Company and related parties. Trademark transfer and license agreement between the Company and related parties.	Chairman Chang, Kuo-Wei Director Chai, Chien-Hua Director Yeh, Shu-Wen	With conflict of interest for this proposal	Except that Chairman Chang, Kuo-Wei, Director Chai, Chien-Hua and Director Yeh, Shu-Wen recused himself from participating in the discussion and voting due to conflict of interest according to the law, this proposal was approved by the remaining four attending directors, and this proposal was passed as proposed.
2023.10.24 Board of Directors	Ratification of the "Affiliated Enterprise Trademark Co-existence Registration Agreement" signed by the Company and STARLUX Investments Limited	Chairman Chang, Kuo-Wei Director Chai, Chien-Hua Director Yeh, Shu-Wen	With conflict of interest for this proposal	Except that Chairman Chang, Kuo-Wei, Director Chai, Chien-Hua and Director Yeh, Shu-Wen recused himself from participating in the discussion and voting due to conflict of interest according to the law, this proposal was approved by the remaining four attending directors, and this proposal was passed as proposed.
2023.12.26 Board of Directors	Proposal for the distribution of the Company's 2023 bonus for managerial officers. Proposal for review of 2024 remuneration of existing and new managerial officers of the Company	Director Chai, Chien-Hua	With conflict of interest for this proposal	Except that Director Chai, Chien-Hua recused himself from participating in the discussion and voting due to conflict of interest according to the law, this proposal was approved by the remaining six attending directors, and this proposal was passed as proposed.

3. Board of Directors Self-Evaluation (Peer Evaluation) Execution Status.

Evaluation Cycle	Executed once annually
Evaluation Period	January 1, 2023 to December 31, 2023
Evaluation Scope	(1) Board of directors and Individual board member performance evaluation (2) Audit Committee and Remuneration Committee performance evaluation
Evaluation Method	Internal self-evaluation of Board of Directors, self-evaluation of individual board members and self-evaluation of functional committees were conducted through the method of directors filling out questionnaires.
Evaluation Content	(1) Board of directors performance evaluation: It includes the aspects of participation level in company's operation, increase of decision making quality of Board of Directors, composition and structure of the Board of Directors. Election and continuing education of directors, and internal control. (2) Individual board member performance evaluation: It includes the aspects of understanding of the objectives and missions of the Company, director responsibilities and authorities, level of participation in the Company's operations, internal relationship management and communication, expertise and continuing education of director, and internal control. (3) Functional committee performance evaluation: It includes the aspects of level of participation in the Company's operations, understanding of responsibilities and authorities of the functional committee, improvement of decision making quality of the functional committee, composition of the functional committee and its member selection, and internal control.

The Company has completed the 2023 board of directors performance self-evaluation, and has reported the evaluation result to the board of directors on March 25, 2024 as the basis for review and improvement. The total average score of the 2023 board of directors performance evaluation was 98.66 points (total of 100 points), the total average score of individual board member performance evaluation was 98.33 points (total of 100 points), the total average score of functional committees performance evaluation was 98.56 points (total of 100 points), indicating that the operation status of the board of directors and all committees is proper.

4. Goals (such as establishment of Audit Committee, improvement of information transparency etc.) for establishment of and execution status evaluation on the enhancement of functions of the Board of Directors for the current year and the most recent year:

- (1) To enhance the management mechanism and sound supervisory function, the Company has established the “Remuneration Committee” and “Audit Committee”. Meetings are convened according to the organization charters approved by the Board of Directors, in order to review and discuss relevant proposals. In addition, conclusions and recommendations are also reported to the Board of Directors for resolution, and great outcomes have been achieved. For organizational charter approved by the Board of Directors, its content includes the numbers, terms of office, and powers of committee members, as well as the meeting rules and resources to be provided by the Company for exercise of power by the committee.
- (2) The Company has applied for the “Liability Insurance for Directors, Supervisors and Important Staff”, in order to diversify legal liabilities of directors and to improve corporate governance capability of the Company.
- (3) To increase information transparency, the Company has established the “Corporate Governance Section”, “Stakeholders Section” and “Investors Section” on the Company’s website.
- (4) Presently, the Company has installed three independent directors and has established the “Rules Governing the Scope of Powers of Independent Directors” in order to facility independent directors to exercise their authorities. In addition, the Company has also established the Audit Committee to enhance the board function.

(2) Audit Committee Operation Status

The Company convened a total of 6 sessions (A) of Audit Committee meetings in 2023, and the attendance status of the independent directors is as follows :

Job Title	Name	Actual Number of Attendance (Presence) (B)	Number of Attendance by Proxy	Actual Attendance Rate (%) (B/A) (Note 1, 2)	Remarks
Public Welfare Independent Director (Convener)	Tsai, Duei	6	0	100%	
Independent Director	Wang, Te-Ho	6	0	100%	
Independent Director	Huang, Chih-Chen	6	0	100%	

Other matters required to be recorded:

1. Where the operation of Audit Committee is subject to one of the following, the board meeting date, session, proposal content, dissenting opinion of independent directors, reserved opinions or major recommendation item content, resolution result of the Audit Committee meeting and the Company’s handling with respect to the opinions of the Audit Committee shall be described.
 - (1) Matters specified in Article 14-5 of Securities and Exchange Act: Please refer to pages 65~69 (Important Resolutions of Board of Directors, Audit Committee and Remuneration Committee).
 - (2) In addition to the aforementioned matters, other motions without approval by the Auditing Committee but passed by the board of the directors with the consents of more than two-thirds of the directors: None.
2. Regarding recusal of independent directors from voting due to conflicts of interests, the names of independent directors, details of the relevant agendas, reasons for recusal, and the results of voting: None.
3. The communications between the independent directors, the internal auditors, and the independent auditors are listed in the table below (shall include major events, methods and results et. communicated in relation to the company’s financial and business status):

(1) Communication with Internal Audit Supervisor:

A. Communication Method:

The Company’s audit officer provides audit report during the Audit Committee meeting or other communication method on a quarterly basis, such that the audit operation implementation status, inspection deficiency improvement follow-up status and its outcome have been sufficiently communicated, and written audit report is also submitted to the independent directors periodically.

The CPAs of the Company report the annual financial statements audit result and other communication matters required by the laws and regulations during the Audit Committee meeting annually.

The Company’s independent directors maintain direct contact channel with the internal audit officer and the CPAs, and the method of email, telephone and meeting in person may be adopted for communication depending upon the needs. In addition, according to the requirements of the competent authority, the financial and business status of the Company is inspected, and management unit and governance unit are also communicated directly.

B. Summary on Status of Communication of Independent Directors and Internal Audit Officer:

Summary of 2023 Main Communication Matters

Date	Communication Method	Communication Focus	Communication Status and Result	Handling and Implementation Result
2023.03.27	Audit Committee	Internal audit report for January~February 2023	Approved through discussion of all attending members of the Audit Committee.	Independent directors held no opinions on this issue.
2023.05.09	Audit report (Internal audit officer independently reported to the independent directors)	Internal audit report for March~April 2023	Independent directors were informed of the report.	Independent directors held no opinions on this issue.
2023.08.10	Audit Committee	Internal audit report for May~July 2023	Approved through discussion of all attending members of the Audit Committee.	Independent directors held no opinions on this issue.
2023.12.26	Audit Committee	Internal audit report for August~November 2023 2024 audit plan of the Company	Approved through discussion of all attending members of the Audit Committee.	Independent directors held no opinions on this issue.

(2) Communication Status with CPAs

The Company's Audit Committee members and CPAs convene communication meeting at least once annually, in order to conduct sufficient communication on any impact of material adjustment of entries and regulatory amendments.

Date	Communication Method	Communication Focus	Communication Status and Result	Handling and Implementation Result
2023.03.27	Audit Committee	Audit Report Conclusion for the Company's Annual financial report for the Year 2022 independence declaration	Approved through discussion of all attending members of the Audit Committee.	Independent directors held no opinions on this issue.

(3) Corporate Governance Operation Status and Discrepancies with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons

Assessment Item	Operation Status			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
1. Has the Company established and disclosed its corporate governance practices according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	V		The Company has established the "Corporate Governance Principles" according to the resolution of the Board of Directors and has disclosed such principles at the Company's website and the Market Observation Post System (MOPS).	No major difference.
2. Company's shareholding structure and shareholders' equity (1) Has the Company established the internal procedures for handling shareholders' proposals, doubts, disputes, and litigation matters; in addition, have the procedures implemented accordingly?	V		The Company's Financial Division personnel handle shareholders' proposals, doubts, and disputes according to the internal procedures.	No major difference.
(2) Is the Company constantly informed of the identities of its major shareholders and the ultimate controller?	V		Financial Division is responsible for such matters.	No major difference.
(3) Has the company established and implemented risk management practices and firewalls for companies it is affiliated with?	V		Risk control measures have been established in the internal control operation procedure.	No major difference.
(4) Has the company established internal policies that prevent insiders from trading securities against non-public information?	V		<p>A. The Company has established the "Internal Material Information Handling Operation Procedure" according to the resolution of the Board of Directors, and "Management for Prevention of Insider Trading" is stipulated in the internal control operation procedure, in order to regulate the securities trading behaviors of insiders.</p> <p>B. The Company reminds insiders about the important rules related to equity transfer during the new assumption of job position of insiders or irregularly. In addition, the Company also provides the "Questions and Answers for Doubts on Prohibition of Insider Trading" to directors and managerial officer at the same time, and the "Prevention of Insider Trading" promotion letter from the competent authority is also forwarded to internal staff, in order to allow directors and managerial officers to timely and comprehensively understand "Insider Trading" related regulations. In 2023, directors have participated in "Prevention of Insider Trading" related courses, and relevant regulations have also been promoted and conveyed to officers above the Tex rank of manager during the Company's management meetings.</p>	No major difference.

Assessment Item	Operation Status		Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
3. Composition and responsibility of Board of Directors (1) Has the Board of Directors established diversity policy, specific management goal and has executed properly? (2) Apart from the Remuneration Committee and Audit Committee, has the Company assembled other functional committees at its own discretion? (3) Has the Company established a set of policies and assessment tools to evaluate the board's performance? Is performance evaluated regularly at least on an annual basis? In addition, has the result of the performance assessment been submitted to the Board of Directors' meeting and used as reference for the remuneration and nomination or reelection of individual director?	V	<p>For the Company's diversity policy on the composition of board members, specific management goal and implementation status, please refer to pages 17~18 for details.</p> <p>The Company has not yet established other types of functional committees voluntarily.</p>	<p>No major difference.</p> <p>In the future, according to the Company's scale and operational needs, the Company will progressively establish other types of functional committees.</p>
	V	<p>A. The Company has established the "Rules for Performance Evaluation of Board of Directors" according to the resolution of the Board of Directors and has disclosed such rules on the MOPS website.</p> <p>B. According to the Rules for Performance Evaluation of Board of Directors of the Company, the Board of Directors shall conduct at least once of internal evaluation on performance of Board of Directors annually.</p> <p>C. The 2023 performance result of Board of Directors has been reported to the Board of Directors on March 25, 2024, and the evaluation content is as follows:</p> <p>a. Evaluation on performance of Board of Directors: Total average score of 98.66 points, indicating that the self-evaluation result was excellent.</p> <p>b. Evaluation on performance of individual board members: Total average score of 98.33 points, indicating that the self-evaluation result was excellent.</p> <p>c. Evaluation on performance of functional committees: Total average score of 98.56 points, indicating that the self-evaluation result was excellent.</p> <p>D. The annual performance evaluation result of the Board of Directors may be used as the reference basis for the determination of the remuneration of individual directors and the nomination of directors.</p>	No major difference.
	V	<p>A. The CPAs retained by the Company are not directors, supervisors, managerial officers, employees, shareholders of the Company or affiliated enterprises, and the CPAs are not stakeholders thereof and also</p>	No major difference.
	V		
(4) Does the Company assess the independence of CPAs on a regular basis?	V		

Assessment Item	Operation Status		Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
			<p>comply with the regulations on independence judgment specified by the competent authority. (Please refer to Note 1 for details of the Certified Public Accountant Independence Assessment)</p> <p>B. The Company assesses the professionalism and independence of the CPAs annually, and the CPAs have also issued the independence declaration for the entrusted audit operation. In 2023, additional Audit Quality Indicators (AQIs) were obtained from the auditor. The 2023 CPA independence assessment has been approved by the audit committee and Board of Directors on December 26, 2023.</p>
4. Has the Company designated a department or personnel that specializes (or is involved) in corporate governance affairs (including but not limited to providing directors/supervisors with the information needed to perform their duties, convention of board meetings and shareholders' meetings, company registration and changes, preparation of board meeting and shareholders' meeting minutes etc.)?	V		<p>No major difference.</p>

Assessment Item	Operation Status		Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
			<p>and the Vice President of the Financial Division, Chang, Chih-Lin was appointed to act as the Chief Corporate Governance Officer.</p> <p>D. All functional committee meetings, Board of Directors' meetings and shareholders' meetings are convened according to the laws:</p> <p>a. The draft agenda of the board meeting is sent to the Board of Directors seven days in advance, and meeting materials are provided in the meeting. Reminders are given to director(s) in advance when such director(s) is in a conflict of interest with a proposal for recusal, and the board meeting minutes are sent to directors twenty days after the meeting.</p> <p>b. After a Board of Directors' meeting, assistance to the major information announcement of important resolutions is provided in order to ensure the legality and accuracy of the major information content and to ensure the properness of the investor transaction information, etc.</p> <p>c. Meeting notice, meeting handbook and meeting minutes are prepared within the statutory deadlines.</p>
5. Has the Company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)?	V		No major difference.
6. Has the Company commissioned a professional stock agency institution to handle shareholders' meeting affairs?	V		No major difference.
7. Information Disclosure (1) Has the Company established a website that discloses financial, business, and corporate governance-related information? (2) Has the Company adopted other means to disclose information (e.g. English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson	V V		<p>The Company has disclosed financial, business, and corporate governance information on the Company's website.</p> <p>Company's website: http://www.starlux-airlines.com/</p>

Assessment Item	Operation Status			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
<p>system, broadcasting of investor conferences via the company website)?</p> <p>(3) Has the Company made public announce and report the annual financial statements within a period of two months after the end of each fiscal year, and has the Company also made announcement and provided report of the first, second and third quarter financial statements as well as the monthly business operation status?</p>		V	The Company has not yet announced the filing of annual financial reports early within two months after the end of fiscal year; however, the Company still announces the filing of financial reports and the monthly revenue status before the specified deadlines.	Early announcement will made timely in the future.
<p>8. Does the Company has other important information (including but not limited to employees' benefits and rights, employee care, investor relationship, supplier relationship, rights of stakeholders, educational training status of directors and supervisors, implementation of risk management policy and risk measurement standards, customer policy implementation status, purchase of liability insurance for directors and supervisors of the Company etc.) helpful to the understanding of the corporate governance operation status of the Company?</p>	V		<p>A. The Company arranged instructors of the "Securities & Futures Institute" to proceed to the Company and to organize the courses of "Global future risks and sustainability transformation opportunities" and "Latest practical analysis on trade secrets and operational risks for directors and supervisors" on May 16, 2023 and December 11, 2023 respectively.</p> <p>B. To strengthen the corporate governance and the board function, the Company has entrusted Cathay Century Insurance Co., Ltd. to organize the insurance renewal for the "Liability insurance for directors, supervisors and important staff", and has reported to the Board of Directors on May 16, 2023.</p> <p>C. For the 2023 continuing education status of directors of the Company, please refer to Note 2 for details.</p> <p>D. The Company's Audit Committee evaluates the independence and competence of CPAs retained annually, and requests CPAs to provide the "Declaration of Independence" and also performs evaluation on the five main aspects of professionalism, quality control, independence, supervision and innovation capability according to the standard of Note 1 and the Audit Quality Indicators (AQIs), and evaluation is also performed according to the evaluation data provided by the 15 indicators. The CPAs' independence and competence were reviewed and approved by the Audit Committee and reported to the Board of Directors for resolution on December 26, 2023.</p>	No major difference.
<p>9. Please provide explanation on the improvement status of the corporate governance evaluation announced by Taiwan Stock Exchange (TWSE) in the most recent year, and provide priority enhancement and measures for matters yet to be improved. (This not required for company not listed for evaluation) Not applicable.</p>				

Note 1: Certified Public Accountant (CPA) Independence Assessment

Assessment Item	Assessment Result	Whether the independence criteria are satisfied
1. Up to the most recent certification operation, there is no occurrence of CPA without change for seven years.	Criteria satisfied	Yes
2. CPA has no material financial interests with the trustor.	Criteria satisfied	Yes
3. CPA prevents to have any inappropriate relationship with the trustor.	Criteria satisfied	Yes
4. CPA shall request its assisting personnel to properly comply with the requirements for integrity, fairness and independence.	Criteria satisfied	Yes
5. The financial statements of the institutions serviced within two years before practice shall not be audited and certified.	Criteria satisfied	Yes
6. The name of CPA shall not be provided to others for use.	Criteria satisfied	Yes
7. CPA does not hold shares of the Company and associates.	Criteria satisfied	Yes
8. CPA does not engage in any loan or borrowing with the Company and associates.	Criteria satisfied	Yes
9. CPA does not engage in any relationship of joint investment or share of profit with the Company and associates.	Criteria satisfied	Yes
10. CPA does not concurrently hold a routine job position at and receive a fixed salary from the Company or associates.	Criteria satisfied	Yes
11. CPA does not involve in the management position or function for decision making of the Company or associates.	Criteria satisfied	Yes
12. CPA does not concurrently operate other business that may cause the loss of his/her independence.	Criteria satisfied	Yes
13. CPA is not in any relationship of spouse, lineal relative by blood or by marriage or relative within second degree of kinship with the management of the Company.	Criteria satisfied	Yes
14. CPA does not collect commission related to any business.	Criteria satisfied	Yes
15. Up to the present day, there has been no sanction or violation of the principle of independence.	Criteria satisfied	Yes

Note 2 : 2023 Continuing Education Status of Directors of the Company :

Job Title	Name	Date of education/training	Professional training institution	Training course	Number of hours
Chairman	Chang, Kuo-Wei	May 16, 2023	Securities & Futures Institute	Global future risks and sustainability transformation opportunities	3.0
		December 11, 2023	Securities & Futures Institute	Latest practical analysis on trade secrets and operational risks for directors and supervisors	3.0
Director	Chai, Chien-Hua	May 16, 2023	Securities & Futures Institute	Global future risks and sustainability transformation opportunities	3.0
Director	Nieh, Kuo-Wei	December 11, 2023	Securities & Futures Institute	Latest practical analysis on trade secrets and operational risks for directors and supervisors	3.0
Director	Yeh, Shu-Wen	May 16, 2023	Securities & Futures Institute	Global future risks and sustainability transformation opportunities	3.0
		May 16, 2023	Securities & Futures Institute	Global future risks and sustainability transformation opportunities	3.0
Director	Tong, Chun-Yi	July 21, 2023	Taiwan Investor Relations Institute	How enterprises shall respond to ESG challenges and to create transformation opportunities	3.0
		October 20, 2023	Taiwan Investor Relations Institute	How to utilize intellectual property management system to improve corporate governance	3.0
		April 13, 2023	Taiwan Institute of Directors	2023 KPMG Leadership Institute Forum - Business opportunities and challenges under the net zero trend	3.0
		May 16, 2023	Securities & Futures Institute	Global future risks and sustainability transformation opportunities	3.0
		August 9, 2023	Securities & Futures Institute	Participation and implementation of public welfare of goodness, truth and beauty is advantageous to business (ESG/SROI)	3.0
Public Welfare Independent Director	Tsai, Duei	October 13, 2023	Taiwan Corporate Governance Association	Digital technology and artificial intelligence trend and risk management	3.0
		November 10, 2023	Taiwan Corporate Governance Association	2023 low-carbon economy and corporate low-carbon innovative global trend and business opportunity	3.0
		November 24, 2023	Taiwan Corporate Governance Association	Necessary knowledge on legal affairs for Board of Directors supervising enterprises: Be aware of the red line for concerted action	3.0
		December 11, 2023	Securities & Futures Institute	Latest practical analysis on trade secrets and operational risks for directors and supervisors	3.0
Independent Director	Wang, Te-Ho	May 16, 2023	Securities & Futures Institute	Global future risks and sustainability transformation opportunities	3.0
		December 11, 2023	Securities & Futures Institute	Latest practical analysis on trade secrets and operational risks for directors and supervisors	3.0
Independent Director	Huang, Chih-Chen	May 9, 2023	Taiwan Corporate Governance Association	Global enterprise sustainable development from macro perspective - From vision of 2050 to action in 2021	3.0
		May 16, 2023	Securities & Futures Institute	Global future risks and sustainability transformation opportunities	3.0

(4) If the Company has established the Remuneration Committee or Nomination Committee, the composition and operations of such committee shall be disclosed :

A. Information of Remuneration Committee Members

All members of the Remuneration Committee of the Company are independent directors. For information on their professional qualification and experience, independence status, number of positions as a remuneration committee member in other public companies, please see pages 16~17 for details.

B. The responsibilities of the Remuneration Committee are to provide advices on the following matters and to submit to the Board of Directors for resolution :

- a. Establish and periodically review the performance evaluation of directors and managerial officers as well as the policy, system, standard and structure for the remuneration.
- b. Establish and periodically review the performance evaluation of directors and managerial officers as well as the policy, system, standard and structure for the remuneration.

C. Information on Operation Status of Remuneration Committee

- a. The Company's Remuneration Committee consists of 3 members.
- b. The term of office of present members is from August 29, 2022 to August 28, 2025.
- c. In 2023, a total of 4 sessions (A) of Remuneration Committee Meetings were convened. For resolutions of the meetings, please refer to pages 65~69 (Important Resolutions of Board of Directors, Audit Committee and Remuneration Committee). The attendance status of the committee members is as follows:

Job Title	Name	Actual Number of Attendance (B)	Number of Attendance by Proxy	Actual attendance rate (%) (B/A)(Note)	Remarks
Convener	Tsai, Duei	4	0	100%	None
Committee Member	Wang, Te-Ho	4	0	100%	None
Committee Member	Huang, Chih-Chen	4	0	100%	None
Other matters required to be recorded: 1. In the event where the Remuneration Committee's proposal is rejected or amended in a Board of Directors meeting, please describe the date and session of the meeting, details of the agenda, the board's resolution, and how the company had handled the Remuneration Committee's proposals (describe the differences and reasons, if any, should the Board of Directors approve a solution that was more favorable than the one proposed by the Remuneration Committee): None. 2. In case where any member object or express qualified opinions to the resolution made by the Remuneration Committee, whether on-record or in writing, please describe the date and session of the meeting, details of the agenda, the entire members' opinions, and how their opinions were addressed: None.					

(5) Discrepancies of the Company's implementation of sustainable development status from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause:

Implementation item	Implementation status		Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause
	Yes	No	
1. Has the Company established a governance structure for promoting the sustainable development, and set up a unit that specializes (or is involved) in the promotion of sustainable development, and does the board of director authorize the senior management for handling such matter, and the supervision status of the Board of Directors?	V		<p>In response to the "Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) in Taiwan" announced by the CAA, the Company has established the carbon credit dedicated unit during the mid-2022. In addition, to comprehensively achieve the vision of sustainable development, the Company has established the "Corporate Sustainability Committee" according to the approval and authorization of the Board of Directors on May 16, 2023. In addition, different task forces of different fields are established under the Committee, in order to ensure that sustainable development is adequately implemented in the daily operations via periodic meetings.</p> <p>Relevant sustainability actions and development plans of the "Corporate Sustainability Committee" are reported to the Board of Directors semi-annually and publicly disclosed in the Sustainability Report. In 2023, the major sustainability topics for the Company's operation and concerned by the stakeholders have been identified completely. In addition, short-term, medium-term and long-term goals for each topic are established, the implementation outcome is also tracked, in order to implement the sustainable development policy in the daily operations.</p> <p>"Corporate Sustainability Committee" reported the sustainable development and future work plan to the Board of Directors in 2023 for a total of 3 times. The meeting agenda content included (1) Establishment of "Corporate Sustainability Committee", (2) Stipulation of "Corporate Sustainability Principles" and (3) Establishment of goal and policy for sustainability material topic.</p>
2. Has the Company implemented the risk assessment of environmental, social, and corporate governance issues related to corporate operation, and has the Company established relevant risk management policies or strategies based on the principle of materiality?	V		<p>The Company will disclose the sustainable development performance of business locations of the Company in 2023. The risk assessment boundary is consistent with the financial report announced by the Company, including the regions of Taiwan, Macao, Southeast Asia, Northeast Asia, North America, etc. are included in the scope of the present assessment.</p> <p>The Corporate Sustainability Committee identifies and analyzes material topics according to the materiality principle of the Sustainability Report, and also engages and communicates with the stakeholders, collects domestic and foreign sustainability and recycling/environmental protection related documentations, summarizes relevant information of all departments and stakeholders' concern level on sustainability topic, assesses ESG material topic, and also identifies the impacts of risks and opportunities on the Company according to the steps of "goal setting, expectation survey, risk and opportunity identification/assessment, determination on material risks and opportunities, handling, process management supervision, case closure and archive" as well as the response to such impact.</p> <p>The Company's highest risk management level is the CEO, and divisions and offices under the CEO are responsible for performing identification, implementing risk assessment and handling. The audit unit plans and supervises the implementation status of each division and office, also reviews the inspection result, response measures and progress follow-up. "Information Security and Personal Data Protection Committee", "Safety and Health Committee", "Corporate Security Committee" are established as cross-</p>

Implementation item	Implementation status		Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and cause
	Yes	No	
			<p>division/office dedicated functional organizations, in order to improve all aspects of the structure of the risk management of the Company.</p> <p>According to the risk assessed, relevant risk management policies, strategies and actions have been established and implemented as follows:</p> <p>A. Environmental topic:</p> <ul style="list-style-type: none"> • To comply with the environment-related regulations and relevant international standards, the Company protects the natural environment properly and is committed to achieve the goal of environmental sustainability. In addition, the Company plans the introduction of ISO 14001 Environmental Management System” and “ISO 50001 Energy Management System” certifications, in order to improve the risk management mechanism. • The Company has established the sewage treatment system, and sewage generated from the operation are discharged via safety and systematic management, in order to effectively reduce pollution emissions and impacts on the environment. Furthermore, all wastes are also disposed according to the government regulations and are in compliance with the environmental inspection standard. • The Company has established the “CORSA Carbon Emissions Management Regulations”, and qualified CAA’s review on the CORSA mechanism carbon emissions monitoring, report and certification for the first time. We will continue to implement the same annually. • In 2023, we activated the internal greenhouse gas (GHG) emission inventory inspection education and training, and completed the 2023 ISO 14064-1:2018 GHG inventory inspection and qualified the certification. We will continue to implement the same annually. • We introduced the Task Force on Climate-related Financial Disclosures (TCFD) framework for the first time in 2023, in order to assess the impact of climate risks and opportunities on the financial status. • The “Corporate Sustainability Committee” establishes various environmental protection and fuel-saving policies, carbon reduction implementation plan, and promotes various sustainability projects. In addition, goal review and policy establishment are implemented once semi-annually. <p>B. Social topic:</p> <ul style="list-style-type: none"> • Occupational safety and health <ul style="list-style-type: none"> a. To protect and provide a safe and reliable workplace to employees, and to reduce the probability of accidents and illnesses of employees, the Company has completed the introduction of “ISO45001 Occupational Safety and Health Management System” and “TOSHMS Taiwan Occupational Safety and Health Management System” certifications, in order to improve the internal occupational safety and health risk management mechanism. b. The Company periodically organizes occupational safety and health education and training, in order to improve the workplace safety and health awareness of all employees and to enhance relevant safety and health knowledge and skills. In 2023, a total of 3,067 people completed the training, accounted for 99%.

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	Yes	No	
			<p>c. "Occupational Health and Safety Committee" meetings are convened annually to track the performance.</p> <ul style="list-style-type: none"> • Brand strategy and development <ul style="list-style-type: none"> a. The Company establishes the STARLUX Airlines brand positioning policy to manage the Company's brand image. b. Each newsletter related to the Company's brand is able to receive more than 10 articles of news reports. Up to the end of 2023, our brand has more than 14,000 news reports and exposure annually. • Customer satisfaction and innovative service <ul style="list-style-type: none"> a. The Company organizes service quality management meetings monthly, in order to analyze customer comments and feedbacks and to conduct customer satisfaction survey, thereby objectively understanding of customers' riding experience, and precisely analyzing customer demands and optimizing services. b. Passenger transportation satisfaction survey was completed for the first time in 2023. <p>C. Corporate governance topic:</p> <ul style="list-style-type: none"> • Ethical management <ul style="list-style-type: none"> a. The Company plans the annual continuing education topics, including code of ethics related regulations, for directors, and also organizes ethical management related courses annually. b. Ethical management related training and courses for employees are organized at least once annually. • The Company has qualified two ISO certifications: "ISO27001 Information Security Management and "ISO27701 Privacy Information Management System", and also establishes and maintains risk management mechanism for information security and personal privacy protection. • The Company has qualified the "Taiwan Intellectual Property Management System" (TIPS) certification, and also establishes intellectual property risk management mechanism. • Social and Economic Regulatory Compliance: <ul style="list-style-type: none"> a. The Company has established the Legal and Insurance Office to monitor the domestic and foreign important policies and regulatory change status at all time, and to also actively propose response measures and provide information to responsible units, in order to ensure that the Company complies with relevant laws and regulations properly. b. The Company implements the TIPS to enhance the trademark, copyright and trade secret management, in order to improve the intellectual property management capability. The Company encourages the application of intellectual property rights of trademarks and patents, in order to protect the Company's creation and R&D products, and to reduce the risk of infringing the rights of others or being infringed by others, thereby protecting the rights and interests of the Company. • The Company has established the Safety Review Committee (SRC) and convenes meetings quarterly to ensure the effectiveness of safety management operation. In addition, Safety Action Group (SAG) is also established under SRC, and meetings are convened monthly to implement flight safety

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	Yes	No	
			properly. In addition, in response to the lifting of epidemic border control restrictions and to expand the way-points, the Company performs preventive risk identification and propose mitigation measures with proper implementation. <ul style="list-style-type: none"> The Company applies the director liability insurance for all directors, in order to protect them from lawsuits or claims.
3. Environmental Topic (1) Has the Company established environmental management system suitable for the Company's industrial characteristics?	V		In 2023, the Company implemented the annual GHG inventory inspection according to ISO 14064-1:2018 standard and obtained the third party verification certificate for the first time. The Company collected GHG emission sources according to the ISO standard and the information will be summarized and publicly disclosed and released in the 2023 Sustainability Report.
(2) Is the Company committed to achieving efficient use of resources, and using renewable materials that produce less impact on the environment?	V		In 2023, the Company has established the business location energy-saving and carbon reduction strategies. Since the Company's main energy consumption uses the externally purchased electricity, to improve the energy use efficiency, the method of public space lighting in different time periods and areas is adopted in order to reduce the energy consumption. The ground transportation vehicles are installed with solar panels, in order to implement the vehicle electrification. Furthermore, the air conditioning system water outlet temperature and flow are controlled, in order to achieve the host machine running optimization, thereby achieving energy-saving and optimized running mode. Regarding the energy-saving and carbon reduction strategies for aircrafts, with the increasing operation scale and continuous growth of the fleet, the newly purchased A350 flight uses the XWB series of engine (Rolls-Royce Trent XWB) of the best performance efficiency in the industry, such that it is able to reduce 25% of carbon emissions. In addition, the Company also plans to gradually increase the sustainable aviation fuels (SAF) consumption rate year after year, in order to reduce the overall carbon emissions generated from the aviation fuel consumption. As for the materials-friendly actions, the Company periodically announces the internal plastics reduction actions periodically in order to increase the environmental protection awareness of employees, and to promote all employees to respond to the waste reduction in action. Furthermore, in terms of the in-flight service items and own products, the Company purchases recycled and regenerated raw materials and packaging materials in priority, in order to make contribution to the eco-friendly Earth environment.
(3) Has the Company assessed the climate change on the present and future potential risks and opportunities of the corporation, and has the Company adopted relevant responsive actions?	V		The Company establishes the Corporate Sustainability Committee as the highest organization for the climate change management, and the CEO acts as the convener of the committee. Each year, the Executive Secretary's Office collects and summarizes sustainability topics of the same industry, CDP climate questionnaire on risks and opportunities and aviation industry trend topics, and reports to the board of directors periodically. According to the TCFD recommendation framework announced by the Financial Stability Board (FSB), climate change is assessed and material risks and opportunities are also identified. The TCFD task force

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			<p>established under the work group is convened periodically. At the end of 2023, the TCFD task force completed the identification of 14 key climate risks and opportunities, classified into 6 transformation risks including the policy/regulation, technology, market and reputation risks, 3 acute/chronic physical risks and 5 climate opportunities including products, services, energy resource and resource efficiency. The Company's analysis on the climate change risks and opportunities will be disclosed in the Company's 2023 Sustainability Report in details.</p>															
(4) Has the Company statistically analyzed the greenhouse gas emission, water usage and waste total weight over the past years, and does the Company establish policies for reduction of greenhouse gas emissions, reduction of water consumption or other waste management?	V		<p>STARLUX Airlines implements the latest and eco-friendly aircraft models and continues to introduce flight and ground equipment adopting carbon reduction technologies, in order to reduce the impact of GHG emission on the environment. The Company plans to introduce the environment and energy management system in 2024, and sustainability performance management indicators will also be established.</p> <ul style="list-style-type: none">GHG emissions in the most recent two years:<ol style="list-style-type: none">For all business locations of the Company in the region of Taiwan, the inventory inspection for Scopes 1, 2 and 3 according to ISO 14064-1:2018 standard and third-party verification were completed in 2023.Statistics on Greenhouse Gas (GHG) Emissions in the Most Recent Year <p style="text-align: right;">Unit: tonnes CO₂e</p> <table><tr><th>Year</th><th>Scope 1</th><th>Scope 2</th><th>Scope 3</th><th>Total</th></tr><tr><td>2022</td><td>136,248.03</td><td>4,809.26</td><td>-</td><td>141,057.29</td></tr><tr><td>2023</td><td>589,857.38</td><td>6,594.27</td><td>4,290.04</td><td>600,741.69</td></tr></table> <p>Note 1: GHG inventory inspection boundary covers: Taipei Headquarters, Image Store, Taichung Office, Taoyuan Flight Operations Center, Terminal 1 Office, Terminal 2 Office, Taoyuan Airport Office, Bonded Building, Maintenance Hangar, and Farglory Cargo Transportation Office, with a total of ten operating locations.</p> <p>Note 2: GHG inventory inspection scope: The scope includes a total of 7 types of GHGs of Carbon dioxide (CO2), methane (CH4), nitrous oxide(N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF6), nitrogen trifluoride (NF3).</p> <p>Note 3: In 2023, the Company completed the 2022 aviation fuel inspection operation according to the “Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) in Taiwan” for the first time. Since 2024, the Company has completed the 2023 GHG inventory inspection operation according to the ISO14064-1:2018. Accordingly, the GHG inventory inspection data for 2022 covered the CORSIA aviation fuel inspection and preliminary estimation on the non-CORSIA aviation fuel and externally purchased electricity of business locations only.</p> <p>Note 4: The inventory inspection scope for Categories 3~6 in 2023 covered the items of GHG emissions generated from the upstream emissions of externally purchased energy, employee commute and business trips in the value chain.</p> <p>The Company values the water resource, energy-saving and environmental protection topics, and comprehensively promotes and implements water saving in daily activities. In the future, the Company plans to conduct water footprint record inspection and water resource recycle and reuse, such that the water resource utilization is able to achieve greater effect and benefit in the future.</p> <ul style="list-style-type: none">Water Consumption in the Most Recent Two Years:	Year	Scope 1	Scope 2	Scope 3	Total	2022	136,248.03	4,809.26	-	141,057.29	2023	589,857.38	6,594.27	4,290.04	600,741.69
Year	Scope 1	Scope 2	Scope 3	Total														
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			<div>Unit: million liters</div> <table><thead><tr><th>Year</th><th>Total water consumption</th><th>Number of employees</th></tr></thead><tbody><tr><td>2022</td><td>60.37</td><td>Number of employees of 2,322 people</td></tr><tr><td>2023</td><td>89.33</td><td>Number of employees of 4,073 people</td></tr></tbody></table> <p>Note: The scope of the water resource consumption statistical data covers: STARLUX Airlines Taipei Headquarters, Taipei Image Store, Taichung Office, business locations in the Taoyuan International Airport Park (Taoyuan Flight Operations Center, Terminal 1 Office, Terminal 2 Office, Taoyuan Airport Office and Service Factory, Bonded Building, Maintenance Hangar, Farglory Cargo Transportation Office) and related business locations.</p> <ul style="list-style-type: none">Waste Output in the Most Recent Two Years: <div>Unit: tonnes</div> <table><thead><tr><th>Year</th><th>Weight of general waste</th><th>Number of employees</th></tr></thead><tbody><tr><td>2022</td><td>140.44</td><td>Number of employees of 2,322 people</td></tr><tr><td>2023</td><td>323.69</td><td>Number of employees of 4,073 people</td></tr></tbody></table> <p>Note: The scope of waste output statistical data covers: STARLUX Airlines Taipei Headquarters, Image Store, Taichung Office (newly established location starting in August 2023), business locations in the Taoyuan International Airport Park (Taoyuan Logistics Center, Terminal 1 Office, Terminal 2 Office, Taoyuan Airport Apron Office and Service Factory, Bonded Building, Maintenance Hangar, Farglory Cargo Transportation Office) and related business locations.</p> <p>The Company upholds the 5R Principle: Refuse, Reduce, Reuse, Recycle and Rethink. All buildings are installed with waste storage area for waste classification and storage, and the Company also entrusts legitimate and professional waste recycle, disposal and treatment contractor to perform waste recycle and disposal operations. In addition, the Company also announces and promotes plastic reduction, reduction of disposable items along with improvement of employees' awareness on environmental protection, thereby reducing waste output.</p>	Year	Total water consumption	Number of employees	2022	60.37	Number of employees of 2,322 people	2023	89.33	Number of employees of 4,073 people	Year	Weight of general waste	Number of employees	2022	140.44	Number of employees of 2,322 people	2023	323.69	Number of employees of 4,073 people
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4. Social Topic (1) Has the Company established related management policies and procedures in accordance with applicable laws and the international human rights conventions?	V		No major difference. The Company aims to become a benchmark happy enterprise in the industry, values human-oriented approach and the philosophy of mutual respect, in order to establish a friendly workplace with proper labor-management communication and harmonious relationship, along with fulfillment of corporate ethics and social responsibilities. Accordingly, the Company upholds the guiding principles of “Equality, Diversity, Prohibition of Discrimination and Harassment, Outcome Sharing” according to relevant labor laws and various international human rights covenants, and also complies with the internationally recognized labor rights, in order to establish the Company’s Work Rules, Employee Management Regulations, Code of Ethical Conduct, Ethical Corporate Management Best Practice Principles, and other management policies and systems. With regard to the actual implementation related to the establishment of friendly workplace and harmonious labor-management relationship, the Company believes that all forms of care must be respected																		

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	Yes	No	
			<p>and has included the rights and interests of same-sex couple in the employee welfare and relevant rules of the Company prior to the government's amendment of relevant laws as the first in the industry, in order to treat all employees fairly and to establish a diverse and inclusive working environment. The Company also upholds the principle of equality for talent recruitment, employment, training, evaluation and job promotion opportunities, and has also established and announced relevant rules to all employees for understanding, such that the criteria of professional knowledge, experience and skills are the key consideration factors, and no other factors, including race, rank, language, thought, religion, political party, native place, birth place, gender, sexual orientation, age, marriage status, appearance, facial features, physical/mental disability, zodiac sign, blood type and past union member identity or other factors, are considered, in order to eliminate discriminative treatment or any form of discrimination, thereby achieving an equal and non-discriminative working environment jointly with best effort.</p> <p>Furthermore, to establish labor-management communication channel with proper relationship, the Company has encouraged employees to set up corporate unit during the early establishment stage of the Company. The Company provides union office for use without compensation and also invites union staff to organize seminar to recruit members during the new employee orientation. Furthermore, relevant units also discuss various topics with the union staff periodically, in order to increase and optimize management measures and employee welfare continuously. To further understand employees' feedbacks and to protect the rights and interests of employees, the Company also sets up diverse feedback channels, and establishes the "Employee Complaint Management Regulations" and "Workplace Sexual Harassment Preventive Measure, Complaint and Disciplinary Action Regulations", and independent mailbox and dedicated personnel telephone are provided to handle relevant operations. Moreover, the Company also establishes safety reporting channel in the safety management system, such that all topics related to occupational safety operation, employee relationship, information security and personal data protection, etc. can be conveyed to responsible units in a confidential and secured manner for prompt handling of relevant issues.</p>
(2) Has the Company developed and implemented reasonable employee welfare measures (including compensation, leave of absence and other benefits), and appropriately reflected business performance or outcome in employees' compensations?	V		<p>Under the philosophy of sustainable operation, to establish proper corporate system and sound financial status, and based on the principle of respecting professionalism and outcome sharing, the Company has planned a fair and reasonable remuneration system. In addition to providing salaries with market competitiveness, the Company also provides corresponding allowances for different job duties, work attributes and job content. Furthermore, the Company also reviews the remuneration system annually according to the annual business profit status, price index change, personal performance evaluation result and employee incentive consideration, and salary adjust and year-end bonus distribution operations are executed accordingly.</p> <p>To pursue and implement the concept of happy enterprise, through the method of reducing working hours and increasing work efficiency, the Company is the first in the industry to promote system of non-working day for compensatory holiday, such that for any compensatory working days announced by the Directorate-General of Personnel Administration, the Company's employees are not required to attend to work, and the Company also provides additional annual leave days to employees. In addition, the Company establishes</p>
			No major difference.

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	Yes	No	
			the discount ticket system for employees, and employees, their spouses and direct-blood relatives may purchase the Company's tickets at discount price, and discount tickets are also provided to employees' companions, in order to provide benefit and satisfy the needs of single employees, thereby achieving the policy of equality and non-discrimination. To further improve employee welfare, the Company has established the Employee Welfare Committee to plan diverse welfare measures, including three-holiday bonus, birthday gift money, special offer activities for cross-industry collaboration, etc.
(3) Has the Company provided a safe and healthy work environment for employees, and education on occupational safety and health for employees at regular intervals?	V		<p>All units of the Company perform "Hazard Identification and Risk Assessment" on the workplace annually. The identification and assessment are mainly performed to identify whether the items of workplace, environment, operation content, etc. may cause personnel hazard and to implement control and improvement, thereby preventing the occurrence of occupational diseases and reducing the probability of occupational accidents. Accordingly, to increase the safety and health awareness of employees, occupational safety and health education and training are organized according to the laws for new and on-job employees, in order to ensure that all employees are equipped with proper safety and health knowledge before operation.</p> <p>Employee health is also one of the key items considered by the Company. To establish a health workplace, the Company invites field physicians equipped with dual background in aviation medicine and occupational medicine to provide health services, and nurses also implements preliminary health classification management for new and on-job employees based on their physical examination results. In addition, physicians are also arranged to provide consultation and subsequent health follow-up care. The Company also establishes labor health service plan annually, in order to combine the physical examination abnormality with health seminars, thereby allow employees to understand their own health in greater depth and to protect the health of employees.</p> <p>With the rapid increase of number of flights and employees, the number of occupational accidents in 2023 also increased by 156% from the previous year, among which traffic commute accidents accounted for 60% and occupational accidents at the place of duty accounted for 40%. For each accident, the Company analyzes the cause and proposes corresponding improvement solutions, in order to prevent re-occurrence of similar situations such that the risk of occupational accident occurrence is reduced.</p>
(4) Has the Company established a plan for the training of effective career development and planning of employees?	V		<p>The Company implements employee career competence development plan under the premise of joint development of employees and enterprise. The Company has established education and training dedicated unit to perform relevant planning and to track training outcome. In addition, comprehensive education and training system has been setup to provide online and offline learning opportunities to employees.</p> <p>The Company's training program focuses on the three main functions of professional function, core function and management function in principle. Each unit plans professional function training according to its job duty attribute and content, and the human resource unit summarizes the professional function education and training plans and implementation results of all units. For the core function and management function, the human resource unit evaluates the competence required for different job function personnel during different stages of career development, in order to uniformly organize corresponding education and</p>

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	Yes	No	
			training courses. In 2023, 14 core and management function courses were completed, and the uniform education and training reached 3,273 sessions and 75,560 persons-time, for a total training hour of 10,385 hours. For the three main job function education and training implementation, a budget of approximately NT\$35 million is expected to be invested.
(5) Has the Company complied with laws and international standards with respect to customers' health, safety and privacy, marketing and labeling in all products and services offered, and implemented consumer or customer protection policies and complaint procedures?	V		Regarding the rights and interests of consumers, the Company's website provides various service explanation with the thematic search model, in order to facilitate consumers' search, clicking and viewing, and among which "Travel Information" provides the Company's latest news to consumers, "Passenger Support" search information provides necessary regulations and relevant service contents for consumers' understanding, and "Contact Information" page indicates the service contact information of each area in order to facilitate consumers' contact. The contact channels include but not limited to customer service telephone service, online customer service and service locations, and consumers may also fill out the "Comments and Feedbacks" form on the Company's website to inquire consumption content. As the systematic management is implemented for cases, responses are provided to consumers once cases are accepted and investigated. Furthermore, the Company also establishes the service quality management task force to assist the handling of consumers' complaints and reports. Moreover, according to the feedbacks provided by consumers, service process is reviewed at all time, and measures preventing re-occurrence of incidents are also established along with the optimized service as the handling principle and guideline. With regard to the personal privacy protection, the Company has established the Personal Data Protection Management Policy and relevant management regulations, and the "Information Security and Personal Data Protection Management Committee" has also been set up. Through quarterly meetings, personal data protection operation is monitored, promoted and coordinated continuously, in order to establish the Company's personal data protection culture and to implement safety awareness. Furthermore, the Company has obtained the "ISO 27001:2013 Information Security Management System" and "ISO 27701:2019 Privacy Information Management System" certifications. The Company follows the competent authority's relevant regulations on the personal data protection and also complies with the international standards established by International Air Transport Association (IATA) and International Civil Aviation Organization (ICAO). Furthermore, the Company continues to invest in resources necessary for the establishment of information security and personal data protection.
(6) Has the Company established supplier management policy, requested suppliers to comply with relevant regulations with regards to the issues of the environmental protection, occupational safety and	V		The Company has been granted with the dual certifications of "ISO 45001:2018 Occupational Safety and Health Management System" and "CNS 45001:2018 & TOSHMS Taiwan Occupational Safety and Health Management System". In addition, the Company is committed to ensure comprehensive working conditions, health, welfare and equality at the workplace, and continues to promote corporate sustainable operation development. The Company's "General Rules for Procurement Management" comply with the "Climate Change Response Act" of R.O.C. in order to adopt the indicators of environmental protection and carbon reduction, high efficiency use, win-win supply chain value as the key consideration for the purchase of products, engineering works or services. In addition, suppliers are also requested to satisfy the Company's

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	Yes	No	
health or labor rights etc. and the implementation status?		<p>requirements and expectations on the sustainability aspects of safety, quality, price and protective measures.</p> <p>The Company adopts the method of procurement inspection and real-time transaction experience along with the supplier evaluation, audit and guidance, two-way or meeting assembly, in order to implement the win-win supply chain value in the daily communication and management. The 2023 supplier evaluation has been completed during the first quarter of 2024.</p>	
5. Has the Company stipulated standards or guidelines according to the internationally accepted report, prepared ESG Report and reports for disclosing non-financial information of the Company? Has a third-party verification entity provided assurance or assurance opinion for the aforementioned report?	V	<p>The Company prepares the "2023 STARLUX Airlines Sustainability Report" according to the internationally accepted reporting guidelines of GRI Standards announced by the Global Reporting Initiative (GRI), and it is expected to obtain the GRI Standards:2021 +AA1000 AS v3 certificate issued by the British Standards Institution (BSI) in May 2024, which will also be published on the Company's website.</p>	No major difference.
6. If the Company has established its own sustainability development principles in accordance with "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" please describe its current practices and any discrepancies from the Best Practice Principles: After reporting to and approval by the board of directors in August 2023, the Company's "Sustainable Corporate Sustainability Principles" is announced, and it has been established according to the template of "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies".			
7. Other important information to facilitate the understanding of the execution status of sustainable development:			
<p>2023 was the first year when STARLUX Airlines launched sustainability strategy blueprint related activities, in order to implement environment, social and corporate (ESG) responsibilities. In addition, the Company actively promotes various sustainability actions to the internal, establishes quality aviation brand image, promotes Taiwan local quality brand, and extends quality services to the international market.</p> <p>(1) Promotion of Tainan sustainable tourism: The Company collaborates with the Tourism and Travel Bureau of Tainan City Government to launch the "Sustainable Tourism Mileage Accumulation Program" and invites citizens and overseas travelers to visit Tainan in an eco-friendly, green energy, sustainable and low-carbon manner. During the event period, when STARLUX Airlines COSMILE members make purchase in any one of the designated stores under the "Sustainable Tourism Mileage Accumulation Program", including low-carbon restaurants, green restaurants, hotels equipped with eco-friendly mark, eco-friendly stores, local revitalization stores, attractions for sustainability, etc. for an amount reaching NT\$100 and above, they may present invoice or receipt to register on the event webpage in order to participate in the lottery activity one time for each purchase, and the prizes provided by STARLUX Airlines include COSMILE mileages and delicate gifts with the Company's logo.</p> <p>(2) Support of Melting Greenland Broadcast program: The documentary film of "Melting Greenland" initiated by O'right, and United Daily News Group focusing on climate issue and Vision Project World Climate collaborated to promote the initiative. In addition, it has received great support from the UN recognized institution of WCF (World Climate Foundation), RE100 Climate Group CDP. The abridged version of this documentary film has been honorably invited for publication by the UN General Assembly in New York (UNGA77) Climate Week, COP 27 World Climate Foundation and Economist Impact Sustainability Forum, and has received great feedback and recognition. Up to the present day, more than 350 schools and 2000 enterprises have jointly supported to the public broadcasting of the film. The organizer, O'right also provides the public license of the complete version of the environmental education documentary film of "Melting Greenland" to units focusing on the global climate topic</p>			

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	Yes	No	
<p>and supporting the program, in order to promote the public broadcasting of the film for environmental education promotion, and to allow people to realize the fact of climate change, such that change can be driven from the environmental education continuously. In response to the "Melting Greenland" program, STARLUX Airlines has started to broadcast the film on the in-flight entertainment system since November 2023 and continued to January 2024.</p> <p>(3) Care of national sports development and Asia Professional Baseball Championship Games: Taiwan baseball team traveled to Japan with STARLUX Airlines to participate in the 2023 Asia Professional Baseball Championship Games. To support Taiwan baseball team, STARLUX Airlines provided LOGO sports towels to athletes of Taiwan baseball team and prepared cheering signboards at the check-in counter at the airport before departure; furthermore, all first-line staff also cheered for Taiwan baseball team jointly. Each game of the Asia Professional Baseball Championship Games was watched by 20,351 viewers, and STARLUX Airlines also supported Taiwan baseball team in action, in order to reach out to those caring the baseball development and to demonstrate STARLUX Airlines' care of national sports event.</p>			

(6) Implementation of Climate-Related Information

Item	Implementation status
1. Describe the Board of Directors' and management's oversight and governance of climate-related risks and opportunities.	After relevant topics are established and proposed for internal discussion by the TCFD task force, the TCFD topics for the current year are determined and reported to the Corporate Sustainability Committee for review in order to become the 2023 TCFD concerned topics for reporting to the board of directors. To allow the Company to understand the current key climate opportunities and risks, the Corporate Sustainability Committee collects sustainability topics of the same industry, CDP climate questionnaires for risks and opportunities as well as aviation service industry trend and topic via the Executive Secretary's Office. In addition, the TCFD task form established under the work group also convenes meetings periodically.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	<p>The TCFD task force collects the annual climate risk and opportunity status from all relevant departments and units. In addition, through the methods of interview, form filling and climate topic evaluation, under the existing control measures, the climate risk, opportunity occurrence probability and possible impact or benefit generated are assessed, in order to identify material risks and opportunities.</p> <p>Through the establishment of management policy, and with reference to relevant guidelines, TCFD reports relevant outcomes to the Corporate Sustainability Committee after identification of the climate risks. Accordingly, the Corporate Sustainability Committee and the TCFD task force under the committee finally reach resolution on the determination of 14 key climate risks and opportunities, which are classified into 6 transformation risks, 3 physical risks and 5 climate opportunities. Please refer to 5.3.2 Climate Risk Management of the Sustainability Report for details.</p> <ul style="list-style-type: none"> Climate topics covered: Risks - transformation risks of policy/regulations, technology, market, reputation, and physical risks of acute and chronic risks; Opportunities - product and service, energy source, resource efficiency. Scope of value chain covered: Upstream activities, company's own operation, downstream activities or customers. Period covered: Short-term (0~3 years), Medium-term (3~10 years), Long-term (more than 10 years). Financial impact: Flight nearly not affected (very minor), Flight with short-term interruption (normal), Flight cancellation (very serious)

Item	Implementation status
3. Describe the impact of extreme climate event and transformation action on the finance.	In 2023, a physical risk topic has been identified, and it refers to the risk associated with severity and increase of frequency of extreme climate incidents of flood, etc., causing flight delay, transfer for landing at third location, etc. For example: During July 2023, tropical storm Talim caused cancellation of flights between Taiwan and Macao, which was generally assessed to be short-term risk with minor financial risk. In July, 2023, OCC joint control center was established to handle subsequent flight adjustment and timely passenger notification for special conditions, such as: typhoon, abnormal flight status, flight change, etc., and also performs clarification and review on individual cases.
4. Describe how the processes for identifying, assessing, and managing climate risks are integrated into the overall risk management system.	The Corporate Sustainability Committee will perform uniform planning on the key climate risks and opportunities, and the climate risk and opportunity analysis results will also be included in the Company's overall operation and risk management strategy. In addition, corresponding measures and goals will also be discussed and established with all responsible departments and offices. The response status of all locations and units is inspected, and material topic management measures are established according to the risks and opportunities of each location.
5. If the scenario analysis is used to assess the resilience against the climate change risk, it is necessary to describe the scenario, parameters, assumptions, analysis factors used and the key financial impact	None.
6. If transformation plan for managing climate-related risk is available, the plan content shall be explained, and the indicators and goals for identifying and managing physical risks and transformation risk shall be described.	None.
7. If the internal carbon pricing is used as a planning tool, it is necessary to explain the price establishment basis.	None.
8. If climate-related goal has been set up, it is necessary to describe the information of activity covered, greenhouse gas emissions scope, plan schedule, annual achievement progress, etc. If carbon offset or renewable energy certificates (RECs) are used to achieve relevant goals, it is necessary to explain the carbon reduction source and quantity for the offset or the quantity of renewable energy certificates (RECs).	None.

Item	Implementation status																																										
9. GHG inventory inspection and assurance status, and reduction goal, strategy and specific action plan.	<div>1. Greenhouse Gas Inventory and Assurance Status (1) Information on Greenhouse Gas Inventory Inspection Since 2023, the Company implemented the ISO14064-1:2018 GHG inventory inspection operation for the first time, and GHG inventory inspection for business locations in the region of Taiwan was performed, and the third party verification operation was also executed.</div> <table><tr><th colspan="5">GHG Emissions</th></tr><tr><th colspan="2" rowspan="2">Item</th><th colspan="2">2022</th><th>2023</th></tr><tr><th>tonnes CO₂e</th><th>%</th><th>tonnes CO₂e</th></tr><tr><td rowspan="2">Category 1</td><td>Aircraft direct emissions</td><td>136,248.03</td><td>96.59%</td><td>587,117.75</td></tr><tr><td>Non-aircraft direct emissions</td><td>-</td><td>-%</td><td>2,739.62</td></tr><tr><td>Category 2</td><td>Ground operations</td><td>4,809.26</td><td>3.41%</td><td>6,594.27</td></tr><tr><td>Subtotal of Category 3~6</td><td>Ground operations</td><td>-</td><td>-%</td><td>4,290.04</td></tr><tr><td colspan="2">Total</td><td colspan="2">141,057.29</td><td>600,714.69</td></tr><tr><td colspan="2">Category 1 and Category 2 Intensity (tonnes CO₂e/NT\$ million of revenue)</td><td colspan="2">41.95</td><td>26.54</td></tr></table> <div>(2) Information on GHG Assurance In 2023, ISO14064-1 GHG was implemented for the first time with BSI performing the verification according to the GHG EV 801259 and ISO 14064-1:2018 standard for the verification of all business locations of STARLUX Airlines, and the verification scope included 10 business locations of Taipei Neiuhu Headquarters, Image Store, Taichung Office, Taoyuan Flight Operations Center, Terminal 1 Office, Terminal 2 Office, Taoyuan Airport, Bonded Building, Maintenance Hangar, Farglory Cargo Transportation Office. GHG reduction goal, strategy and specific action plan: None.</div>	GHG Emissions					Item		2022		2023	tonnes CO ₂ e	%	tonnes CO ₂ e	Category 1	Aircraft direct emissions	136,248.03	96.59%	587,117.75	Non-aircraft direct emissions	-	-%	2,739.62	Category 2	Ground operations	4,809.26	3.41%	6,594.27	Subtotal of Category 3~6	Ground operations	-	-%	4,290.04	Total		141,057.29		600,714.69	Category 1 and Category 2 Intensity (tonnes CO ₂ e/NT\$ million of revenue)		41.95		26.54
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(7) Ethical Corporate Management Practices, and Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons:

Assessment Item	Operation Status		Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
<p>1. Establishment of Ethical Management Policies and Plans</p> <p>(1) Has the company established ethical management policies approved by the Board of Directors' meeting and stated in its memorandum or external correspondence about the policies and practices it has to maintain business integrity? Are the Board of Directors and the management committed in fulfilling this commitment?</p>	V		<p>The Company has established the "Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" in accordance with the resolution and approval of the board of directors as the guideline for implementation of ethical management, specifying the Company's ethical management policies and methods, and also regulates that directors, managerial officers, employees, appointees and individuals having sustainable control power to properly comply with the integrity and trust principle, to refrain from unethical conducts and to actively commitment the implementation of ethical management policy. The aforementioned regulations are disclosed in the "Corporate Governance Section" of the Company's website, in order to explicitly state relevant rules to the external.</p>
<p>(2) Has the company established assessment mechanism for unethical conduct risk, performed periodic analysis and assessed operating activities of relatively higher unethical conduct risk in the scope of business, and has established unethical conduct solution accordingly, and at least covering the preventive measures for the conducts described in each subparagraph of Paragraph 2 of Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?</p>	V		<p>The Company's "Corporate Management Best Practice Principles of the Company" and "Procedures for Ethical Management and Guidelines for Conduct" have included the operating activities of unethical conduct risk described in subparagraph of Paragraph 2 of Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies". In addition, the Company has set up responsible personnel for handling relevant reports and complaints filed by internal and external personnel for unethical or improper conducts.</p>
<p>(3) Has the Company defined and enforced operating procedures, behavioral guidelines, penalties and grievance systems as part of its preventive measures against dishonest conducts? Are the above measures reviewed and revised on a regular basis?</p>	V		<p>The Company has established relevant regulations of the "Ethical Corporate Management Best Practice Principles", "Code of Ethical Conducts" and "Employee Management Rules", and has specified matters requiring attention for personnel performing job duties and prohibition on the provision or receipt of illegal benefits, in order to use such regulations as the basis for implementing prevention of unethical conducts. Furthermore, the Company will also continue to review and make revision depending upon the situation.</p>

Assessment Item	Operation Status		Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No Summary	
2. Implementation of Ethical Management (1) Has the Company evaluated the record of the counterparties on business ethics, and explicitly stated business integrity as an integral part of the contracts when entering into agreements with counterparties of trade?	V	According to the provisions of the personnel. On Company's "Ethical Corporate Management Best Practice Principles", business activities shall be performed in a fair and ethical manner. Prior to the establishment of business relationship with others, it is necessary to assess the brand reputation and legality of the business counterparty, and business dealings with those with records of unethical conduct shall be prevented. The contract signing is recommended to include ethical clauses in order to explicitly specify provisions on rejection of director or indirect offer, promise, request or acceptance of illegal benefits in any form and name.	No major difference.
(2) Has the company established a dedicated unit directly under the Board of Directors and responsible for the promotion of corporate ethical management, and reporting its ethical management policy and proposal for prevention of unethical conducts as well as supervision of implementation status to the Board of Directors' meeting periodically (at least once annually)?	V	To achieve sound ethical operation management, the Company's board of directors has approved the "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" through resolution, and the human resource unit acts as the dedicated unit responsible for the establishment, supervision and implementation of the Procedures for Ethical Management and Guidelines for Conduct, and reporting to the board of directors on its implementation status annually.	No major difference.
(3) Has the Company established policies to prevent conflicts of interest, provided appropriate methods for stating one's conflicts of interest, and implemented them appropriately?	V	The Company provides various reporting channels, including employee complaint responsible units and report mailbox, in order to allow personnel to report any matters violating the business ethics or ethical conduct.	No major difference.
(4) Has the Company established effective accounting and internal accounting and control systems for the implementation of ethical corporate management policies, prepared audit plans according to the evaluation results of dishonesty risks, and have they results audited by internal auditors or CPAs?	V	The Company has established accounting system complying with the laws and regulations to serve as the standard for handling accounting affairs. In addition, the Company has also established effective internal control system, and the audit office implements internal audit and reviews the design of the assurance system and continuous effectiveness of its implementation. Moreover, the audit office also includes the compliance status and measures for preventing unethical conduct in the scope of audit.	No major difference.
(5) Has the Company provided internal and external training on ethical management regularly?	V	The Company has specified the code of conduct required for employees and relevant reward/disciplinary action system in relevant rules of "Work Rules", Code of Ethical Conduct" and	No major difference.

Assessment Item	Operation Status		Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No Summary	
		“Employee Management Rules”. In addition, the Company has also organized education and training courses, including “Anti-trust Law”, in order to improve employees’ awareness on legal compliance, integrity and ethics.	
3. Implementation Status of the Company’s Reporting System (1) Has the Company established a substantive reporting and reward and punishment system and convenient channels for reporting, and appointed designated personnel for handling the targets of reports?	V	The Company has established specific reporting and reward system in the “Procedures for Ethical Management and Guidelines for Conduct” and has also set up independent reporting mailbox. The human resource unit is designated to act as the responsible receiving unit in order to handle report and complaint related matters.	No major difference.
(2) Has the Company established any investigation standard operation procedures for accepting reported misconducts, subsequent measures and relevant confidentiality measures required to be performed after the completion of the investigation?	V	The Company has established the “Procedures for Ethical Management and Guidelines for Conduct” and relevant case investigation and handling are performed according to these procedures with confidential mechanism and implementation standard operation.	No major difference.
(3) Has the Company taken any measures for the protection of the informants or reporters from suffering undue treatment?	V	According to the “Procedures for Ethical Management and Guidelines for Conduct” of the Company, the Company has specified and guaranteed to protect reporters from any improper disposition due to their reporting.	No major difference.
4. Enhancement of Information Disclosure Has the Company disclosed the content of its Corporate Governance Best Practice Principles and the effectiveness of the implementation of the principles on its website and the MOPS?	V	The Company has disclosed relevant information of the “Corporate Ethical Management Best-Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct” on the MOPS website and the Corporate Governance Section of the Company’s website.	No major difference.
5. If the Company has established its own ethical corporate management best practice principles according to the “Ethical Corporate Management Best Practice Principles for TWSE/G-TSM Listed Companies”, please specify the difference between its operation and the principles: The Company has established the “Ethical Corporate Management Best Practice Principles” according to the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” to handle all operations according to the principles, and there has been no major difference.			
6. Other important information that is helpful in understanding the corporate ethical management operation of the Company? (Such as, the Company has the corporate ethical management best practice principles amended, etc.): Relevant important information is disclosed in the “Corporate Governance Section” of the Company’s websites.			

(8) Inquiry method for corporate governance best practice principles and relevant regulations

The Company, depending upon the needs of the operational status of the Company, has established the “Articles of Incorporation”, “Rules of Procedure for Shareholders’ Meeting”, “Rules of Procedure for Board of Directors’ Meetings”, “Code of Ethical Conducts”, “STARLUX Airlines Corporate Governance Principles”, “Procedures for Election of Directors”, “Ethical Corporate Management Best Practice Principles”, “Procedures for Ethical Management and Guidelines for Conduct”. In addition, “Audit Committee” and “Remuneration Committee” are established under the board of directors, and their respective organization charters are also stipulated. In addition, all of the aforementioned principles, procedures and rules are also disclosed on the MOPS website and the Company’s website.

(9) Other information material to the understanding of corporate governance within the Company

A. Continuing Education Status of Officers of the Company

a. Financial and Accounting Officers

Name	Date of education/training	Professional training institution	Training course and number of hours
Chang, Chih-Lin (Financial Officer and Chief Corporate Governance Officer) (Note)	May 16, 2023	Securities & Futures Institute	Global future risks and sustainability transformation opportunities (3 hours)
	August 17, 2023	Accounting Research and Development Foundation	How to analyze corporate financial key information and to enhance crisis early warning capability (6 hours)
	November 22, 2023	Accounting Research and Development Foundation	“Corporate Governance” quality required for internal auditors and financial report risk assessment practice (6 hours)
	December 11, 2023	Securities & Futures Institute	Latest practical analysis on trade secrets and operational risks for directors and supervisors(3 hours)
Lin, Hsin-Hui (Accounting Officer)	May 16, 2023	Securities & Futures Institute	Global future risks and sustainability transformation opportunities (3 hours)
	August 17, 2023	Accounting Research and Development Foundation	How to analyze corporate financial key information and to enhance crisis early warning capability (6 hours)
	December 11, 2023	Securities & Futures Institute	Latest practical analysis on trade secrets and operational risks for directors and supervisors(3 hours)
	December 13, 2023	Securities & Futures Institute	Corporate material information disclosure and analysis on case study of hollowing out of assets (6 hours)

Note: Financial Officer Chang, Chih-Lin concurrently acts as the Chief Corporate Governance Officer since March 27, 2023.

b. Internal Auditors

Name	Date of education/training	Professional training institution	Training course and number of hours
Chang, Li-Jen (Chief Audit Officer)	May 8, 2023	Institute of Internal Auditors- Chinese Taiwan	ESG verification and audit best practice and drafting of effective audit report (6 hours)
	May 16, 2023	Securities & Futures Institute	Global future risks and sustainability transformation opportunities (3 hours)
	December 11, 2023	Securities & Futures Institute	Latest practical analysis on trade secrets and operational risks for directors and supervisors(3 hours)
	December 15, 2023	Institute of Internal Auditors- Chinese Taiwan	How to adjust internal control system to cope with the new ESG regulations (6 hours)

Status of internal auditors acquiring relevant licenses designated by competent authority

- (a) ISO 9001 Lead Auditor 5 people
- (b) ISO/IEC 27001 Lead Auditor 3 people
- (c) ISO/IEC 27701 Lead Auditor 1 person
- (d) Corporate internal control system basic competency test qualification certificate 1 person

B. Market Observation Post System (MOPS): <https://mops.twse.com.tw/mops/web/index>

C. The Company's website: <https://www.starlux-airlines.com/zh-TW>

(10) Internal Control System Implementation Status :

Statement of Internal Control System

STARLUX Airlines Co., Ltd.
Statement of Internal Control System

Date: March 25, 2024

The Company hereby states the results of the self-evaluation of the internal control system for 2023 based on the findings of the self-assessment:

- I. The Company acknowledges that the establishment, implementation and maintenance of internal control system is the responsibility of the Board of the Directors and managerial officers, and the Company has already established such an internal control system. Its purpose is to reasonably ensure the effect and efficiency of operations(including profitability, performance and security of assets), the reliability, timeliness, transparency, and compliance with relevant legal rules.
- II. The internal control system has its inherent limitations, and regardless of how perfect the design is, the effectiveness of the internal control system can only provide reasonable assurance to the achievement of the aforementioned three objectives. In addition, due to the change of the environment and circumstances, the effectiveness of the internal control system may be changed. However, the internal control system of the Company is equipped with a self-monitoring mechanisms, and the Company will take corrective actions once any deficiency is identified.
- III. The Company judges whether the design and implementation of the internal control system is effective based on the criteria for judging the effectiveness of the internal control system set out in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). The internal control system judgment items under the "Regulations" are divided into five constituent elements as per the management and control process: 1. control environment, 2. risk assessment, 3. control activities, 4. information and communication, and 5. monitoring activities. Each of the elements in turn contains certain audit items. For more information on the aforementioned items, please 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 assessment 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 its subsidiaries), including the understanding the effectiveness of operations and the extent to which efficiency targets are achieved, reliable, timely, and transparent reporting, and compliance with applicable rules and applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing objectives.
- VI. This statement will form the main content of the Company's annual report and prospectus and will be made public. If the disclosed content above is false or there is material information concealed deliberately or otherwise, the Company will be legally liable pursuant to Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This statement has been approved by the Company's Board of Directors on March 25, 2024. Among the seven directors present, none of them expressed objections, and all directors agreed with the content of this statement. Therefore, this statement is hereby issued.

STARLUX Airlines Co., Ltd.

Chairman: Chang, Kuo-Wei

CEO: Chai, Chien-Hua

(11) Penalties imposed against the Company and its internal personnel for regulatory violation, or penalties imposed by the Company against its employees for violation of internal control policy in the most recent year up till the publication date of this annual report; if the penalty result may have material impact on the shareholders' equity or stock price, it is necessary to describe the penalty content, areas of weakness and improvement status:

- A. September 13, 2023: Violation of the Regulations on Safeguarding Civil Aviation Against Acts of Unlawful Interference, for the penalty of administrative fine of NT\$150 thousand.
- B. September 22, 2023: Violation of the Occupational Health and Safety Act, for the penalty of administrative fine of NT\$100 thousand.
- C. November 9, 2023: Violation of the Airport Security Program and Civil Aviation Act, for the penalty of administrative fine of NT\$130 thousand.
- D. December 15, 2023: Violation of the Code of Laws of the U.S.A. and Immigration and Nationality Act, for the penalty of administrative fine of US\$6,696.

(12) Material resolutions made by the shareholders' meetings and the board meetings during the most recent financial year and up to the printing date of the annual report

A. Important resolution of shareholders' meeting :

Meeting date	Summary of major resolutions	Implementation status
June 30, 2023 2023 Regular Shareholders' Meeting	<ol style="list-style-type: none"> Proposal for 2023 business report and financial statements of the Company. Proposal for 2022 deficit compensation of the Company. Proposal for amendment to parts of the provisions of the "Procedures for Derivatives Transactions" of the Company. Proposal for amendment to parts of the provisions of the "Procedures for Making Endorsements and Guarantees" of the Company. Proposal for amendment to parts of the provisions of the "Procedures for Loaning Fund to Others" of the Company. To cope with the issuance of new shares publicly underwritten for capital increase before the initial public offering at TWSE(TPEX), proposal for original shareholders to waive their preemptive rights is submitted. Proposal for supplemental election of directors of the Company. Proposal for removal of non-competence restrictions for new directors and their representatives. 	<ol style="list-style-type: none"> Announcement according to resolution. Announcement according to resolution. Announcement according to resolution. Announcement according to resolution. Announcement according to resolution. Announcement according to resolution. Announcement according to resolution. Announcement according to resolution on the cancellation of restriction on non-competence of directors and their representatives.

B. Important Resolutions of the Board of Directors, Audit Committee and Remuneration Committee

Date and Session of Board of Directors' Meeting	Important Resolutions	Date and Session of Audit Committee / Remuneration Committee Meetings, Opinions of Independent Directors and Review Result	Company's Handling for Opinions of Audit Committee / Remuneration Committee
February 21, 2023 (1st Meeting)	1. Proposal for removal of non-compete restriction for managerial officers of the Company.	—	—
	2. To improve the financial structure and to replenish working capital, the Company plans to execute cash capital increase with issuance of new shares.	2023.02.21 1st Audit Committee Meeting in 2023 1. Review Result: Agreed and approved by all attending members. 2. Dissenting, qualified opinions or major recommendation of independent directors: None.	None
March 27, 2023 (2nd Meeting)	1. Resolution on the convention of the Company's 2023 regular shareholders' meeting.	—	—
	2. Proposal for 2022 business report and financial statements of the Company. 3. Proposal for 2022 deficit compensation of the Company. 4. Report on the Company's accumulated loss reached 1/2 of the paid-in capital. 5. Appointment of the Company's 2023 CPA and resolution on its remuneration. 6. The Company's periodic assessment on the independence of CPA. 7. Prior consent of the Company's CPA and its affiliates on providing non-assurance service to the Company. 8. Proposal for amendment to parts of the provisions of the "Corporate Governance Principles" of the Company. 9. Proposal for amendment to parts of the provisions of the "Procedures for Derivatives Transactions" of the Company. 10. Proposal for amendment to parts of the provisions of the "Procedures for Making Endorsements and Guarantees" of the Company. 11. Proposal for amendment to parts of the provisions of the "Procedures for Lending Fund to Others" of the Company. 12. To establish proper internal control system, the Company plans to revise relevant operation management regulations. 13. Proposal for application of public offering at TWSE (TPEX). To cope with the issuance of new shares publicly underwritten for capital	2023.03.27 1. 2nd Audit Committee Meeting in 2023 2. Review Result: Agreed and approved by all attending members. 3. Dissenting, qualified opinions or major recommendation of independent directors: None.	None

Date and Session of Board of Directors' Meeting	Important Resolutions	Date and Session of Audit Committee / Remuneration Committee Meetings, Opinions of Independent Directors and Review Result	Company's Handling for Opinions of Audit Committee / Remuneration Committee
	<p>increase before the initial public offering at TWSE(TPEX), proposal for original shareholders to waive their preemptive rights is submitted.</p> <p>14. Proposal for the installation of the “Chief Corporate Governance Officer” of the Company.</p> <p>15. Proposal for “2022 Internal Control System Effectiveness Evaluation” and “2022 Statement of Internal Control System” of the Company.</p>		
May 16, 2023 (3rd Meeting)	<p>1. Proposal for establishment of Corporate Sustainability Committee of the Company.</p> <p>2. Proposal for installation of “Chief Information Security Officer” of the Company.</p> <p>3. Supplemental election of directors of the Company.</p> <p>4. Removal of non-competence restrictions for new directors and their representatives.</p> <p>5. Revision to the reason of convention of the 2023 regular shareholders' meeting of the Company</p>	—	—
July 18, 2023 (4th Meeting)	<p>1. Review change of remuneration of managerial officers according to the “Remuneration Committee Charter” and “Regulations for Remuneration of Directors and Managerial Officers” of the Company.</p>	<p>2023.07.18 2nd Remuneration Committee Meeting in 2023</p> <p>1. Review Result: Agreed and approved by all attending members.</p> <p>2. Dissenting, qualified opinions or major recommendation of independent directors: None.</p>	None
August 10, 2023 (5th Meeting)	<p>1. Establishment of the “Corporate Sustainability Principles” of the Company.</p> <p>2. The Company's 2023 Q2 financial statements.</p> <p>3. 2023 budget revision of the Company.</p> <p>4. Proposal for ratification on the trademark rights and obligations transfer agreement between the Company and related parties.</p> <p>5. Trademark transfer and license agreement between the Company and related parties.</p>	<p>2023.08.10 3rd Audit Committee Meeting in 2023</p> <p>1. Review Result: Agreed and approved by all attending members.</p> <p>2. Dissenting, qualified opinions or major recommendation of independent directors: None.</p>	None

Date and Session of Board of Directors' Meeting	Important Resolutions	Date and Session of Audit Committee / Remuneration Committee Meetings, Opinions of Independent Directors and Review Result	Company's Handling for Opinions of Audit Committee / Remuneration Committee
October 24, 2023 (6th Meeting)	1. Review remuneration of new managerial officers according to the "Remuneration Committee Charter" and "Regulations for Remuneration of Directors and Managerial Officers" of the Company.	2023.10.24 3rd Remuneration Committee Meeting in 2023 1. Review Result: Agreed and approved by all attending members. 2. Dissenting, qualified opinions or major recommendation of independent directors: None.	None
	3. Ratification of the "Affiliated Enterprise Trademark Co-existence Registration Agreement" signed by the Company and STARLUX Investments Limited.	2023.10.24 4th Audit Committee Meeting in 2023 1. Review Result: Agreed and approved by all attending members. 2. Dissenting, qualified opinions or major recommendation of independent directors: None.	
December 11, 2023 (7th Meeting)	1. Change of the owner of the two passenger planes of the model of A321-252NX (Registration No.B-58212 and B-58213) leased by the Company. 2. To improve the financial structure and to replenish working capital, the Company plans to execute cash capital increase with issuance of new shares.	2023.12.11 5th Audit Committee Meeting in 2023 1. Review Result: Agreed and approved by all attending members. 2. Dissenting, qualified opinions or major recommendation of independent directors: None.	None
December 26, 2023 (8th Meeting)	1. 2024 intellectual property management plan of the Company. 2. The Company plans to lease 3 planes of A330-900 model from the airplane lease company Avolon Aerospace Leasing Limited (referred to as "Avolon"). 3. 2024 budget of the Company. 4. The Company's periodic assessment on the independence and competence of CPA. 5. Proposal for appointment of the Company's CPA and resolution on its remuneration. 6. Prior consent of the Company's CPA and its affiliates on providing non-assurance service to the Company. 7. Proposal for update of the Company's sound business plan. 8. 2024 audit plan of the Company.	2023.12.26 6th Audit Committee Meeting in 2023 1. Review Result: Agreed and approved by all attending members. 2. Dissenting, qualified opinions or major recommendation of independent directors: None.	None

Date and Session of Board of Directors' Meeting	Important Resolutions	Date and Session of Audit Committee / Remuneration Committee Meetings, Opinions of Independent Directors and Review Result	Company's Handling for Opinions of Audit Committee / Remuneration Committee
	9. Proposal for the distribution of the Company's 2023 bonus for managerial officers. 10. Proposal for review of 2024 remuneration of existing and new managerial officers of the Company.	2023.12.26 4th Remuneration Committee Meeting in 2023 1. Review Result: Agreed and approved by all attending members. 2. Dissenting, qualified opinions or major recommendation of independent directors: None.	
February 21, 2024 (1st Meeting)	1. The Company plans to purchase three A330-900 passenger planes and five A350F cargo planes. 2. The Company plans to purchase one unit of Trent 7000 and one unit of Trent XWB-97 backup engine.	2024.02.21 1st Audit Committee Meeting in 2024 1. Review Result: Agreed and approved by all attending members. 2. Dissenting, qualified opinions or major recommendation of independent directors: None.	None
March 25, 2024 (2nd Meeting)	1. The Company plans to set up the Hong Kong Branch. 2. The Company signs the "Over-allotment Agreement". 3. Specify the Company's 2024 regular shareholders' meeting date, location, reason of conversion related matters and acceptance for written proposals from shareholders with shareholding above 1%, review standard and operation procedure related matters.	—	—
	4. Review remuneration of new managerial officers according to the "Remuneration Committee Charter" and "Regulations for Remuneration of Directors and Managerial Officers" of the Company. 5. Proposal for review of the Remuneration Committee Charter of the Company	2024.03.25 1st Remuneration Committee Meeting in 2024 1. Review Result: Agreed and approved by all attending members. 2. Dissenting, qualified opinions or major recommendation of independent directors: None.	None
	6. The Company's 2023 business report and financial statements. 7. The Company's 2023 deficit compensation. 8. Report on the Company's accumulated loss reached 1/2 of the paid-in capital.	2024.03.25 2nd Audit Committee Meeting in 2024 1. Review Result: Agreed and approved by all attending members.	None

Date and Session of Board of Directors' Meeting	Important Resolutions	Date and Session of Audit Committee / Remuneration Committee Meetings, Opinions of Independent Directors and Review Result	Company's Handling for Opinions of Audit Committee / Remuneration Committee
	9. Proposal for "2023 Internal Control System Effectiveness Evaluation" and "2023 Statement of Internal Control System" of the Company. 10. Amendment to parts of the provisions of the "Articles of Incorporation" of Company. 11. Amendment to parts of the provisions of the "Rules of Procedure for Shareholders' Meeting" of the Company. 12. Amendment to parts of provisions of the "Procedures for the Election of Directors" of the Company 13. Proposal for application of public offering at TWSE (TPEX). To cope with the issuance of new shares publicly underwritten for capital increase before the initial public offering at TWSE(TPEX), proposal for original shareholders to waive their preemptive rights is submitted.	2. Dissenting, qualified opinions or major recommendation of independent directors: None.	

(13) Documented opinions or declarations made by directors or supervisors against board resolutions in the most recent year and up till the publication date of this annual report, and its main content: None.

(14) Resignation or dismissal of the Chairman, President, head of accounting, head of finance, chief internal auditor, corporate head of governance or head of R&D in the most recent year up till the publication date of this annual report: None.

5. Information on CPAs' Fee

(1) CPA's Fee :

Unit: NT\$ thousand

Name of Accounting Firm	Name of CPA	CPA's Audit Period	Audit fees	Non-audit fees	Total	Remarks
Ernst & Young Taiwan	Yu, Chien-Ju	2023.01.01~2023.12.31	1,575	300	1,875	1.2023 profit-seeking enterprise annual income tax return filing and 2022 undistributed earnings filing fee.
	Fu, Wen-Fang					2.2023 cash capital increase case data review fee.

Note: If the Company changes independent auditor or accounting firm in the current year, please respectively indicate their respective audit period, and provide explanation on the reasons of such change in the remarks field. In addition, the information on audit and non-audit fees is disclosed in sequence. Notes with explanation on its service content shall be provided for non-audit fees.

(2) When the accounting firm is changed and the audit fees paid for the financial year in which the change took place are lower than those paid for the financial year immediately preceding the change, the amount of the audit fees before and after the change and the reason shall be disclosed: None.

(3) When the audit fees paid for the current financial year are lower than those paid for the immediately preceding financial year by 10 percent or more, the amount and percentage of and reason for the reduction in audit fees: None.

6. Information on change of CPA: None.

7. The Company's chairman, General Manager, and Managers in charge of its finance and accounting operations holding any positions within the independent audit firm or its affiliates in the most recent year, the name, job title and the employment period at the independent audit firm or its affiliates: None.

8. Transfer or pledge of shares owned by directors, supervisors, managerial officers, shareholders with a stake of more than 10% during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

(1) Equity transfer and change status of directors, supervisors, managerial officers and major shareholders with shareholding percentage exceeding 10%:

Unit: shares

Job title	Name	2023		Up to April 16 for the current year	
		Increase (decrease) of number of shares held	Increase (decrease) of pledged shares	Increase (decrease) of number of shares held	Increase (decrease) of pledged shares
Current Directors (Term of office of 2022.08.29~2022.08.28)					
Chairman	STARLUX Investments Limited	—	—	110,500,626	—
	Representative: Chang, Kuo-Wei	—	—	—	—
Director	STARLUX Investments Limited	—	—	110,500,626	—
	Representative: Chai, Chien-Hua	9,907	—	—	—
Director	STARWAY Developing Investments Limited	—	—	111,500,627	—
	Representative: Yeh, Shu-Wen	—	—	—	—
Director	ABICO AVY Co., Ltd. (Note 1)	(845,773)	—	—	—
	Representative: Tong, Chun-Yi (Note 1)	—	—	—	—

Job title	Name	2023		Up to April 16 for the current year	
		Increase (decrease) of number of shares held	Increase (decrease) of pledged shares	Increase (decrease) of number of shares held	Increase (decrease) of pledged shares
Public Welfare Independent Director	Tsai, Duei	—	—	—	—
Independent Director	Wang, Te-Ho	—	—	—	—
Independent Director	Huang, Chih-Chen	—	—	110,500,626	—
stepped down director(term 2022.08.29~2023.06.29)					
Director	STARWAY Developing Investments Limited	—	—	111,500,627	—
	Representative: Nieh, Kuo-Wei (Note 1)	(68,359)	—	70,663	—
Chief Executive Officer (General Manager)	Chai, Chien-Hua	9,907	—	—	—
Mainland China Chief Representative and Branch General Manager, Hong Kong Branch	Cho, Po-Yue	—	—	—	—
Public Relations Officer	Nieh, Kuo-Wei	(68,359)	—	70,663	—
Executive Vice President	Lien, Chieh-Cheng	66,105	—	109,694	—
Executive Vice President	Lee, Chung-Ning	(5,776)	—	34,392	—
Chief Human Resources Officer	Wu, Chun-Hung	(479)	—	176,051	—
General Counsel	Huang, Pei-Pei	6,880	—	—	—
Chief Strategy Officer	Liu, Yun-Fu	59,740	—	106,717	—
Chief Cargo Commercial Officer	Chiou, Yu-Yi	—	—	—	—
Chief Passenger Commercial Officer	Liang, Wen-Long	1,000	—	25,949	—
Chief Audit Officer	Chang, Li-Jen	98,774	—	(81)	—
Chief Procurement Officer	Huang, Chieh-Chih	16,407	—	37,891	—
Vice President	Chou, Hsien-Lun	(287,166)	—	13,000	—
Vice President	Lin, Chee-Jong	12,292	—	19,704	—
Vice President (Financial Officer and Chief Corporate Governance Officer)	Chang, Chih-Lin	24,760	—	25,240	—
Vice President	Teng, Chieh-Yi	20,275	—	(39,275)	—
Vice President	Wu, Chieh-Yuan	(100,000)	—	100,000	—
Vice President	Hu, Chen-Te	(28,000)	—	(3,200)	—
Branch General Manager, Japan Branch	Wang, Yun-Hsiang	101,275	—	58,889	—
A350 Chief Pilot	Chang, Dz-An	21,034	—	17,126	—
A330 Chief Pilot	Shih-Hsiung Hung	27,520	—	44,115	—
A321 Chief Pilot	Hung, Chi-Tang (Dismissed on 2024/04/01)	14,150	—	7,183	—
A321 Chief Pilot	Chen, Chih-Hao (Assumed post on 2024/04/01)	—	—	45,434	—
Executive Vice President	Tung, Huei-Ling	17,214	—	55,095	—
Executive Vice President	Chang, Lih-Lih	28,292	—	42,853	—
Vice President	Lee, Ming-Chieh	227,000	—	130,000	—
Vice President	Wang, Chih-Li	50,640	—	51,903	—

Job title	Name	2023		Up to April 16 for the current year	
		Increase (decrease) of number of shares held	Increase (decrease) of pledged shares	Increase (decrease) of number of shares held	Increase (decrease) of pledged shares
Executive Vice President	Tsai, Bor-Kuen	16,416	—	20,997	—
Vice President	Chen, Ching-Ti	31,000	—	19,010	—
Vice President	Wang, Chih-Kai	31,226	—	124,101	—
Vice President	Liao, Ming-Min	50,207	—	15,663	—
Chief Information Officer	Huang, Chi-Yao	7,864	—	13,000	—
Vice President	Lee, Ming-Der	15,128	—	—	—
Chief Digital Marketing Officer	Chen, Chih-Hao	45,000	—	398	—
General Manager, North America Co.	Wang, Chia-Chi	—	—	—	—
Vice President	Hsu, Pei-Hsuan	(49,500)	—	5,490	—
Vice President	Yen, Chih-Fan	141,000	—	287,084	—
Vice President	Lu, Kuo-Tien	(457,901)	—	104,856	—
Vice President	Liu, Li-Wen	11,030	—	15,181	—
Vice President	Lin, Yu-Chen	57,783	—	38,000	—
Vice President	Shen, Cheng-Lu	49,349	—	28,000	—
Vice President	Yang, Chien-Chin	62,376	—	27,033	—
Vice President	Chen, Hung-Ying	—	—	50,000	—
Vice President	Chuang, Chung-Ting	—	—	13,163	—
Vice President	Chen, Yu-Chu	—	—	18,357	—
Vice President	Wu, Kuo-Pin	—	—	114,749	—
Chief Corporate Safety Officer	Yang, Chia-Ming	—	—	13,000	—
Vice President	Chiou, Yunn-Ru (Assumed post on 2024/01/01)	—	—	111,833	—
Vice President	Huang, Ta-Chih (Assumed post on 2024/01/01)	—	—	23,559	—
Vice President	Wang, Chih-Ming (Assumed post on 2024/01/01)	—	—	131,412	—
Vice President	Tseng, Wen-Chiang (Assumed post on 2024/02/22)	—	—	—	—
Director (Accounting Officer)	Lin, Hsin-Hui	16,000	—	15,000	—

Note 1: Corporate director ABICO AVY Co., Ltd. and its representative Director Tong, Chun-Yi assumed the position on June 30, 2023.

Note 2: Director Nieh, Kuo-Wei was discharged on June 29, 2023.

(2) Information on the counterpart of equity transfer being a related party: None.

(3) Information on pledge of equity created by a director, supervisor, manager and major shareholder with shareholding percentage exceeding 10 percent for a related party: None.

9. Information of shareholders of top ten shareholding percentage for related parties or spouse, relative relationship within second degree of kinship among themselves

April 16, 2024; Unit: shares; %

Name	Shareholding of the individual		Shareholding of spouse or minor children		Total shareholding by nominee arrangement		Information on the relations among the top 10 major shareholders if anyone is a related party, a spouse, or a relative within second degree of kinship of another and their names.		Remarks
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Name	Relationship	
1. STARLUX Investments Limited	816,558,000	32.16	Not applicable		—	—	None	None	None
Representative: Chang, Kuo-Wei	—	—	—	—	Note	Note	STARWAY Developing Investments Limited	Director	None
							Chang, Kuo-Ming	With relationship within second degree of kinship	None
							Cheng, Shen-Chih	With relationship within second degree of kinship	None
2. STARWAY Developing Investments Limited	816,558,000	32.16	Not applicable		—	—	None	None	None
Representative: Chang, Kuo-Wei	—	—	—	—	Note	Note	STARLUX Investments Limited	Director	None
							Chang, Kuo-Ming	With relationship within second degree of kinship	None
							Cheng, Shen-Chih	With relationship within second degree of kinship	None
3. Chang, Kuo-Ming	40,745,429	1.60	Not applicable		—	—	Chang, Kuo-Wei	With relationship within second degree of kinship	None
4. Ming Wei Development Co., Ltd.	23,496,530	0.93	Not applicable		—	—	None	None	None
Representative: Cheng, Shen-Chih	2,853,253	0.11	—	—	—	—	Chang, Kuo-Wei	With relationship within second degree of kinship	None
5. Sunlit Investments PTY Ltd.	18,308,662	0.72	Not applicable		—	—	None	None	None
Representative: Wu, Chien-Li	—	—	—	—	—	—	None	None	None

Name	Shareholding of the individual		Shareholding of spouse or minor children		Total shareholding by nominee arrangement		Information on the relations among the top 10 major shareholders if anyone is a related party, a spouse, or a relative within second degree of kinship of another and their names.		Remarks
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Name	Relationship	
6. Yu Heng Co., Ltd.	14,374,271	0.57	Not applicable		—	—	None	None	None
Representative: Chou, Chun-Chi	—	—	—	—	—	—	None	None	None
7. Dale Investment Development Co., Ltd.	11,000,000	0.43	Not applicable		—	—	None	None	None
Representative: Yin, Shih-Chin	—	—	—	—	—	—	None	None	None
8. First Securities Co., Ltd. Market Maker Account	10,495,606	0.41	Not applicable		—	—	None	None	None
9. Abico Capital Co., Ltd.	10,405,100	0.41	Not applicable		—	—	None	None	None
Representative: Hsieh, Fa-Ta	—	—	—	—	—	—	None	None	None
10. TBB I Venture Capital LLP	9,702,967	0.38	Not applicable		—	—	None	None	None
Representative: TBB Consulting Co., Ltd.	—	—	—	—	—	—	None	None	None

Note: Chang, Kuo-Wei holds 1,633,116,000 shares of the Company, shareholding percentage of 64.32%, through the STARLUX Investments Limited and STARWAY Developing Investments Limited.

10. Number of shares held by the company, the company's directors, supervisors, managerial officers and the number of shares invested in a single company which are held by the entities directly or indirectly controlled by the company, and calculating the consolidated shareholding percentage of the above categories: None.

IV. Capital Overview

1. Capital and Shares

(1) Source of Capital

A. Issued Share

Units: Thousand shares; NT\$ thousands

Month / Year	Par Price (NT\$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital (NT\$ thousands)	Capital Increased by Assets Other than Cash	Others
05/2018	10	3,000,000	30,000,000	600,000	6,000,000	Establishment with registered capital of 6,000,000	None	MOEA Jing-Shou-Shang-Zi Letter No. 10701046660 dated May 2, 2018
05/2018	10	3,000,000	30,000,000	601,000	6,010,000	Cash capital increase of 100,000	None	MOEA Jing-Shou-Shang-Zi Letter No. 10701052070 dated May 14, 2018
02/2020	10	3,000,000	30,000,000	836,735	8,367,350	Cash capital increase of 2,357,350	None	MOEA Jing-Shou-Shang-Zi Letter No. 10901018550 dated Feb 2, 2020
02/2021	10	3,000,000	30,000,000	1,136,735	11,367,350	Cash capital increase of 3,000,000	None	MOEA Jing-Shou-Shang-Zi Letter No. 11001021710 dated Feb 8, 2021
05/2022	10	3,000,000	30,000,000	1,536,735	15,367,350	Cash capital increase of 4,000,000	None	MOEA Jing-Shou-Shang-Zi Letter No. 11101070990 dated May 3, 2022
09/2022	12	3,000,000	30,000,000	1,811,735	18,117,350	Cash capital increase of 2,750,000	None	MOEA Jing-Shou-Shang-Zi Letter No. 11101172660 dated Sep 6, 2022
08/2023	18	3,000,000	30,000,000	2,088,735	20,887,350	Cash capital increase of 2,770,000	None	MOEA Jing-Shou-Shang-Zi Letter No. 11230133460 dated Aug 1, 2023
04/2024	18	3,000,000	30,000,000	2,538,735	25,387,350	Cash capital increase of 4,500,000	None	MOEA Jing-Shou-Shang-Zi Letter No. 11330055230 dated April 15, 2024

B. Type of Stock

April 16, 2024 Unit: Thousand shares

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common stock	2,538,735	461,265	3,000,000	Emerging Stock

(2) Shareholder Structure

April 16, 2024

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	1	293	111,059	170	111,523
Number of Shares Held	0	2,700,000	1,808,308,780	722,965,358	4,760,862	2,538,735,000
Shareholding Ratio	0	0.11	71.23	28.48	0.18	100.00

(3) Shareholding Distribution Status

Common Shares

April 16, 2024

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Shareholding Ratio (%)
1-999	18,301	3,585,754	0.14
1,000-5,000	69,467	142,563,159	5.62
5,001-10,000	10,896	78,943,734	3.11
10,001-15,000	5,283	65,811,940	2.59
15,001-20,000	1,965	34,812,584	1.37
20,001-30,000	2,301	56,697,080	2.23
30,001-40,000	1,029	35,859,400	1.41
40,001-50,000	622	28,174,730	1.11
50,001-100,000	971	67,419,820	2.66
100,001-200,000	426	56,229,720	2.21
200,001-400,000	146	40,337,189	1.59
400,001-600,000	42	20,123,116	0.79
600,001-800,000	17	11,750,996	0.46
800,001-1,000,000	8	7,372,228	0.29
1,000,001 or over	49	1,889,053,550	74.42
Total	111,523	2,538,735,000	100.00

(4) List of Major Shareholders

April 16, 2024

Names of Major Shareholders	Shares	Shareholding (Shares)	Shareholding Ratio (%)
1.STARLUX Investments Limited		816,558,000	32.16
2.STARWAY Developing Investments Limited		816,558,000	32.16
3.Chang, Kuo-Ming		40,745,429	1.60
4. Ming Wei Development Co., Ltd.		23,496,530	0.93
5.Sunlit Investments PTY Ltd.		18,308,662	0.72
6. Yu Heng Co., Ltd.		14,374,271	0.57
7. Dale Investment Development Co., Ltd.		11,000,000	0.43
8. First Securities Co., Ltd. Market Maker Account		10,495,606	0.41
9. Abico Capital Co., Ltd.		10,405,100	0.41
10. TBB I Venture Capital LLP		9,702,967	0.38

(5) Market Price, Net Worth, Earnings, Dividend per Share, and Other Relevant Information in the Most Recent Two Years

Unit: NT\$; thousand shares

Item \ Fiscal Year		2022	2023	2024 (As of Apr. 16)
Market price per share	Highest	Unlisted (non-OTC)	Unlisted (non-OTC)	Unlisted (non-OTC)
	Lowest	Unlisted (non-OTC)	Unlisted (non-OTC)	Unlisted (non-OTC)
	Average	Unlisted (non-OTC)	Unlisted (non-OTC)	Unlisted (non-OTC)
Net worth per share (Note 2)	Before distribution	3.26	5.30	(Note 1)
	After distribution	3.26	5.30	—
Earnings per share	Weighted average shares	1,518,721,721	1,952,132	—
	EPS (Note 3)	(3.47)	0.08	(Note 1)
Dividend per share	Cash dividends		—	—
	Stock dividends	From retained earnings	—	—
		From capital surplus	—	—
	Accumulated undistributed dividends		—	—
ROI analysis	P/E ratio		Unlisted (non-OTC)	Unlisted (non-OTC)
	P/D ratio		Unlisted (non-OTC)	Unlisted (non-OTC)
	Dividend yield		Unlisted (non-OTC)	Unlisted (non-OTC)

Note 1: As of April 16, 2024, the Company's 2024 financial information has not been reviewed by accountants.

Note 2: Based on the number of shares issued at the end of the year or the distribution resolved by the Board of Directors or the shareholders' meeting in the following year.

Note 3: Basic earnings per share after tax °

(6) Company's Dividend Policy and Implementation Status

A. Dividend policy stipulated in the Articles of Incorporation

If the Company records earnings after year-end closing, the earnings shall first be used to pay taxes and make up for accumulated losses in accordance with the law. Ten percent of the earnings shall be appropriated as a legal reserve unless the accumulated legal reserve has reached the capital amount. For the rest, a special reserve shall be appropriated or reversed in accordance with laws and regulations or based on actual needs. The Board of Directors shall prepare a proposal for the distribution of any remaining earnings (distributable earnings in the current year) plus undistributed earnings from prior years and submit it to the shareholders' meeting for resolution.

The Company's dividend policy is based on the principles of stability and balance. In addition to taking into account profits for shareholders, the impact of the Company's capital expenditure and operating turnover shall be considered. Common dividends distributed shall not be less than 10% of the distributable earnings in the current year, of which those paid in cash shall not be less than 10%.

For the Company's dividend distribution, the Board of Directors is authorized to distribute all or part of the dividends and bonuses payable in cash upon a resolution by a majority of attending directors who represent two-thirds of all directors. The Board shall report the distribution to the shareholders' meeting. If the distribution is in the form of issuing new shares, it shall be proposed to and resolved by the shareholders' meeting in accordance with the Company Act.

B. Dividend Distribution proposed at the current Shareholders' Meeting:

The 13th meeting of the 3rd Board of Directors on March 25, 2024 resolved not to distribute dividends in 2023 and this proposal will be submitted to the 2024 Regular Shareholders' Meeting for ratification.

(7) The impact of the stock dividends proposed at the current shareholders' meeting on the Company's operating performance and earnings per share: Not applicable.

(8) Employee bonuses and remuneration to directors and supervisors

A. The percentages or ranges with respect to employees', directors' and supervisors' remuneration as set forth in the Company's Articles of Incorporation

Article 21 of the Articles of Incorporation: "If the Company records a profit in a fiscal year, no less than 1% thereof shall be allocated as the remuneration of employees, and no more than 1% as the remuneration of directors. However, if the Company still has accumulated losses, a certain amount shall be first reserved to offset the losses, and then the aforesaid percentages of the remaining amount are allocated as employees' and directors' remuneration.

The employee remuneration in the preceding paragraph may be paid in shares or cash. The recipients of the remuneration may include the employees of any controlled company or subsidiary who have met certain requirements set by the Board of Directors."

B. The basis for estimating the amount of remuneration to employees, directors, and supervisors, the basis 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 estimate: None.

C. Remuneration distribution approved by the Board of Directors: None.

D. The actual distribution of remuneration to employees, directors, and supervisors in the previous year (including the number of shares, amount, and stock price), and any difference from the recognized remuneration to employees, directors, and supervisors, the reason therefor, and the treatment thereof shall be specified: None.

(9) Shares repurchased by the Company: None for the Company.

2. Issuance of Corporate Bonds (including Overseas Corporate Bonds):

(1) Issuance of Corporate Bonds: None.

(2) Convertible Corporate Bonds: None.

(3) Issuance of Corporate Bonds under a Shelf Registration: None.

3. Issuance of Preferred Shares: None.

4. Participation in the issuance of Overseas Depository Receipts: None.

5. Disclosure of the issuance of Employee Stock Warrants:

(1) Issuance of employee stock warrants: None.

(2) Names of managers who have obtained employee stock warrants, and the names of employees who are among the top ten in terms of the number of shares that can be subscribed with obtained stock warrants and whose subscription amount reaches NT\$30 million, and their warrant acquisition and share subscription status: None.

(3) Private placement of employee stock warrants in the most recent three years and up to the publication date of this annual report: None.

6. Issuance of Restricted Stock Awards (RSAs):

(1) Issuance of RSAs: None.

(2) Names of managers receiving RSAs, and the names of the top ten employees with RSAs and their receipt of the RSAs: None.

7. Disclosure of the New Shares Issuance in Connection with Mergers and Acquisitions: None.

8. Implementation of the Capital Utilization Plan:

(1) Cash capital increase plan for the second fundraising in 2023

- A. Competent authority's approval date and document number: Approval for effective registration under Jin-Guan-Zheng-Fa-Zi Letter No. 1120366462 dated January 9, 2024.
- B. Total amount of funds required for this plan: NT\$8,100,000 thousand.
- C. Source of capital: A cash capital increase where 450,000 thousand common shares are issued at NT\$18 per share, with a par value of NT\$10, to raise a total of NT\$8,100,000 thousand.
- D. Expected benefits generated: The Company has raised NT\$8,100,000 thousand to replenish operating funds and improve the financial structure. There is no need to borrow from financial institutions. If the Company's average borrowing interest rate is 2%, this would save about NT\$162,000 thousand in interest expenses annually.

(2) Implementation status

- A. The reasonableness of the capital utilization plan and expected progress:

Unit: NTD thousand

Planned item	Expected completion date	Total funds required	Scheduled fund utilization progress		
			2024 Q2	2024 Q3	2024 Q4
Replenish operating funds	2024 Q4	8,100,000	1,490,368	2,721,234	3,888,398
Total		8,100,000	1,490,368	2,721,234	3,888,398

On December 11, 2023, the Company's Board of Directors resolved to conduct a cash capital increase with NT\$8.5 billion as the upper limit. On December 26, 2023, the Chairman approved a cash capital increase of NT\$8,100,000 thousand. The fundraising and the issuance of new shares for the cash capital increase have been completed by the first quarter of 2024. After that, the fund can be invested in the Company's operations. Thus, the capital utilization plan and the expected progress are considered reasonable.

- B. Implementation status: It is expected to be completed in the fourth quarter of 2024.

V. Operational Overview

1. Business Activities

(1) Business Scope

A. Principal business activities

G501011 Civil Air Transport.

J201051 Approved Training Organizations.

F401171 Alcohol Products Importation.

ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

B. Revenue Distribution

Unit: NTD thousand

Year \ Item	Passenger Revenue		Cargo Revenue		Other Revenue		Total Revenue	
	Amount	Proportion	Amount	Proportion	Amount	Proportion	Amount	Proportion
2022	2,277,887	67.75%	918,070	27.31%	166,178	4.94%	3,362,135	100%
2023	19,747,159	87.87%	1,594,597	7.10%	1,130,372	5.03%	22,472,128	100%

C. STARLUX Airlines' current products (services)

- Passenger services: International air transportation of passengers and scheduled and non-scheduled international charter flights.
- Cargo services: International transportation of goods, express delivery, mail, and packages.
- In-flight sales: Sale of duty-free products on board.
- Department store retail services: Sale of products online and in physical stores.

D. New products (services) to be developed

a. Promotion of the STARLUX Holiday program

STARLUX Airlines plans to launch the STARLUX Holiday program together with travel agencies. The program integrates the hotels, tickets, and other service resources from the agencies, and provides travel products and related services with a combination of tickets and hotels to meet the travel needs of different customer groups.

b. Promotion of the COSMILE membership program for diversified development

STARLUX Airlines officially launched the STARLUX co-branded card in 2023 in cooperation with E.SUN Bank to further increase the number of members. We will launch more mileage cooperation programs in the long run, and increase the channels for mileage accumulation and redemption, enhancing the loyalty of members. In the future, STARLUX Airlines will improve the efficiency of marketing to group passengers, provide more types of group services for more peers in the travel industry, refine the control system through revision for convenient and fast reservation, issuance, and itinerary management channels, in order to achieve substantial savings in our business, reservation, ticketing, and customer service manpower.

c. Planned entry to Terminal 2 of Taoyuan Airport

In response to our plan to launch long-haul routes, we offer US routes in Terminal 2 of Taoyuan International Airport. Our operations for routes to Southeast Asia, including Singapore, Bangkok and Chiang Mai in Thailand, Cebu in the Philippines, and Da Nang in Vietnam, have also been relocated to Terminal 2. In the future, STARLUX Airlines will continue to move other routes to Southeast Asia to Terminal 2. We also opened our self-operated VIP lounge, GALACTIC Lounge, at Terminal 2 this February.

d. Planned development of intelligent customer services and establishment of a global customer service center

In view of the expansion of our route network and the significant growth in the number of passengers, STARLUX Airlines plans to introduce intelligent applications and establish a customer service center to not only provide diversified customer service channels, but also optimize response efficiency, thereby improving service quality to meet the needs of passengers.

e. Promote Interline flights and businesses related to travel agencies

STARLUX Airlines continues to strengthen cooperation with companies in our and other industries in order to expand our reputation and service range, thereby increasing flight sales and seat utilization. For inter-industry cooperation, in addition to selling interline flight tickets, we have increased the number of partners continuously. For example, Alaska Airlines (Mileage Plan) members may accrue mileage on Alaska Airlines when flying with STARLUX and redeem Alaska Mileage Plan miles for free tickets on STARLUX Airlines.

f. Upgrading of the ticketing website and app functions

STARLUX Airlines has continued to add new services on the official website and app, including online itinerary change and online redemption of reward tickets for our COSMILE members, and increased flexibility in choosing between different points of access or stopovers when purchasing tickets online.

g. In-flight service product management and duty-free shopping website revision project

STARLUX Airlines has completed the development of a new website for pre-order of duty-free products, beshopping, to provide passengers with an excellent shopping experience and retain them. With user experience as a design consideration, we continue to create a considerate user interface and adjust the back-end system design to provide passengers with the most user-friendly, convenient and smooth online shopping service experience.

h. Cargo transport website revision project

STARLUX Airlines continues to simplify the freight booking process on our official website for cargo transportation and improve the good status tracking function through visualization for the convenience of freight companies.

i. Airport passenger service system function optimization project

In line with US TSA regulations, the TSA PreCheck service is provided for passengers traveling in and out of the United States, which greatly reduces the time required for security checks when entering or leaving the United States.

j. Introduce a flight data analysis system

STARLUX Airlines has introduced a flight data analysis system to accurately grasp the information on competing routes, transportation capacity, schedule planning, etc. through big data analysis in order to refine our network planning strategies and develop potential markets.

k. AI algorithm evaluation and technical analysis

We have developed an AI algorithm for business decision-making and accurate ad placement. AI technology helps analyze cross-platform channels, discover valuable customers at the best time, provide real-time information on audience needs and bidding strategies, and assist with business management to obtain maximum business benefits.

(2) Industry Overview

A. Current status and development of the industry

a. Overall economic environment

According to a report released by the United Nations in January 2024, the global economic growth rate in 2024 will slow from 2.7% in 2023 to 2.4%, which is lower than the pre-pandemic growth rate of 3%. This is mainly due to high interest rates, reduced consumer spending, and the gradual decline of the labor market. Growth in large economies such as the United States is expected to slow down. Meanwhile, developing countries are faced with tightening financial conditions, lack

of fiscal space, and weak external demand, resulting in bleak short-term growth prospects. The United Nations also forecasts that the global inflation rate is expected to drop from 5.7% in 2023 to 3.9% in 2024. However, regional conflicts may drive inflation to rise again, posing major challenges to global economic growth.

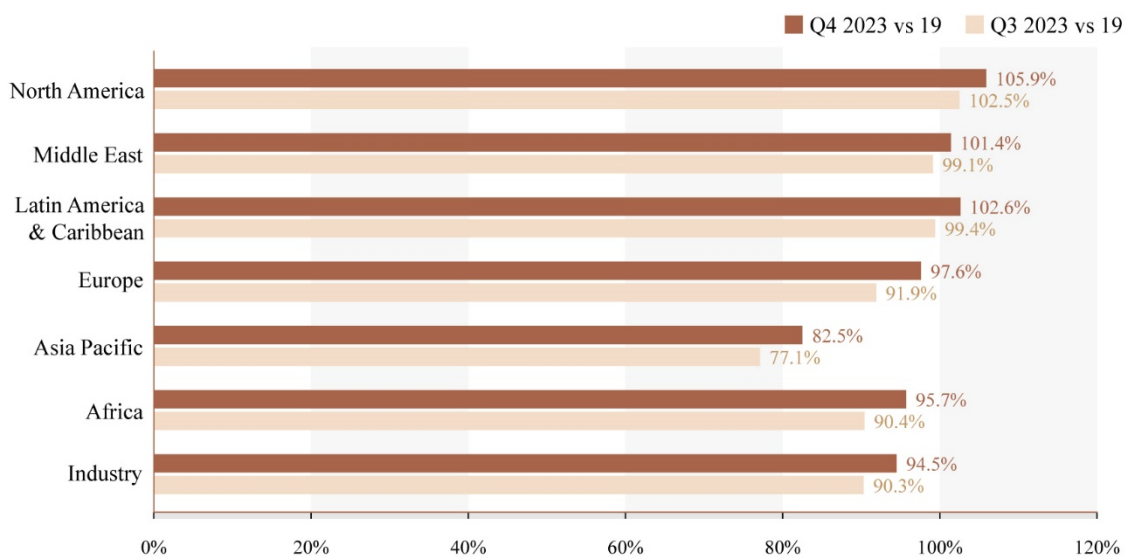
On the other hand, the IMF is cautiously optimistic about global economic growth. In its "World Economic Outlook Report" released in January, global economic growth in 2024 is raised from 2.9% in October 2023 to 3.1%, which is mainly due to the recovery of large emerging markets and developing economies that are stronger than expected. In addition, the IMF has pointed out that geopolitical conflicts are one of the unfavorable risk factors for the global economy, which may drive up commodity prices or prolong the period of high interest rates, and economic growth will be weaker than expected.

For Taiwan's economy, the Taiwan Institute of Economic Research has analyzed that economic growth in 2024 will mainly rely on consumption and investment. The recovery of the global electronics industry is expected to promote a rebound in global trade and an increase in end demand. It is expected that the domestic economic growth rate will reach 3.15% this year, the same as the forecast in November last year. However, in terms of the CPI, the overall price increase has been relatively slow to ease due to the unabated upward pressure on service prices, and the interruption in oil production caused by the tension in the Middle East and the extreme weather in the United States may disrupt the global supply chain and further drive up oil price and shipping prices. Thus, the consumer price inflation rate has been adjusted upward to 1.95%.

b. Passenger and cargo transportation markets

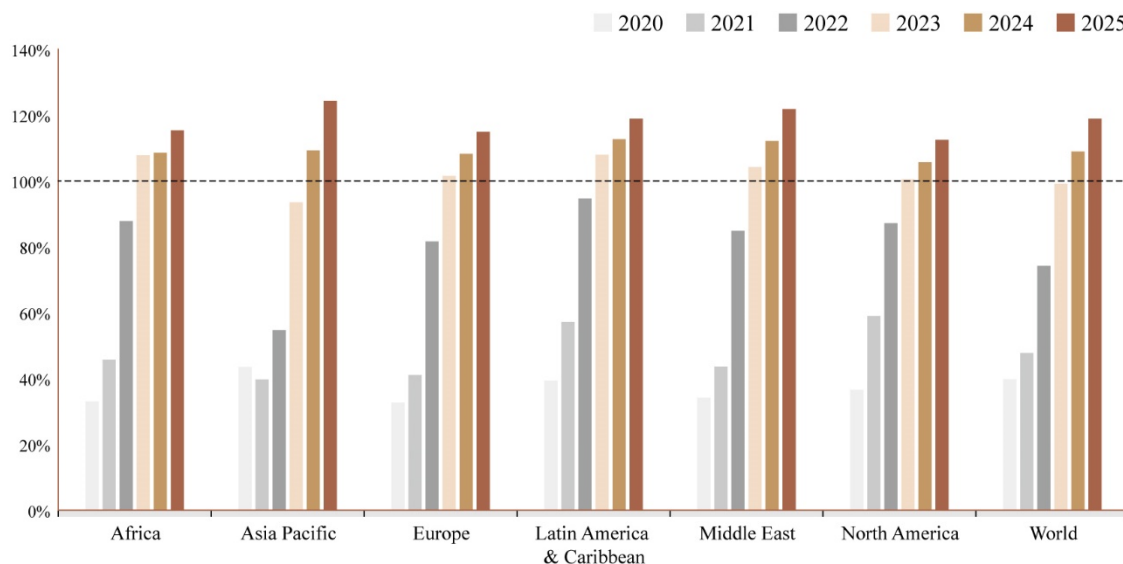
The global passenger transportation market saw a strong recovery in 2023. According to the International Air Transport Association (IATA), the revenue passenger kilometers (RPKs) worldwide in the fourth quarter of last year increased by 28.6% from the previous period, of which the international passenger traffic increased by 26.7% year-on-year to 94.5%, reaching the same level as in the same period of 2019, indicating that passenger transportation has steadily recovered to close to or, in North America, the Middle East, and Latin America, greater than the pre-pandemic level. The average load factor reached 82.4%, the highest in the fourth quarter of a year since 2010. However, as manpower in the aviation industry has not yet been replenished and operating costs are rising, air ticket prices remain high. This not only reflects the strong market demand for air transportation, but also boosts passenger transportation revenue performance and brings positive operating results to the aviation industry.

International RPKs by airline region of registration, % share of the same period in 2019



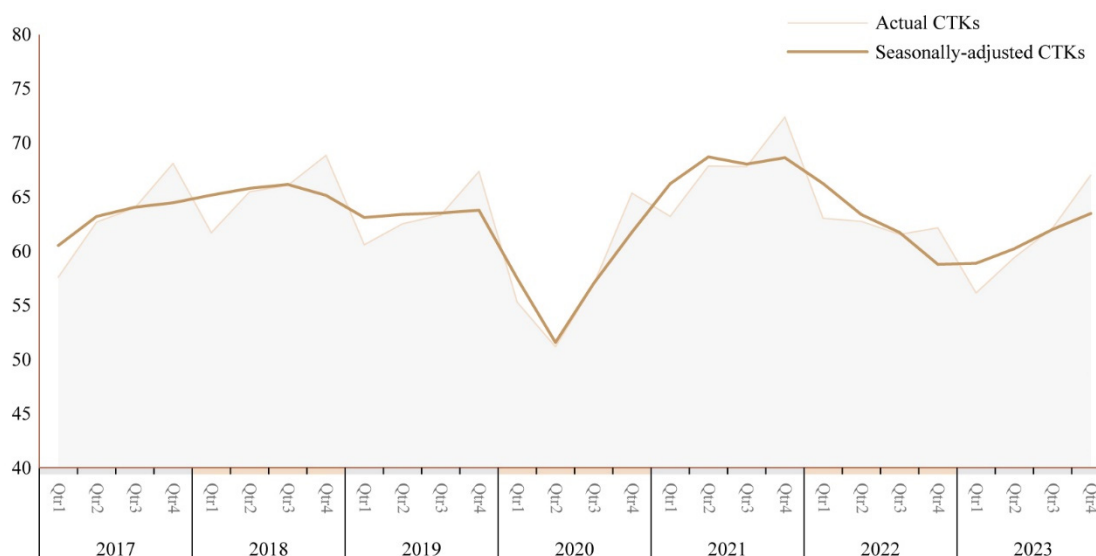
After experiencing the trough of the pandemic, the global aviation industry returned to profitability in 2023, ending three consecutive years of losses. Meanwhile, the passenger traffic in some regions has recovered to pre-pandemic levels. As international flights steadily increase, the Asia Pacific region is expected to catch up this year. Looking to the future, IATA expects that by the end of 2024, the global air passenger traffic will fully recover to the level of 2019, and revenue performance will continue to grow. In the long run, there is a chance for passenger traffic to double by 2040.

Passenger traffic forecast by region, % share of 2019 levels



Demand for air cargo transportation is more sensitive to factors such as the economic cycle and economic situation than that for passenger transportation. Since last year, due to factors such as rising inflation, geopolitical conflicts in Europe and the Middle East, and supply chain disruptions, the World Trade Organization (WTO) estimated the global merchandise trade volume in 2023 to increase by only 0.8% year-on-year. Although the number of new export orders from major economies worldwide was below 50 in the fourth quarter of 2023, indicating that the market was still under pressure, it was still better than that in the third quarter. As a result, the cargo tonne kilometers (CTKs) in the fourth quarter grew significantly by 7.8% year-on-year. Even though the global trade environment is full of challenges, air cargo transportation is still on a positive trend.

Industry quarterly CTKs in billions



c. International crude oil price

The International Energy Agency (IEA) stated in its monthly report in March 2024 that the economic outlook of the United States continues to improve, and the geopolitical situation in the Red Sea heats up, forcing shipping companies to adjust their routes to bypass the Red Sea through Africa, which is expected to contribute to the higher-than-previously-expected growth of global oil demand this year. Meanwhile, OPEC+ forecasts strong oil demand growth this year and next year, which is higher than the IEA's demand forecast, further raising the global economic growth rate this year to 2.8%, supporting oil prices. In terms of oil supply, the Organization of the Petroleum Exporting Countries Plus (OPEC+) has been reducing production since the end of 2022 to boost oil prices, and in March this year decided to extend production cuts until the end of June. If OPEC+ does not lift production cuts by the end of this year, oil market fundamentals will further drive oil prices up due to the lack of supply in the second half of the year. The future outlook of the crude oil market is still driven by geopolitics, economic prospects, market supply and demand, and other factors.

B. Correlation between the upstream, midstream, and downstream sectors of the industry

The air transportation service industry mainly focuses on the provision of passenger and cargo transportation services, and its operations rely on the complementarity of related upstream, midstream, and downstream sectors to construct a comprehensive service process to meet customer needs. The correlation between the upstream, midstream, and downstream sectors of our industry is illustrated and described as follows:



◆ Upstream sectors

Aircraft manufacturing:

Aircraft are the foundation for airline operations. Our aircraft (delivered and unrealized orders) are all purchased from Airbus in France.

Aircraft engine manufacturing:

As one of the important components of aircraft, the engine has a considerable influence on flight safety, range, and flight efficiency. At present, our fleet is equipped with two types of aircraft engines, which are manufactured by two well-known foreign engine manufacturers, Rolls-Royce and CFM International, a joint venture between GE Aviation of the United States and Safran of France, respectively.

Aircraft leasing:

STARLUX Airlines introduces new aircraft by purchasing or leasing according to the financial plan. As such, aircraft leasing is one of the sources of transportation capacity for airline companies and is also an upstream sector of the air transportation industry.

Ground handling equipment manufacturing:

Ground handling equipment refers to vehicles required for apron operations, such as shuttle vehicles, ground power supply units, aircraft trailers, drinking water carts, belt loaders, and ULD loaders.

◆ Midstream sectors

Petroleum:

Jet fuel is a major operating cost for airlines, and international oil prices are easily affected by the policies of oil-producing countries and exchange rate fluctuations, making it difficult to control the fuel cost. In order to stabilize the cost of fuel, STARLUX Airlines has signed long-term contracts with major fuel suppliers for purchase discounts.

Aircraft maintenance and repair:

The regular and irregular (emergency or special) inspection, maintenance and repair of aircraft are closely related to flight quality and safety. STARLUX Airlines spent a great deal of money in building a maintenance yard for three aircraft (one wide-body aircraft and two narrow-body aircraft) at Taoyuan International Airport and signed a long-term maintenance contract with Air Asia.

Sky catering:

In-flight meals are an important part of in-flight service. To ensure the quality of meals served, STARLUX Airlines has commissioned China Pacific Catering Services Ltd. and Kaohsiung Airport Catering Services Ltd. to prepare in-flight meals for flights departing from Taipei and Taichung, respectively. For foreign stops, we also carefully select qualified local suppliers to provide quality services.

Ground handling services:

As an integral part of airport operations, ground handling services mainly include airport counter check-in, baggage handling, loading/unloading of goods and mails, towing of aircraft, and other operations on ground. We currently operate our own ground handling services at Taoyuan International Airport, while at other domestic airports, we cooperate with Taiwan Airport Service Co., Ltd. and Taoyuan International Airport Service Co., Ltd. to provide ground handling services.

Air cargo entrepôts:

Air cargo terminal operators engage in the handling of cargo such as air cargo import/export, transit, customs clearance of air and express cargo, storage, and loading/unloading ULDs. STARLUX Airlines currently commissions Farglory Free Trade Zone Co., Ltd. to provide freight and warehousing services.

Information software services:

Information systems not only improve the operational efficiency of airline companies, but also provides data support for operational decision-making. In addition to cooperating with well-known system service providers at home and abroad, STARLUX Airlines is the first airline company certified to both ISO 27001 and ISO 27701. We adopt the most rigorous attitude when it comes to management to properly protect the information security and privacy of passengers.

Supply of catering supplies:

In addition to the abovementioned midstream sectors, suppliers of catering supplies provide various cabin supplies, which makes them an indispensable part of the passenger service chain.

◆ Downstream sectors

General public:

The growing popularity of air transportation has greatly increased the opportunities for the general public to travel overseas for business or sightseeing. Being time-saving and safe, air transportation is attracting more and more passengers. In response to changes in passengers' consumption habits, STARLUX Airlines actively seeks customers through diversified sales channels.

Travel agencies:

STARLUX Airlines continues to work with travel agencies. In addition to selling airline tickets, assisting passengers with visa application, room reservation, and ground transportation, we also use our marketing expertise in packaging travel products to attract different target customers.

Freight forwarding:

Freight forwarders provide air cargo consolidation processing services to deliver shippers' cargo to airline companies for export or deliver imported cargo to cargo owners. The business scope

includes import, export, transit, and sometimes, customs declaration. Freight forwarders can be regarded as ground carriers for air cargo.

C. Product development trends

a. Taiwan Taoyuan International Airport as a transshipment hub in East Asia

The government launched the "Taoyuan Aerotropolis Project" in 2012. Through the urban planning model, the project will optimize land use and ensure a complete transportation network to further integrate the flow of people, goods, money, and information. The goal is to develop Taoyuan Airport into a hub airport in East Asia to not only increase the competitiveness of Taiwan's international gateway, but also create opportunities for Taiwan's overall economy. The third runway expansion project will be completed in 2030, and the construction of the third terminal is expected to be completed in 2026. Our stable business planning, flexible adjustment of the fleet capacity, and route network planning are aligned with the national policy development schedule and direction for joint efforts to build a new transshipment hub in East Asia.

b. Strategic codeshare cooperation to create a win-win situation

International air transportation is subject to freedoms of the air and market restrictions. In order to expand their route networks and provide more convenient transportation services to increase competitiveness, many airline companies have developed different strategic cooperation models. Common ones include codeshares, shared mileage programs for passengers, and joining airline alliances. These models aim to improve the overall service quality and expand customer sources through resource sharing. At present, there are three major strategic alliances for the global full-service aviation industry, namely the SkyTeam Alliance, Star Alliance, and Oneworld Alliance. STARLUX Airlines has signed interline agreements with several regional airline companies for passenger and cargo transportation. In the future, we will strive for more codeshare cooperation opportunities depending on the scale of operations and market demand.

c. Diversification of air cargo to explore new market opportunities

Benefiting from the continuing order-transfer effect from the "transfer of cargo from sea to air" and the strong import and export momentum, the demand for air cargo during the pandemic increased greatly, and cargo structure became significantly diversified, laying a niche for the post-pandemic era. In addition, Taoyuan Airport has planned to build a new air cargo park and free trade zone in the airport. By integrating existing cargo distribution needs, an international logistics and warehousing center will be developed, and key industries such as high-end value-added manufacturing, biotechnology, and pharmaceutical cold chain will be introduced. This can drive the development of a high value-added economy and promote the continuous growth of Taiwan's air freight traffic. As the industry recovers, STARLUX Airlines will not only continue to work closely with freight forwarders, but also actively expand codeshare cooperation.

D. Competition

In 2023, as post-pandemic air travel demand soared, various national airlines increased their flights, and many foreign airlines resumed service to Taiwan. The total number of aircraft movements at Taoyuan International Airport in 2023 reached nearly 202 thousand, reflecting a 79% year-on-year growth, which was equivalent to the 76% level in the same period of 2019, before the pandemic, showing the increasing intensity of competition in the aviation industry.

At a time full of challenges and opportunities, STARLUX Airlines launched eight new destinations in 2023. Not only did we continue to expand our route network in Asia, but we also took our first step into North America with the launch of routes to Los Angeles and San Francisco, marking a major milestone in expanding our market reach from Asia to North America. As of the end of April 2024, STARLUX Airlines has launched a total of 25 scheduled routes. Through the increase in flight frequency, the expansion of the route network, and the active development of the transit market, STARLUX Airlines is committed to improving competitiveness and addressing challenges.

Overview of Passenger and Cargo Transportation on International and Cross-Strait Routes of National Airlines

Airlines	2023								
	Number of flights	Passenger transportation				Cargo transportation			
		Number of passengers carried (person)	Passenger kilometers flown (person-thousand kilometers)	Available seat kilometers (seat-thousand kilometers)	Passenger load factor (%)	Cargo tonnage (metric tons)	Cargo tonne-kilometers (tonne-thousand kilometers)	Available cargo tonne-kilometers (tonne-thousand kilometers)	Cargo load factor (%)
China Airlines	56,746	9,386,420	33,607,788	42,938,123	78.27	1,210,580	5,329,711	7,922,305	67.27
EVA Airways	53,144	11,271,219	50,619,702	60,905,046	83.11	701,941	4,019,370	5,519,489	72.82
STARLUX Airlines	15,585	2,666,544	6,348,072	8,310,358	76.39	76,719	128,175	238,111	53.83
Mandarin Airlines	1,732	213,933	203,961	307,132	75.46	10,234	2,890	8,758	24.85
UNI Airways	814	103,344	64,730	115,854	80.78	5,625	3,264	3,870	28.02
Tigerair Taiwan	14,300	2,222,450	4,350,550	5,058,950	86.00	24,691	49,433	98,368	50.25
Total	142,321	25,863,910	95,194,804	117,635,464	80.91	2,029,790	9,532,843	13,790,902	69.02

Source: Statistical report of December 2023 from Civil Aviation Administration

(3) Research and Development (R&D)

- A. R&D expenses invested and successfully developed technologies and products in the most recent year and up to the date of publication of the annual report

In 2023 and as of the publication date of the annual report, STARLUX Airlines has invested a total of NT\$160 million in the development of the following technologies and products:

Project	R&D Project Description
Integration of an online mall with the corporate official website and app	In addition to the brand new website, app, and multiple new services, the project team is still actively developing a multi-destination function to meet the ticketing needs of individuals and groups, while enhancing the flexibility of mileage usage for COSMILE members and conducting operations integration for co-branded cards.
Airport passenger service system function optimization project	Upon the commencement of America routes, STARLUX Airlines started to offer self-pre-check-in and self-baggage drop services at the A1 Taipei Main Station of Taoyuan MRT Airport Line, providing domestic and foreign passengers with more convenient and high-quality boarding services.
Cargo transport website revision project	We have introduced e-AWBs (e-air way bills), refined and confirmed various operating procedures, and completed the system connection with forwarders to actively promote and increase the utilization rate of e-AWBs. We continue to simplify the freight booking process on our official website for cargo transportation and improve the good status tracking function through visualization for the convenience of freight companies.
In-flight service product management and duty-free shopping website revision project	STARLUX Airlines has completed the development of a new website for pre-order of duty-free products, beshopping, to provide passengers with an excellent shopping experience and retain them.
Group passenger service expansion and control system revision project	We have completed a revision of our travel agency management system to improve the efficiency of travel agency management operations by optimizing the business process and enhancing system automation.
Establishment of a corporate customer management platform	STARLUX Airlines has completed the development of a corporate management platform to quickly search for current stock levels and sales based on open and transparent information.
Jet fuel management system project	To improve management efficiency and cost control, STARLUX Airlines developed a fuel procurement management system that allows users to manage fuel contract expiration and pricing conditions at each airport.
Airport passenger service system function optimization project	In line with US TSA regulations, the TSA PreCheck service is provided for passengers traveling in and out of the United States, which greatly reduces the time required for security checks when entering or leaving the United States.
Continue to enhance paperless operations related to electronic flight bags	In addition to electronic flight logs and e-books, in line with the global ESG trend, STARLUX Airlines will continue to make flight plans and load information paperless to improve operational flexibility, convenience and efficiency.

B. Future R&D projects

In 2024, STARLUX Airlines will continue to invest about NT\$90 million in the research and development of the following technologies or products:

Project	Future R&D Project Description	Estimated Completion Date
Promote codeshare flights and businesses related to travel agencies	STARLUX Airlines continues to strengthen cooperation with companies in our and other industries in order to expand our reputation and service range, thereby increasing flight sales and seat utilization. For inter-industry cooperation, in addition to selling interline flight tickets, we have increased the number of partners continuously. For example, Alaska Airlines (Mileage Plan) members may accrue mileage on Alaska Airlines when flying with STARLUX and redeem Alaska Mileage Plan miles for free tickets on STARLUX Airlines.	August, 2024 Current progress: 50%
Upgrading of the ticketing website and app functions	STARLUX Airlines has continued to add new services on the official website and app, including online itinerary change and online redemption of reward tickets for our COSMILE members, and increased flexibility in choosing between different points of access or stopovers when purchasing tickets online.	July, 2024 Current progress: 40%
Cargo transport website revision project	We continue to simplify the freight booking process on our official website for cargo transportation and improve the good status tracking function through visualization for the convenience of freight companies.	August, 2024 Current progress: 40%
In-flight service product management and duty-free shopping website revision project	With user experience as a design consideration, we continue to create a considerate user interface and adjust the back-end system design to provide passengers with the most user-friendly, convenient, and smooth online shopping service experience.	August, 2024 Current progress: 50%
Introduce the flight data analysis system	STARLUX Airlines has introduced the flight data analysis system to accurately grasp the information on competing routes, transportation capacity, schedule planning, etc. through big data analysis in order to refine our network planning strategies and develop potential markets.	December, 2024 Current progress: 10%
AI algorithm evaluation and technical analysis	We have developed an AI algorithm for business decision-making and accurate ad placement. AI technology helps analyze cross-platform channels, discover valuable customers at the best time, provide real-time information on audience needs and bidding strategies, and assist with business management to obtain maximum business benefits.	December, 2024 Current progress: 5%
Development of intelligent customer services and establishment of a global customer service center	In response to the rapid route network expansion and the significant growth in the number of passengers, STARLUX Airlines introduced text-based intelligent customer service. By providing a variety of customer service channels, we can effectively respond to passenger needs, improve service quality, strengthen customer support and services, and meet the increasingly diverse needs of passengers, thereby enhancing passenger satisfaction and creating higher brand value. This development project focuses on assisting passengers to browse and purchase tickets on the official website. In the future, we will continue to assess the feasibility of applying this service in different business areas and develop it into a full-featured auxiliary tool. In addition, the globalization of routes is the ultimate goal of STARLUX Airlines, and we hope to integrate the human resources available to our branches around the world to fully meet the customer service needs of passengers from different locations at different points in time. In the future, we will use the existing customer service platform as the foundation to establish a universal customer service and voice-integrated system in order to achieve global customer service across time zones.	July, 2024 Current progress: 40%

(4) Long-term and short-term business development plans

A. Short-term business development plans

a. Increase of flight density and route network expansion

With the strong recovery of global aviation and tourism after the pandemic, we have actively increased the flight density of our existing routes depending on their popularity in the market. For routes to Japan, which are most favored by Taiwanese people, the number of flights per day to

Tokyo and Osaka has increased to three and two, respectively. For Southeast Asia, we will maintain a steady number of flights. In addition to increasing the number of flights to Ho Chi Minh City, Vietnam, per week to 13, STARLUX Airlines has launched new destinations with transit potential such as Hanoi, Vietnam, and Clark, the Philippines. Since March 2024, our routes to Los Angeles and San Francisco, USA, have offered one direct flight per day. By expanding the capacity in Southeast Asia and the U.S., we will actively build a transcontinental transit network, which is expected to take shape by the end of the year. On the other hand, in response to the strong momentum of the passenger transportation market, STARLUX Airlines plans to develop routes from Taichung Airport this year, targeting tourism and business passengers, and will launch new routes to Hong Kong and Seattle in the second half of the year to steadily expand our route network.

b. Entry to Terminal 2 of Taoyuan Airport

In response to our development of long-haul routes, we have provided US route services at Terminal 2 of Taoyuan Airport since April 2023. Our operations for routes to Southeast Asia, including Singapore, Bangkok and Chiang Mai in Thailand, Da Nang in Vietnam, and Cebu in the Philippines, have also been relocated to Terminal 2. In the future, we will continue to move other routes to Southeast Asia to Terminal 2 in order to facilitate the concentration of resources and improve the convenience of passengers for connecting flights. At the same time, we opened our own VIP lounge in Terminal 2 in February 2024, hoping to provide passengers with the most pleasant pre-departure experience through a comfortable environment and fine dining.

c. Generation of revenue and brand value

We regularly develop STARLUX merch and launch co-branded products with well-known brands to increase revenue. We also work with Taiwan's local luxury brands and internationally renowned sports franchises to provide original in-flight catering and exclusive service supplies for passengers around the world high up in the sky. This not only extends brand value and strengthens brand awareness, but also allows passengers to experience STARLUX Airline's exquisite products, services, and persistence to high standards.

d. Development of intelligent customer services and establishment of a global customer service center

In view of the rapid expansion of the route network and the significant growth in the number of passengers, STARLUX Airlines plans to introduce intelligent customer service to effectively respond to passengers' needs and improve service quality by providing diversified customer service channels. STARLUX Airlines also plans to set up a customer service center to strengthen support and services to customers and meet the increasingly diverse needs of passengers.

e. Optimization of internal system operations

In order to improve the convenience and efficiency of internal operations, a flight data analysis system has been introduced. By collecting information from multiple sources and using the system's big data analysis function, the system can provide comprehensive insights and real-time feedback on the operational status of each route to facilitate route network planning and the development of potential markets. In addition, we will continue to strengthen our internal paperless operations to implement the philosophy of corporate sustainable management.

f. User experience optimization

In order to provide passengers with a better service experience, we continue to improve our official website and app, launch a number of new services, and integrate co-branded card ticketing and other business operations to optimize the functions for redemption of passengers' membership mileage, in order to increase the flexibility of using COSMILE members' mileage. On the other hand, STARLUX Airlines will continuously enhance the group reservation process with travel agencies to improve the convenience of bilateral cooperation and hope to make the most out of flight seats to increase sales.

B. Long-term business development plans

a. Steady fleet expansion

As of the end of April 2024, STARLUX Airlines had a total of 22 passenger aircraft. We expect that an additional 5 aircraft will be delivered this year, and our fleet size will reach 27 by then, including 13 A321neos, 5 A330-900neos, and 9 A350-900s. We also plan to introduce our first new A350-1000 aircraft in 2025 in preparation for the launch of long-haul routes such as to the Eastern U.S. In addition, in response to the future prospects of the passenger and cargo transportation markets, STARLUX Airlines signed a contract with Airbus this February to purchase 3 A330-900neos and 5 A350F new-generation wide-body freighters, with deliveries starting in 2026 and 2027, respectively. STARLUX Airlines will pay close attention to changes in the market and adjust our route network expansion plan based on the manufacturer's capacity and delivery status to meet the goal of expanding the fleet to more than 50 aircraft in phases.

b. Construction of a dense route network

With the original intention of steady development, STARLUX Airlines continues to expand the route network in Asia and actively increases connecting passengers between Southeast Asia and North America. In the long run, we will launch new destinations in large cities in the Central States and East Coast cities according to the schedule for introducing wide-body aircraft, while actively applying for traffic rights, with a view to expanding our route network to Oceania, Europe, and Canada. In addition to the gradual expansion of new destinations, STARLUX Airlines officially made Taichung our second base in Taiwan this year. Since the end of March, we have offered regular flight services to Macau and Da Nang, Vietnam, as well as Taichung - Takamatsu charter service. In the future, STARLUX Airlines will continue to assess the feasibility of launching regional routes including from Taichung and Kaohsiung based on market demand in order to serve tourists from all over Taiwan and attract more international tourists to experience the beauty of Taiwan.

c. Development of transshipment services

There are more and more diversified air cargo types. In addition to the traditionally common raw materials, consumer electronics, machinery and equipment, and apparel and footwear, small-size and high-priced biotech products and time-sensitive cargo with high unit prices are also important types of air cargo. The rise of e-commerce has also driven the growth of express delivery. STARLUX Airlines will actively develop transshipment services to connect the markets of East Asia and North America. Taiwan has a mature technology industry, and we will assist in the transportation of key materials (e.g. wafers, functional fabrics, etc.) to Southeast Asia, and then forward the finished goods to North America, making full use of route network connectivity.

d. Enhancement of interline cooperation

STARLUX Airlines and Alaska Airlines became partners in 2023, providing high-quality and convenient flight services to and from major cities in North America or Asia for the passengers and members of both parties. The interline cooperation between the two companies will combine the Asian routes of STARLUX Airlines and the dense network of Alaska Airlines in North America to significantly enhance each other's competitive advantages. This can also provide members of both parties with more diverse options for mileage accrual and redemption to improve customer loyalty. At the same time, STARLUX Airlines will also keep an open and positive attitude and seek to sign codeshare agreements with different airline companies on passenger and cargo transportation. Depending on our growth scale and operational needs, we will continue to strive for more strategic cooperation opportunities to create a win-win situation.

e. Support for energy conservation and carbon reduction

In addition to introducing a new-generation fleet of high-efficiency and energy-saving aircraft and digitizing paper-based operations, we will continue to take active actions related to energy management, energy conservation, and fuel-saving operations; participate in the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA); and introduce EV equipment and consider the use of green power in support of the International Civil Aviation

Organization's (ICAO) goal of achieving net zero carbon emissions by 2050. The completion and operation of Taoyuan Airport Terminal 3 designed in line with the smart and sustainable management concept of the airport can contribute to the reduction of carbon emissions in the aviation industry and the fulfillment of the corporate social responsibility.

f. Integration of the air transportation industry chain

We currently operate our own ground handling services at Taoyuan International Airport and have built the flight operations center, service factory, maintenance yard, and bonded building near the airport to control overall service quality and operating efficiency. In the future, STARLUX Airlines plans to integrate the upstream and downstream related sectors in the aviation industry to achieve economic benefits and promote the development of the aviation industry value chain in line with the national aviation city development plan.

g. Development of the STARLUX Corporate Park

STARLUX Airlines participated in the land auction of the "Taoyuan Aerotropolis Priority Industry Zone" and won the bid in 2022 for a base of approximately 14.39 hectares. In line with the overall operational policy and needs of STARLUX, we plan to develop aviation-related industries at this base in phases. A corporate park combining intelligence, green energy, and low carbon is expected to create a large number of job opportunities. We hope to work with the Taoyuan City Government to promote the industrial cluster effect of the aviation city, implement the "airport economics" policy, and jointly facilitate the prosperity and growth of both the airport and the city.

2. Overview of the Market, Production, and Sales

(1) Market analysis

A. Sales (supply) regions of major products (services)

Passenger Operations

Year Item Region	2022			2023		
	Number of passengers carried	RPK (Thousand)	Revenue (NTD thousand)	Number of passengers carried	RPK (Thousand)	Revenue (NTD thousand)
Macau	20,159	17,014	171,634	218,758	184,632	1,021,282
Japan	114,383	205,324	857,003	1,235,320	2,294,560	10,160,139
Southeast Asia	191,949	498,909	1,225,845	1,053,625	2,512,024	5,993,503
USA	-	-	-	121,300	1,325,444	2,440,223
Others (Flights to Nowhere and Charter Flights)	2,947	5,122	23,405	13,796	31,412	132,012
Total	329,438	726,369	2,277,887	2,642,799	6,348,072	19,747,159

Note: RPK (Revenue Passenger Kilometers) is calculated as the number of revenue passengers multiplied by the flight distance (km).

Cargo Operations

Year Item Region	2022			2023		
	Cargo tonnage (tonnes)	FTK (Thousand)	Revenue (NTD thousand)	Cargo tonnage (tonnes)	FTK (Thousand)	Revenue (NTD thousand)
Macau	2,369	1,999	108,107	5,049	4,261	138,129
Japan	2,670	5,130	120,896	12,773	25,641	393,212
Southeast Asia	12,504	31,917	689,067	16,640	43,428	575,156
USA	-	-	-	5,017	54,845	488,100
Total	17,543	39,046	918,070	39,479	128,175	1,594,597

Note: FTK (Freight Tonne Kilometers) is calculated as the weight of revenue cargo multiplied by the flight distance (km).

B. Market share

Main competitors and market share

Market Share in Taiwan's International Route Market in the Most Recent Two Years

Item \ Year		2022	2023
Number of flights	STARLUX Airlines	4,688	15,538
	Taiwan	44,544	208,447
	Market share (%)	10.52	7.45
Number of passengers	STARLUX Airlines	329,541	2,658,173
	Taiwan	5,748,478	40,893,381
	Market share (%)	5.73	6.50
Cargo tonnage	STARLUX Airlines	12,606	30,431
	Taiwan	2,588,042	2,163,413
	Market share (%)	0.49	1.41

Source: Civil Aviation Administration's Monthly Statistical Report - Passenger and Freight Market Share of International and Cross-Strait Lines by National Airlines.

Market Share of National Airlines in the International Passenger and Freight Route Market in the Most Recent Two Years

Unit: %

Airlines \ Year	2022		2023	
	Passengers	Cargo	Passengers	Cargo
China Airlines	25.62	40.61	23.17	38.27
EVA Air	37.52	29.51	27.80	29.67
Mandarin Airlines	0.85	0.27	0.52	0.29
UNI Air	0.48	0.18	0.26	0.18
STARLUX Airlines	5.73	0.49	6.50	1.41
Tigerair Taiwan	2.64	0.01	5.39	0.03

Source: Civil Aviation Administration's Monthly Statistical Report - Passenger and Freight Market Share of International and Cross-Strait Lines by National Airlines.

C. Future market supply, demand, and growth

The global aviation industry has been affected by the COVID-19 pandemic since 2020. After the advent of vaccines, extensive screening tests, and the resumption of sightseeing tours, countries around the world have coexisted with the virus and the aviation industry has been able to recover. According to an analysis by IATA, the operating performance of the air transport industry in 2023 has recovered to the same level as before the pandemic, and it took three years to turn losses into profits. This shows that the aviation industry still has a certain level of resilience.

Looking to the future, although the world is still facing many uncertainties such as the slowdown of economic growth, inflation to suppress consumer demand, and regional conflicts, imposing many downside risks, most parts of the world, in general, have recovered from the great recession of COVID-19. According to the "Quarterly Air Transport Chartbook Q4 2023" released by IATA in February 2024, RPKs in North America exceeded their pre-pandemic levels for three consecutive quarters, while RPKs in Latin America and the Middle East exceeded their pre-pandemic levels for the first time. Meanwhile, the global passenger traffic of international routes recovered to 94.5% of the level in Q4 2019. Additionally, the increase in passenger flights has increased the supply of belly capacity in planes. However, low-price competition from ocean shipping has caused freight charges

to decline, putting pressure on the air freight market. IATA estimates that the proportion of freight revenue will decline year by year and that the proportion of passenger transportation and freight revenue will return to approximately 88% and 12% of their pre-pandemic levels, respectively, in 2024.

Overall, IATA forecasts that the aviation industry will continue to perform well, with an annual revenue growth rate of 7.6% in 2024, an annual passenger traffic growth rate of 9.8%, a net profit margin of 2.7%, and a load factor of 82.6%, which are equivalent to their levels before the pandemic. However, as the global economy successfully recovers, the dividends of the pandemic recovery will no longer exist. STARLUX Airlines will always pay attention to market dynamics, carefully plan the route network, and appropriately invest resources in order to respond to post-pandemic market changes.

D. Competitive Niche

a. Hub and spoke route network strategy

We expand our route network steadily and progressively. By making good use of Taiwan's geographical advantage, with the "hub-and-spoke route network" as the core strategy, we have gradually expanded into the commercial and tourist cities in Asia, and introduced three main models for short-distance, medium-distance, and long-distance flights, namely A321neo, A330-900neo, and A350-900, respectively. Following the opening of borders around the world in 2023, STARLUX Airlines quickly launched long-haul routes to Los Angeles and San Francisco, USA, intensified flights with existing destinations, and continued to develop new destinations in Asia. To actively expand business in the transit market and strive for opportunities in intercontinental transshipment markets and the high-profit commercial market, our transit network is expected to take shape by the end of this year. STARLUX Airlines will continue to evaluate the introduction of long-haul intercontinental routes between Europe and Oceania in the long run, in order to build Taiwan into an air transit hub in East Asia.

b. New-generation fleet gradually in place

Based on the long-term development plan, STARLUX Airlines plans to introduce Airbus family aircraft. Currently, we have three models of new-generation aircraft, A321neo, A330-900neo, and A350-900. It is expected that our first A350-1000 wide-body passenger aircraft will be delivered next year, and A350F freighters will be introduced starting from 2027. The aircraft introduced by STARLUX Airlines can reduce the training time of pilots and maintenance personnel thanks to the commonality among the members of the Airbus family, significantly reducing operating cost, providing the highest efficiency and operational flexibility for future route network development, and offering passengers an ultimately comfortable in-flight experience. Our A350F freighter and A350 passenger aircraft are equipped with the best-performing aircraft engines on the market, which can reduce fuel consumption by 25%, making them more environmentally friendly and energy-saving, and engine noise is significantly reduced. This indicates that in addition to active expansion, STARLUX Airlines is committed to the investment of resources for the implementation of sustainable operations.

c. Brand differentiation to segment target customers

STARLUX Airlines focuses on the market gap of Taiwan's premium aviation market and provides first-class cabins and exquisite services in all cabins to attract the attention of high-end business travelers at home and abroad, positioning STARLUX Airlines as an airline offering exceptional in-flight services. In order to strengthen brand recognition and differentiation, we not only provide safety-first premium transportation services, but also strive to develop innovative ideas and cross-industry cooperation through brand concept extension to offer in-flight meals and service products that combine Taiwanese brands and local elements, as well as STARLUX's merch and co-branded products, demonstrating our high requirements and persistence towards products and services to passengers in different ways.

d. Comprehensive security certification

While actively expanding operations, STARLUX Airlines has accumulated efforts to receive a number of international safety and quality certifications within a short period of time, such as ISO 27001 and ISO 27701 for personal information and security, WTTC Safe Travels Stamp, Taiwan Intellectual Property Management System - A-level verification, ISO 9001: 2015 SGS management system certification, and has passed the IATA Operational Safety Audit (IOSA) and received a certification in November 2023. STARLUX Airlines officially became an IATA member in December. We are committed to providing passengers with the most reassuring and safest premium services through comprehensive security certification.

E. Favorable and unfavorable factors of development prospects and countermeasures

Favorable factors

a. Taiwan's geographical advantage

Taiwan is one of the fast-growing aviation markets in Asia Pacific region and has the geographical advantage of being transformed into a hub in East Asia. From Taiwan, you can reach to the commercial cities in East Asia and ASEAN within 5-hour flight. Combined with the range and performance level of new-generation aircraft, Taiwan has an excellent niche to become a transit hub between Southeast Asia and North America. In addition, the construction of Terminal 3 and the third runway of Taoyuan International Airport is ongoing. With improvements in passenger traffic and services, the airport is working towards the goal of becoming a hub airport in East Asia.

b. Booming recovery of post-pandemic travel demand

IATA estimates that the number of global flights in 2024 will reach 40.1 million, exceeding the pre-pandemic level of 38.9 million in 2019, and the number of passengers carried will be 4.7 billion, surpassing its pre-pandemic level of 4.5 billion. RPKs are expected to grow by 9.8% year-on-year, with North America growing by 6.3% year-on-year and Asia Pacific growing more significantly by 13.5%. The global traffic capacity and volume have both reached record highs, demonstrating the vigorous recovery of the post-pandemic passenger transportation market and the promising prospects of the aviation market.

c. Three Major Programs for Investing in Taiwan

In response to the US-China trade war and global supply chain restructuring, the government has successively promoted the "Three Major Programs for Investing in Taiwan." As of March 2024, the programs have attracted more than NT\$2,241.8 billion investment from thousands of companies, of which those from the electronic information industry have been the main investors. Advanced industrial deployment has driven the economy. Taiwan's export, in particular, has been booming. Many products are transferred to air transportation, which makes the demand for air cargo transportation greatly increase. At present, the government has extended the programs to the end of 2024, which is expected to attract more enterprises to invest in Taiwan, promote enterprise value increase, and continuously drive Taiwan's economic momentum.

d. Open Skies Trend

Freedom from restrictions on flights and destinations thanks to the global trend of Open Skies in the aviation industry makes route operations more liberal, which is helpful for industrial competition and development. Taiwan has signed Open Skies agreements with the United States, Japan, Australia, and some Southeast Asian countries (such as Singapore, Malaysia, and Thailand). In recent years, the government has actively promoted the signing or amendment of air service agreements with other countries or regions under the new southbound policy for demand from airline companies with limited air service capacity under agreements or no air service agreements, with the overall interests of Taiwan, as well as the competitiveness of Taiwan's airports taken into consideration. This aims to expand the operating space of airline companies and provide passengers with more convenient flight options.

Unfavorable factors

a. Post-pandemic manpower shortage

During the COVID-19 pandemic, countries have drastically downsized manpower, causing some airports, ground handling personnel, and even airline companies to face a shortage of manpower. If the shortfall is not filled as quickly as the recovery of flights and passengers, it will affect the aviation industry's momentum for reconstructing. On the other hand, a weak labor market and inflation have led to upward pressure on wages, causing the labor cost of air transportation-related industries to rise.

b. Fluctuations in international crude oil prices

Fuel cost accounts for a significant portion of the operating cost of an airline company. Therefore, fluctuations in international crude oil prices also affect the overall profit margin significantly. Given the slowdown in global economic growth, energy demand may not meet last year's optimistic forecast. However, there are still many supply-side variables that have affected the international oil price trend, such as geopolitical changes, the adjustment of production quotas by OPEC+, the US shale oil exploration technology, and the sufficiency of production volume, causing uncertainty for airline companies in seeking profit margins.

c. Global regional trade agreements

In view of Sino-US rivalry, continuing regional conflicts, and competing global regional trade agreements, global trade is full of volatility and risks, and is moving towards a pattern of regional differentiation. Following the official launch of RCEP (Regional Comprehensive Economic Partnership) and IPEF (Indo-Pacific Economic Framework), Taiwan is also actively applying to accede to the CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership). Whether Taiwan can maintain or even improve its competitiveness in the competition of agreements will be a crucial key to the overall economic and trade development.

d. Construction speed

During the pandemic, airports in various regions continue to upgrade their anti-pandemic measures and accelerate the implementation of renovation projects to enhance their service facilities and functions and prepare for the improvement of global connectivity. IATA forecasts that global passenger traffic is expected to recover to its pre-pandemic level in 2024. However, whether airport construction can keep up with this recovery, fully meet the demand for passenger and cargo traffic in the future and provide a high-quality and convenient environment for the movement of passengers and cargo will be issues worthy of concern on the road to aviation recovery.

e. Changes in the global economic environment

In recent years, the global environment has been faced with many uncertainties due to crises such as COVID-19, the Sino-US trade conflict, the Russo-Ukrainian War, and the Israel-Palestinian conflict, which led to fluctuations in energy prices, slowing economic growth, and rising inflation in the world's major economies. This in turn depresses people's willingness to consume and travel. At the same time, weak consumption also weakens the demand for cargo import and export orders, which may drag down the performance of air passenger and cargo transportation. During the recovery from the pandemic, STARLUX Airlines will closely monitor the economic impact of international trade barriers and geopolitical turbulence.

Countermeasures

a. Flexible adjustment of route network planning and capacity

Benefiting from the slowdown of the pandemic and the lifting of lockdowns around the world, the aviation industry has recovered strongly. In response to the sharp increase in demand in the tourism market, we have actively adjusted our strategy and resumed the business model that focuses primarily on passengers and secondly on cargo. At this stage, our route network and flight frequency prioritize meeting the needs of passengers, and STARLUX Airlines introduces wide-body aircraft to flights to large commercial destinations with high demand for passenger and cargo transportation. In order to respond to market changes in a timely manner, STARLUX Airlines continues to optimize flight schedules, and always pays attention to market dynamics and competing routes to flexibly adjust the route network and capacity allocation so as to provide more competitive services. Meanwhile, we will adjust the introduction schedule of new aircraft and effectively regulate aircraft transportation capacity according to actual market demand and manufacturer capacity to maintain our steady development.

b. Active cultivation and development of potential customers

Following the lifting of lockdown on Taiwan's border, market demand has rebounded significantly. STARLUX Airlines has actively developed corporate customers, group and incentive travel, and launched STARLUX co-branded card in the first quarter of 2023, which provides a number of privileges and discounts to enhance member loyalty in the hope of attracting more passengers to join STARLUX Airlines' COSMILE membership program. At the same time, we are actively planning the development of the STARLUX Holiday program together with travel agencies, hoping to meet the travel needs of different customer groups by integrating travel agency resources.

c. Strengthening interline cooperation and brand promotion

STARLUX Airlines has become a partner of Alaska Airlines in 2023 and will continue to cement the cooperation in the future, hoping to increase passengers' flying convenience. In addition, we also partnered with the Los Angeles Clippers of the National Basketball Association and the Los Angeles Dodgers of Major League Baseball last year to not only introduce STARLUX Airlines to plenty of basketball and baseball fans, but also promote our brand image to the whole world. STARLUX Airlines will also continue to seek cross-border cooperation with different brands, with a view to bringing passengers a unique in-flight experience through cooperation in in-flight meals, service supplies, and co-branded products.

d. Steady development of transshipment services

With the A321neo narrow-body passenger aircraft, A330-900neo, and A350-900 wide-body aircraft, STARLUX Airlines can utilize the belly capacity of different aircraft models to allocate and develop cargo transportation capacity. Our active network expansion in Southeast Asia and development of routes in the US, as well as Taiwan's highly mature technology industry, will assist in the export of key materials such as chips and functional fabrics to Southeast Asia and the forwarding of finished products to North America. Through the carefully constructed route network, STARLUX Airlines is committed to connecting the Asian and North American markets.

(2) Important use and production process of main products

A. Important use of the Company's main products

Major Products	Main Uses
Passenger services	International air transportation of passengers and scheduled and non-scheduled international charter flights.
Cargo services	International transportation of goods, express delivery, mail, and packages.
Others	Sale of duty-free products, on board, online, and in physical stores.

B. Production process of main products

STARLUX Airlines is a service business, rather than a production business. Therefore, there is no production process.

(3) Supply of main raw materials

STARLUX Airlines is mainly engaged in air transportation services, and jet fuel accounts for a large proportion of the raw materials required for our operations, making it a main material. In 2023, for example, fuel expenditure accounted for 28.01% of our operating cost. STARLUX Airlines has signed fuel supply contracts with well-known international oil suppliers, and the supply of fuel is stable and guaranteed.

(4) List of major suppliers and customers

Names of suppliers accounting for more than 10% of total purchases in any of the most recent two years, the amount and proportion of purchases therefrom, and the reasons for the increase or decrease

Unit: NTD thousand; %

Item	2022				2023			
	Name	Amount	As a percentage of net purchases for the year	Relationship with the issuer	Name	Amount	As a percentage of net purchases for the year	Relationship with the issuer
1	A	1,076,869	15.30	None	D	2,887,192	14.96	None
2	B	805,006	11.43	None	-	-	-	-
3	C	734,085	10.43	None	-	-	-	-
4	Others	4,424,674	62.84	-	Others	16,418,093	85.04	-
	Net Total	7,040,634	100.00		Net Total	19,305,285	100.00	

Reason for the increase or decrease:

STARLUX Airlines is an air transport service business and the power source of transportation is fuel oil. Our oil supplier was changed from C to D, Taiwan in 2023. Therefore, its proportion increased significantly. The amount of purchases grew in the past two years due to the increase in our transportation capacity. However, the amount as a percentage of net purchases decreased due to the significant increase in the overall net purchases.

Names of customers accounting for more than 10% of total sales in any of the most recent two years, the amount and proportion of sales thereto, and the reasons for the increase or decrease: STARLUX Airlines is mainly engaged in air transportation services, and its consumers are general public. STARLUX Airlines does not sell to specific customers.

(5) Production volume and value in the most recent two years

Capacity and traffic	Year	2022	2023
Available seat kilometers (thousand)		2,074,087	8,310,358
Revenue passenger kilometers (thousand)		726,369	6,348,072
Passenger load factor (%)		35.02%	76.39%
Available tonne kilometers (thousand)		66,258	237,821
Revenue tonne kilometers (thousand)		39,046	128,175
Cargo load factor (%)		58.93%	53.90%
Total passenger and cargo transportation capacity (thousand)		252,926	985,753
Total passenger and cargo traffic (thousand)		104,419	699,501
Overall load factor (%)		41.28%	70.96%

(6) Sales volume and value in the most recent two years

Unit: NTD thousand

Sales volume	Year	2022		2023	
		Volume	Value	Volume	Value
Passenger Revenue		329,438	2,277,887	2,642,799	19,747,159
Cargo Revenue		17,543	918,070	39,479	1,594,597
Other operating Revenue		—	166,178	—	1,130,372
Total		—	3,362,135	—	22,472,128

Note: Passenger sales volume is the number of revenue passengers; cargo sales volume is the number of revenue tons.

3. Information on Employees

Year		2022	2023	April.16, 2024
Number of employees	Pilots	199	295	310
	Flight attendants	559	951	1,034
	Dispatchers	12	16	16
	Maintenance personnel	184	253	282
	Others	1,574	2,558	2,756
	Total	2,528	4,073	4,398
Average age		34.1	33.83	33.23
Average years of service		1.7	1.65	1.89
Distribution of educational attainments	Doctoral degree	0	0	0
	Master degree	7.91 %	7.10 %	6.78%
	Junior college	84.49 %	85.41 %	85.77%
	High school	7.32 %	7.10 %	7.05%
	Below high school	0.28 %	0.39 %	0.41%

4. Information on Environmental Protection Expenditure

(1) Total losses (including compensation) and penalties for environmental pollution in the most recent year and up to the publication date of the annual report: None.

(2) Countermeasures and improvement measures for current and future environmental protection problems

A. Evaluate and plan the application of renewable energy, and promote green building environmental indicators such as ecology, energy saving, waste reduction, and health.

B. Establish management mechanisms for continuous improvement

a. Our training pool and shower rooms are equipped with air-conditioning heat pumps to meet the hot water demand in the building through heat exchange, providing energy-saving benefits.

b. Waste generated from our buildings is sorted and placed in storage sites according to laws, and is recycled and disposed of by recycling and disposal service providers approved by the Ministry of Environment according to the announced waste categories, including recyclable, reusable, and industrial waste. The responsible unit of STARLUX Airlines conducts regular follow-up audits to ensure the legitimacy of final treatment.

C. Airport noise control

STARLUX Airlines has introduced high-performance new-generation short-, medium-, and long-haul A321neo, A330neo, and A350-900 aircraft since our flights commenced in 2020. Our entire fleet complies with the regulations of the rigorous Stage 4 aircraft noise standards of the International Civil Aviation Organization (ICA) and the Federal Aviation Regulations (FA). The noise value from the original manufacturer has been reduced by 16 to 22 dB compared to the previous-generation aircraft models, and the noise footprint has been significantly reduced by 50%. STARLUX Airlines also abides by the noise control measures specified by each airport during take-off and landing to maintain the comfortable environment around the airport and for passengers.

D. Air pollution prevention

STARLUX Airlines has introduced high-performance new-generation short-, medium-, and long-haul A321neo, A330neo, and A350-900 aircraft since our flights commenced in 2020. Most part of the body of these aircraft uses lightweight and durable carbon fiber and titanium alloy composites, the Sharklet design that can enhance the overall flight efficiency of aircraft, and the best technology and materials to create the industry's most efficient aircraft engines. The fuel consumption data of our entire fleet from the original manufacturer shows significant savings of 12% - 25% compared to the previous-generation aircraft, effectively reducing CO₂ pollution. An energy-efficient fleet is an important foundation for STARLUX Airlines to achieve a net zero strategy.

In addition, STARLUX Airlines has implemented other measures such as: full adoption of electric baggage tractors at Taoyuan International Airport, optimization of flight fuel-saving procedures, replacement of energy-intensive aircraft auxiliary power units (APUs) with ground power and air conditioning units (GPUs), participation in the Civil Aviation Administration's Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), in support of aviation development as well as energy saving and carbon reduction so that the Earth does not receive carbon.

E. Enhancement of the Company's image and corporate responsibility, and creation of an excellent workplace

Reduce water and other energy consumption, properly recycle, and dispose of waste materials and waste, and create a safe and healthy working environment.

We have installed an inverter chiller for automatic load adjustment to improve air conditioning efficiency to save energy and used eco-friendly refrigerants to reduce the impact on the environment.

STARLUX Airlines has installed an intelligent energy management system to effectively monitor, analyze, and control the energy consumption of buildings. Through intelligent overall control, the air-conditioning and power systems can be effectively controlled to reduce energy consumption.

F. Public disclosure of sustainability and environmental protection actions and performance

Since 2023, STARLUX Airlines has published a sustainability report every year to publicly disclose information on our implementation results and performance on major issues related to the environment, society, and governance for investors, customers, partners, and other stakeholders. We will set up a sustainability website (URL to be added after the website is set up) to promote sustainability and environmental protection and give the latest news on a regular basis in order to provide our latest sustainable implementation status.

(3) Environmental protection expenditure in the current and future years

Unit: NTD thousand

Item	Year	2023	2024 (estimated)
Installation of sewage treatment equipment		—	—
Maintenance of sewage treatment equipment		3,832	4,442
Annual sewage treatment expenses		1,350	2,150
Waste clearance and treatment fees		1,790	2,709
Other expenses		36	36

5. Labor Relations

(1) List the Company's measures for labor-management harmony and mutual benefits, such as employee welfare measures, education and training courses, workplace creation, implementation of a retirement system, communication channels between labor and management, and protection of labor rights.

A. Labor Relations

On Jun 27, 2018, the STARLUX-Airlines Corporate Union was established, which still remains active to this day.

B. Labor-Management Communication

To achieve direct communication of employee complaints and suggestions, we have established diverse channels/platforms, such as employee suggestion email and dedicated hotline, adhering to principles of confidentiality and avoiding conflict of interests. We promptly and cautiously address the opinions of each employee. In the year 2023, a total of 16 employee complaint cases were handled.

C. Welfare Measures

a. Employee benefits

STARLUX Airlines established the Employee Welfare Committee of STARLUX Airlines by law. Stipulated and in accordance with the law, STARLUX Airlines and employees allocate welfare funds, including the disbursement of birthday bonuses, holiday bonuses (gifts), various welfare projects, educational scholarships, leisure and recreational subsidies, and other annual subsidies.

b. Profit sharing

According to the Articles of Incorporation of STARLUX Airlines, if STARLUX Airlines records a profit in a fiscal year, no less than 1% thereof shall be allocated as the remuneration of employees.

c. Employee care

Statutory pension contribution, employee labor and health insurance, employer liability insurance, employee group insurance, and employee health examination.

d. Employee leisure

Incentive tickets for existing employees and retirees.

e. Happy workplace

Exemption from attendance on make-up days, flexible working hours, free employee lunch, optimization of corporate office space and equipment, occupational safety in the workplace, gender-equal working conditions, transfer system.

D. Competence Training

To achieve our strategic goal of premium aviation and provide employees with guidance on the development of competencies, STARLUX Airlines continues to implement professional training courses according to job grade and professional skills, set up various talent cultivation systems, and promote education and training, moving toward a learning organization with personnel value-added development, corporate knowledge management, and the development of human resource to realize the vision of common good management. In this direction, STARLUX Airlines will continue to organize internal and external training, including orientation for new employees, hierarchical management competency training, professional competency training for each job grade, common competency training, corporate culture education, and various safety-first training courses. Various education and training programs are described as follows:

a. Orientation for new employees

STARLUX Airlines arranges " STARLUX Airlines New Hire Education Training " courses, covering our brand philosophy, future prospects organizational introduction, management rules, workplace etiquette, professional aviation knowledge, information security, occupational safety and health, etc., to help newcomers to familiarize with our relevant rules and culture.

b. Management competencies:

Training for junior, mid-level, and senior managers is implemented.

c. Professional competencies:

Professional vocational training, recurrent training, qualification training, certification training, etc. for each unit.

d. Common competencies:

Knowledge and lecture services, online education courses for all employees, and continuing education courses on information provision services.

e. Corporate culture:

Orientation for new employees, professional training for cabin crew, and advocacy in internal meetings.

f. Safety first:

Personal information security education, flight safety education, disaster prevention and safety education, and occupational safety education.

A total of 3,273 sessions of the above training and education courses were organized in 2023, with a total of 75,560 participants.

E. Retirement system

Employees may request retirement in accordance with the Labor Standards Act and apply for receiving labor pension according to the law,. The pension reserve fund is broken down as follows:

a. Labor Retirement Reserve Fund under the Labor Standards Act

On March 9, 2021, STARLUX Airlines established the Labor Retirement Reserve Fund Supervisory Committee in accordance with the Labor Standards Act, and opened a labor retirement reserve fund account with the Bank of Taiwan. For employees who are eligible for the old pension system, a pension contribution is made to the dedicated account on a monthly basis. When employees are eligible for retirement, they may apply to STARLUX Airlines for their pension.

b. Labor Pension Fund under the Labor Pension Act

According to the Labor Pension Act, for employees who are eligible for the new pension system, STARLUX Airlines makes a contribution of 6% of the employee's salary on a monthly basis to his/her labor pension fund account established by the Bureau of Labor Insurance. When employees are eligible for retirement, they may apply to STARLUX Airlines for their pension.

(2) Losses due to labor disputes in the most recent year and up to the date of publication of the annual report, and the estimated amount that may be incurred in the present or in the future, and countermeasures: Approximately NT\$30 thousand, which had a minor impact on shareholders' equity or securities prices and did not cause a significant impact on the Company.

Penalty totaling NT\$150 thousand imposed by the competent labor authority after a labor inspection is detailed as follows:

Date of penalty imposition	Penalty document number	Legal provision violated	Content of the legal provision violated
2023.07.06	Fu-Lao-Jian Zi No. 1120175829	Article 32, Paragraph 2 of the Labor Standards Act	If it is necessary for the employer to make workers work outside the normal working hours, the employer may extend the working hours with the consent of the trade union. If there is no trade union, the working hours may be extended with the consent of a labor-management meeting. The abovementioned working hour extension and normal working hours shall not exceed 12 hours a day. Working hour extensions in one month shall not exceed 46 hours. However, working hour extensions for which consent has been obtained from the trade union (or from a labor-management meeting if there is no trade union) shall not exceed 54 hours in one month and 138 hours in every three months.
2023.09.19	Fu-Lao-Jian Zi No. 1120253816	Article 22, Paragraph 2 of the Regulations for the Occupational Safety and Health Equipment and Measures and Article 6, Paragraph 1 of the Occupational Safety and Health Act Article 43, Paragraph 1 of the Regulations for the Occupational Safety and Health Equipment and Measures and Article 6, Paragraph 1 of the Occupational Safety and Health Act	Employers shall install warning signs and provide appropriate insulation and other necessary safety equipment when appointing workers to perform the operations in the preceding paragraph that may cause burns due to contact with high-temperature surfaces of machinery, tools or equipment. Employers shall have guard shields, guard fences, guard grilles, and gangways in place for motors, shafts, gears, pulleys, flywheels, driving wheels, driving belts, and other parts that may pose a hazard to workers.

6. Information and Communication Security Management

(1) Information and communication security risk management framework, information and communication security policies, specific management plans, and resources invested in information and communication security management.

A. Information security management structure

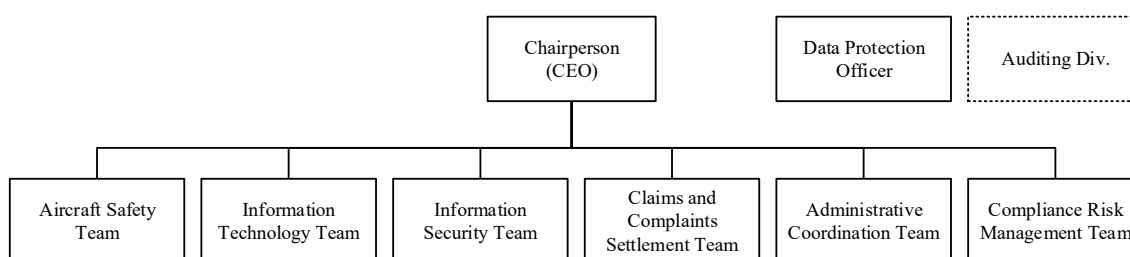
STARLUX Airlines is committed to the establishment of an information security system, compliance with laws and regulations, and maintenance of customers' trust in order to achieve the goal of safe, high-quality, and comfortable flight services. Information security and privacy protection are our commitments to our customers, shareholders, and partners. In order to implement an information security management system, STARLUX Airlines has established the "Information Security Management Policy" and the "Information Security Management Manual" to improve and promote the management objectives of information security and privacy protection. STARLUX Airlines established the "Information Security and Personal Information Management Committee" in 2019 to oversee and manage the effectiveness of information security and personal information protection, ensure the confidentiality, integrity, and availability of our infrastructure and environment,

information system software and hardware, aircraft information software and hardware, and the data, information and services provided, and meet our requirements for continuing operations.

a. Information Security and Personal Information Management Committee

In response to the global digitization trend and information security governance requirements, STARLUX Airlines established the "Information Security and Personal Information Management Committee" (Figure 1) upon the foundation of STARLUX Airlines in order to shape our information security awareness and corporate culture. The CEO serves as the chairperson of the committee, and STARLUX Airlines has appointed a Data Protection Officer and set up an Auditing Office, and six functional teams, including the Aircraft Safety Team, Information Technology Team, Information Security Management Team, Claims and Complaints Settlement Team, Administrative Coordination Team, and Compliance Risk Management Team. The chairperson, officer, Auditing Office, and the six teams meet to make important decisions. A meeting is convened on a quarterly basis to review and resolve information security and personal data protection policies, development plans, and implementation results to ensure the achievement of our information security governance resilience and corporate sustainability goals.

Figure 1 Organizational Chart of the Information Security and Personal Information Management Committee



b. Information Security Div.

STARLUX Airlines set up the Information Security Department in January 2024 (originally the Information Security Department of the Information Division), responsible for planning, formulating and implementing our information security system and continuously promoting information security governance.

B. Information security management policy and practice

In order to establish a complete information security and privacy protection management mechanism, STARLUX Airlines has formulated the "Information Security Management Policy," "Information Security Management Manual," and operating procedures related to information security management in order to strengthen the information security management system and assessment and implement comprehensive risk control. We passed reviews by international standard certification organizations in June 2021 to obtain "ISO 27001:2013 Information Security Management System" and "ISO 27701:2019 Privacy Information Management System" certifications. Furthermore, we passed the re-evaluation by the international standard verification organization in March 2024 and obtained the "ISO 27001:2022 Information Security Management System" certification. STARLUX Airlines regularly conducts information security risk assessment, and based on the severity, type, and probability of risk impacts, comprehensively assesses the cost required for the mitigation or reduction of risks in accordance with the ISO 27001 Information Security Management Framework, sets priorities to implement the Plan-Do-Check-Act (PDCA) methodology, and constructs a multi-layered information security defense system to ensure the comprehensiveness and resilience of our information security system.

C. Resources invested and protection mechanisms for information security

In response to the information security threats faced by the aviation industry, STARLUX Airlines has commissioned professional information security companies to provide Security Operation Center (SOC) services and deployed various types of information security systems such as web application

firewalls (WAFs), internal and external network firewalls, intrusion prevention system (IPSs), mobile device management (MDM), anti-virus software, and source code testing for 24-hour uninterrupted monitoring of the safe operation of information systems. In addition, our information units have performed security updates of various information systems on schedule. At the same time, we work with professional information security consulting firms to carry out system vulnerability screening every year, patch the vulnerabilities found, and perform re-screening. Nowadays, aircraft operations have adopted information technology, such as electronic flight bags (EFBs) used by pilots, and information systems related to aircraft operation safety. When introducing information technology for a new type of aircraft operations, STARLUX Airlines joined hands with the aircraft manufacturer Airbus to establish a management system and process that prioritizes safety in compliance with the safety requirements of the competent authorities.

D. Information security management and maintenance programs

a. Information security and personal information management education and training

All employees of STARLUX Airlines are required to receive at least one hour of information security and personal data protection training each year, and in 2023, there were more than 3,000 trainees. Certain units that have direct contact with employees or passengers' personal data shall receive at least two hours of information security and personal data protection training each year, and there were more than 2,000 trainees in 2023.

b. Information security and personal information management drills

In 2023, STARLUX Airlines conducted social engineering phishing email drills, and more than 7,800 people participated in the drills. After each phishing email drill, STARLUX Airlines provides social engineering education and training. In addition, in 2023, we formulated business continuity plans for information systems and conducted more than 50 exercises, and also organized emergency response drills for personal data incidents and aircraft information system emergency response exercises to improve information security and personal data incident response capabilities.

c. Reporting of information security incidents

STARLUX Airlines has established the "Information Security Incident Handling Procedures" to specify the procedure for the reporting of information security incidents, the roles of responsible personnel, risk assessment, damage control and improvement measures to ensure that information security incidents do not cause a significant impact on our finance, business operations or sensitive data. We report the handling results to the Information Security and Personal Information Management Committee on a quarterly basis. In case of a major information security incident, an emergency response team will be established for timely damage control, damage recovery, and incident investigation. As of the publication of the annual report, STARLUX Airlines has not experienced any of following major information and communication security incidents:

- Causing significant damage to or influence on STARLUX Airlines;
- Relevant authorities orders the suspension of production, business suspension, business closure, or the revocation or withdrawal of pollution-related permits;
- Cumulative amount of fine for a single incident amounting to NT\$1 million or more.

(2) Losses due to major information and communication security incidents in the most recent year and up to the publication date of the annual report, the possible impact, and countermeasures:

There were no major information and communication security incidents.

7. Important Contracts

(1) Licensing, lease, aircraft procurement, maintenance, and engineering contracts

April 16, 2024

Nature of contract	Contracting party	Start/end date of contract	Main content	Restrictive covenants
Licensing contract	STARLUX Investments Limited	One year from the date of trademark registration. If a written notice is not given 30 days prior to the expiration of the licensing period, the licensing period will be automatically extended for one year, and the same applies thereafter.	Trademark licensing	—
Lease contract	ACG ACQUISITION 10064586 LLC	2019.12 - 146 months from the delivery date	Leasing of A321 aircraft	—
	ACG ACQUISITION 10064587 LLC	2019.12 - 146 months from the delivery date	Leasing of A321 aircraft	—
	ACG ACQUISITION 10064589 LLC	2019.12 - 146 months from the delivery date	Leasing of A321 aircraft	—
	WILMINGTON TRUST SP SERVICES (DUBLIN) LIMITED	2018.02 - 144 months from the delivery date	Leasing of A321 aircraft	—
	WILMINGTON TRUST SP SERVICES (DUBLIN) LIMITED	2018.02 - 144 months from the delivery date	Leasing of A321 aircraft	—
	WILMINGTON TRUST SP SERVICES (DUBLIN) LIMITED	2018.02 - 144 months from the delivery date	Leasing of A321 aircraft	—
	WILMINGTON TRUST SP SERVICES (DUBLIN) LIMITED	2018.02 - 144 months from the delivery date	Leasing of A321 aircraft	—
	WILMINGTON TRUST SP SERVICES (DUBLIN) LIMITED	2018.02 - 144 months from the delivery date	Leasing of A321 aircraft	—
	CELESTIAL AVIATION TRADING 23 LIMITED	2019.03 - 144 months from the delivery date	Leasing of A321 aircraft	—
	CELESTIAL AVIATION TRADING 23 LIMITED	2019.03 - 144 months from the delivery date	Leasing of A321 aircraft	—
	CELESTIAL AVIATION TRADING 38 LIMITED	2019.03 - 144 months from the delivery date	Leasing of A321 aircraft	—
	Archerfish Aviation Designated Activity Company	2019.03 - 144 months from the delivery date	Leasing of A321 aircraft	—
	Archerfish Aviation Designated Activity Company	2019.03 - 144 months from the delivery date	Leasing of A321 aircraft	—
	ALC A339 92021A, LLC	2020.05 - 144 months from the delivery date	Leasing of A330 aircraft	—
	ALC A339 112021, LLC	2020.05 - 144 months from the delivery date	Leasing of A330 aircraft	—
	ALC A339 22022A, LLC	2020.05 - 144 months from the delivery date	Leasing of A330 aircraft	—
	ALC A339 52022, LLC	2020.05 - 144 months from the delivery date	Leasing of A330 aircraft	—
	ALC A339 102022A, LLC	2020.05 - 144 months from the delivery date	Leasing of A330 aircraft	—
	ALC A339 32023, LLC	2020.05 - 144 months from the delivery date	Leasing of A330 aircraft	—
	ALC A339 52023, LLC	2020.05 - 144 months from the delivery date	Leasing of A330 aircraft	—
	ALC A339 92023, LLC	2020.05 - 144 months from the delivery date	Leasing of A330 aircraft	—
	ALC A350 82022, LLC	2020.08 - 144 months from the delivery date	Leasing of A350 aircraft	—

Nature of contract	Contracting party	Start/end date of contract	Main content	Restrictive covenants
	Avolon Leasing Ireland 3 Limited	2024.01 - 144 months from the delivery date	Leasing of A330 aircraft	—
	Avolon Leasing Ireland 3 Limited	2024.01 - 144 months from the delivery date	Leasing of A330 aircraft	—
	Avolon Leasing Ireland 3 Limited	2024.01 - 144 months from the delivery date	Leasing of A330 aircraft	—
	Farglory Free Trade Zone Co., Ltd.	2018.09 - 20-year lease from the actual excavation date	Real estate leasing	—
	Taoyuan International Airport Corporation Ltd.	2019.01~2028.12	Real estate leasing	—
	Taoyuan International Airport Corporation Ltd.	2019.09~2029.09	Real estate leasing	—
	Taoyuan International Airport Corporation Ltd.	2022.07~2030.12	Real estate leasing	—
	Taoyuan International Airport Corporation Ltd.	2023.01~2025.12	Real estate leasing	—
	Taoyuan International Airport Corporation Ltd.	2023.01~2025.12	Real estate leasing	—
	Shangyang Asset Management Co., Ltd.	2022.06~2027.05	Real estate leasing	—
Procurement contract	AIRBUS S.A.S.	2019.03 Contract signing	Procurement of A350 aircraft	—
	Taoyuan City Government	2022.9.19 Contract signing	Real estate procurement	—
	Civil Aviation Administration, MOTC			
	CPC Corporation, Taiwan	2023.1~2025.12	Fuel procurement	—
	CPC Corporation, Taiwan	2023.1~2025.12	Fuel procurement	—
	AIRBUS S.A.S.	2024.02 Contract signing	Procurement of A330 aircraft	—
	AIRBUS S.A.S.	2024.02 Contract signing	Procurement of A350F aircraft	—
Maintenance contract	CFM International, Inc.	2018.06 to the completion of performance of contractual rights and obligations	Engine maintenance	—
	Rolls-Royces PLC	2019.03 to the completion of performance of contractual rights and obligations	Engine maintenance	—
	Rolls-Royces PLC	2020.05 to the completion of performance of contractual rights and obligations	Engine maintenance	—
	Rolls-Royces PLC	2024.02 to the completion of performance of contractual rights and obligations	Engine maintenance	—
Engineering contract	Lee Ming Construction Co., Ltd.	2019.11~warranty expiration	Plant construction project	—
	Lee Ming Construction Co., Ltd.	2020.01~warranty expiration	Plant construction project	—

(2) Loan contracts

April 16, 2024

Nature of contract	Contracting party	Start/end date of contract	Main content	Restrictive covenants
Loan contract	Taiwan Cooperative Bank	2019.10~2024.10	Medium to long-term unsecured loan	—
	Taiwan Cooperative Bank	2020.08~2024.08		—
	Bank of Taiwan	2021.06~2024.06		—
	Union Bank of Taiwan	2022.07~2027.07		—
	First Commercial Bank	2022.08~2024.08		—
	Taichung Commercial Bank	2022.12~2026.12		—
	Land Bank of Taiwan	2022.12~2027.12		—
	Taiwan Business Bank	2023.07~2026.01		—
	Bank of Taiwan	2023.12~2025.12		—
	Agricultural Bank of Taiwan	2023.12~2026.12		—
	Union Bank of Taiwan	2024.03~2027.03		—
	Land Bank of Taiwan	2020.07~2024.07	Medium to long-term secured loan	—
	First Commercial Bank	2020.08~2024.12		—
	Taiwan Business Bank	2020.09~2024.12		—
	Shanghai Commercial & Savings Bank	2021.06~2025.12		—
	Taiwan Business Bank	2021.07~2026.03		—
	First Commercial Bank	2021.07~2025.12		—
	Bank of Kaohsiung	2021.08~2025.08		—
	Agricultural Bank of Taiwan	2021.08~2025.08		—
	Land Bank of Taiwan	2021.09~2025.09		—
	Bank of Taiwan	2021.09~2025.09		—
	Mega Bank	2021.10~2025.10		—
	Taiwan Cooperative Bank	2021.10~2025.10		—
	Taiwan Cooperative Bank, and bank syndicate	2022.10~2034.10	Syndicated mortgage loan-A350 aircraft	—
	Taiwan Cooperative Bank, and bank syndicate	2023.03~2035.03		—
	Chang Hwa Bank, and bank syndicate	2023.10~2035.10		—
	Chang Hwa Bank, and bank syndicate	2024.03~2036.03		—
	Bank of Taiwan, Land Bank of Taiwan, and bank syndicate	2024.03~2029.03	Unsecured syndicated loan	—
	Yuanta Bank	2021.10~2026.10	Mortgage loan - mechanical equipment	—
	Union Bank of Taiwan	2022.07~2027.07		—
	Yuanta Bank	2023.03~2028.03		—
	Union Bank of Taiwan	2023.04~2028.04		—
	Yuanta Bank	2023.12~2028.12		—
	Taiwan Business Bank	2021.10~2024.10	Medium-term construction loan	—

VI. Financial Overview

1. Condensed Balance Sheet and Income Statement for the Most Recent Five Years

(1) Condensed Balance Sheet - IFRS

Unit: NTD thousand

Item \ Year		Financial information for the most recent five years				
		2019	2020	2021	2022	2023
Current assets		2,952,064	2,467,527	2,282,560	3,543,547	9,470,074
Property, plant and equipment		1,154,713	1,472,092	2,725,245	9,063,358	24,169,871
Intangible assets		136,321	400,278	431,500	356,184	264,731
Other assets		8,017,357	13,808,386	18,947,543	44,125,769	45,170,763
Total assets		12,260,455	18,148,283	24,386,848	57,088,858	79,075,439
Current Liabilities	Before distribution	2,081,094	3,438,300	4,841,825	11,321,584	17,539,239
	After distribution	2,081,094	3,438,300	4,841,825	11,321,584	17,539,239
Non-current Liabilities		5,596,836	10,237,135	15,112,128	39,861,275	50,468,068
Total Liabilities	Before distribution	7,677,930	13,675,435	19,953,953	51,182,859	68,007,307
	After distribution	7,677,930	13,675,435	19,953,953	51,182,859	68,007,307
Equity attributable to owners of the parent company		4,582,525	4,472,848	4,432,895	5,905,999	11,068,132
Share capital		6,082,220	8,388,578	11,367,350	18,117,350	20,887,350
Capital surplus		—	—	—	550,000	2,451,220
Retained earnings	Before distribution	(1,499,695)	(3,915,730)	(6,934,455)	(12,205,348)	(11,506,152)
	After distribution	(1,499,695)	(3,915,730)	(6,934,455)	(12,205,348)	(11,506,152)
Other equity		—	—	—	(556,003)	(764,286)
Treasury stock		—	—	—	—	—
Non-controlling interests		—	—	—	—	—
Total Equity	Before distribution	4,582,525	4,472,848	4,432,895	5,905,999	11,068,132
	After distribution	4,582,525	4,472,848	4,432,895	5,905,999	11,068,132

Source: CPA-audited financial statements.

(2) Condensed Statement of Comprehensive Income - IFRS

Unit: NT\$ thousand; EPS in NT\$

Item \ Year	Financial information for the most recent five years				
	2019	2020	2021	2022	2023
Operating revenues	10,386	391,504	795,857	3,362,135	22,472,128
Gross profit (loss)	(290,368)	(1,363,941)	(1,736,347)	(3,214,107)	3,921,149
Operating income	(1,145,953)	(2,593,238)	(3,186,634)	(5,104,012)	479,498
Non-operating revenue and expenses	42,997	177,203	167,909	(1,486,917)	(594,713)
Pre-tax net profit (loss)	(1,102,956)	(2,416,035)	(3,018,725)	(6,590,929)	(115,215)
Current net profit (loss) from continuing operations	(1,102,956)	(2,416,035)	(3,018,725)	(6,590,929)	(115,215)
Income tax expense	—	—	—	1,320,036	264,411
Loss from discontinued operations	—	—	—	—	—
Current net profit (loss)	(1,102,956)	(2,416,035)	(3,018,725)	(5,270,893)	149,196
Other comprehensive income in the current period (net amount after tax)	—	—	—	(556,003)	(208,283)
Total comprehensive income in the current period	(1,102,956)	(2,416,035)	(3,018,725)	(5,826,896)	(59,087)
Net profit attributable to owners of the parent company	(1,102,956)	(2,416,035)	(3,018,725)	(5,270,893)	149,196
Net profit attributable to non-controlling interests	—	—	—	—	—
Total comprehensive income attributable to owners of the parent company	(1,102,956)	(2,416,035)	(3,018,725)	(5,826,896)	(59,087)
Total comprehensive income attributable to non-controlling interests	—	—	—	—	—
Earnings per share	(1.84)	(2.93)	(2.69)	(3.47)	0.08

Source: CPA-audited financial statements.

(3) CPAs' Names and Audit Opinions in the Most Recent Five Years

A. CPAs' names and audit opinions in the most recent five years

Year	Accounting firm	CPA name	Audit opinion
2019	Ernst & Young Taiwan	Fu, Wen-Fang	Unqualified opinion
2020	Ernst & Young Taiwan	Yu, Chien-Yu and Fu, Wen-Fang	Unqualified opinion
2021	Ernst & Young Taiwan	Yu, Chien-Yu and Fu, Wen-Fang	Unqualified opinion
2022	Ernst & Young Taiwan	Yu, Chien-Yu and Fu, Wen-Fang	Unqualified opinion
2023	Ernst & Young Taiwan	Yu, Chien-Yu and Fu, Wen-Fang	Unqualified opinion

B. If there is a change of CPAs in the most recent five years, please list the reasons of the Company, former and successor CPAs for the change: Since STARLUX Airlines was established in May 2018, STARLUX Airlines has commissioned Ernst & Young Taiwan to audit financial statements in the most recent five years. In accordance with the laws and regulations related to public stock offerings, CPAs Yu, Chien-Ju and Fu, Wen-Fang have been appointed to conduct audits since 2020.

2. Financial Analysis for the Most Recent Five Year

Consolidated Analysis of Financial Information for the Most Recent Five Years - IFRS

Analysis item (Note 3)		Year	Financial analysis for the most recent five year				
			2019	2020	2021	2022	2023
Financial structure	Debt to asset ratio		63%	75%	82%	90%	86%
	Long-term funds to property, plant and equipment ratio		882%	999%	717%	505%	255%
Solvency	Current ratio		142%	72%	47%	31%	54%
	Quick ratio		109%	40%	34%	24%	43%
	Interest coverage ratio		(38.27)	(44.10)	(26.10)	(12.50)	0.73
Operating ability	Receivables turnover ratio (times)		3.70	95.79	154.91	13.92	36.62
	Average collection days		98.70	3.81	2.36	26.22	9.97
	Inventory turnover ratio (times)		Note 1	Note 1	Note 1	Note 1	Note 1
	Payables turnover ratio (times)		1.87	8.75	10.13	8.21	10.55
	Average days of sales		Note 1	Note 1	Note 1	Note 1	Note 1
	Property, plant and equipment turnover ratio (times)		0.02	0.30	0.38	0.57	1.35
	Total asset turnover ratio (times)		0.00	0.03	0.04	0.08	0.33
Profitability	Return on assets (%)		(12%)	(16%)	(14%)	(12%)	1%
	Return on equity (%)		(22%)	(53%)	(68%)	(102%)	2%
	Pre-tax net profit to paid-in capital ratio (%)		(18%)	(29%)	(27%)	(36%)	(1%)
	Net profit margin (%)		(10,620%)	(617%)	(379%)	(157%)	1%
	Earnings per share (NT\$)		(1.84)	(2.93)	(2.69)	(3.47)	0.08
Cash flow	Cash flow ratio (%)		Note 2	Note 2	Note 2	Note 2	47%
	Cash flow adequacy ratio (%)		Note 2	Note 2	Note 2	Note 2	10%
	Cash reinvestment ratio (%)		Note 2	Note 2	Note 2	Note 2	29%
Leverage	Operating leverage		0.04	0.01	(0.00)	(0.08)	23.13
	Financial leverage		0.98	0.98	0.98	0.92	(1.49)
Reasons for changes in the financial ratios in the most recent two years. (For changes less than 20%, no analysis is required.)							
1. Long-term funds to property, plant and equipment ratio: The ratio decreased due to the increase in infrastructure completed and the purchase of equipment in 2023 as compared to 2022.							
2. Current ratio: The ratio decreased as the current liabilities in 2023 increased from 2022.							
3. Quick ratio: The ratio decreased as the current liabilities in 2023 increased from 2022.							
4. Interest coverage ratio: The interest expense in 2023 was higher than that in 2022, resulting in a decrease in the ratio.							
5. Receivables turnover ratio (times): The net sales and accounts receivable at the end of the period in 2023 increased from 2022, resulting in a decrease in the ratio.							
6. Average collection days: The decrease in the receivables turnover ratio in 2023 from 2022 resulted in the increase in average collection days.							
7. Property, plant, and equipment turnover ratio (times): The net sales and net property, plant, and equipment in 2023 were higher than those in 2022, resulting in an increase in the ratio.							
8. Total asset turnover ratio: The net sales and average total assets in 2023 were higher than those in 2022, resulting in an increase in the ratio.							
9. Return on equity: The decrease in the ratio was due to the increase in the loss after tax and total average total equity in 2023 from 2022.							
10. Pre-tax net profit to paid-in capital ratio: The ratio decreased due to the increase in the loss before tax and paid-in capital in 2023 from 2022.							
11. Net profit margin: The net sales in 2023 were higher than those in 2022, resulting in an increase in the ratio.							
12. Earnings per share (NT\$): The decrease in earnings per share was due to the increase in the loss after tax and the weighted average number of shares in 2023 as compared to 2022.							
13. Operating leverage: The ratio decreased due to the increase in variable costs in 2023 as compared to 2022 as a result of an increase in the number of aircraft.							

Source: CPA-audited financial statements.

Note 1: Not applicable due to industry characteristics.

Note 2: If there is a net cash outflow or an accumulated net cash outflow from operating activities, cash flow-related ratios are not calculated.

Note 3: The formulas for the financial analysis are as follows:

1. Financial structure

- (1) Debt to asset ratio = Total liabilities/Total assets.
- (2) Long-term funds to property, plant and equipment ratio = (Total equity + Non-current liabilities)/Net property, plant and equipment.

2. Solvency

- (1) Current ratio = Current assets/Current liabilities.
- (2) Quick ratio = (Current assets - Inventory - Prepaid expenses)/Current liabilities.
- (3) Interest coverage ratio = Pre-income tax and interest net profit/Interest expense in the current period.

3. Operating ability

- (1) Receivables (including accounts receivable and notes receivable arising from operations) turnover ratio = Net sales/Average receivables balance (including accounts receivable and notes receivable arising from operations) for each period.
- (2) Average collection days = 365/Receivables turnover ratio.
- (3) Inventory turnover ratio = Cost of goods sold/Average inventory.
- (4) Payables (including accounts payable and notes payable arising from operations) turnover ratio = Cost of goods sold/Average payables balance (including accounts payable and notes payable arising from operations) for each period.
- (5) Average days of sales = 365/Inventory turnover ratio.
- (6) Property, plant and equipment turnover ratio = Net sales/Average net property, plant and equipment.
- (7) Total asset turnover ratio = Net sales/Average total assets.

4. Profitability

- (1) Return on assets = [After-tax income + Interest expense x (1 - Tax rate)]/Average total assets.
- (2) Return on equity = After-tax income/Average total equity.
- (3) Net profit margin = After-tax income/Net sales.
- (4) Earnings per share = (Profit or loss attributable to owners of the parent company - Preferred share dividend)/Weighted average number of outstanding shares.

5. Cash flow

- (1) Cash flow ratio = Net cash flow from operating activities/Current liabilities.
- (2) Net cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years/(Capital expenditure + Increase in inventory + Cash dividend) for the most recent five years.
- (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividend)/(Gross property, plant and equipment + Long-term investment + Other non-current assets + Working capital).

6. Leverage

- (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses)/operating profit.
- (2) Financial leverage = Operating profit/(Operating profit - Interest expense).

3. Audit Committee's review report on the financial statements for the most recent year

STARLUX Airlines Co., Ltd.
Audit Committee's Financial Statement Review Report

The board of directors has formulated the Company's 2023 business report, financial statements, and deficit compensation proposals. The financial statements have been audited by CPAs Yu, Chien-Ju and Fuh, Wen-Fun of Ernst & Young, who have also issued an audit report.

The preceding business report, financial statements, and deficit compensation proposal have been reviewed by the Audit Committee and found to comply with all applicable regulations. Therefore, this report is submitted for your review and approval pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Respectfully submitted,

2024 Regular Shareholders' Meeting of STARLUX Airlines Co., Ltd.

Audit Committee convener: Tsai, Duei

March 25, 2024

4. The Company's CPA-audited parent company only financial statements for the most recent year:
Please refer to Appendix 1.

5. If the Company and its affiliates have experienced financial difficulties in the most recent year and up to the publication date of the annual report, the impact on the Company's financial position shall be stated: None.

VII. Review and Analysis of Financial Position and Financial Performance, and Risks

1. Analysis of Financial Position

The main reasons and impact of any material changes in assets, liabilities, and equity over the most recent two years. Where the impact is of material significance, the measures to be taken in response shall be described:

Unit: NTD thousand

Item \ Year	2022	2023	Difference	
			Amount	%
Current assets	3,543,547	9,470,074	5,926,527	167
Property, plant and equipment	9,063,358	24,169,871	15,106,513	167
Intangible assets	356,184	264,731	(91,453)	(26)
Other assets	44,125,769	45,170,763	1,044,994	2
Total assets	57,088,858	79,075,439	21,986,581	39
Current liabilities	11,321,584	17,539,239	6,217,655	55
Non-current liabilities	39,861,275	50,468,068	10,606,793	27
Total liabilities	51,182,859	68,007,307	16,824,448	33
Share capital	18,117,350	20,887,350	2,770,000	15
Capital surplus	550,000	2,451,220	1,901,220	346
Retained earnings	(12,205,348)	(11,506,152)	699,196	(6)
Other equity	(556,003)	(764,286)	(208,283)	37
Total equity	5,905,999	11,068,132	5,162,133	87
<p>1. Reasons and Impact of Changes: (10% or more changes in the amount, amounting to 1% of the total assets for the year)</p> <p>(1) Current assets: Mainly due to the increase in operating revenue in 2023, resulting in a significant increase in cash year-over-year.</p> <p>(2) Property, plant and equipment: Mainly due to the completion and carry-forward of infrastructure projects required for the Company's operations and the increase in the number of owned aircraft in 2023.</p> <p>(3) Current liabilities: Mainly due to the increase in passenger transport demand in 2023, resulting increase in contract liabilities .</p> <p>(4) Non-current liabilities: Mainly due to the loan allocation for the syndicated loan project in 2023 and the new leased aircraft.</p> <p>(5) Share capital: Mainly due to the issuance of new shares for cash capital increase in 2023 by the Company to increase share capital.</p> <p>(6) Capital surplus: Mainly due to the Company's issuance of shares at a premium for cash capital increase in 2023.</p> <p>2. Response Plan: The above changes had no significant impact on the Company.</p>				

2. Analysis of Financial Performance

(1) Comparative Analysis of Financial Performance in the Most Recent Two Years

Unit: NTD thousand

Item \ Year	2022	2023	Increase (decrease) amount	Percentage of change (%)
Operating revenue	3,362,135	22,472,128	19,109,993	568
Operating cost	(6,576,242)	(18,550,979)	(11,974,737)	182
Gross profit (loss)	(3,214,107)	3,921,149	7,135,256	222
Operating expense	(1,889,905)	(3,441,651)	(1,551,746)	82
Net operating profit (loss)	(5,104,012)	479,498	5,583,510	109
Non-operating revenue and expenses	(1,486,917)	(594,713)	892,204	60
Pre-tax net profit (loss)	(6,590,929)	(115,215)	6,475,714	98
Income tax benefits	1,320,036	264,411	(1,055,625)	(80)
Current net profit (loss)	(5,270,893)	149,196	5,420,089	103
Other comprehensive income in the current period (net amount after tax)	(556,003)	(208,283)	347,720	63
Total comprehensive income in the current period	(5,826,896)	(59,087)	5,767,809	99
Earnings per share	(3.47)	0.08	3.55	102
<p>1. Description of Material Changes (10% or more changes in the amount, amounting to 1% of the total assets for the year): In 2023, with the continuous expansion of our fleet, the Company recorded a significantly increased turnover and experienced an increase in the overall gross profit. Thanks to the revenue-generating and cost-saving measures adopted, the Company turned from loss to profit. In addition, the Company's loss on hedging instruments decreased in 2023 due to changes in the exchange rate of the US dollar.</p> <p>2. Response Plan: The Company will review the schedule of aircraft introduction in a timely manner based on the actual market demand, and pay close attention to the development of the pandemic and the progress of market recovery to maintain the Company's steady development.</p>				

(2) Estimated Sales and Its Basis, Possible Impact on the Company's Future Finance and Business, and Response Plan:

The Company does not disclose future financial forecasts, and thus is not intended to disclose the expected sales.

3. Cash Flow

(1) Analysis of Cash Flow Changes in the Most Recent Year:

Unit: NTD thousand

Item \ Year	2022	2023	Increase (decrease) amount
Net cash inflow (outflow) from operating activities	(1,083,847)	8,189,037	855%
Net cash inflow (outflow) from investing activities	(9,955,707)	(16,334,146)	(64%)
Net cash inflow (outflow) from financing activities	10,021,921	12,513,653	25%
Analysis of Changes Reaching 20% or More:			
1. Decrease in the net cash outflow from operating activities: Mainly due to the increase in the cash inflow from operating activities for passenger and cargo services as a result of the Company's expansion in the number of flights in 2023.			
2. Increase in the net cash outflow from investing activities: Mainly due to the increase in the Company's aviation equipment purchases in 2023.			
3. Increase in the net cash inflow from financing activities: Primarily attributed to the higher amounts of bank loans and cash capital increase by the Company in 2023.			

(2) Improvement Plan for Lack of Liquidity: The Company does not experience a cash deficit, and thus, there is no impending lack of liquidity.

(3) Cash Liquidity Analysis for the Coming Year:

Unit: NTD thousand

Beginning cash balance	Net cash flow from operating activities for the year	Cash inflow (outflow) from investing activities for the year	Cash inflow (outflow) from financing activities for the year	Cash surplus (deficit) amount	Remedial measures for cash deficiency	
					Investment plan	Financial plan
5,640,518	8,416,447	(33,088,250)	21,094,159	2,062,874	—	—
1. Analysis of Cash Flow Changes in the Coming Fiscal Year:						
(1) Operating Activities: Mainly involved the net cash inflow from the Company's operating revenue net of labor costs and related operating expenses.						
(2) Investing Activities: Primarily involved the cash outflow due to the purchase of aviation equipment.						
(3) Financing Activities: Mainly involved the cash inflow from increasing bank borrowings and conducting a cash capital increase of NTD 8.1 billion.						
2. Remedial Measures for Anticipated Cash Deficiency and Liquidity Analysis: There is no anticipated cash deficiency, so this does not apply.						

4. Impact of Major Capital Expenditure in the Most Recent Year on Finance and Business:

- As of December 31, 2023, the Company has signed lease contracts with aircraft leasing companies for 22 aircraft. 18 aircraft have been delivered, and the delivery of the remaining 4 is expected to begin in 2024. Relevant aircraft lease payments have been made.
- On March 20, 2019, the Company signed a contract with Airbus to purchase 17 A350 aircraft. The total nominal transaction price was US\$5,858,727 thousand. As of December 31, 2023, 3 aircraft have been delivered, and the delivery of the remaining 14 is expected to begin in 2024. The Company has paid a total of NT\$20,107,036 thousand for aviation equipment.
- As of December 31, 2023, the Company requested financial institutions to provide guarantees for the issuance of secured letters of credit and letters of guarantee. The secured amounts were SG\$2,147 thousand, US\$39,819 thousand, JPY 168,289 thousand, and NT\$242,412 thousand.
- On September 19, 2022, the Company signed a contract with the Taoyuan City Government and the Civil Aviation Administration of the MOTC in the land auction of the Taoyuan Aerotropolis Priority Industry Zone, with a total price of NT\$8,957,230 thousand. As of December 31, 2023, the Company has paid NT\$1,343,585 thousand in advance and NT\$7,613,645 thousand remains to be paid.

In summary, the Company's major capital expenditure is mainly for operating aviation equipment and the land for the Taoyuan Aerotropolis project, which have been mainly financed with the Company's own funds or bank financing, and there should be no significant impact on the Company's finance and business.

5. The investment policy for the most recent year, the main reason for the gain or loss, the improvement plan, and the investment plan for the coming year:

- (1) Investment policy: None.
- (2) The main reason for the investment gain or loss in the most recent year and the improvement plan: None.
- (3) Investment plan for the coming year: None.

6. Risk analysis and assessment items in the most recent year and up to the publication date of this annual report:

- (1) Impacts of interest rate and exchange rate changes and inflation on the Company's profit and loss and future countermeasures:

A. Interest rate changes

The Company's net interest income in 2023 and 2022 was NT\$(155,344) thousand and NT\$(80,494) thousand, respectively, mainly due to the interest revenue from bank deposits and the financial cost of financing borrowings. To prevent interest rate changes from causing impacts on the Company's profit and loss, the Company assesses financing interest rates regularly and as appropriate, pays attention to economic environment changes at home and abroad, and takes necessary actions, if needed, in order to reduce the risk to the Company's profit or loss caused by changes in interest rates.

B. Exchange rate changes

The Company's exchange rate risk is mainly related to operating activities (when revenues or expenses are denominated in a currency other than the Company's functional currency). In order to prevent exchange rate changes from affecting the Company's profit or loss, the Company evaluates the status of foreign currency income and expenditure regularly and, as appropriate, continuously maintains close contact with various financial institutions, and asks them to provide professional consulting services, so as to keep abreast of international exchange rate trends and adjust foreign currency positions in a timely manner, with the hope of minimizing the impact of exchange rate changes on the Company's profit or loss. Sensitivity analysis for exchange rate risks focuses on the main foreign currency monetary items at the end of a financial reporting period, and the impact of the appreciation/devaluation of related foreign currencies on the Company's profit and loss and equity. The Company's exchange rate risk is subject to fluctuations in the US dollar exchange rate. When the New Taiwan dollar strengthens/depreciates by 1% against the US dollar, the Company's project or loss in 2023 and 2022 would increase/decrease by NT\$(11,261) thousand and NT\$233,617 thousand, respectively.

C. Inflation

Due to the characteristics of the industry, operating revenue may be adjusted to reflect the changes if appropriate for changes in some operating costs. In order to avoid the impact of inflation, the Company pays timely attention to inflation to reduce or avoid the impact of price changes on the Company's operations.

- (2) **Policies for engaging in high-risk and high-leverage investment, lending of funds to others, making endorsements or providing guarantees, and derivative transactions, the main reason for the gain or loss, and future countermeasures:**

- A. The Company concentrates on our own business and does not engage in high-risk and high-leverage investment.
- B. The Company currently does not lend funds to others or make endorsements/provide guarantees for others. If there is a need for lending funds to others or making endorsements/providing guarantees

for others in the future, the relevant procedures shall follow the Company's "Operating Procedures for Lending Funds to Others" and "Operating Procedures for Endorsements/Guarantees."

- C. The Company's hedging strategy for derivative transactions focuses mainly on avoiding market risks. The Company chooses derivatives that can help avoid the risks of interest rate, exchange rate and oil price fluctuation generated by the Company's business operations. The relevant procedures shall follow the Company's "Procedures for Handling Derivative Transactions" to achieve the ultimate goal of risk control.

(3) Future R&D plans and expected R&D expenses:

- A. Promote codeshare flights and businesses related to travel agencies
- B. Upgrade official website functions
- C. Cargo transport website revision project
- D. In-flight service product management and duty-free shopping website revision project
- E. Introduce the flight data analysis system
- F. AI algorithm evaluation and technical analysis
- G. Development of intelligent customer services and establishment of a global customer service center

The expected R&D expenses for the above-mentioned are about NT\$90 million.

(4) Impacts of changes in important domestic and foreign policies and laws on the Company's finance and business, and countermeasures:

The Legal Protection Office of the Company keeps abreast of changes in important policies and laws at home and abroad at all times, and takes the initiative to propose countermeasures in a timely manner. As of the publication date of this annual report, the Company's finances and business have not been significantly affected by changes in important policies and laws at home and abroad.

(5) Impacts of technological and industrial changes on the Company's finance and business (including Information and Communication Security Risk), and countermeasures:

The industry of the Company is mature and stable, and the Company will continue to pay attention to changes in the industry at all times in order to quickly grasp the dynamics of the industry. At present, a management mechanism for information security has been established to reduce internal and external deliberate or accidental threats. For personal information, we have set up a dedicated management organization to protect the rights of the parties concerned and mitigate the possible impact of personal information infringement incidents on the Company. As of the publication date of this annual report, there have been no technological and industrial changes with a significant impact on the Company's finances and business. Information and Communication Security Risk please refer to pages 103~105.

(6) Impacts of changes in corporate image on corporate crisis management and countermeasures:

The Company operates with a steady and pragmatic spirit and has a good image. There has been no change in our corporate image that would lead to a crisis requiring management. In case of false negative news, the Company will quickly initiate contingency measures, and the Public Relations Office will make an external public statement to maintain the Company's image.

(7) Expected benefits and possible risks of mergers and acquisitions, and countermeasures: None.

(8) Expected benefits and possible risks of plant expansion, and countermeasures: None.

(9) Risks associated with any concentration of purchases or sales, and countermeasures:

- A. Purchase concentration risk assessment and countermeasures

The Company mainly provides civil air transportation services. The purchase items include fuel, aircraft materials, maintenance, etc. As of the publication date of this annual report, there has been no concern about any abnormal supply or purchase concentration.

- B. Sales concentration risk assessment and countermeasures

The Company's international passenger and freight transport businesses mainly target the general public and travel agencies. As of the publication date of this annual report, there has been no risk of sales concentration.

(10) Impacts on and risks to the Company if a major quantity of shares belonging to a director or supervisor, or a shareholder holding greater than a 10% stake in the Company has been transferred or has otherwise changed hands, and countermeasures:

- A. Large transfer of shares by directors, supervisors, or major shareholders holding more than a 10% stake in the Company: None.
- B. Change of directors and supervisors:
 - a. In response to the initial public offering, two supervisors were re-elected at the Regular Shareholders' Meeting on May 16, 2022. The original supervisors, Yeh, Shu-Wen and Hung, Ching-Shan (both of them were representatives of STARWAY Developing Investments Limited), were discharged, and Yeh, Shu-Wen (representative of ABICO AVY Co., Ltd.) and Chang, Yao-Ting were elected as new supervisors.
 - b. To plan for a listing application in the future, the Company held the first extraordinary shareholders' meeting of 2022 on August 29, 2022 to re-elect 7 directors (including 3 independent directors) in advance. After the re-election, the management team remained unchanged. Thus, there was no impact on the management rights of the Company.
 - c. In response to the Company's plan to apply for listing in the future, Director Nieh, Kuo-Wei (representative of STARWAY Developing Investments Limited) resigned as a director on May 2, 2023 with effect from June 29, 2023. A by-election was held at the Regular Shareholders' Meeting on June 30, 2023 to fill the director vacancy. Director Dong, Chun-Yi (representative of ABICO AVY Co., Ltd.) was elected to fill the director vacancy. After the by-election, the management team remained unchanged. Thus, there was no impact on the management rights of the Company.
 - d. The above changes of directors and supervisors had no impact on the Company.

(11) Impacts on and risks to the Company in the event of changes in management rights, and countermeasures: None.

(12) Litigious and non-litigious matters:

- A. For litigation, non-litigious matters or administrative disputes that have a final judgment or are still in process in the most recent two years and up to the publication date of this annual report, if the result thereof may have a significant impact on shareholders' equity or securities prices, the facts in dispute, the amount involved, commencement date of the litigation, main litigants, and current status shall be disclosed:

The holder of the Facebook account "Alberto Alcala" said in a post in the Facebook group "STARLUX Airlines Self-help Association" that the CEO of the Company, Chai, Chien-Hua, recommended him to purchase the Company's shares in February 2023, and that he had insider information so that he could avoid being stuck in the Company's stock. He also stated that the Company would release important information in April and claimed that he was helping members of the group. Spreading the above false information already involved aggravated defamation under Article 310, Paragraph 2 of the Criminal Code and stock-price manipulation under Article 171, Paragraph 1, Subparagraph 1 of the Securities and Exchange Act. The Company's CEO, Chai, Chien-Hua, filed a criminal complaint with the Taiwan Taipei District Prosecutors Office on March 14, 2023. However, as the true identity of the account holder could not be traced, the criminal complaint was closed on September 1, 2023.

- B. The Company's directors, supervisors, General Manager, de facto person in charge, and major shareholders holding more than a 10% stake in the Company have been involved in litigation, non-litigious matters or administrative disputes that have a final judgment or are still in process in the most recent two years and up to the publication date of this annual report, and the result thereof may have a significant impact on shareholders' equity or securities prices:
 - a. The case about the holder of the Facebook account "Alberto Alcala" spreading false information about the CEO, Chai, Chien-Hua, in the Facebook group "STARLUX Airlines Self-help Association": As stated in Item 1 above.

- b. The lawsuit for confirming the nullification of a will, involving Chairman Chang, Kuo-Wei and his brother Chang, Kuo-Cheng: The plaintiff, Chang, Kuo-Cheng, filed a lawsuit to confirm the nullification of the will of Chang, Yung-Fa, the father of the defendant, Chang, Kuo-Wei. The Taiwan Taipei District Court of the first instance ruled that the lawsuit of the plaintiff, Chang, Kuo-Cheng, was rejected in March 2020. The Taiwan High Court of the second instance ruled that the appeal of the appellant, Chang, Kuo-Cheng, should be rejected in April 2023. This lawsuit is currently in the Supreme Court. Chairman Chang, Kuo-Wei appointed a lawyer to handle the above-mentioned litigation, and the above-mentioned case is the Chairman's personal matter and does not involve with the operation of the Company. The result would not have a significant impact on the Company's shareholders' equity or securities prices.
 - c. The China Airlines Employees Union filed a defamation complaint against Chairman Chang, Kuo-Wei: The complainant, China Airlines Employees Union, filed a defamation complaint against Chairman Chang, Kuo-Wei for the content of his opinion on the concept of "One Terminal, One Alliance" during a media interview. The Taiwan Taipei District Prosecutors Office determined that this was a matter of public interest related to the reasonable distribution of public transportation resources, which could be publicly commented on and should be protected by freedom of speech, and in January 2024, decided not to prosecute.
- C. The Company's directors, supervisors, managers, and major shareholders holding more than a 10% stake in the Company who have been involved in any activities set forth in Article 157 of the Securities and Exchange Act in the most recent two years and up to the publication date of this annual report, and the current handling by the Company: None.

(13) Other important risks and countermeasures:

A. Market risk assessment and response strategies

- a. The air transportation and travel industries have been affected by the Covid-19 pandemic since 2020, and countries around the world have implemented border control and travel bans due to the pandemic. We have expanded our route network by postponing the schedule for the introduction of new aircraft and prioritizing the development of destinations with higher rigid demand. For flight deployment, we have generated revenue by using the bellyhold of passenger aircraft for cargo transport and launching short trip flights, and we have also adjusted our manpower plan from time to time to save various expenses.
- b. In the event of other market changes, such as severe political and economic situations in countries and drastic fluctuations in oil prices, the Company will immediately implement contingency measures. The Planning Office will adjust the flight schedule; the Public Relations Office will explain to the public; and the Corporate Security Office will initiate the emergency contingency plan.

B. Credit risk assessment and response strategies

- a. The Company's counterparties for bank deposits and other financial instruments and contract performing parties are financial institutions with good credit ratings, and there is no significant performance concern. Moreover, the Company's cash is deposited in different financial institutions, so there is no significant credit risk.
- b. As the Company has a broad customer base, does not conduct transactions with a single customer significantly, and has dispersed sales territories, there is no concern about the significant concentration of credit risk in accounts receivable. In order to mitigate credit risk, the Company also continuously evaluates customers' financial status on a regular basis, and usually requires customers to provide collateral.

C. Information security risk assessment and response strategies

- a. In response to the information security threats faced by the aviation industry, the Company has commissioned professional information security companies to provide security operations center services, and has deployed various types of information security systems such as firewalls, intrusion prevention systems, mobile device management, anti-virus software, and source code testing for 24-hour uninterrupted monitoring of the safe operation of information systems.

Nowadays, aircraft operations have adopted information technology, such as electronic flight bags used by pilots, and information systems related to aircraft operation safety. When introducing new aircraft operation information technology, the Company joined hands with the aircraft manufacturer Airbus to establish a management system and process that prioritizes safety in compliance with the safety requirements of the competent authorities.

- b. The Company passed a "Payment Card Industry Data Security Standard (PCI DSS)" review in December 2019 to ensure the security of payment card use. Subsequently, we passed reviews by international standard certification organizations to obtain "ISO 27001:2013 Information Security Management System" and "ISO 27701:2019 Privacy Information Management System" certifications. Furthermore, the company passed the re-evaluation by the international standard verification organization in March 2024 and obtained the "ISO 27001:2022 Information Security Management System" certification. In terms of information security and personal data protection, the Company complies with the competent authority's laws and regulations governing information security and personal data and follows the international standards established by the International Air Transport Association (IATA) and the International Civil Aviation Organization (ICAO) while continuously building resources necessary for information security and personal data protection.
- c. In order to strengthen information security and personal data protection operations, an "Information Security and Personal Data Protection Management Committee" has been established to review the structure of the information security and personal data protection organization, monitor regulatory updates, implement an information security and personal data protection system, perform information security system establishment and evaluation, manage indicators, making reports on training and exercise results, etc., improving the operation of information security management.
- d. The Company has established a reporting mechanism for information security incidents and personal data infringement incidents. Employees may enter the security reporting system to report any suspected information security incident or personal data leakage incident. Upon the receipt of a report by the dedicated unit in charge of security, the Company's has professional units and personnel to determine the risk level and assign a unit for handling in order to reduce the risk and impact that information security incidents and personal data infringement incidents may bring.

D. Operational risk assessment and response strategies

- a. The Company has established a Safety Management System (SMS) with a primary focus on prioritizing safety risk management. We consistently identify hazards and conduct risk analysis to implement efficient risk control and monitoring measures. This proactive approach enables us to respond effectively to both internal and external changes, thereby maintaining operational risks at reasonable and acceptable levels and ensuring the safety of our operations.
- b. To achieve comprehensive safety risk management, The Company has built a structured safety organization and fosters a positive safety culture to ensure that every employee is committed to maintaining the highest level of safety in operations. In our Safety Management Manual, we clearly define the safety accountabilities and responsibilities of all personnel at every level. We also provide SMS education for all employees, covering fundamental safety concepts, our safety policy, safety objectives, safety culture, and the safety reporting system, to enhance their abilities in hazard identification and risk assessment. All newly hired employees are required to attend SMS initial training, and all employees participate in annual SMS recurrent training. Additionally, members of our Safety Action Group in the eight operational areas—Organization and Management System, Flight Operations, Operation Control and Flight Dispatch, Aircraft Engineering and Maintenance, Cabin Operations, Ground Handling Operations, Cargo Operations, and Security—are also required to complete advanced safety management system courses. The aim is to foster a commitment from individuals to the organization to identify any latent operational risks and take preventive or mitigative actions.
- c. At the individual level, our safety reporting system, featuring user-friendly web and app interfaces compatible with both computer and mobile devices, enables our employees to report identified risks instantly and efficiently, fostering a proactive approach to risk management within our organization. Our safety reporting systems include an anonymous reporting feature that protects

the reporter. Our personnel can confidentially report potential hazards and mistakes without concern of fault or fear of punitive action, which is based on the just culture, thus fostering a learning culture and improving our operations safety along the way. In addition to the just culture and the anonymous reporting feature within our safety management system, The Company has established a report award program to encourage and recognize proactive reporting of safety events or potential risks by our personnel. Upon receiving a report, relevant divisions collaborate with operational partners to review the information provided, assess the risk, and develop corrective actions to mitigate or control the risk to an acceptable level.

- d. At the divisional level, each operational division sets annual safety performance indicators (SPI) and safety performance targets (SPT) based on the requirements of the Taiwan Civil Aviation Administration (CAA) and our Safety Policy, and subsequently develops safety action plans in accordance with these indicators. Monthly departmental safety meetings are held to review and monitor the indicators and action plans, and to adjust risk control measures as necessary, ensuring effective risk control across all departments.
- e. At the company level, the Company has established a Safety Review Committee to ensure flight safety aligns with our Safety Policy. The committee convenes quarterly meetings to review corporate-level Risks, SPIs and SPTs. In addition to providing an overview of the company's safety status, the committee promptly reviews and develops response strategies to aid adjustments in each department's safety action plans. If any safety performance indicators fall below the minimum acceptable level, the responsible division is required to provide a root-cause analysis, corrective action, and a follow-up plan. For risks related to cross-unit operations, senior management may provide direction during Safety Review Committee meetings, thereby enhancing operational efficiency.
- f. In November 2023, the Company successfully completed the International Air Transport Association (IATA) Operational Safety Audit (IOSA) and officially became a member of IATA. This marks our initial IOSA audit, conducted by the German audit firm Aviation Quality Services GmbH (AQS) appointed by IATA, from February 6th to 10th, 2023. The audit covered comprehensive inspections in eight areas: Organization and Management System, Flight Operations, Operation Control and Flight Dispatch, Aircraft Engineering and Maintenance, Cabin Operations, Ground Handling Operations, Cargo Operations, and Security. The Company will undergo reevaluation every two years in compliance with IATA regulations to consistently meet international safety standards.

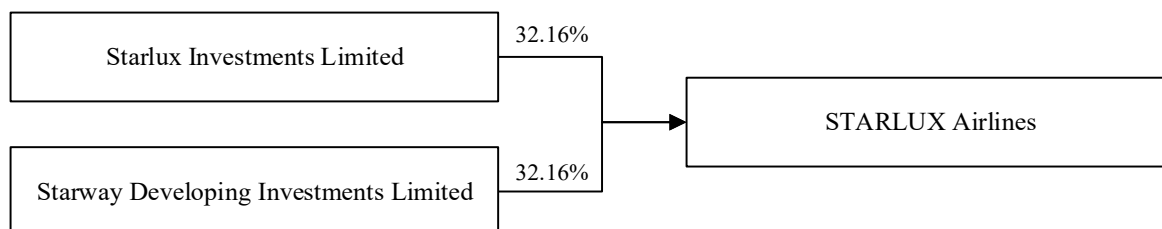
7. Other important matters: None.

VIII. Special Disclosures

1. Information on Affiliates

(1) Consolidated business report of affiliates

A. Organization Chart of Affiliates



B. Relationship, shareholding ratios, shares, and actual investment amount between the Company and affiliates

April 16, 2024. Unit: NTD thousand

Name of affiliate	Relationship with the Company	Affiliate's shareholding in the Company			The Company's shareholding in the affiliate
		Number of shares (thousand shares)	Shareholding ratio	Actual investment amount	
STARLUX Investments Limited	Corporate Director	816,558	32.16%	8,165,580	—
STARWAY Developing Investments Limited	Corporate Director	816,558	32.16%	8,165,580	—

(2) Consolidated financial statements of affiliates: None.

(3) Affiliation report: None.

2. Private placement of securities in the most recent year and up to the publication date of this annual report: None.

3. Holding or disposal of the Company's shares by subsidiaries in the most recent year and up to the publication date of this annual report: None.

4. Other supplementary information: None.

5. Matters that may materially affect shareholders' equity or securities prices as defined by Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act in the most recent year and up to the publication date of this annual report: None.

Appendix 1: The Company's CPA-audited parent company only financial statements for the most recent year



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Independent Auditors' Report Translated from Chinese

To Starlux Airlines Co., Ltd.

Opinion

We have audited the accompanying individual balance sheets of Starlux Airlines Co., Ltd. (the “Company”) as of December 31, 2023 and 2022, and the related individual statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the individual financial statements, including the summary of material accounting policies (together “the individual financial statements”).

In our opinion, the individual financial statements referred to above present fairly, in all material respects, the individual financial position of the Company as of December 31, 2023 and 2022, and their individual financial performance and cash flows for the years ended December 31, 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Individual Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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



Recognition of Passenger Revenue

For the year ended December 31, 2023, the amount of passenger revenue was NT\$19,747,159, which was the major operating activities of the Company and comprised 88% of the total revenue. In accordance with IFRS 15 “Revenue from Contracts with Customers”, passenger ticket sales are accounted for as contract liabilities before transportation services are provided and as passenger revenue after such services are rendered. Since the passenger revenue accounted for a great proportion of the total revenue and the amount was material to the financial statements, we identified recognition of passenger revenue as a key audit matter.

We performed audit procedures including but not limited to obtaining an understanding, evaluating the design, and testing the operating effectiveness, of internal controls over the Company's passenger revenue recognition process; obtaining an understanding, evaluating the design, and testing the effectiveness, of information system involved in the Company's passenger revenue recognition process; obtaining a list of flown tickets and selecting a certain number of them to test if the proceeds were collected and the periods where the revenue being recognized was consistent with the flight dates; performing analytical procedures on revenue and comparing with internal and external information to assess the reasonableness of such variances.

In addition, we evaluated the adequacy of disclosures of passenger revenue. Please refer to Notes 4 and 6 to the individual financial statements.

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

Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of individual financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company.



Auditors' Responsibilities for the Audit of the Individual Financial Statements

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

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

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



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.

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

/s/Yu, Chien-Ju

/s/Fuh, Wen-Fun

Ernst & Young, Taiwan

March 25, 2024

Notice to Readers

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

Accordingly, the accompanying individual financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Individual Financial Statements Originally Issued in Chinese

STARLUX AIRLINES CO., LTD.

INDIVIDUAL BALANCE SHEETS

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
Current assets					
Cash and cash equivalents	4 and 6	\$5,640,518	7	\$1,686,180	3
Financial assets measured at amortized cost, current	4, 6 and 8	742,938	1	148,608	-
Notes receivable, net	4	75,587	-	22,062	-
Accounts receivable, net	4 and 6	676,304	1	453,322	1
Other receivables	4	44,987	-	8,092	-
Current tax assets	4 and 6	9,379	-	1,905	-
Inventories	4 and 6	1,080,863	1	399,081	1
Other current assets		1,199,498	2	824,297	1
Total current assets		9,470,074	12	3,543,547	6
Non-current assets					
Financial assets measured at amortized cost, non-current		990,699	1	840,289	1
Property, plant and equipment	4, 6 and 8	24,169,871	31	9,063,358	16
Right-of-use assets	4 and 6	33,119,454	42	32,170,422	56
Intangible assets	4	264,731	-	356,184	1
Deferred tax assets	4, 5 and 6	1,983,255	3	1,459,037	3
Prepayment for equipment	6	8,239,071	10	8,952,690	16
Refundable deposits		838,284	1	703,331	1
Total non-current assets		69,605,365	88	53,545,311	94
Total assets		\$79,075,439	100	\$57,088,858	100

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

English Translation of Individual Financial Statements Originally Issued in Chinese
STARLUX AIRLINES CO., LTD.
INDIVIDUAL BALANCE SHEETS
December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
Current liabilities					
Short-term loans	4 and 6	\$850,000	1	\$115,523	-
Short-term notes payable	4 and 6	300,000	-	-	-
Financial liabilities for hedging, current	4 and 6	2,862,971	4	619,274	1
Contract liabilities, current	4 and 6	5,071,157	6	2,497,216	4
Accounts payable		2,276,247	3	1,239,492	2
Other payables		503,346	1	144,664	-
Lease liabilities, current	4 and 6	199,525	-	2,072,806	4
Current portion of long-term loans	4, 6 and 8	4,741,070	6	4,285,809	8
Other current liabilities		734,923	1	346,800	1
Total current liabilities		<u>17,539,239</u>	<u>22</u>	<u>11,321,584</u>	<u>20</u>
Non-current liabilities					
Financial liabilities for hedging, non-current		29,326,815	37	6,692,200	12
Contract liabilities, non-current	4 and 6	53,190	-	-	-
Long-term loans	4, 6 and 8	18,544,450	24	9,118,118	16
Provisions, non-current	4, 5 and 6	811,724	1	735,619	1
Deferred tax liabilities	4, 5 and 6	207,736	-	-	-
Lease liabilities, non-current	4 and 6	1,503,381	2	23,292,411	41
Guarantee deposits		20,772	-	22,927	-
Total non-current liabilities		<u>50,468,068</u>	<u>64</u>	<u>39,861,275</u>	<u>70</u>
Total liabilities		<u>68,007,307</u>	<u>86</u>	<u>51,182,859</u>	<u>90</u>
Equity	6				
Capital					
Common stock		20,887,350	26	18,117,350	31
Capital surplus		2,451,220	3	550,000	1
Retained earnings					
Accumulated losses		(11,506,152)	(14)	(12,205,348)	(21)
Other equity		(764,286)	(1)	(556,003)	(1)
Total equity		<u>11,068,132</u>	<u>14</u>	<u>5,905,999</u>	<u>10</u>
Total liabilities and equity		<u>\$79,075,439</u>	<u>100</u>	<u>\$57,088,858</u>	<u>100</u>

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

English Translation of Individual Financial Statements Originally Issued in Chinese

STARLUX AIRLINES CO., LTD.

INDIVIDUAL STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Items	Notes	2023		2022	
		Amount	%	Amount	%
Net operating revenue	4 and 6	\$22,472,128	100	\$3,362,135	100
Operating costs	6	(18,550,979)	(83)	(6,576,242)	(196)
Gross porfit (loss)		3,921,149	17	(3,214,107)	(96)
Operating expenses	4 and 6	(3,441,651)	(15)	(1,889,905)	(56)
Operating income (loss)		479,498	2	(5,104,012)	(152)
Non-operating income and loss	4 and 6				
Other income		111,078	1	65,298	2
Other gains and losses		96,001	-	(1,132,635)	(34)
Finance costs		(801,792)	(4)	(419,580)	(12)
Subtotal		(594,713)	(3)	(1,486,917)	(44)
Loss before income tax		(115,215)	(1)	(6,590,929)	(196)
Income tax benefit	4, 5 and 6	264,411	2	1,320,036	39
Net income (loss)		149,196	1	(5,270,893)	(157)
Other comprehensive income	4 and 6				
Items that may be reclassified subsequently to profit or loss					
Losses on hedging instruments		(260,354)	(1)	(695,004)	(20)
Income tax related to items that may be reclassified subsequently		52,071	-	139,001	4
Total other comprehensive income (loss), net of tax		(208,283)	(1)	(556,003)	(16)
Total comprehensive loss		\$(59,087)	-	\$(5,826,896)	(173)
Earnings per share (NT\$)	4 and 6				
Basic earnings (loss) per share		\$0.08		\$(3.47)	

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

English Translation of Individual Financial Statements Originally Issued in Chinese

STARLUX AIRLINES CO., LTD.

INDIVIDUAL STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Items	Capital	Capital surplus	Retained earnings	Other equity	Total equity
	Common stock			Losses on hedging instruments	
Balance as of January 1, 2022	\$11,367,350	\$-	\$(6,934,455)	\$-	\$4,432,895
Net loss for the year ended December 31, 2022	-	-	(5,270,893)	-	(5,270,893)
Other comprehensive income (loss), net of tax for the year ended December 31, 2022	-	-	-	(556,003)	(556,003)
Total comprehensive loss for the year ended December 31, 2022	-	-	(5,270,893)	(556,003)	(5,826,896)
Issue of shares	6,750,000	550,000	-	-	7,300,000
Balance as of December 31, 2022	\$18,117,350	\$550,000	\$(12,205,348)	\$(556,003)	\$5,905,999
Balance as of January 1, 2023	\$18,117,350	\$550,000	\$(12,205,348)	\$(556,003)	\$5,905,999
Accumulated losses offset by capital surplus	-	(550,000)	550,000	-	-
Net income for the year ended December 31, 2023	-	-	149,196	-	149,196
Other comprehensive income (loss), net of tax for the year ended December 31, 2023	-	-	-	(208,283)	(208,283)
Total comprehensive loss for the year ended December 31, 2023	-	-	149,196	(208,283)	(59,087)
Issue of shares	2,770,000	2,216,000	-	-	4,986,000
Share-based payment	-	235,220	-	-	235,220
Balance as of December 31, 2023	\$20,887,350	\$2,451,220	\$(11,506,152)	\$(764,286)	\$11,068,132

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

English Translation of Individual Financial Statements Originally Issued in Chinese

STARLUX AIRLINES CO., LTD.
INDIVIDUAL STATEMENTS OF CASH FLOWS
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

Items	2023	2022
	Amount	Amount
Cash flows from operating activities:		
Net loss before tax	\$(115,215)	\$(6,590,929)
Adjustments to reconcile net loss before tax to net cash provided by (used in) operating activities:		
Items of incomes and expenses:		
Depreciation	4,481,280	2,469,819
Amortization	151,516	135,491
Interest expense	801,792	419,580
(Gain) loss on disposal of property, plant and equipment	(9)	3,463
Interest revenue	(101,192)	(25,493)
Share-based payment	235,220	-
Changes in operating assets and liabilities:		
Notes receivable	(53,525)	(22,062)
Accounts receivable	(222,982)	(445,604)
Other receivables	(5,512)	212
Inventories	(681,782)	(132,433)
Other current assets	(375,201)	(377,192)
Contract liabilities	2,627,131	2,453,020
Accounts payable	1,036,755	876,854
Other payables	347,444	(96,577)
Provisions	(869)	-
Other current liabilities	388,123	334,057
Other noncurrent liabilities	-	(403)
Cash provided by (used in) operations	8,512,974	(998,197)
Interest received	69,809	18,059
Interest paid	(386,272)	(103,539)
Income tax paid	(7,474)	(170)
Net cash provided by (used in) operating activities	8,189,037	(1,083,847)
Cash flows from investing activities:		
Increase in financial assets measured at amortized cost	(744,740)	(323,262)
Acquisition of property, plant and equipment	(16,235,295)	(4,680,122)
Proceeds from disposal of property, plant and equipment	145	-
Acquisition of intangible assets	(60,063)	(1,131)
Increase in prepayment for equipment	-	(4,748,474)
Decrease in prepayment for equipment	840,760	-
Increase in refundable deposits	(134,953)	(202,718)
Net cash used in investing activities	(16,334,146)	(9,955,707)
Cash flows from financing activities:		
Increase in short-term loans	1,711,000	2,987,591
Decrease in short-term loans	(976,523)	(3,872,068)
Increase in short-term notes payable	820,000	-
Decrease in short-term notes payable	(520,000)	-
Increase in long-term loans	12,665,820	7,095,480
Decrease in long-term loans	(2,784,227)	(1,403,193)
Payments of lease liabilities	(3,386,262)	(2,087,102)
(Decrease) increase in guarantee deposits	(2,155)	1,213
Proceeds from issuing shares	4,986,000	7,300,000
Net cash provided by financing activities	12,513,653	10,021,921
Effect of exchange rate changes on cash and cash equivalents	(414,206)	1,145,329
Net increase in cash and cash equivalents	3,954,338	127,696
Cash and cash equivalents at beginning of year	1,686,180	1,558,484
Cash and cash equivalents at end of year	\$5,640,518	\$1,686,180

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

English Translation of Individual Financial Statements Originally Issued in Chinese

STARLUX AIRLINES CO., LTD.
 NOTES TO INDIVIDUAL FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022
 (Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

1. History and Organization

Starlux Airlines Co., Ltd. (“the Company”) was incorporated under the laws of the Republic of China (“R.O.C.”) on May 2, 2018. The Company is engaged mainly in the civil air transportation service. The Company’s registered office and the main business location is at 15F, No. 382, Sec. 6, Nanjing E. Rd., Neihu Dist., Taipei City, Taiwan.

2. Date and Procedures of Authorization of Financial Statements for Issue

The individual financial statements of the Company for the years ended December 31, 2023 and 2022 were authorized for issue by the Board of Directors on March 25, 2024.

3. Newly Issued or Revised Standards and Interpretations

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2023. Except for the newly adopted or revised standards and interpretations mentioned below, the others do not have impact on the Company’s financial position and performance:

a. Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments introduce an exception to the initial recognition exemption in IAS 12, which the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences no longer apply. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and apply to transactions that occur on or after the beginning of the earliest comparative period presented. The Company recognized NT\$62,104 thousand of deferred tax assets, NT\$62,104 thousand of deferred tax liabilities and NT\$0 thousand of retained earnings on January 1, 2022 in accordance with the amendments to IAS 12. As of December 31, 2023 and 2022, deferred tax assets increased by NT\$157,826 thousand and NT\$126,909 thousand, respectively; deferred tax liabilities increased by NT\$127,538 thousand and NT\$126,909 thousand, respectively. There were no impacts on retained earnings, income tax expense and basic earnings per share for the year ended December 31, 2023 and 2022.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
b	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
c	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	January 1, 2024

(a) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(b) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(c) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

(d) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2024. As the Company is still currently determining the potential impact of the abovementioned standards and interpretations, it is not practicable to estimate their impact on the Company for the time being.

- (3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	January 1, 2023
c	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

- (a) IFRS 10“Consolidated Financial Statements” and IAS 28“Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

- (b) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

(c) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after January 1, 2025.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Company is still currently determining the potential impact of the abovementioned standards and interpretations, it is not practicable to estimate their impact on the Company for the time being.

4. Summary of Significant Accounting Policies

(1) Statement of compliance

The individual financial statements of the Company for the years ended December 31, 2023 and 2022 have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by the FSC.

(2) Basis of preparation

The individual financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The individual financial statements are expressed in thousands of New Taiwan Dollars ("NT\$") unless otherwise stated.

(3) Foreign currency transactions

The Company's individual financial statements are presented in NT\$.

Transactions in foreign currencies are initially recorded by the Company at the functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- B. Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
- C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Current and non-current distinction

An asset is classified as current when:

- A. The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
- B. The Company holds the asset primarily for the purpose of trading
- C. The Company expects to realize the asset within twelve months after the reporting period
- D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- A. The Company expects to settle the liability in its normal operating cycle
- B. The Company holds the liability primarily for the purpose of trading
- C. The liability is due to be settled within twelve months after the reporting period
- D. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(5) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including fixed-term deposits that have maturities of 12 months from the date of acquisition).

(6) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- a. the Company's business model for managing the financial assets and
- b. the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

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

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- a. purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- b. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

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

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- a. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- b. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- c. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
 - i. Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
 - ii. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Company measures expected credit losses of a financial instrument in a way that reflects:

- a. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- b. the time value of money; and
- c. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follow:

- a. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- b. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- c. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
- d. For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

- a. The rights to receive cash flows from the asset have expired
- b. The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- c. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

- a. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- b. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- c. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

- a. it eliminates or significantly reduces a measurement or recognition inconsistency; or
- b. a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(7) Derivative instrument

The Company uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss except for derivatives that are designated as and effective hedging instruments which are classified as financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value through profit or loss.

(8) Non-derivative financial instruments for hedging

The Company uses a part of the financial liabilities to hedge the foreign currency risk exposure; and if effective, recognizes as financial assets or liabilities for hedging on the balance sheet.

At the inception of the hedging designation, the Company documents the risk management objective, hedging strategy and the economic relationship between the hedged item and the hedging instrument, which includes whether the changes in cash flows of the hedged items and hedging instrument are expected to offset each other.

Changes in fair value of hedging instruments designated and qualified as cash flow hedge are recognized in other comprehensive income and accumulated in “other equity – gains (losses) on hedging instruments”. Any ineffective position is recognized in profit or loss.

Gains/losses recognized in other comprehensive income and accumulated in other equity are reclassified to profit and loss and recognized under the same account as the hedged item are under the statement of comprehensive income in the same period during which the hedged item affect profit or loss. However, gains/losses recognized in other comprehensive income and accumulated in “other equity – gains (losses) on hedging instruments” are transferred into the original carrying amount of the non-financial assets/liabilities when the hedged forecast transactions are recognized as non-financial assets/liabilities.

(9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- A. In the principal market for the asset or liability, or
- B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10) Inventories

Inventories are primarily expendable and nonexpendable supplies, materials, and equipment used in operations and merchandises for in-flight sale.

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for using the weighted-average method.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

(11) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings

Main buildings	50 years
Others	8~20 years
Lease improvement	Over the lease term

Machinery and other equipment

Electro-mechanical equipment	5~20 years
Others	4~20 years

Aircraft

Airframe	20 years
Aircraft cabins	12 years
Engines	20 years
Leased aircraft improvement	12 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(12) Leases

For contracts entered on the Company assesses whether the 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. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

- A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
- B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- C. amounts expected to be payable by the lessee under residual value guarantees;
- D. the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- A. the amount of the initial measurement of the lease liability;
- B. any lease payments made at or before the commencement date, less any lease incentives received;
- C. any initial direct costs incurred by the lessee; and
- D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use asset applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset 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.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

For the rent concession arising as a direct consequence of the covid-19 pandemic before June 30, 2022, the Company elected not to assess whether it is a lease modification but accounted it as a variable lease payment. The Company have applied the practical expedient to all rent concessions that meet the conditions for it.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(13) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life.

A summary of the policies information applied to the Company's intangible assets is as follows:

	Computer software
Useful lives	Finite
Amortization method used	Amortized on a straight- line basis over the estimated useful life
Internally generated or acquired	Acquired

(14) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(15) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provision for decommissioning, restoration and rehabilitation costs

The provision for decommissioning, restoration and rehabilitation costs arose on construction of a property, plant and equipment. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

(16) Revenue recognition

The Company's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follow:

Sale of goods

The Company sells merchandises. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers, meaning that clients direct the use of the goods and obtain substantially all of the remaining benefits from goods.

For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivable. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract.

Rendering of services

The Company's service revenues mainly consist of passenger fares and cargo revenues. The advanced receipts when passenger tickets are sold are accounted for under contract liabilities because the transport obligations have not been performed. Revenues will be recognized after passengers take flights.

The Company allocates the fair values of service revenues to rendering of services and the customer loyalty programme. The allocations take into account the stand-alone selling prices of the customer loyalty programme to measure the amounts to be allocated to the customer loyalty programme. Revenues allocated to the customer loyalty programme are deferred and accounted for under contract liabilities and recognized as revenues when customers elect to exchange the customer loyalty programme.

(17) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(18) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic base to the costs that it is intended to compensate.

Where the Company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(19) Post-employment benefits

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

(20) Share-based payment transactions

The cost of equity-settled transactions between the Company and its employees is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

(21) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The surtax on undistributed retained earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's individual financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(1) Decommissioning provisions

The decommissioning provisions of leased aircraft are estimated based on the restoration obligation stated in the lease agreements. The measurement of decommissioning provisions might be adjusted when the timing, value, and discount rate of outflow of resources embodying economic benefits change.

(2) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective the Company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. Please refer to Note 6.

6. Contents of Significant Accounts

(1) Cash and cash equivalents

	As of December 31,	
	2023	2022
Cash on hand	\$17,317	\$10,017
Checking and saving accounts	4,102,596	956,490
Time deposits	1,520,605	719,673
Total	<u>\$5,640,518</u>	<u>\$1,686,180</u>

(2) Financial assets measured at amortized cost

	As of December 31,	
	2023	2022
Time deposits	\$1,432,774	\$803,776
Saving accounts	300,863	184,829
Government bonds	-	292
Less: loss allowance	-	-
Total	<u>\$1,773,637</u>	<u>\$988,897</u>

	As of December 31,	
	2023	2022
Current	\$742,938	\$148,608
Non-current	990,699	840,289
Total	<u>\$1,733,637</u>	<u>\$988,897</u>

The credit risks for the Company's financial assets measured at amortized cost as of December 31, 2023 and 2022 were assessed as low and the Company's counterparties are banks and financial institutions with good credit rating. Therefore, the loss allowance were measured at NT\$0 (loss rate 0%) for both years.

Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge. Please refer to Note 12 for more details on credit risk.

(3) Financial liabilities for hedging

The details of financial liabilities for hedging were as follows :

	As of December 31,	
	2023	2022
Financial liabilities for hedging		
Foreign currency component of non-derivative lease liabilities	<u>\$32,189,786</u>	<u>\$7,311,474</u>
Current	\$2,862,971	\$619,274
Non-current	29,326,815	6,692,200

A. The foreign currency component of non-derivative lease liabilities

The Company uses the foreign currency component of lease liabilities to hedge foreign currency risk on the cash inflow from operating revenue with a highly probable forecast transaction. As of December 31, 2023 and 2022, the cash flow hedged items and non-derivate financial hedging instruments designated for hedging were as follows :

		Lease liabilities designated as hedging instruments			
		As of			
Hedged item	Hedging instrument	December 31, 2023	December 31, 2022	Period when cash flows are expected to occur	Period when profit or loss is affected
Foreign currency of operating revenue	Foreign currency of lease liabilities	\$32,189,786	\$7,311,474	2022~2035	2022~2035

B. The details arising from cash flow hedges for the years ended December 31, 2023 and 2022, were as follows :

	For the years ended December 31,	
	2023	2022
Recognized in other comprehensive income	\$(260,354)	\$(695,004)
Reclassified to profit or loss	(143,338)	-

(4) Accounts Receivable

	As of December 31,	
	2023	2022
Accounts receivable	\$676,304	\$453,322
Less: loss allowance	-	-
Total	\$676,304	\$453,322

Accounts receivable were not pledged.

Accounts receivable are generally on 30-90 day terms. The total carrying amount as of December 31, 2023 and 2022 were NT\$676,304 thousand and NT\$453,322 thousand, respectively. Please refer to Note 12 for more details on credit risk.

The counterparties of the Company's accounts receivable are financial institutions and settlement systems with good credit rating. Based on the historical default rate and subsequent collections, the Company assesses that there are no material credit losses on related receivables. The relevant information of provision matrix as of December 31, 2023 and 2022, was as follows:

As of December 31, 2023

	Not yet due	Overdue				Total
		<=30 days	31-60 days	61-90 days	>90 days	
Gross carrying amount	\$652,599	\$22,726	\$654	\$194	\$131	\$676,304
Loss rate	-%	-%	-%	-%	-%	
Lifetime expected credit losses	-	-	-	-	-	-
Total	\$652,599	\$22,726	\$654	\$194	\$131	\$676,304

As of December 31, 2022

	Not yet due	Overdue				Total
		<=30 days	31-60 days	61-90 days	>90 days	
Gross carrying amount	\$415,987	\$35,848	\$62	\$1,270	\$155	\$453,322
Loss rate	-%	-%	-%	-%	-%	
Lifetime expected credit losses	-	-	-	-	-	-
Total	\$415,987	\$35,848	\$62	\$1,270	\$155	\$453,322

As of December 31, 2023 and 2022, allowance of the Company was both NT\$0 thousand; there was no movement of allowance for the years ended December 31, 2023 and 2022, respectively.

(5) Inventories

	As of December 31,	
	2023	2022
Merchandise for in-flight sales and services	\$667,491	\$235,183
Aircraft spare parts	413,372	163,898
Total	\$1,080,863	\$399,081

The cost of inventories recognized in expenses amounted to NT\$350,345 thousand and NT\$116,844 thousand for the years ended December 31, 2023 and 2022, respectively.

Inventories were not pledged.

(6) Property, plant and equipment

	As of December 31,	
	2023	2022
Owner occupied property, plant and equipment	\$24,169,871	\$9,063,358

	Buildings	Aircraft	Machinery and other equipment	Lease improvement	Total
<u>Cost:</u>					
2023.1.1	\$214,327	\$6,729,503	\$2,116,311	\$994,492	\$10,054,633
Additions	3,183,370	11,864,118	1,057,215	130,592	16,235,295
Reclassification	-	-	13,833	-	13,833
Disposals	-	-	(263)	-	(263)
Others	-	-	1,325	-	1,325
2023.12.31	<u>\$3,397,697</u>	<u>\$18,593,621</u>	<u>\$3,188,421</u>	<u>\$1,125,084</u>	<u>\$26,304,823</u>
2022.1.1	\$118,708	\$976,487	\$1,338,430	\$873,665	\$3,307,290
Additions	-	4,495,233	184,889	-	4,680,122
Reclassification	95,619	1,257,783	593,004	126,753	2,073,159
Disposals	-	-	(12)	(5,926)	(5,938)
2022.12.31	<u>\$214,327</u>	<u>\$6,729,503</u>	<u>\$2,116,311</u>	<u>\$994,492</u>	<u>\$10,054,633</u>
<u>Accumulated depreciation:</u>					
2023.1.1	\$7,500	\$195,599	\$529,455	\$258,721	\$991,275
Depreciation	92,346	664,161	299,431	86,541	1,142,479
Disposals	-	-	(127)	-	(127)
Others	-	-	1,325	-	1,325
2023.12.31	<u>\$99,846</u>	<u>\$859,760</u>	<u>\$830,084</u>	<u>\$345,262</u>	<u>\$2,134,952</u>
2022.1.1	\$4,125	\$85,099	\$323,524	\$169,297	\$582,045
Depreciation	3,375	110,500	205,937	91,893	411,705
Disposals	-	-	(6)	(2,469)	(2,475)
2022.12.31	<u>\$7,500</u>	<u>\$195,599</u>	<u>\$529,455</u>	<u>\$258,721</u>	<u>\$991,275</u>
<u>Net carrying amount:</u>					
2023.12.31	<u>\$3,297,851</u>	<u>\$17,733,861</u>	<u>\$2,358,337</u>	<u>\$779,822</u>	<u>\$24,169,871</u>
2022.12.31	<u>\$206,827</u>	<u>\$6,533,904</u>	<u>\$1,586,856</u>	<u>\$735,771</u>	<u>\$9,063,358</u>

Capitalized borrowing costs of prepayment for equipment for the years ended December 31, 2023 and 2022 were NT\$140,974 thousand and NT\$74,042 thousand, with capitalization rate of borrowing costs at 1.66%~1.95% and 1.11%~1.57%, respectively.

The significant parts of buildings, the main building and others (renovation, mechanical and electrical engineering, etc.), are depreciated using the estimated useful life of 50 years and 8~20 years, respectively.

The significant parts of aircraft, the airframe, engines, and aircraft cabins, are depreciated using the estimated useful life of 20 years, 20 years, and 12 years, respectively.

Please refer to Note 8 for more details on property, plant and equipment under pledge.

(7) Prepayment for equipment

	As of December 31,	
	2023	2022
Prepayment for aircraft	\$6,507,307	\$5,133,990
Prepayment for construction	1,513,436	3,645,722
Others	218,328	172,978
Total	<u>\$8,239,071</u>	<u>\$8,952,690</u>

(8) Short-term loans

	Currency	Interest Rates	As of December 31,	
			2023	2022
Unsecured bank loans	NTD	1.71%~2.00%	\$850,000	\$100,000
	USD	2.24%	-	15,523
			<u>\$850,000</u>	<u>\$115,523</u>

The Company's unused short-term lines of credits amounted to NT\$2,180,000 thousand and NT\$2,795,171 thousand as of December 31, 2023 and 2022, respectively.

(9) Short-term notes payable

Institutions	Currency	As of December 31, 2023	Interest Rates	Collateral
Mega Bills Finance Co., Ltd.	NTD	\$300,000	1.77%	None

(10) Long-term loans

	As of December 31, 2023			
	Currency	Interest Rates	Maturity Date	Amount
Unsecured bank loans	NTD	1.82%~2.60%	2024.1.02~2027.12.30	\$3,892,611
Secured bank loans (Note)	NTD	1.85%~2.60%	2024.5.15~2035.10.05	19,392,909
Subtotal				<u>23,285,520</u>
Less: current portion				<u>(4,741,070)</u>
Total				<u>\$18,544,450</u>

	As of December 31, 2022			
	Currency	Interest Rates	Maturity Date	Amount
Unsecured bank loans	NTD	1.57%~2.46%	2023.5.26~2027.12.30	\$3,390,025
Secured bank loans (Note)	NTD	1.60%~2.48%	2023.6.30~2034.10.28	10,013,902
Subtotal				<u>13,403,927</u>
Less: current portion				<u>(4,285,809)</u>
Total				<u>\$9,118,118</u>

The Company has entered into specific commitments and agreements with financial institutions.

Note: Please refer to Note 8 for more details on secured bank loans.

(11) Post-employment benefits

Defined contribution plan

Expenses under the defined contribution plan for the years ended December 31, 2023 and 2022 were NT\$150,435 thousand and NT\$78,217 thousand, respectively.

(12) Provisions

	Decommissioning, restoration and rehabilitation
As of January 1, 2023	\$735,619
Arising during the period	67,584
Utilized during the period	(869)
Unwinding of discount from the passage of time	12,375
Effect of exchange rate changes	(2,985)
As of December 31, 2023	<u>\$811,724</u>
Non-current – As of December 31, 2023	<u>\$811,724</u>
Non-current – As of December 31, 2022	<u>\$735,619</u>

Provisions were recognized for decommissioning costs associated with leased aircraft and offices and were measured based on the discounted cashflow for the expected obligation settlement.

(13) Equity

A. Common stock

The Company's authorized capital were both NT\$30,000,000 thousand and issued capital were NT\$20,887,350 thousand and NT\$18,117,350 thousand, which were divided into 2,088,735 thousand shares and 1,811,735 thousand shares at each NT\$10 par value, as of December 31, 2023 and 2022, respectively. Each share has one voting right and a right to receive dividends.

On December 11, 2023, the Company's Board of Directors resolved to issue new stocks by cash in a total of no more than NT\$8.5 billion and authorized the chairman of the board to decide to issue new common stock by cash in an expected total of NT\$8,100,000 thousand for 450,000 thousand shares with a premium value of NT\$18 and state March 29, 2024 as stock issuance base date on December 26, 2023.

On February 21, 2023, the Company's Board of Directors resolved to issue new stocks by cash in a total of no more than NT\$5 billion and authorized the chairman of the board to decide to issue new common stock by cash in total of NT\$4,986,000 thousand for 277,000 thousand shares with a premium value of NT\$18 and state June 30, 2023 as stock issuance base date on March 24, 2023. The registration was completed on August 1, 2023.

On February 23, 2022, the Company's Board of Directors resolved to issue new common stock by cash in total of NT\$4,000,000 thousand for 400,000 thousand shares with a par value of NT\$10 and stated April 12, 2022 as stock issuance base date. The registration was completed on May 3, 2022.

On June 17, 2022, the Company's Board of Directors resolved to issue new common stock by cash in total of NT\$3,300,000 thousand for 275,000 thousand shares with a premium value of NT\$12 and stated August 31, 2022 as stock issuance base date. The registration was completed on September 6, 2022. The issued capital after the cash injection amounted to NT\$18,117,350 thousand.

B. Capital surplus

	As of December 31,	
	2023	2022
Additional paid-in capital	\$2,451,220	\$550,000

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash to its shareholders in proportion to the number of shares being held by each of them.

On June 30, 2023, the board of shareholders' meeting resolved to offset accumulated losses by capital surplus in an amount of NT\$550,000 thousand.

C. Retained earnings and dividend policies

According to the Company's Articles of Incorporation, the Company's annual earnings, if any, shall be distributed as follows:

- a. Payment of all taxes and dues;
- b. Offset prior years' operation losses;
- c. Set aside 10% of the remaining amount after deducting items a. and b. as legal reserve;
- d. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

According to the Company Act, a company needs to distribute the legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to fill the deficit of a company. When a company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital, by issuing new shares or by distributing cash in proportion to the number of shares held by each shareholder.

On March 25, 2024 and June 30, 2023, the board of directors and the shareholders' meeting approved and resolved not to distribute earnings because of profit reserved for making good the deficit in 2023 and net loss in 2022.

(14) Share-based payment plan

Capital increase by cash reserved for employee share options

On March 27, 2023, the Company's Board of Directors resolved a cash offering of new shares; 10% of the new shares shall be reserved for subscription by the qualified employees in compliance with Company Act. The date of grant was based on the date of confirmation of the number of shares subscribed by the employees.

The subscription base date was June 12, 2023. The total newly issued shares for this capital increase by cash were 277,000 thousand shares and 27,700 thousand shares were reserved for the employees' subscription. The actual number of shares subscribed by the employees was 24,267 thousand shares. The abovementioned cash offering of new shares was issued at NT\$18 per share and the stock issuance base date was set at June 30, 2023. The relevant information was as follows:

Agreement type	Date of grant	Subscribed shares (in thousands)	Contract period	Vested condition	Date of transfer
Reserved for employee share options	2023.6.12	24,267	-	Vested immediately	2023.6.30

The fair value of employee share options was as follow:

Agreement type	Date of grant	Exercise price	Fair value (per unit)
Reserved for employee share options	2023.6.12	\$18.0	\$9.7

The compensation costs recognized amounted to NT\$235,220 thousand for the year ended December 31, 2023.

(15) Operating revenue

A. Disaggregation of revenue

	For the years ended December 31,	
	2023	2022
Revenue from contracts with customers		
Aviation transportation revenue		
Passenger revenue	\$19,747,159	\$2,277,887
Cargo revenue	1,594,597	918,070
Sale of goods revenue	156,086	69,955
Other revenue	974,286	96,223
Total	<u>\$22,472,128</u>	<u>\$3,362,135</u>
Timing of revenue recognition:		
At a point in time	<u>\$22,472,128</u>	<u>\$3,362,135</u>

B. Contract balances

Contract liabilities

	As of December 31,	
	2023	2022
Tickets services	\$5,055,114	\$2,487,244
Other (customer loyalty programs, etc.)	69,233	9,972
Total	<u>\$5,124,347</u>	<u>\$2,497,216</u>
Current	\$5,071,157	\$2,497,216
Non-current	53,190	-

The movement of contract liabilities is mainly caused by the timing difference of the satisfaction of a performance of obligation and the consideration received from customers.

The Company recognized NT\$2,253,695 thousand and NT\$4,735 thousand, respectively, in revenues from the contract liabilities balance at the beginning of the period as performance obligations were satisfied for the years ended December 31, 2023 and 2022.

(16) Leases

A. Company as a lessee

The Company leases various properties, including real estate such as land and buildings and aircraft. The lease terms range from 1 to 20 years.

The Company's leases effect on the financial position, financial performance and cash flows were as follow:

a. Amounts recognized in the balance sheet

(a) Right-of-use assets

The carrying amount of right-of-use assets

	As of December 31,	
	2023	2022
Land	\$417,998	\$455,265
Buildings	1,795,910	1,777,756
Aircraft	30,898,564	29,937,401
Others	6,982	-
Total	<u>\$33,119,454</u>	<u>\$32,170,422</u>

For the years ended December 31, 2023 and 2022, the Company's additions to right-of-use assets amounted to NT\$4,304,416 thousand and NT\$22,783,660 thousand, respectively.

(b) Lease liabilities

	As of December 31,	
	2023	2022
Lease liabilities	<u>\$1,702,906</u>	<u>\$25,365,217</u>
Current	\$199,525	\$2,072,806
Non-current	1,503,381	23,292,411

Please refer to Note 6(18) C. for the interest on lease liabilities recognized for the years ended December 31, 2023 and 2022 and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities and Note 6(3) for USD-dominated leases designated as hedging instruments.

b. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended December 31,	
	2023	2022
Land	\$51,470	\$52,333
Buildings	208,854	194,319
Aircraft	3,077,586	1,811,462
Others	891	-
Total	<u>\$3,338,801</u>	<u>\$2,058,114</u>

For the rent concession arising as a direct consequence of the covid-19 pandemic, the Company recognized a reduction in depreciation expenses for the years ended December 31, 2022 of NT\$132,278 thousand to reflect changes in lease payments that arise from such rent concessions to which the Company has applied the practical expedient.

c. Income and costs relating to leasing activities

	For the years ended December 31,	
	2023	2022
The expenses relating to short-term leases	\$27,968	\$47,246
The expenses relating to leases of low-value assets (not including the expenses relating to short-term leases of low-value assets)	4,509	1,325

d. Cash outflow relating to leasing activities

For the years ended December 31, 2023 and 2022, the Company's total cash outflows for leases amounted to NT\$3,418,739 thousand and NT\$2,135,673 thousand, respectively.

e. Other information relating to leasing activities

Extension and termination options

Some of the Company's lease agreements contain extension and termination options. In determining the lease terms, the non-cancellable period for which the Company has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Company. After the commencement date, the Company reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Company is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

(17) Summary statement of employee benefits, depreciation and amortization expenses by function:

	For the years ended December 31,					
	2023			2022		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$2,221,659	\$1,638,218	\$3,859,877	\$1,007,105	\$793,350	\$1,800,455
Labor and health insurance	141,813	120,367	262,180	65,446	70,309	135,755
Pension	77,303	73,132	150,435	36,215	42,002	78,217
Director's remuneration	-	3,090	3,090	-	1,959	1,959
Other employee benefits expense	122,765	110,159	232,924	51,689	75,810	127,499
Depreciation	4,053,257	428,023	4,481,280	2,014,216	323,325	2,337,541
Amortization	-	151,516	151,516	-	135,491	135,491

The numbers of the Company's employees were 4,102 and 2,540, including 6 and 5 non-employee directors for the years ended December 31, 2023 and 2022, respectively.

For the year ended December 31, 2023 and 2022, the average cost of employee benefits were NT\$1,100 thousand and NT\$845 thousand, respectively.

For the year ended December 31, 2023 and 2022, the average cost of employee salaries were NT\$942 thousand and NT\$710 thousand, respectively.

The Company's average cost of employee salaries increased by 32.68%.

According to the Articles of Incorporation, no less than 1% of profit of the current year is distributable as employees' compensation and no higher than 1% of profit of the current year is distributable as remuneration to directors. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting.

The Company will not distribute employees' compensation and remuneration to directors and supervisors because of profit reserved for making good the deficit in 2023 and net loss in 2022.

(18) Non-operating income and expenses

A. Other income

	For the years ended December 31,	
	2023	2022
Interest income		
Financial assets measured at amortized cost	\$101,192	\$25,493
Government grants (Note)	4,224	38,113
Others	5,662	1,692
Total	\$111,078	\$65,298

Note: The government grants are the subsidies for interest expenses per regulation "Subsidy Compensation for Loan Interest for Aviation Industry Affected by Covid-19 Pandemic" by Civil Aeronautics Administration.

B. Other gains and losses

	For the years ended December 31,	
	2023	2022
Gain (loss) on disposal of property, plant and equipment	\$9	\$(3,463)
Foreign exchange gain (loss), net	124,658	(1,116,202)
Other income (expenditure)	(28,666)	(12,970)
Total	\$96,001	\$(1,132,635)

C. Finance costs

	For the years ended December 31,	
	2023	2022
Interest on lease liabilities	\$532,881	\$305,754
Interest on borrowings from bank	256,536	105,987
Unwinding of discount on provisions	12,375	7,839
Total finance costs	<u>\$801,792</u>	<u>\$419,580</u>

(19) Components of Other Comprehensive Income (Loss)

The major components of other comprehensive income (loss) for the year ended December 31, 2023:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income (loss), before tax	Income tax benefit (expense)	Other comprehensive income (loss), net of tax
Items that may be reclassified subsequently to profit or loss:					
Gain (losses) on hedging instruments	<u>\$(403,692)</u>	<u>\$143,338</u>	<u>\$(260,354)</u>	<u>\$52,071</u>	<u>\$(208,283)</u>

The major components of other comprehensive income (loss) for the year ended December 31, 2022:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income (loss), before tax	Income tax benefit (expense)	Other comprehensive income (loss), net of tax
Items that may be reclassified subsequently to profit or loss:					
Gain (losses) on hedging instruments	<u>\$(695,004)</u>	<u>\$-</u>	<u>\$(695,004)</u>	<u>\$139,001</u>	<u>\$(556,003)</u>

(20) Income tax

The major components of income tax expense (benefit) for the years ended December 31, 2023 and 2022 were as follows:

A. The major components of income tax expense (benefit) were as follows:

Income tax recognized in profit or loss

	For the years ended December 31,	
	2023	2022
Current income tax expense (benefit) :		
Current income tax expense (benefit)	\$-	\$-
Deferred income tax expense (benefit) :		
Deferred tax expense (benefit) relating to origination and reversal of temporary differences	276,422	(196,224)
Tax expense (income) recognized in the period for previously unrecognized tax loss, tax credit or temporary difference of prior periods	(540,833)	(1,123,812)
Income tax expense (benefit)	<u>\$ (264,411)</u>	<u>\$ (1,320,036)</u>

Income tax recognized in other comprehensive income

	For the years ended December 31,	
	2023	2022
Deferred income tax expense (benefit) :		
Income tax benefit (expenses) related to components of other comprehensive income that may be reclassified to profit or loss		
Gains (losses) on hedging instruments	<u>\$ (52,071)</u>	<u>\$ (139,001)</u>

A reconciliation between income tax expense (benefit) and income before tax at the Company's applicable tax rate were as follows:

	For the years ended December 31,	
	2023	2022
Accounting loss before tax from continuing operations	<u>\$ (115,215)</u>	<u>\$ (6,590,929)</u>
Tax at the domestic rates applicable to profits in the country concerned	\$ (23,043)	\$ (1,318,186)
Tax effect of non-taxable income	(838)	(7,623)
Tax effect of non-deductible expenses	150	32
Tax effect of deferred tax assets / liabilities	<u>(240,680)</u>	<u>5,741</u>
Total income tax expense (benefit) recognized in profit or loss	<u>\$ (264,411)</u>	<u>\$ (1,320,036)</u>

Balance of deferred tax assets (liabilities) related to the following items:

For the year ended December 31, 2023

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Unrealised exchange gain and loss	\$196,224	\$(276,422)	\$-	\$(80,198)
Decommissioning provision	-	157,826	-	157,826
Decommissioning cost	-	(127,538)	-	(127,538)
Gains (losses) on hedging instruments	139,001	-	52,071	191,072
Tax losses carryforward	1,123,812	510,545	-	1,634,357
Deferred income tax (expense) benefit		<u>\$264,411</u>	<u>\$52,071</u>	
Deferred tax assets (liabilities), net	<u>\$1,459,037</u>			<u>\$1,775,519</u>
The information expressed in the balance sheet was as follows:				
Deferred tax assets	<u>\$1,459,037</u>			<u>\$1,983,255</u>
Deferred tax liabilities	<u>\$-</u>			<u>\$(207,736)</u>

For the year ended December 31, 2022

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Unrealised exchange gain and loss	\$-	\$196,224	\$-	\$196,224
Gains (losses) on hedging instruments	-	-	139,001	139,001
Tax losses carryforward	-	1,123,812	-	1,123,812
Deferred income tax (expense) benefit		<u>\$1,320,036</u>	<u>\$139,001</u>	
Deferred tax assets (liabilities), net	<u>\$-</u>			<u>\$1,459,037</u>
The information expressed in the balance sheet was as follows:				
Deferred tax assets	<u>\$-</u>			<u>\$1,459,037</u>
Deferred tax liabilities	<u>\$-</u>			<u>\$-</u>

The following table contains information of the unused tax losses of the Company:

Year	Tax losses for the period	Unused tax losses as of		Expiration year
		December 31, 2023	December 31, 2022	
2018	\$381,366	\$381,366	\$381,366	2028
2019	1,142,891	1,142,891	1,142,891	2029
2020	2,596,708	2,596,708	2,596,708	2030
2021	3,018,617	3,018,617	3,018,617	2031
2022	5,368,991	5,368,991	5,368,991	2032
2023(estimation)	1,429,509	1,429,509	-	2033
Total		<u>\$13,938,082</u>	<u>\$12,508,573</u>	

Unrecognized deferred tax assets

As of December 31, 2023 and 2022, deferred tax assets that had not been recognized amounted to NT\$1,153,260 thousand and NT\$1,395,690 thousand, respectively.

The assessment of income tax returns

As of December 31, 2023, the Company had received the assessment of the 2021 income tax returns from the tax authority.

(21) Earnings per share

Basic earnings (loss) per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings (loss) per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended December 31,	
	2023	2022
(1) Basic earnings (loss) per share		
Net income (loss) attributable to ordinary equity holders of the Company (in thousand NT\$)	\$149,196	\$(5,270,893)
Weighted average number of ordinary shares outstanding for basic earnings (loss) per share (in thousands)	1,952,132	1,518,721
Basic earnings (loss) per share (NT\$)	\$0.08	\$(3.47)

(2) There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

(3) The Company has not issued debt or equity instruments with potential ordinary shares and did not distribute employees' compensation for both the years ended December 31, 2023 and 2022. Therefore, no such dilutive earnings per share disclosed.

7. Related Party Transactions

Name and nature of relationship of the related parties

Related Party Name	The Relationship with the Company
Chang Kuo-Wei	Chairman

Significant transactions with related parties

(1) Key management personnel compensation

	For the years ended December 31,	
	2023	2022
Short-term employee benefits	\$40,588	\$23,264
Post-employment benefits	1,242	548
Share-based payment	854	-
Total	\$42,684	\$23,812

(2) The chairman is the joint guarantor of the Company's loans from banks.

8. Assets Pledged as Security

The following table lists assets of the Company pledged as security:

Assets pledged for security	Carrying amount as of December 31,		Secured liabilities
	2023	2022	
Financial assets measured at amortized cost	\$1,733,637	\$988,605	Long-term loans and guarantee
Property, plant and equipment	17,089,369	5,810,178	Long-term loans
Total	\$18,823,006	\$6,798,783	

9. Commitments and Contingencies

- (1) As of December 31, 2023, the Company entered into lease contracts to rent 22 planes with aircraft lease companies, 18 of which had been delivered to the Company. The other 4 planes will be successively delivered to the Company starting from 2024 and the related rent expenses will be paid by the Company once delivered.
- (2) The Company entered into airplane purchase contracts of 17 A350 planes with Airbus on March 20, 2019. The total consideration of list prices was US\$5,858,727 thousand. As of December 31, 2023, 3 planes had been delivered to the Company, and the other 14 planes will be successively delivered to the Company starting from 2024. The accumulated payment amounted to NT\$20,107,036 thousand.
- (3) As of December 31, 2023, the Company obtained guarantees of SG\$2,147 thousand, US\$39,819 thousand, JPY168,289 thousand and NT\$242,412 thousand from financial institutions for issuing stand-by letter of credit and guarantees.

- (4) The Company contracted for Taoyuan Aerotropolis Priority Industrial Zone Land Tendering Project with Taoyuan City Government and Civil Aeronautics Administration, MOTC on September 19, 2022. The total contract price is NT\$8,957,230 thousand. As of December 31, 2023, the Company had paid NT\$1,343,585 thousand with NT\$7,613,645 thousand remained.

10. Losses due to Major Disasters

None.

11. Significant Subsequent Events

- (1) On February 21, 2024, the Company purchased 3 A330-900 passenger aircrafts and 5 A350F cargo aircrafts from Airbus with a total price of no more than US\$2,360,000 thousand.
- (2) On February 21, 2024, the Company purchased 1 Trent 7000 and 1 Trent XWB-97 spare engines from Rolls-Royce PLC with a total price of no more than US\$80,250 thousand.
- (3) On January 3, 2024, the Company entered into loan agreement with 13 banks including Bank of Taiwan and Land Bank of Taiwan Co., Ltd. for purchasing 7 A350 passenger aircrafts. The total amount of such agreement was NT\$32,000,000 thousand.
- (4) On March 1, 2024, the Company obtained the 4th A350 self-owned aircraft with an increase in property, plant and equipment by NT\$5,334,002 thousand and loan from 9 banks including Chang Hwa Commercial Bank, Ltd. and Bank of Taiwan with an increase in long-term loans by NT\$3,847,000 thousand.

12. Others

- (1) Categories of financial instruments

Financial assets

	As of December 31,	
	2023	2022
Financial assets measured at amortized cost		
Cash and cash equivalents (cash on hand excluded)	\$5,623,201	\$1,676,163
Financial assets measured at amortized cost	1,733,637	988,897
Notes receivable	75,587	22,062
Accounts receivable	676,304	453,322
Other receivables	44,987	8,092
Refundable deposits	838,284	703,331
Total	<u>\$8,992,000</u>	<u>\$3,851,867</u>

Financial liabilities

	As of December 31,	
	2023	2022
Financial liabilities at amortized cost:		
Short-term loans	\$850,000	\$115,523
Short-term notes payable	300,000	-
Accounts payable	2,276,247	1,239,492
Other payables	503,346	144,664
Long-term loans (current portion with maturity less than 1 year included)	23,285,520	13,403,927
Lease liabilities	1,702,906	25,365,217
Guarantee deposits	20,772	22,927
Subtotal	28,938,791	40,291,750
Financial liability for hedging	32,189,786	7,311,474
Total	\$61,128,577	\$47,603,224

(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies, measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market risk includes currency risk and interest rate risk.

In practice, it is rarely the case that a single risk variable will change independently from other risk variable. In other words, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency).

The Company's hedging strategy is to use the foreign currency component of lease liabilities to hedge foreign currency risk on the cash inflow from operating revenue with a highly probable forecast transaction. The Company designates the foreign currency component of such non-derivative financial liabilities as cash flow hedge. The finance department also keeps connection with the foreign currency department of banks to collect market information for securing currency risk.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD. The information of the sensitivity analyses is as follows:

When NTD strengthens/weakens against USD by 1%, the profit for the years ended December 31, 2023 and 2022 would be increased/decreased by NT\$(11,261) thousand and NT\$233,617 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt instrument investment with floating interest rates and bank borrowings with variable interest rates.

The interest rate sensitivity analysis is performed on items assumed to be possessed for a fiscal year and exposed to interest rate risk as of the end of the reporting period, including investments with floating interest rates and bank borrowings with variable interest rates. The analysis indicates that when the interest rates increase/decrease by ten basis points, the Company's profit would be increased/decreased by NT\$(24,436) thousand and NT\$(13,519) thousand for the years ended December 31, 2023 and 2022, respectively.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for notes receivable and accounts receivable) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. Certain counterparties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment.

Since the Company's customers are dispersed and non-related, the credit risk of account receivable highly concentrated does not exist.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counterparties.

Expect for the loss allowance of receivables measured at lifetime expected credit losses, the Company assess the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories. The Company makes an assessment at each reporting date as to whether the debt instrument investments are still considered low credit risk, and then further determines the method of measuring the loss allowance and the loss rates.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, bank borrowings, and leases. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
2023.12.31					
Loans	\$6,090,360	\$6,371,997	\$3,949,051	\$10,334,688	\$26,746,096
Short-term notes payable	300,000	-	-	-	300,000
Accounts payable	2,276,247	-	-	-	2,276,247
Other payables	503,346	-	-	-	503,346
Lease liabilities (Note)					
Hedging instruments	3,320,244	6,928,273	6,944,489	17,492,622	34,685,628

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
2022.12.31					
Loans	\$4,649,884	\$4,917,480	\$1,399,371	\$3,573,180	\$14,539,915
Accounts payable	1,239,492	-	-	-	1,239,492
Other payables	144,664	-	-	-	144,664
Lease liabilities (Note)					
Hedging instruments	724,525	1,449,049	1,449,049	4,308,817	7,931,440

Note:

1. Information about the maturities of lease liabilities is provided in the table below:

	Maturities					
	Less than 1 year	1 to 5 years	6 to 10 years	10 to 15 years	>15 years	Total
2023.12.31	\$233,189	\$703,495	\$404,916	\$340,202	\$294,821	\$1,976,623
2022.12.31	\$2,395,015	\$9,993,018	\$11,913,394	\$3,619,154	\$518,467	\$28,439,048

2. Including cash flows resulted from short-term leases or leases of low-value assets.

(6) Reconciliation for liabilities arising from financing activities

Information of reconciliation for liabilities for the year ended December 31, 2023 was as follows:

	Short-term loans	Short-term notes payable	Long-term loans	Leases liabilities and financial liabilities for hedging	Total liabilities from financing activities
2023.1.1	\$115,523	\$-	\$13,403,927	\$32,676,691	\$46,196,141
Cash flows	734,477	300,000	9,881,593	(3,386,262)	7,529,808
Non-cash changes	-	-	-	4,753,129	4,753,129
Effect of exchange rate changes	-	-	-	(150,866)	(150,866)
2023.12.31	\$850,000	\$300,000	\$23,285,520	\$33,892,692	\$58,328,212

Information of reconciliation for liabilities for the year ended December 31, 2022 was as follows:

	Short-term loans	Long-term loans	Leases liabilities and financial liabilities for hedging	Total liabilities from financing activities
2022.1.1	\$1,000,000	\$7,711,640	\$10,263,432	\$18,975,072
Cash flows	(884,477)	5,692,287	(2,087,102)	2,720,708
Non-cash changes	-	-	22,685,605	22,685,605
Effect of exchange rate changes	-	-	1,814,756	1,814,756
2022.12.31	\$115,523	\$13,403,927	\$32,676,691	\$46,196,141

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

The carrying amounts of cash and cash equivalents, receivables, payables and other current liabilities approximate their fair values due to their short maturities.

B. Fair value of financial instruments measured at amortized cost

The carrying amounts of the Company's financial assets and liabilities measured at amortized cost approximate their fair values.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(8) for fair value measurement hierarchy for financial instruments of the Company.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

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

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

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Company's assets and liabilities not measured at fair value but for which the fair value was disclosed

2022.12.31

	Level 1	Level 2	Level 3	Total
Financial assets did not measure at fair value but for which the fair value was disclosed:				
Financial assets measured at amortized cost				
Government bonds	\$272	\$-	\$-	\$272

(9) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

As of December 31, 2023			
	Foreign currencies (thousand)	Foreign exchange rate	NTD (thousand)
<u>Financial assets</u>			
Monetary items:			
USD	\$85,387	30.705	\$2,621,817

<u>Financial liabilities</u>			
Monetary items:			
USD	\$1,097,070	30.705	\$33,685,527

As of December 31, 2022			
	Foreign currencies (thousand)	Foreign exchange rate	NTD (thousand)
<u>Financial assets</u>			
Monetary items:			
USD	\$37,950	30.71	\$1,165,438

<u>Financial liabilities</u>			
Monetary items:			
USD	\$1,034,797	30.71	\$31,778,614

The above information is disclosed based on book value of foreign currency (after conversion to functional currency).

(10) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. Additional Disclosure(1) The following are additional disclosures for the Company as required by the R.O.C. Securities and Futures Bureau:

- A. Financing provided to other : None.
- B. Endorsement/Guarantee provided to others : None.
- C. Securities held: None.
- D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million and 20 percent of the capital stock: None.
- E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million and 20 percent of the capital stock: None.
- F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million and 20 percent of the capital stock: None.
- G. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million and 20 percent of the capital stock: None.
- H. Receivables from related parties with amounts exceeding the lower of NT\$100 million and 20 percent of capital stock: None.
- I. Financial instruments and derivative transactions: None.
- J. Information on major shareholders: None.

(2) Information on investees

- A. Names, locations and other related information of investees on which the company directly or indirectly exercises significant influence or control : None.
- B. Related information regarding A~I of investees on which the company directly or indirectly exercises significant control : None.

(3) Investments in mainland China

None.

14. Segment information

The Company determined its operating segments based on business activities with discrete financial information regularly reported through the Company's internal reporting protocols to the Company's chief operating decision maker. The Company's chief operating decision makers regard the Company as a whole as a single operating department, and use the Company's overall information for resource allocation and performance evaluation, so its reportable department is a single operating department.

(1) Geographical information

	Revenue from external customer	
	For the years ended December 31,	
	2023	2022
Taiwan	\$17,280,122	\$2,242,189
Asia	3,234,598	1,056,445
North America	1,924,265	12,893
Others	33,143	50,608
	<u>\$22,472,128</u>	<u>\$3,362,135</u>

STARLUX Airlines Co., Ltd.

Chairman: Chang, Kuo-Wei

LUXURY BEYOND HORIZONS