Stock code: 6414

Ennoconn Corporation and its Subsidiaries

Consolidated Financial Statements and Independent Auditors' Report

2023 and 2022

Address: 3F-6F, No. 10, Jiankang Rd., Zhonghe Dist., New Taipei City
Tel: (02)5590-8050

Notice to Reader

For the convenience of readers, this report has been translated into English from the original Chinese version. The English version has not been audited or reviewed by independent auditors. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

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Declaration

For the fiscal year 2023 (Ended December 31, 2023), the companies that should be included in the preparation of the consolidated financial statements of affiliated enterprises in accordance with the "Regulations Governing the Preparation of Affiliated Enterprise Consolidated Business Reports, Affiliated Enterprise Consolidated Financial Statements and Affiliated Reports" are the same as those that should be included in the preparation of the parent-subsidiary consolidated financial reports in accordance with International Financial Reporting Standard No. 10 approved by the Financial Supervisory Commission. Furthermore, the relevant information that should be disclosed in the consolidated financial statements of affiliated enterprises has been disclosed in the aforementioned parent-subsidiary consolidated financial reports. Therefore, the consolidated financial statements of affiliated enterprises will not be prepared separately.

Hereby declared

Company Name: Ennoconn Corporation
Chairman: Fu-Chuan Chu
Date: March 29, 2024

Audit Report

Board of Directors, Ennoconn Corporation

Audit Opinions

Ennoconn Corporation and its subsidiaries (Ennoconn Group) consolidated balance sheets as of December 31, 2023 and 2022 (as restated), and January 1, 2022 (as restated), and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022 (as restated), and notes to the consolidated financial statements, including a summary of significant accounting policies, were audited by us.

In our opinion as CPAs, the aforementioned consolidated financial statements are prepared, in all material respects, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretative Announcements recognized and promulgated by the Financial Supervisory Commission, and are sufficient to present fairly the consolidated financial position of Ennoconn Group as of December 31, 2023 and 2022 (as restated), and January 1, 2022 (as restated), and its consolidated financial performance and consolidated cash flows for the years ended December 31, 2023 and 2022 (as restated).

Basis of Audit Opinion

The CPA has performed the audit in accordance with the Regulations Governing the Examination and Certification of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Ennoconn Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on the audit results of this CPA, this CPA believes that sufficient and appropriate audit evidence has been obtained to provide a basis for expressing an audit opinion.

Key Audit Items

The key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of Ennoconn Group in 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters that the CPA determined should be communicated in the audit report are as follows:

Goodwill Impairment

For accounting policies regarding goodwill impairment, please refer to Note 4(15) Impairment of Non-financial Assets in the Notes to Consolidated Financial Statements; for accounting estimates and uncertainties regarding goodwill, please refer to Note 5(3) Impairment Assessment of Goodwill in the Notes to Consolidated Financial Statements; for information disclosure related to goodwill, please refer to Note 6(11) Intangible Assets in the Notes to Consolidated Financial Statements.

Explanation of key audit items:

Ennoconn Corporation has expanded its marketing locations and increased its product lines through investing in acquisitions, generating related goodwill from consolidation. The management conducted impairment assessment tests in accordance with International Accounting Standard No. 36 "Impairment of Assets". These goodwill mainly arose from major acquisitions of domestic and foreign listed companies, and the recoverable amount was measured using fair value less costs of disposal. Given that the impairment assessment has a significant impact on the financial statements and involves a high degree of uncertainty in management's measurement and calculation, the impairment assessment of goodwill has been considered a key audit matter in our audit of the financial statements.

The corresponding audit procedures:

The key audit procedures performed by our CPAs for the aforementioned key audit matters include understanding the design and implementation of relevant internal controls by management, reviewing and verifying the accuracy of calculations for recoverable amounts and carrying values, and performing sensitivity analyses to comprehensively evaluate the reasonableness of the goodwill impairment assessment.

Other Matters

Ennoconn Corporation has prepared the individual financial reports for the years 2023 and 2022, and these reports have been audited by CPAs with unqualified opinions and unqualified opinions with other matter paragraphs issued, which are available for reference.

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

The responsibility of the management is to prepare consolidated financial statements that present fairly in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, Interpretations, and Interpretative Announcements as endorsed by the Financial Supervisory Commission, and to maintain such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is also responsible for assessing the

Group's ability to continue as a going concern, disclosing matters related to going concern, and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Ennoconn Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

The objective of an auditor's audit of consolidated financial statements is to obtain reasonable assurance regarding whether the consolidated financial statements as a whole, whether due to fraud or error, are free from material misstatement, and to issue an auditor's report. Reasonable assurance is a high level of assurance, however an audit conducted in accordance with the auditing standards does not guarantee that any material misstatement in the consolidated financial statements will be detected. Misrepresentation may result from fraud or error. Materiality is considered to exist if the individual amount or aggregation of misstatements can reasonably be expected to influence the economic decisions of users made on the basis of the consolidated financial statements.

The CPA applies professional judgment and maintains professional skepticism in accordance with auditing standards during the audit. We also:

1. Identify and assess the risks of material misstatement in consolidated financial statements arising from fraud or error; design and implement appropriate responses to the assessed risks; and obtain sufficient and appropriate audit evidence to provide a basis for the audit 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 Ennoconn Group.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Based on the audit evidence obtained, we conclude whether there is material uncertainty regarding events or circumstances that may cast significant doubt on the ability of Ennoconn Group to continue as a going concern based on the appropriateness of management's use of the going concern basis of accounting. If the auditor concludes that a material uncertainty exists, the auditor shall draw attention in the auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, modify the opinion on the consolidated financial statements. The conclusion of this CPA is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause Ennoconn Group to cease to continue its operations.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. This CPA is responsible for guiding, supervising and executing the audit cases of the group, and is also responsible for forming the audit opinion of the group.

The matters that we communicate with those charged with governance include the planned scope and timing of the audit, as well as significant audit findings (including any significant deficiencies in internal control that we identify during our audit).

The auditor also provides the governance unit with a statement that the personnel of the auditor's firm have complied with relevant ethical requirements regarding independence, and communicates with the governance unit all relationships and other matters that may reasonably be thought to bear on the auditor's independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of Ennoconn Group for the year ended December 31, 2023 and are therefore the key audit matters. The CPA firm described these matters in the audit report, unless laws or regulations prohibited public disclosure of specific matters, or in extremely rare circumstances where the CPA firm determined that a matter should not be communicated in the report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Taiwan

CPA:

Financial Supervisory Commission Approval Letter Number	:	Financial Supervisory Commission Approval Letter No. 1040003949 Securities and Futures Commission Approval Letter No. 0920122026

March 29, 2024

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ENNOCONN CORPORATION AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

December 31, 2023 and 2022 and January 1, 2022

Unit: NT$ thousand

		2023.12.31		2022.12.31 (Restated)		2022.1.1 (Restated)	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:						
1100	Cash and Cash Equivalents (Notes 6(1) and (26))	$ 24,060,954	19	25,963,256	22	17,522,321	17
1110	Current financial assets at fair value through profit or loss (Notes 6(26))	164,696	-	103,087	-	189,816	-
1120	Current financial assets at fair value through profit or loss (Note(26))	-	-	-	-	96,772	-
1136	Current financial assets measured at amortized cost (Notes 6(26) and 8)	223,659	-	23,655	-	864,112	1
1140	Current contract assets (Notes 6(23) and 6(26))	14,825,773	12	10,834,081	9	9,538,944	10
1150	Net Notes Receivable (Notes 6(2) and (23))	268,107	-	42,133	-	60,171	-
1170	Net accounts receivable (Notes 6(2), (23) and 8)	20,073,067	16	17,111,050	14	16,550,819	16
1180	Net accounts receivable - related parties (Notes 6(2), (23) and 7)	67,243	-	279,448	-	769,363	1
130X	Inventories (Notes 6(3) and 8)	21,685,112	17	21,987,870	19	15,971,415	16
1460	Non-current assets held for sale (Note 6(4))	-	-	206,496	-	-	-
1470	Other current assets (Note 6(13))	6,025,546	5	9,540,219	8	4,917,814	5
	Total current assets	87,394,157	69	86,091,295	72	66,481,547	66
	Non-Current Assets:						
1510	Financial assets at fair value through profit or loss - non-current (Note 6(26))	1,723,028	1	1,046,133	1	984,540	1
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 6(26))	1,577,610	1	1,031,281	1	829,983	1
1550	Investments accounted for using equity method (Note 6(5))	602,334	-	553,155	-	128,693	-
1600	Property, plant and equipment (Note 6(10))	7,178,531	6	6,209,063	5	6,697,993	7
1755	Right-of-use assets (Note 6(12))	4,894,351	4	3,263,759	3	2,977,436	3
1760	Net investment property	49,650	-	51,099	-	51,656	-
1805	Goodwill (Notes 6(6) and (11))	14,463,663	11	13,300,272	11	13,285,999	13
1821	Other intangible assets (Note 6(11))	5,970,103	5	5,174,060	5	6,374,149	6
1840	Deferred income tax assets (Note 6 (19))	2,088,376	2	1,534,717	1	1,614,123	2
1960	Prepaid investment	32,547	-	22,944	-	27,680	-
1990	Other non-current assets (Notes 6(13) and 6(18))	810,117	1	1,015,264	1	1,221,508	1
	Total non-current assets	39,390,310	31	33,201,747	28	34,193,760	34
	Total assets	$ 126,784,467	100	119,293,042	100	100,675,307	100

		2023.12.31		2022.12.31 (Restated)		2022.01.01 (Restated)	
	Liabilities and equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities:						
2100	Short-term borrowings (Notes 6(14) and 6(26))	$ 12,638,623	10	15,115,437	13	9,476,954	9
2120	Financial liabilities at fair value through profit or loss - current (Note 6(26))	-	-	215	-	713	-
2130	Current contract liabilities (Note 6(23))	12,294,270	10	9,508,609	8	7,151,404	7
2150	Notes payable (Note 6(26))	1,766,628	1	2,159,990	2	1,721,962	2
2160	Notes payable - related parties (Note 7)	11,335	-	7,487	-	15,218	-
2170	Accounts payable	18,930,714	15	19,229,648	16	18,718,569	19
2180	Accounts payable - related parties (Note 7)	83,755	-	151,330	-	709,342	1
2200	Other payables (including related parties) (Note 7)	5,470,927	4	5,210,456	4	5,181,431	5
2230	Current income tax liabilities	1,525,118	1	963,755	-	454,685	-
2250	Provisions for Liabilities - Current	1,136,285	1	887,944	1	992,243	1
2260	Liabilities directly associated with non-current assets held for sale (Note 6(4))	-	-	155,725	-	-	-
2280	Current lease liabilities (Note 6(17))	1,353,187	1	1,073,368	1	974,736	1
2321	Current portion of convertible corporate bonds payable within one year or one operating cycle (Notes 6(16))	800,248	1	812,275	1	1,137,035	1
2322	Long-term borrowings due within one year or one operating cycle (Note 6(15))	4,554,479	4	1,369,006	1	11,926	-
2399	Other current liabilities	640,861	1	954,521	1	768,632	1
	Total current liabilities	61,206,430	49	57,599,766	48	47,314,850	47
	Non-current liabilities:						
2500	Non-current financial liabilities at fair value through profit or loss (Note 6(26))	-	-	1,423	-	-	-
2530	Corporate bonds payable (Note 6(16))	7,076,055	6	7,996,895	7	8,967,735	9
2540	Long-term borrowings (Note 6(15))	2,716,721	2	6,713,309	6	7,833,098	8
2550	Provisions for Liabilities - Non-current	482,405	-	433,136	-	485,942	-
2570	Deferred income tax liabilities	576,350	-	504,114	1	584,675	1
2580	Lease liabilities - non-current (Note 6(17))	3,985,321	3	2,591,985	2	2,485,942	2
2640	Net defined benefit liabilities - non-current (Note 6 (18))	611,805	-	373,121	-	475,690	1
2670	Other non-current liabilities	451,422	-	362,757	-	1,156,520	1
	Total non-current liabilities	15,900,079	11	18,976,740	16	21,989,602	22
	Total liabilities	77,106,509	60	76,576,506	64	69,304,452	69
	Equity attributable to owners of parent (Notes 6(20) and 6(21)):						
3110	Share capital	1,319,999	1	1,060,370	1	1,018,120	1
3200	Capital surplus	14,940,752	12	9,285,324	8	8,865,780	9
	Retained earnings:						
3310	Legal surplus reserve	1,161,514	1	812,521	1	754,561	1
3320	Special surplus reserve	905,934	1	1,768,490	1	1,010,924	1
3350	Undistributed earnings	4,612,432	4	3,515,665	3	1,157,465	1
	Subtotal retained earnings	6,679,880	6	6,096,676	5	2,922,950	3
3400	Other equity	(1,039,929)	(1)	(905,934)	(1)	(1,768,490)	(2)
3500	Treasury stock	-	-	-	-	(233,608)	-
	Equity attributable to owners of the parent company subtotal	21,900,702	18	15,536,436	13	10,804,752	11
36XX	Non-controlling interests (Note 6(9))	27,777,256	22	27,180,100	23	20,566,103	20
	Total equity	49,677,958	40	42,716,536	36	31,370,855	31
	Total liabilities and equity	$ 126,784,467	100	119,293,042	100	100,675,307	100

(Please refer to the notes to the consolidated financial statements attached)

Chairman: Fu-Chuan Chu **President: Neng-Chi Tsai** **Accounting supervisor: Tsung-Hsien Chuang**

ENNOCONN CORPORATION AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Ended December 31, 2023 and 2022

Unit: NT$ thousand

		2023			2022 (Restated)	
			Amount	%	Amount	%
4100	**Net operating revenue (Notes 6(23) and 7)**	$	121,640,976	100	108,228,533	100
5000	**Operating costs (Notes 6(3), (10), (11), (18), (24) and 7)**		98,042,051	81	88,617,581	82
5900	**Gross Profit**		23,598,925	19	19,610,952	18
	Operating expenses (Notes 6(2), (10), (11), (18) and (24)):					
6100	Selling expenses		3,408,769	3	2,838,188	3
6200	Management expenses		5,661,886	5	5,436,466	5
6300	Research and development expenses		9,123,481	7	7,975,853	7
6450	Expected credit losses		199,283	-	277,381	-
	Total operating expenses		18,393,419	15	16,527,888	15
6900	**Net operating income**		5,205,506	4	3,083,064	3
	Non-Operating Income and Expenses:					
7100	Interest revenue		489,175	-	99,940	-
7190	Other intangible Revenue (Note 6(25))		50,366	-	48,866	-
7020	Other gains and loss (Notes 6(8) and 6(25))		2,224,815	3	1,044,039	1
7050	Finance costs (Note 6(25))		(1,095,097)	(1)	(617,750)	(1)
7060	Share of profit or loss of associates accounted for using equity method (Note 6(5))		40,930	-	51,115	-
	Total Non-operating Income and Expenses		1,710,189	2	626,210	-
	Profit before Tax		6,915,695	6	3,709,274	3
7950	**Less: Income tax expense (Note 6(19))**		1,594,621	2	1,321,410	1
8000	**Continuing operations net income**		5,321,074	4	2,387,864	2
8100	**Profit or loss from discontinued operations (Note 12 (2))**		82,308	-	7,824,229	7
8200	**Net profit for the period**		5,403,382	4	10,212,093	9
8300	**Other comprehensive income:**					
8310	**Items that will not be reclassified to profit or loss**					
8311	Remeasurement of defined benefit plans (Note 6(18))		(52,741)	-	134,396	-
8316	Unrealized gains or losses on equity instrument investments measured at fair value through other comprehensive income		(37,070)	-	9,741	-
8320	Share of other comprehensive income of associates accounted for using equity method		(406)	-	790	-
8349	Less: Income tax relating to items that will not be reclassified		(10,618)	-	11,668	-
	Total items not reclassified to profit or loss		(79,599)	-	133,259	-
8360	**Items that may be reclassified subsequently to profit or loss:**					
8361	Exchange differences on translation of foreign financial statements		530,942	-	1,639,822	2
8370	Share of other comprehensive income of associates accounted for using equity method (Note 6(5))		(8,492)	-	1,322	-
8399	Less: Income tax relating to items that may be reclassified		(4,604)	-	-	-
	Items that may be reclassified subsequently to profit or loss		527,054	-	1,641,144	2
8300	**Other comprehensive income for the period**		447,455	-	1,774,403	2
	Total comprehensive income	$	5,850,837	4	11,986,496	11
	This period's net profit attributable to:					
	Parent company	$	2,260,964	2	3,454,824	3
	Non-Controlling Interests		3,142,418	2	6,757,269	6
		$	5,403,382	4	10,212,093	9
	Total comprehensive income attributable to:					
	Parent company	$	2,053,929	2	4,354,393	4
	Non-Controlling Interests		3,796,908	2	7,632,103	7
		$	5,850,837	4	11,986,496	11
9750	**Basic earnings per share (NT$) (Note 6(22))**	$		19.01		32.62
9850	**Diluted earnings per share (NT$) (Note 6(22))**	$		15.42		24.33

(Please refer to the notes to the consolidated financial statements attached)

Chairman: Fu-Chuan Chu **President: Neng-Chi Tsai** **Accounting supervisor: Tsung-Hsien Chuang**

ENNOCONN CORPORATION AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Ended December 31, 2023 and 2022

Unit: NT$ thousand

	Equity attributable to owners of the parent												
			Retained earnings				Other equity items						
	shares	Capital surplus	Legal surplus reserve	Special surplus reserve	Undistributed surplus	Total	Foreign operating corporation Preparation of financial statements Gains or losses due to currency exchange	Through other comprehensive losses Measured at fair value Unrealized valuation (losses) gains on financial assets measured at fair value	Total	Treasury stock	Attributable to the Parent Company Total Shareholders' Equity	Non-controlling interests	Total equity
Balance as of January 1, 2022	$ 1,018,120	8,865,780	754,561	1,010,924	1,157,171	2,922,656	(1,673,323)	(95,167)	(1,768,490)	(233,608)	10,804,458	20,565,729	31,370,187
The number of impacts from adjustments applying the new criteria retrospectively	-	-	-	-	294	294	-	-	-	-	294	374	668
Balance after recompiling on January 1, 2022	1,018,120	8,865,780	754,561	1,010,924	1,157,465	2,922,950	(1,673,323)	(95,167)	(1,768,490)	(233,608)	10,804,752	20,566,103	31,370,855
Net profit for the period	-	-	-	-	3,454,824	3,454,824	-	-	-	-	3,454,824	6,757,269	10,212,093
Other comprehensive income for the period	-	-	-	-	37,013	37,013	843,056	19,500	862,556	-	899,569	874,834	1,774,403
Total comprehensive income	-	-	-	-	3,491,837	3,491,837	843,056	19,500	862,556	-	4,354,393	7,632,103	11,986,496
Provision for legal surplus reserve	-	-	57,960	-	(57,960)	-	-	-	-	-	-	-	-
Provision for special surplus reserve	-	-	-	757,566	(757,566)	-	-	-	-	-	-	-	-
Common stock cash dividends	-	(424,148)	-	-	(318,111)	(318,111)	-	-	-	-	(742,259)	-	(742,259)
Cash capital increase	48,800	1,056,570	-	-	-	-	-	-	-	-	1,105,370	-	1,105,370
Cancellation of Treasury Stocks	(6,550)	(227,058)	-	-	-	-	-	-	-	233,608	-	-	-
Changes in equity of associates accounted for using the equity method	-	472	-	-	-	-	-	-	-	-	472	-	472
Changes in ownership interests in subsidiaries	-	13,708	-	-	-	-	-	-	-	-	13,708	(13,708)	-
Subsidiary Shareholder Cash Dividends	-	-	-	-	-	-	-	-	-	-	-	(1,179,005)	(1,179,005)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	174,607	174,607
Balance as of December 31, 2022	1,060,370	9,285,324	812,521	1,768,490	3,515,665	6,096,676	(830,267)	(75,667)	(905,934)	-	15,536,436	27,180,100	42,716,536
Net profit for the period	-	-	-	-	2,260,964	2,260,964	-	-	-	-	2,260,964	3,142,418	5,403,382
Other comprehensive income for the period	-	-	-	-	(11,366)	(11,366)	(251,185)	55,516	(195,669)	-	(207,035)	654,490	447,455
Total comprehensive income	-	-	-	-	2,249,598	2,249,598	(251,185)	55,516	(195,669)	-	2,053,929	3,796,908	5,850,837
Provision for legal surplus reserve	-	-	348,993	-	(348,993)	-	-	-	-	-	-	-	-
Provision for special surplus reserve	-	-	-	(862,556)	862,556	-	-	-	-	-	-	-	-
Common stock cash dividends	-	-	-	-	(1,604,720)	(1,604,720)	-	-	-	-	(1,604,720)	-	(1,604,720)
The content arises from the recognition of stock subscription rights due to the issuance of convertible corporate bonds.	-	166,193	-	-	-	-	-	-	-	-	166,193	-	166,193
Changes in associates accounted for using the equity method	-	2,981	-	-	-	-	-	-	-	-	2,981	-	2,981
Convertible corporate bond conversion	259,629	5,163,632	-	-	-	-	-	-	-	-	5,423,261	-	5,423,261
Changes in ownership interests in subsidiaries	-	322,622	-	-	-	-	-	-	-	-	322,622	(322,622)	-
Subsidiary Shareholder Cash Dividends	-	-	-	-	-	-	-	-	-	-	-	(2,419,788)	(2,419,788)
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	(61,674)	(61,674)	-	61,674	61,674	-	-	-	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(457,342)	(457,342)
Balance as of December 31, 2023	$ 1,319,999	14,940,752	1,161,514	905,934	4,612,432	6,679,880	(1,081,452)	41,523	(1,039,929)	-	21,900,702	27,777,256	49,677,958

(Please refer to the notes to the consolidated financial statements attached)

Chairman: Fu-Chuan Chu **President: Neng-Chi Tsai** **Accounting supervisor: Tsung-Hsien Chuang**

ENNOCONN CORPORATION AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

Ended December 31, 2023 and 2022

Unit: NT$ thousand

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Continuing Operations Income Before Tax	$ 6,915,695	3,709,274
Net income before tax from discontinued operations	84,714	8,173,256
Net profit before tax for the period	7,000,409	11,882,530
Adjustments for:		
Income and Expense Items		
Depreciation Expense	1,836,612	1,740,192
Amortization expenses	980,903	2,173,947
Expected credit losses	199,283	277,381
Net (gains) losses on financial assets and liabilities at fair value through profit or loss	(503,417)	135,296
Interest expense	1,095,097	662,604
Interest revenue	(489,175)	(104,472)
Dividend revenue	(29,462)	(16,437)
Share-based compensation cost	-	133
Share of profits of associates accounted for using the equity method	(40,930)	(51,115)
Loss on disposal and retirement of property, plant and equipment	(16,117)	19,734
Loss on disposal of intangible assets	465	-
Disposal of investment (gains) losses	(135,853)	27,196
NGains on disposal of non-current assets held for sale	(43,089)	(7,504,112)
Lease modification benefits	(470)	(1,950)
Gains on price recovery of inventory	319,272	328,975
Loss on inventory scrap	222,834	206,064
Impairment loss on non-financial assets	-	12,509
Total revenue expenses and losses	3,395,953	(2,094,055)
Changes in assets/liabilities related to operating activities:		
Contract asset	(3,889,202)	(1,264,546)
Notes and accounts receivable	(1,893,542)	837,828
Inventories	341,963	(6,740,764)
Other current assets	3,550,279	(4,753,079)
Contract liability	2,668,936	2,338,691
Notes payable (including related parties)	(389,514)	430,297
Accounts payable (including related parties)	(1,350,896)	664,271
Other payables	11,674	307,483
Provision for liabilities	(3,214)	(173,896)
Other current liabilities	(314,248)	233,104
Other liabilities	297,919	(773,392)
Total Item Adjustments	2,426,108	(10,988,058)
Cash inflow from operations	9,426,517	894,472
Interest received	480,085	104,472
Dividends received	46,131	16,437
Interest paid	(913,377)	(573,993)
Income taxes paid	(1,664,820)	(1,180,866)
Net cash flows from operating activities	7,374,536	(739,478)

(Please refer to the notes to the consolidated financial statements attached)

Chairman: Fu-Chuan Chu **President: Neng-Chi Tsai** **Accounting supervisor: Tsung-Hsien Chuang**

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Ended December 31, 2023 and 2022

Unit: NT$ thousand

	2023	2022
Cash flows from investing activities:		
Acquisition of financial assets measured at fair value through other comprehensive income	$ (387,721)	(77,327)
Disposal of financial assets at fair value through other comprehensive income	136,448	-
Obtain financial assets measured at amortized cost	(224,534)	-
Derecognition of financial assets measured at amortized cost	26,569	840,457
Obtain financial assets measured at fair value through profit or loss	(318,388)	(130,302)
Disposal of financial assets at fair value through profit or loss	31,523	-
Redemption of financial assets measured at fair value through profit or loss	9,071	19,699
Acquisition of investments accounted for using equity method	(56,840)	(319,463)
Disposal of investments accounted for using the equity method	132,354	30,877
Prepaid investment	(99,490)	-
Acquisition of subsidiaries (net of cash acquired)	(1,732,148)	(358,998)
Disposal of subsidiary	61,612	23,985
Gains from disposal of non-current assets held for sale	31,506	6,143,064
Acquisition of property, plant and equipment	(1,470,172)	(1,022,623)
Disposal of Property, Plant and Equipment	61,591	165,176
Acquisitions of Intangible assets	(1,113,861)	(986,061)
Disposal of intangible assets	16,732	-
Obtain right-of-use assets	(7,663)	-
Other non-current assets	44,574	204,775
Cash classified as non-current assets held for sale	-	45,603
Net cash (outflow) inflow from investing activities	(4,858,837)	4,578,862
Cash flows from financing activities:		
Short-term borrowings	(2,390,188)	5,729,937
Issuing of convertible corporate bonds	5,505,947	-
Repayment of convertible corporate bonds	(153,557)	(1,139,508)
Borrowing of long-term loans	599,627	41,584
Repayment of long-term loans	(1,455,245)	(18,803)
Financial liabilities designated at fair value through profit or loss	(20)	-
Repayment of the principal portion of lease liabilities	(1,086,278)	(771,460)
Cash dividends distribution	(1,604,720)	(742,259)
Cash capital increase	-	1,105,370
Distribution of cash dividends to non-controlling interests	(2,419,788)	(1,179,005)
Change in non-controlling interests	(1,426,212)	10,754
Net cash (outflow) inflow from financing activities	(4,430,434)	3,036,610
Effect of exchange rate changes on cash and cash equivalents	12,433	1,564,941
Net (decrease) increase in cash and cash equivalents for the period	(1,902,302)	8,440,935
Beginning balance of cash and cash equivalents	25,963,256	17,522,321
Ending balance of cash and cash equivalents	**$ 24,060,954**	**25,963,256**

(Please refer to the notes to the consolidated financial statements attached)

Chairman: Fu-Chuan Chu **President: Neng-Chi Tsai** **Accounting supervisor: Tsung-Hsien Chuang**

ENNOCONN CORPORATION AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2023 and 2022

(Unless otherwise specified, all amounts are in NT$ thousand)

1. Formation History

Ennoconn Corporation (“the Company”) was established on July 12, 1999 after approval from the Ministry of Economic Affairs, and registered at 3F-6F, No. 10, Jiankang Road, Zhonghe District, New Taipei City. The main business activities of the Company and its subsidiaries (hereinafter referred to as the "Consolidated Company") are the manufacturing and sale of data storage, processing equipment, and industrial motherboards.

The Company’s initial public offering was conducted on November 21, 2012. On December 18 of the same year, its emerging stocks were traded at Taipei Exchange (TPEx) and its stocks were listed at the Taiwan Stock Exchange Corporation on March 28, 2014.

2. Financial statements approval dates and procedures

The Consolidated Financial Statements were approved by the Board of Directors and authorized for issue on March 29, 2024.

3. Adoption of newly issued and revised regulations and interpretations

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

The following newly amended International Financial Reporting Standards have been applied since January 1, 2023 for the Consolidated Company, with the impacts explained as follows:

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

The amendment to the article limits the scope of the exemption for recognizing deferred tax assets and liabilities arising from the initial recognition of assets or liabilities related to a particular transaction, so that it no longer applies to transactions that generate equal taxable and deductible temporary differences upon initial recognition, such as leases and decommissioning liabilities. In other words, the consolidating company should recognize deferred income tax separately for the temporary differences arising from the initial recognition of such transactions, and cannot measure them on a net basis. Regarding lease and decommissioning liabilities, according to regulations, they should be applied retrospectively from the beginning date of the earliest comparative period presented in these consolidated financial statements (January 1, 2022), and the cumulative effects of initially applying these amendments should be recognized as an adjustment to the opening balance of retained earnings on that date. As for all other transactions, only those occurring after January 1, 2022, shall be subject to the amended provisions. Due to the aforementioned adjustments, the Consolidated Company recognized deferred tax assets and liabilities related to the transactions involving right-of-use assets and lease liabilities as of January 1, 2022.

The relevant impacts are listed below:

	2023.12.31	2022.12.31	2022.1.1
Deferred income tax assets	$ 264,120	128,229	49,414
Deferred income tax liabilities	230,867	123,083	48,746
Retained earnings	20,768	2,202	294
Non-Controlling Interests	12,484	2,944	374

	2023	2022
Income tax expense (benefit)	$ 28,106	(4,478)

2. Others

The following newly amended guidelines also come into effect from January 1, 2023, but do not have a significant impact on the consolidated financial statements:

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

Furthermore, the Consolidated Company has applied the amendments to International Accounting Standard 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" retrospectively since May 23, 2023, which provides a temporary exemption from accounting for deferred taxes on the initial recognition of certain transactions, and has added disclosures related to the income tax exposure under Pillar Two starting from the annual reporting period beginning on January 1, 2023. However, as of December 31, 2022, there were no countries where the Conslidated Company operates that have enacted or substantively enacted laws regarding supplementary tax, and no deferred income tax has been recognized accordingly. Therefore, the retrospective application of such amendments has no impact on the consolidated financial statements. The Consolidated Company is closely monitoring the progress of legislation introducing global minimum tax rates in the jurisdictions where we operate. Please refer to Note 6(19) Income Tax for details.

(2) Effect of not adopting IFRSs recognized by the FSC

The Consolidated Company have evaluated the newly revised International Financial Reporting Standards (IFRSs) applicable from January 1, 2024, and determined that their adoption will not have a material impact on the consolidated financial statements.

- Amendment to IAS 1 “The classification of liabilities as current or non-current
- Amendment to IAS 1 “Non-current liabilities with covenants”
- Amendment to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendment to IFRS 16 “Lease Liability in a Sale and Leaseback”

(3) The impact of IFRSs issued by the IASB but not yet endorsed by the FSC

The Consolidated Company does not expect the following new releases and amended standards that have not yet been recognized to have a material impact on the consolidated financial statements.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- Amendments to IFRS 17 "Insurance Contracts", including the amendment regarding the "Initial Application of IFRS 17 and IFRS 9 Comparative Information".
- Amendments to IAS 21 "Lack of Exchangeability"

4. Summary of significant accounting policies

(1) Statement of Compliance

This consolidated financial report is prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the "Preparation Regulations") and the International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretation Announcements recognized and issued into effect by the Financial Supervisory Commission (hereinafter referred to as the "IFRSs ratified by the FSC").

(2) Basis of Preparation

1. Measurement bases

Except for the following significant items in the consolidated balance sheets, these consolidated financial statements have been prepared on the historical cost basis:

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

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

(3) The net defined benefit liability is measured at the fair value of the retirement fund assets less the present value of the defined benefit obligation and the effect of the asset ceiling mentioned in Note 4(18).

2. Functional currency and presentation currency

Each entity in the Consolidated Company uses the currency of the primary economic environment in which it operates as its functional currency. This consolidated financial report is expressed in New Taiwan Dollars, the functional currency of the Company. Unless otherwise stated, all financial information expressed in New Taiwan Dollars is presented in thousands of New Taiwan Dollars.

(3) Merger Fundamentals

1. Principles of Consolidated Financial Statements Preparation

The entity for preparing the consolidated financial statements includes the Company and the entities controlled by the Company (i.e., subsidiaries). The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

From the date of obtaining control over a subsidiary, its financial statements are included in the consolidated financial statements until the date of losing control. Transactions, balances, and any unrealized gains and losses between companies are fully eliminated in the preparation of consolidated financial statements. The total comprehensive income of subsidiaries is attributed to the owners of the Company and non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The financial statements of subsidiaries have been properly adjusted to ensure consistency with the accounting policies adopted by the Consolidated Company.

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

When a Consolidated Company loses control over a subsidiary, the assets (including goodwill) and liabilities of the former subsidiary and non-controlling interests are derecognized from the consolidated financial statements at their carrying amounts at the date when control is lost, and any retained investment in the former subsidiary is remeasured at its fair value at the date when control is lost. The disposal gain or loss is the difference between: (1) the fair value of the consideration received and the fair value of any retained investment in the former subsidiary at the date when control is lost, and (2) the aggregate carrying amounts of the subsidiary's assets (including goodwill) and liabilities and any non-controlling interests at the date when control is lost. As for the previous

All amounts related to that subsidiary recognized in other comprehensive income are accounted for on the same basis as would be required if the consolidated company had directly disposed of the related assets or liabilities.

2. Subsidiaries included in the consolidated financial statements

The subsidiaries included in these consolidated financial statements are:

Investment Company name	Subsidiary name	Business Nature	Percentage of shares held 2023.12.31	Percentage of shares held 2022.12.31	Explanation
The Company	Innovative Systems Integration Limited (Innovative Systems)	Professional investment	100.00%	100.00%	
The Company	Ennoconn International Investment Co., Ltd. (Ennoconn International)	Professional investment	100.00%	100.00%	
The Company	Ennoconn Investment Holdings Co., Ltd. (EIH)	Professional investment	100.00%	100.00%	
The Company and EIH	AIS Cayman Technology (AIS Cayman)	Professional investment	100.00%	100.00%	
EIH	Ennoconn Hungary KFT	Manufacturing and marketing of industrial computers	100.00%	100.00%	
The Company and Ennoconn International	Caswell Inc. and its Subsidiaries (Caswell)	Electronic components, computer and peripheral equipment manufacturing, electronic material wholesale, and information software services	31.70%	31.77%	Note 1.
Innovative Systems	Nanjing Asiatek Inc.	Engaging in research, development, and sales of software and hardware products, as well as providing installation, debugging, and technical consulting services.	100.00%	100.00%	
Innovative Systems	ENGA Technology Co., Ltd.	Wholesale, manufacturing, service, import and export of software and hardware related to industrial computers and industrial control systems	100.00%	100.00%	
Innovative Systems	Ennoconn (Suzhou) Technology Co., Ltd. (Ennoconn (Suzhou))	Import and export trading	100.00%	100.00%	
Innovative Systems	Victor Plus Holdings Ltd. (Victor Plus)	Import and export trading	100.00%	100.00%	
Innovative Systems	Suzhou HuaShiDa Intelligent Technology Co., Ltd.	Manufacture of intelligence vehicle equipment	100.00%	- %	Note 2
Innovative Systems	Ennoconn Investment Co., Ltd. (Ennoconn Investment)	Professional investment	- %	100.00%	Note 3
Innovative Systems and Ennoconn Investment	Ennoconn (Foshan) Investment Holdings Co., Ltd.	Professional investment	- %	100.00%	Note 3
Ennoconn (Suzhou)	Ennoconn (Kunshan) Technology Co., Ltd. (Ennoconn (Kunshan))	Intelligent technology development and hardware sales	70.00%	70.00%	
Ennoconn (Suzhou)	Ennoconn Investment Co., Ltd. (Ennoconn Investment)	Professional investment	100.00%	- %	Note 3
Ennoconn (Suzhou) and Ennoconn Investment	Ennoconn (Foshan) Investment Holdings Co., Ltd.	Professional investment	100.00%	- %	Note 3

Investment Company name	Subsidiary name	Business Nature	Percentage of shares held 2023.12.31	2022.12.31	Explanation
Nanjing Asiatek Inc.	Shenzhen Asiatek Inc.	Engaged in research and development, production, and sales of electronic materials related to software and hardware products.	- %	25.00%	Note 4
Ennoconn International	Goldtek Technology Co., Ltd. and its Subsidiaries (Goldtek)	Wholesale and retail of telecommunications control RF equipment input and information software	56.74%	56.74%	
Ennoconn International	EnnoMech Precision (Cayman) Co., Ltd.	Professional investment	100.00%	100.00%	
Ennoconn International	ENNOWYSE CORPORATION	Research, design and sales of mobile payment, electronic signature, and information security products	100.00%	100.00%	
Ennoconn International	Thecus Technology Corp.	Electronic components, computer and peripheral equipment manufacturing, electronic material wholesale, and information software services	60.00%	60.00%	
Ennoconn International	Dexatek Technology Ltd.	Multimedia product R&D and design and manufacturing business	56.00%	56.00%	
Ennoconn International	Marketech International Corp.. and its Subsidiaries (Marketech)	High-tech industry plant operations and manufacturing system planning and integration services	42.32%	42.80%	Note 5
Ennoconn International	Poslab Technology Corporation (Poslab)	Manufacturing, wholesale and sales of electronic and peripheral equipment	70.00%	70.00%	
Ennoconn International	EnnoRise Corporation	Other power generation, transmission and distribution machinery manufacturing	60.00%	- %	Note 6
Ennoconn International, Caswell, Marketech and Goldtek	Renown Information Technology Corp. (Renown Information Technology)	Electronic components, computer and peripheral equipment manufacturing, electronic material wholesale, and information software services	37.06%	37.14%	Note 7
Ennoconn International and EIH	Kontron AG and its Subsidiaries	Information system software and hardware integration service	27.86%	27.64%	Note 8
AIS Cayman	American Industrial Systems Inc.(AIS)	Human-machine interface, industry 4.0, and other related products	100.00%	100.00%	
AIS Cayman	Vecow Co., Ltd.	Manufacture, processing, trading and import/export of telecommunication machinery equipment, electronic equipment and electronic devices, etc.	100.00%	100.00%	
EnnoMech (Cayman)	EnnoMech Precision Co., Ltd.	Electronic components, computer and peripheral equipment manufacturing, electronic material wholesale, and information software services	100.00%	100.00%	

Investment Company name	Subsidiary name	Business Nature	Percentage of shares held 2023.12.31	2022.12.31	Explanation
EnnoMech (Cayman)	HighAim Technology Inc. (HighAim)	Professional investment	67.65%	67.65%	
HighAim	Highaim Technology (Shenzhen) Inc. and its Subsidiaries	Design, research and development, and production of various molds, servers, and communication equipment	100.00%	100.00%	
HighAim	Andrix International LTD.	Import and export trading	100.00%	100.00%	
HighAim	Funology Investment Inc.	Import and export trading	100.00%	100.00%	
Thecus Technology	Thecus USA., Inc.	Sales of network storage devices and repair services	- %	100.00%	Note 9
ENNOWYSE CORPORATION	HCT capital Management Consulting Co., Ltd. (HCT)	General investment and investment consultancy	40.00%	40.00%	

Note 1: The Company and Ennoconn International hold 27.27% and 4.43% of the shares, respectively. The Consolidated Company gained the power to exercise majority voting rights in the board of directors of Caswell, giving it the ability to lead decisions on personnel, finance and operations. Therefore, Caswell is listed as a subsidiary. During the holding period, the number of shares increased due to the exercise of stock options issued by the company, resulting in a decrease in the shareholding ratio.

Note 2: The Consolidated Company was established in July 2023 for the development of intelligent vehicle-mounted device manufacturing.

Note 3: For the purpose of enhancing operational synergy, reducing management costs and improving operational efficiency, the Consolidated Company will reorganize the organizational structure of its subsidiaries Ennoconn (Suzhou), Ennoconn Investment and Ennoconn (Foshan) held by Hong Kong Innovation. Hong Kong Innovation contributed all of its equity interests in Ennoconn Investment and Ennoconn (Foshan) to increase the capital of Ennoconn (Suzhou), and Ennoconn (Suzhou) acquired all the equity interests in Ennoconn Investment and Ennoconn (Foshan) through a share swap. The record date for this stock conversion transaction is July 1, 2023.

Note 4: In June 2022, Nanjing Asiatek disposed of its 45% equity interest in Shenzhen Asiatek, and in March 2023, it disposed of its remaining equity interest in Shenzhen Asiatek, thereby losing control over the company.

Note 5: The Consolidated Company, considering the relative proportion of voting rights held by other shareholders, is determined to have substantive control and is therefore listed as a subsidiary. During the holding period, the shareholding ratio decreased due to an increase in equity resulting from the exercise of conversion rights of the convertible corporate bonds issued.

Note 6: The Consolidated Company was established in September 2023 for the development of other power generation, transmission and distribution machinery manufacturing.

Note 7: Renown Information was originally an equity-accounted investee of Ennoconn International. Ennoconn International originally held an indirect 21.03% equity stake in Renown Information through Caswell, Goldtek, and Marketech. Due to the participation of these companies in Renown Information's cash capital increase on May 27, 2022, Ennoconn International, Caswell, Goldtek, and Marketech' shareholding ratios in Renown Information increased to 20%, 12.4%, 12.4%, and 14.4% respectively, totaling 59.2%. The consolidated company's indirect shareholding ratio also increased to 37.14%, thereby gaining effective control over the company. Consequently, Renown Information has been listed as a subsidiary. This period, due to the partial conversion of the convertible corporate bonds issued by Marketech into common shares, the company and its subsidiaries' indirect shareholding in Renown Information has decreased to 37.06%.

Note 8: The company (formerly S&T AG, renamed Kontron AG in June 2022) is a publicly listed company in Frankfurt, Germany and serves as the holding company of the group. Since the company's shareholding structure is dispersed, and the consolidated company's shareholding ratio is relatively significant compared to other shareholders, being the largest shareholder and obtaining more than half of the board seats, it has substantial control. Therefore, it is listed as a subsidiary. During the holding period, the consolidated shareholding ratio increased due to Kontron AG's execution of treasury stock buyback.

Note 9: The company was liquidated and dissolved in June 2023.

3. Subsidiaries not included in the consolidated financial statements: None.

(4) Foreign Currency

1. Foreign currency transaction

Foreign currency is converted into functional currency according to exchange rate on the date of transaction. At the end of each subsequent reporting period (hereinafter referred to as the Reporting Date), foreign currency monetary items are converted into functional currency at the exchange rate prevailing on that day. Non-monetary items measured at fair value in foreign currency are translated into the functional currency using the exchange rates prevailing at the date of fair value measurement, while non-monetary items measured at historical cost in foreign currency are translated at the exchange rate prevailing on the date of the transaction.

The foreign currency exchange difference resulting from the conversion is recognized to be other comprehensive income excepting for the following situations, otherwise, recognized to be gains and losses:

(1) Equity instruments designated as measured at fair value through other comprehensive income;

(2) Financial liabilities designated as hedges of a net investment in a foreign operation to the extent that the hedge is effective; or

(3) For qualifying cash flow hedges, within the effective portion of the hedge.

2. Foreign operation organization

The assets and liabilities of foreign operating organizations, including goodwill and fair value adjustment during the acquisition, are converted to be TWD according to exchange rate on the report day; gains and losses are converted into TWD according to exchange rate in the current period, and the resultant conversion difference is recognized to be other comprehensive income.

In case of the loss of control, joint control or material influences arising from the disposal of foreign operating organizations, the accumulated conversion differences related to the foreign operating organizations shall be fully reclassified as gains and losses. When a partial disposal involves a subsidiary with foreign operations, the relevant accumulated exchange differences are reattributed to non-controlling interests on a proportionate basis. When a partial disposal involves an investment in an associate that includes a foreign operation, the relevant proportion of the cumulative amount of foreign currency translation differences is reclassified to profit or loss.

As to the receivable and payable monetary items of foreign operating organizations, if without the repayment plan or the possibility of repayment in foreseeable future, the resultant gains and losses from foreign currency conversion shall be regarded as a part of net investments to the foreign operating organizations as recognized as other comprehensive income.

(5) Standards for classifying current and non-current assets and liabilities

Assets meeting one of the following conditions are recognized as current assets, and other assets not belonging to current assets are recognized as non-current assets:

1. Those that are expected to be realized during the normal operating period of the Consolidated Company or intended to be sold or consumed;

2. The asset is held primarily for the purpose of transaction;

3. It is expected that the liability will be repaid within twelve months after the reporting period; or

4. The asset is cash or a cash equivalent, unless the asset is to be used for an exchange or to settle a liability, or otherwise remains restricted, at more than 12 months after the balance sheet date.

Assets meeting one of the following conditions are recognized as current liabilities, and other liabilities not belonging to current liabilities are recognized as non-current liabilities:

1. It is expected that the liability will be settled in the normal operating cycle;

2. The liabilities is held primarily for the purpose of transaction;

3. It is expected that the liability will be repaid within twelve months after the reporting period; or

4. Liabilities that have an unconditional right to defer settlement for at least twelve months after the reporting period. Liabilities for liquidation arising from the issuing of equity instruments in accordance with the clauses chosen by the transaction counterpart will not affect their classification.

(6) Cash and Cash Equivalents

Cash includes cash on hand, checks on deposit, and demand deposits. Cash equivalents are the investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and short-term high liquidity. Certificate of deposit which satisfy the foregoing definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(7) Financial instruments

Account receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities were initially recognized when the Conslidated Company became a party to the terms of the financial instrument agreement. Financial assets that are not measured at fair value through profit or loss (except for accounts receivable, which do not contain a significant financial component) or financial liabilities are measured at fair value plus the transaction cost directly attributable to the acquisition or issuance. Accounts receivable, which do not contain significant financial components, are initially measured at transaction prices.

1. Financial asset

The purchase or sale of financial assets by a conventional trader, the Consolidated Company shall treat all purchases and sales of financial assets classified in the same manner in accordance with the transaction date or the settlement date.

At the time of the initial recognition, financial assets were classified as: financial assets measured at amortized cost, debt instrument investments measured at fair value through other comprehensive income, equity instrument investments measured at fair value through other comprehensive income, or financial assets measured at fair value through gains and losses. The Consolidated Company will only change its business model for managing financial assets from the first day of the next reporting period to classify all affected financial assets.

(1) Financial assets at amortized cost

Financial assets are measured at amortized cost when they simultaneously meet the following conditions and are not specified to be measured at fair value through profit or loss:

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

The cumulative amortization of such assets is subsequently calculated by the effective interest method plus or minus the initial amount recognized, and the amortized cost of any loss allowance is adjusted. Interest income, foreign exchange gains and losses and impairment losses are recognized as gains and losses. When derecognized, the profit or loss shall be included in the profit or loss.

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

When the debt instrument investment simultaneously meets the following conditions and is not specified to be measured at fair value through profit and loss, it is measured at fair value through other consolidated profit and loss:

- he financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling.
- 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.

The Consolidated Company holds part of the accounts receivable under the "hold to collect and sell" business model to collect and sell the contractual cash flow, so these accounts are measured at fair value through other comprehensive profits and losses. However, it is reported under accounts receivable.

The Consolidated Company may, at the time of its initial recognition, irrevocably choose to report the subsequent changes in their fair value of its non-tradable equity instrument investments to other consolidated profits and losses. The foregoing selection is made on an item-by-item tool basis.

Debt instrument investors are measured by fair value afterwards. Interest income, foreign exchange gains and losses and impairment losses calculated by the effective interest method are recognized as gains and losses calculated by the effective interest method are recognized as gains and losses, while the remaining net gains or losses are recognized as other comprehensive income. When derecognizing, the accumulated amount of other comprehensive income shall be reclassified into comprehensive income.

Equity instrument investors are measured by fair value afterwards. Dividend income (unless it clearly represents the recovery of a portion of the investment cost) is recognized as a profit or loss. The remaining net benefits or losses are recognized as other comprehensive income and are not reclassified into gains and losses.

Dividend income from equity investments is recognized on the date (usually ex-dividend date) when the Consolidated Company becomes entitled to receive dividends.

(3) Financial assets at fair value through profit or loss

Financial assets that are not measured at fair value at the above amortized cost or through other comprehensive income are measured at fair value through gains and losses, including derivative financial assets. The Consolidated Company intends to sell accounts receivable immediately or in the near term is measured at fair value through profit or loss, but included in accounts receivable. The Consolidated Company, at initial recognition, irrevocably designates the financial asset as at FVTPL to eliminate or significantly reduce an accounting mismatch that would otherwise arise. Financial assets measured at amortized cost or at fair value through other comprehensive profit or loss are designated as financial assets measured at fair value through profit or loss.

Such assets are subsequently measured at fair value and their net gains or losses (including any dividends and interest income) are recognized as gains or losses.

(4) Business Model Assessment

For the purpose of evaluating the business model for managing financial assets at the portfolio level, the way in which the business is managed and information is provided to management is considered. This includes information such as:

- The investment portfolio policies and objectives stated, and the operation of such policies. The strategy of management is to focus on earning contractual cash flows, maintaining a particular interest yield profile, matching the duration of financial assets with the duration of associated liabilities or expected cash outflows, or realizing cash flows through the sale of financial assets.

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel

- Risks affecting the performance of the business model (and financial assets held under that business model) and the methods of managing those risks

- The method for determining the compensation of the manager of that business, such as: whether such compensation is based on the fair value of the assets under management or the contractual cash flows received; and

- The frequency, amount and timing of sales of financial assets in prior periods, the reasons for such sales, and expectations about future sales activity.

According to the aforementioned operating purpose, if the transfer of financial assets to a third party does not meet the derecognition criteria, it is not considered a sale as mentioned above, which is consistent with the purpose of the Consolidated Company continuing to recognize the assets.

(5) Evaluate whether the cash flow of the contract is fully paid for the interest on the payment of the principal and the amount of outstanding principal

For evaluation purposes, the principal is the fair value of the financial asset at the time of its initial recognition, and the interest is made up of the following considerations: the time value of the money, the credit risk associated with the amount of outstanding principal in circulation during a particular period, and other basic lending risks and costs and profit margins.

To evaluate whether the contract cash flow is fully paid for interest on the principal and the outstanding principal amount, the Consolidated Company considers the terms of the financial instrument contact, including whether the financial asset contains a contract term that can change the point or amount of the cash flow of the contract, causing it to fail to meet this condition. In the evaluation, the Consolidated Company considers:

- Any contingency that would change the timing or amount of cash flows under the contract;
- the terms of the coupon rate may be adjusted, including the nature of the variable rate;
- the nature of prepayment and extension; and
- claims of the Consolidated Company are limited to cash flow terms derived from specific assets (e.g. non-recourse nature).

(6) Impairment of financial assets

For financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes receivable and accounts receivable, other receivables, finance lease receivables, refundable deposits, and other financial assets), investments in debt instruments measured at fair value through other comprehensive income, and expected credit losses on accounts receivable and contract assets, the Consolidated Company recognizes an allowance for losses.

The following financial assets are measured against losses according to the expected credit loss amount of 12 months, and the rest are measured according to the expected credit loss amount of the existing period:

- determine that the credit risk of the debt securities on the reporting date is low; and
- the credit risk of other debt securities and bank deposits (i.e. the risk of default during the expected life of financial instruments) has not increased significantly since the initial recognition.

The allowance for accounts receivable loss and contract assets is measured in terms of the expected credit loss during the period of existence.

In determining whether credit risk that increased significantly since the initial recognition, the Consolidated Company considers reasonable and verifiable information (available at no excessive cost or investment), including qualitative and quantitative information, as well as analysis based on the Consolidated Company's historical experience, credit assessment and forward-looking information.

Expected credit loss during the lifetime of a financial instrument refers to the expected credit losses that result from all possible default events over the life of the financial instrument.

12-month expected credit loss refers to the expected credit loss arising from the possible default of the financial instrument within 12 months after the date of the report (or a shorter period, if the expected duration of the financial instrument is shorter than 12 months).

The longest contract period during which the expected credit loss is measured is the longest contract period during which the Consolidated Company is exposed to credit risk.

The expected credit loss is the probabilistic weighted estimate of the credit loss during the expected life of the financial instrument. Credit losses are measured in terms of the present value of all cash shortfalls, the difference between the cash flows that the Consolidated Company can collect under the contract and the cash flows that the Consolidated Company expects to collect. The expected credit loss is discounted at the effective interest rate of the financial asset.

On each reporting date, the Consolidated Company evaluates whether there is a credit impairment in the debt securities on which financial assets are measured at amortized cost and on which fair value is measured through other comprehensive income. When one or more events have occurred that adversely affect the estimated future cash flow of a financial asset, the financial assert has suffered a credit impairment. Evidence of credit impairment of financial assets includes observable information relating to:

- major financial difficulties of the borrower or issuer;
- default, such as delay or delay
- for economic or contractual reasons related to the borrower's financial difficulties, the Consolidated Company gives the borrower concessions that the borrower would not have considered,
- the borrower is likely to file for bankruptcy or other financial restructuring; or
- the active market for the financial asset disappears due to financial difficulties.

The loss allowance for a financial asset measured at its amortized cost is deducted from carrying amount of the asset. The allowance for losses on debt instrument investment is measured at fair value through other comprehensive income. It is adjusted and recognized as other comprehensive income (without reducing the carrying amount of the assets).

When the Consolidated Company cannot reasonably expect to recover the financial assets as a whole or in part, it will directly reduce the total book amount of its financial assets. For individual accounts, the Consolidated Company's policy is to write off the total book amount when the financial assets are overdue for more than one year based on the past recovery experience of similar assets. For corporate accounts, the Consolidated Company shall analyze the date and amount of the write-off on the basis of whether it is reasonable to expect recovery. The Consolidated Company does not expect a significant reversal of the write-off. However, financial assets that have been written off may still be enforced to comply with the procedures of the Consolidated Company for recovering overdue amounts.

(7) Derecognition of Financial Assets

When the Consolidated Company terminates the contractual rights from the cash flow of such assets or has transferred the financial assets and almost all risks and returns of the asset ownership have been transferred to other enterprises, the Consolidated Company has neither transferred nor retained substantially all the risks and rewards and the control of the financial asset is not retained, the financial assets shall be de-recognized.

Transactions in which the Consolidated Company enters into transfers of financial assets that retain all or substantially all of the risks and rewards of ownership of the transferred assets continue to be recognized on the balance sheet.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

The debt and equity instruments issued by the Consolidated Company are classified as financial liabilities or equity according to the contract agreement and the definition of financial liabilities and equity instruments.

(2) Equity transaction

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Consolidated Company shall be recognized at the amount equal to the consideration received less the direct flotation costs.

(3) Treasury shares

When repurchasing the equity instruments recognized by the Company, the consideration paid (including directly attributable costs) is recognized as a decrease in equity. The repurchased shares are classified as treasury stocks. For subsequent sale or reissue of treasury stocks, the amount received is recognized as an increase in equity, and the surplus or loss generated by the transaction is recognized as capital reserve or retained surplus (if the capital reserve is insufficient to offset).

(4) Compound financial instrument

The compound financial instruments issued by the Consolidated Company are convertible corporate bonds (denominated in New Taiwan dollars) with the option to be converted into share capital, and the number of shares issued will not vary with the change of their fair value.

The initially recognized amount of the liability component of composite financial instruments is measured by the fair value of similar liabilities excluding equity conversion rights. The initially recognized amount of the equity component is measured by the difference between the fair value of the overall compound financial instrument and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liabilities and equity components in proportion to the book value of the initial liabilities and equity.

After the initial recognition, the liability component of compound financial instruments is measured at amortized cost using the effective interest method. The equity components of compound financial instruments shall not be re measured after the initial recognition.

Interest related to financial liabilities is recognized as profit or loss. Financial liabilities are reclassified as equity at the time of conversion, and the conversion is not recognized as profit or loss.

(5) Financial liability

Financial liabilities are classified as amortized costs or measured at fair value through profit or loss. Financial liabilities which are held for trading, derivatives or specified at the time of their original recognition are classified as being measured at fair value through profit or loss. Financial liabilities, measured at fair value through profit and loss, are measured at fair value, and the associated net benefits and losses, including any interest expense, are recognized as profit and loss.

The effective subsequent interest method for other financial liabilities is measured at the amortized cost. Interest expenses and exchange gains and losses are recognized as gains and losses. Any benefit or loss at the time of discounting is also considered as profit or loss.

(6) Derecognition of Financial Liabilities

The Consolidated Company derecognizes financial liabilities when contractual obligations have been fulfilled, canceled or matured. When the terms of a financial liability are modified and the cash flows of the modified liability differ materially, the original financial liability is derecognized and a new financial liability is recognized at fair value based on the modified terms.

When de-recognizing financial liabilities, the difference between carrying amount and the sum of paid or payable considerations (including any transferred non-cash capital or assumed liabilities) shall be recognized as gains and losses.

(7) Offset between financial assets and liabilities

Financial assets and financial liabilities can be offset with each other and represented on the balance sheet with net value only when the Consolidated Company has legal rights to offset and has the intention to deliver with net value as well as realize capital and liquidate the liabilities.

(8) Financial guarantee contract

Financial guarantee contract refers to a contract in which the issuer must make specified payments to reimburse the holder for a loss it incurs if a specified debtor fails to repay according to the terms of the debt instrument.

For financial guarantee contracts issued by the Consolidated Company and not designated as measured at fair value through profit or loss, the initial measurement is based on its fair value minus the directly attributable transaction costs, and the subsequent measurement is based on the higher of the following: (a) Amount of allowance for loss in accordance with IFRS 9; and (b)where appropriate, the amount initially recognized shall be deducted from the amount of accumulated income recognized in accordance with the following income principles.

3. Derivative financial instruments

Derivative instruments are initially recognized at fair value and subsequently measured at fair value, and the resulting gain or loss is recognized directly in profit or loss.

(8) Inventory

Inventory shall be measured with the lower of the costs and net realizable value. The costs include the acquisition, production or processing costs, and other costs incurred in bringing the inventories to their present location and condition, and are calculated using the weighted average method. The costs of the inventory of finished products and products in process include the manufacturing costs amortized based on normal production capacity according to proper percentage.

Net realizable value refers to the estimated prices under normal operation deducting estimated costs to be needed for estimated completion and estimated costs to be needed for competing selling.

(9) Non-current assets (disposal groups) held for sale and discontinued operations

1. Non-current assets (disposal groups) held for sale

Kontron AG resolved at the Board of Directors meeting on August 11, 2022 to sell part of its IT service business, and received approval from the antitrust review on December 29, 2022. Therefore, it began to apply the accounting policies related to non-current assets (disposal groups) held for sale.

Non-current assets or disposal groups consisting of assets and liabilities are classified as held for sale when it is highly probable that their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Before the components of an asset or disposal group are originally classified as held for sale, they are remeasured in accordance with the Consolidated Company's accounting policies. After being classified as held for sale, it is measured at the lower of its carrying amount and fair value less costs to sell. Any impairment loss of a cash-generating unit is first allocated to goodwill, and then proportionately allocated to the remaining assets and liabilities, except that the loss is not allocated to assets that are not within the scope of IAS 36 Impairment of Assets. The aforementioned items continue to be measured in accordance with the Consolidated Company's accounting policies. The impairment losses recognized for assets initially classified as held for sale, and subsequent gains or losses on remeasurement, are recognized in profit or loss, except that gains cannot exceed the cumulative impairment losses previously recognized.

Intangible assets and property, plant and equipment are no longer depreciated or amortized when classified as held for sale. Furthermore, when an associate accounted for using the equity method is classified as held for sale, the equity method is discontinued.

2. Discontinuing operation

A discontinued operation refers to a component of a Consolidated Company that has been disposed of or is classified as held for sale, and:

(1) Represents a separate principal business line or operating area

(2) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or

(3) is a subsidiary acquired solely for the purpose of resale.

An operating unit is classified as a discontinued operation at the earlier of disposal or meeting the criteria to be classified as held for sale.

(10) Investments in Associates

An associated company refers to a company over which the Consolidated Company has significant influence in terms of its financial and operating policies, but does not control or jointly control it.

The Consolidated Company adopts the equity method to account for interests in associated enterprises. Under the equity method, the investment is initially recognized at cost, which includes transaction costs. The carrying amount of investments in associates includes goodwill recognized at the time of initial investment, less any accumulated impairment losses.

Consolidated financial statements include the amount of profits or losses and other comprehensive income recognized by the Consolidated Company based on its equity interest in the associated companies, after making adjustments to conform to the Consolidated Company's accounting policies, from the date on which the Consolidated Company has significant influence over the associated companies until the date when it loses that significant influence. When an associate experiences equity changes that do not result in profit or loss or other comprehensive income, and these changes do not affect the Consolidated Company's ownership percentage in the associate, the Consolidated Company will recognize the equity changes attributable to its share in the associate as capital surplus, based on its ownership percentage.

Unrealized gains and losses arising from transactions between the Company and its associates are recognized in the entity's financial statements only to the extent that they are not related to the investor's interests in the associates. When the Consolidated Company's proportional share of losses of an associate equals or exceeds its interest in the associate, it discontinues recognizing its share of further losses. The Consolidated Company recognizes additional losses and a liability only to the extent that it has incurred legal or constructive obligations or made payments on behalf of the associate.

When a Consolidated Company ceases to apply the equity method due to its investment no longer being an associate, it will stop applying the equity method from the date of losing significant influence, measure the retained interest at fair value, and recognize the difference between the fair value of the retained interest and the proceeds from disposal, and the carrying amount of the investment at the date when the equity method was discontinued, in profit or loss for the period. For all amounts previously recognized in other comprehensive income related to that investment, the accounting treatment is the same basis that the associate would have been required to follow if it had directly disposed of the related assets or liabilities. That is, if a gain or loss previously recognized in other comprehensive income would have been reclassified to profit or loss (or retained earnings) upon the disposal of the related assets or liabilities, the entity reclassifies that gain or loss from equity to profit or loss (or retained earnings) when it discontinues the use of the equity method. If the merger of companies results in a reduction of ownership interests in an associate but the equity method is still applicable, the acquirer shall reclassify to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest.

When an investment in an associate becomes an investment in a joint venture, or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

When an associate issues new shares, if the Consolidated Company does not subscribe in proportion to its shareholding, resulting in a change in its shareholding ratio and consequently causing an increase or decrease in the net value of its equity investment, the increased or decreased amount shall be adjusted to the capital surplus and investment accounted for using the equity method. If this adjustment offsets the capital surplus, but the remaining capital surplus arising from the investment accounted for using the equity method is insufficient, the difference shall be debited to retained earnings. If a Consolidated Company does not subscribe in proportion to its shareholding, causing its ownership interest in the associated company to decrease, the amount previously recognized in other comprehensive income related to that associated company is reclassified in proportion to the decrease. The accounting treatment basis is the same as the basis that the associated company must follow when directly disposing of the related assets or liabilities.

(11) Investment Property

Investment property refers to property held for earning rental income, capital appreciation, or both, rather than for normal business sales, use in production, supply of goods or services, or for administrative purposes. Investment properties are initially measured at cost, and subsequently measured under the cost model. After initial recognition, depreciation expense is calculated based on the depreciable amount, with the depreciation method, useful life, and residual value following the regulations for property, plant and equipment. The cost includes expenses that are directly attributable to the acquisition of investment property.

When an investment property is reclassified as property, plant and equipment due to a change in its use, it is reclassified at its carrying amount at the date of the change in use.

(12) Property, plant, and equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment.

Significant components of property, plant and equipment are treated as separate items (major components) when they have different life cycles.

Gain or loss on disposal of property, plant and equipment is recognized in profit or loss.

2. Subsequent costs

Subsequent expenses are capitalized only when it is probable that future economic benefits will flow into the Consolidated Company.

3. Depreciation

Depreciation is calculated based on the cost of the asset less its residual value and is recognized in profit or loss using the straight-line method over the estimated useful life of each component.

The land is not subject to depreciation.

The estimated useful lives for the current and comparative periods are as follows:

(1) Buildings 2-55 years

(2) Machinery 3-15 years

(3) Leasehold improvement 2-9 years

(4) Other equipment 2-10 years

The Consolidated Company reviews the method of depreciation, durability and residual value at each reporting date and makes appropriate adjustments as necessary.

(13) Lease

The Consolidated Company shall assess whether the contract is a lease or includes a lease on the date of formation of the contract. If the contract transfers control over the use of the identified assets for a period of time in exchange for consideration, the contract shall be a lease or includes a lease.

1. Lessee

The Consolidated Company recognizes the right-of-use assets and lease liabilities on the beginning date of the lease. Right-of-use are initially measured in terms of cost, which includes the initial measured amount of lease liabilities, adjusts the lease beginning date or before payment of any rent payment, and the initial direct costs, and applied to removing the asset and restoring its locating or the estimated cost of the underlying assets. It minuses the charge of any lease incentives at the same time.

Depreciation of right-of-use assets following the commencement of the lease shall be carried out by the straight-line method at the end of the useful life of right-of-use assets or earlier at the end of the lease term. In addition, the Consolidated Company will periodically evaluate whether there is any loss of right-of-use assets and deal with any loss that has occurred, and adjust the right-of-use assets in the case of lease liabilities.

Lease liabilities are defined as the present value of lease benefits not yet paid at lease commencement date. If the implied lease rate is easy to determine, the discount rate will be that rate, and if not, the incremental borrowing rate of the Consolidated Company will be used. Generally speaking, the Consolidated Company adopts its incremental borrowing rate as the discount rate.

Lease benefits measured in lease liabilities include:

(1) Fixed payments, including substantive fixed payments;

(2) Depending on the variation of a certain index or rate of rent payment, the index or rate on the commencement date of the lease shall be used as the original measurement;

(3) The guaranteed amount of salvage value expected to be paid; and

(4) The price at which the option to exercise the option to purchase or terminate the lease will be reasonably determined or the penalty to be paid.

Lease liabilities is then calculated using effective interest method, and the amount was measured when:

(1) Changes in the index or rate used to determine lease payments result in changes in future lease payments;

(2) Changes to the guaranteed amount of salvage value expected to be paid; and

(3) The evaluation of the underlying asset purchase option has changed;

(4) The estimate of whether to exercise the option of extension or termination has changed, which leads to the change of the assessment of the lease period;

(5) Modification of the subject matter, scope or other terms of the lease.

Lease liabilities are remeasured due to the aforementioned changes in the index or rate used to determine lease payments, changes in the residual value guarantee amount, and changes in the evaluation of purchases, extensions or termination options, the book value of right-of-use assets should be adjusted accordingly. When the book value of right-of-use assets is reduced to zero, the remaining re-measured amount is recognized in profit or loss.

For the lease modifications about the reduced coverage, the book amount of right-of-use assets will be reduced to reflect partial or total termination of lease, and the difference between the figure and the remeasured amount of lease liabilities will be included in the profit and loss.

The Consolidated Company will express the right-of-use assets and lease liabilities that do not conform to the definition of investment real estate in the form of single line items in the balance sheet.

If the agreement includes lease and non lease components, the Consolidated Company allocates the consideration in the contract to individual lease components based on a relatively separate price. However, when leasing land and buildings, the Consolidated Company chooses not to distinguish between non-leasing components and treats the leasing components and non-leasing components as a single leasing component.

For short-term leases and asset leases with low value targets, the Consolidated Company chooses not to recognize the right-of-use assets and lease liabilities, but recognized the relevant lease payments as expenses within the lease period on a straight-line basis.

2. Lessor

The transaction in which the Consolidated Company is a lessor shall be classified as a financial lease or an operating lease on the date of establishment of the lease, depending on whether or not the lease contract is transferred to almost all the risks and rewards attached to the ownership of the underlying asset. In the evaluation, the Consolidated Company shall consider certain indicators, including whether the lease term covers the principal part of the underlying asset's economic life.

If the agreement includes lease and non-lease components, the Consolidated Company applies the provisions of IFRS 15 to apportion the consideration in the contract.

Assets held under finance leases are expressed as finance lease receivables in the amount of net lease investment. The initially direct costs arising from the negotiation and arrangement of the lease are included in the net investment in the lease. Net lease investment is amortized and recognized as interest income during the lease period in a pattern reflecting a constant periodic rate of return in each period. For operating leases, the Consolidated Company recognizes the lease payments received as rental income on a straight-line basis during the lease period.

(14) Intangible assets

1. Recognition and measurement

Goodwill arising from the acquisition of subsidiaries is measured at cost less accumulated impairment.

Expenditures related to research activities are recognized as profit or loss as incurred.

Development expenditure is capitalized only when it can be reliably measured, the technical or commercial feasibility of products or processes has been achieved, the future economic benefits are likely to flow into the Consolidated Company, and the Consolidated Company intends and has sufficient resources to complete the development and use or sell the assets. Other development expenditures are recognized in profit or loss as incurred. After the initial recognition, the capitalized development expenditure is measured by the amount of its cost less accumulated amortization and accumulated impairment.

Other intangible assets with a limited useful life obtained by the Consolidated Company, including patent rights and computer software rights, are measured by the amount of cost less accumulated amortization and accumulated impairment.

2. Subsequent expenditure

The subsequent expenditure can be capitalized only when they can increase the future economic benefits of relevant specific assets. All other expenditures are recognized in profit or loss as incurred, including internally generated goodwill and brands.

3. Amortization

Except for goodwill, amortization is calculated based on the cost of assets less their estimated residual value, and is recognized in profit or loss on a straight-line basis over their estimated useful lives, starting from the date that the intangible assets are available for use.

The estimated useful lives for the current and comparative periods are as follows:

(1) Patents and trademarks: 5-10 years

(2) Computer software: 1-10 years

(3) Customer Relations: 3-10 years

The Consolidated Company reviews the method for amortization of intangible assets, durability and residual value at each reporting date and makes appropriate adjustments as necessary.

(15) Impairment of Non-Financial Assets

On each reporting date, the Consolidated Company assesses whether there are any indications that the carrying amount of non-financial assets (excluding inventories, contract assets, deferred tax assets, and investment properties measured at fair value) may be impaired. If any indication exists, the recoverable amount of the asset is estimated. Goodwill is regularly tested for impairment every year.

For the purpose of impairment test, one group of assets whose cash inflow is largely independent of other individual assets or asset groups is regarded as the smallest identifiable asset group. The goodwill arising from a business combination is allocated to each cash-generating unit or group of cash-generating units that is expected to benefit from the synergies of the combination.

The recoverable amount is the higher of an asset’s or cash generating unit fair value less costs of disposal and its value in use. When assessing the value in use, the estimated future cash flow is converted to the present value at the pre-tax discount rate, which should reflect the current market assessment of the time value of money and the specific risk of the asset or cash generating unit.

If the recoverable amount of an individual asset or cash generating unit is lower than the book amount, an impairment loss is recognized.

An impairment loss is recognized immediately in profit or loss, first reducing the carrying amount of any goodwill allocated to the cash-generating unit, and then pro-rata to the other assets of the unit based on their respective carrying amounts.

Impairment losses on goodwill are not reversed. Non-financial assets other than goodwill are reversed only to the extent that their carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized in prior years.

(16) Provision for liabilities

The recognition of provisions for liabilities is due to past events which have led to present obligations that will probably require an outflow of resources embodying economic benefits in order to settle the obligations, and the amounts of the obligations can be reliably estimated. Provisions for liabilities are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as an interest expense.

1. Warranty

   Provisions for warranty obligations are recognized upon the sale of goods or services and are estimated based on historical warranty data and a probability-weighted estimate of all possible outcomes.

2. Reorganization

   Reorganization provisions are recognized when a detailed formal plan for the reorganization has been approved by the Consolidated Company, and the plan has either commenced or been publicly announced. Future operating losses should not be recognized as a provision.

3. Onerous contract

   When the unavoidable costs of meeting the obligations under a contract exceed the economic benefits expected to be received under it, a provision for onerous contracts is recognized. The provision for the liability is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing the contract, and any impairment loss relating to the contract assets is recognized before recognizing the provision for an onerous contract.

(17) Income recognition

1. Revenue from Contracts with Customers

   Income is measured in consideration for the expected entitlement to transfer goods or services. The Consolidated Company recognizes revenue from the transfer of control of goods or services. The Consolidated Company's main revenues are from the following items:

   (1) the sales revenue of commodities mainly comes from the sales of industrial motherboards, information system integration products and network communication products. The Consolidated Company recognizes revenue when control of products is transferred to customers. The transfer of control over the product means that the product has been delivered to the customer, the customer has full discretion over the channel and price to sell the products and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Consolidated Company has objective evidence that all criteria for acceptance have been satisfied.

   When the other party is involved in selling goods to customers, the Consolidated Company will recognize the nature of the promised goods to be transferred. If the Consolidated Company has any performance obligations to transfer goods or services on behalf of the other party (i.e., the combined company acts as an agent), the Consolidated Company should recognize as revenue the consideration to which it expects to be entitled in exchange for satisfying that performance obligation.

   The Consolidated Company is obligated to provide standard warranties on the products sold and is therefore liable for defective returns. Provisions for warranty liabilities have been recognized for these obligations.

   The Consolidated Company recognizes accounts receivable at the time of delivery of goods, as the consolidated company has an unconditional right to receive consideration at that point.

   (2) Service revenue

   The Consolidated Company provides product maintenance and services, and recognizes relevant income during the financial reporting period of providing services. Fixed price contracts recognize revenue based on the proportion of services actually provided to the total services as of the reporting date. If the situation changes, the estimates of revenue, cost and degree of completion will be revised, and the increase and decrease changes will be reflected in profit and loss during the period when the management is informed of the change and makes the correction.

Under a fixed price contract, the customer pays a fixed amount of money according to the agreed schedule. When the service provided exceeds the payment, it shall be recognized as contract assets; if the payment exceeds the services provided, it shall be recognized as contract liabilities.

If the contract is priced according to the number of hours of providing services, the revenue is recognized based on the amount that the Consolidated Company has the right to issue invoices. The Consolidated Company asks for payment from customers every month and can receive consideration after issuing invoices.

(3) Construction Contract

For the engineering business undertaken by the Consolidated Company, as the assets are controlled by the customer during construction, revenue is recognized gradually over time based on the proportion of engineering costs incurred to date to the estimated total contract costs. When the recognized revenue amount has not been billed, it is recognized as a contract asset. When there is an unconditional right to the consideration, the contract asset is transferred to accounts receivable.

If the degree of completion of the performance obligation in an engineering contract cannot be reasonably measured, revenue from the contract is recognized only to the extent of costs incurred that are expected to be recoverable.

When the unavoidable costs of meeting the obligations under a contract exceed the economic benefits expected to be received under it, a provision for onerous contracts is recognized.

If circumstances change, the estimates of revenue, costs, and degree of completion will be revised, and the resulting increase or decrease will be reflected in profit or loss for the period in which management becomes aware of the changes.

2. Cost of customer contracts

(1) Incremental costs of obtaining a contract

If a Consolidated Company expects to recover the incremental costs of acquiring customer contracts, those costs are recognized as assets. The incremental cost of obtaining a contract is the cost incurred in obtaining a customer contract that would not have occurred if the contract had not been obtained. Regardless of whether the contract is obtained or not, the costs of obtaining the contract that will occur are recognized as expenses when incurred, unless those costs are explicitly recoverable from the customer regardless of whether the contract has been obtained.

As an expedient practical measure for business combinations, if the incremental costs of obtaining a contract are recognized as an asset and the amortization period of that asset is one year or less, the incremental costs are expensed when incurred.

2. Cost of fulfilling the contract

The costs incurred in fulfilling a contract with a customer that are not within the scope of other standards (IAS 2 "Inventories", IAS 16 "Property, Plant and Equipment" or IAS 38 "Intangible Assets"), the Group recognizes an asset only if those costs directly relate to a contract or a specifically identifiable anticipated contract, generate or enhance resources that will be used in satisfying (or continuing to satisfy) performance obligations in the future, and are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfill a contract but not reflected in the contract price, costs related to satisfied (or partially satisfied) performance obligations, and costs that cannot be distinguished as related to unsatisfied performance obligations or satisfied (or partially satisfied) performance obligations are recognized as expenses when incurred.

(18) Employee benefits

1. Defined contribution plans

The contribution obligation of the defined contribution pension plan is recognized as an expense in the period in which the employees render service to the Company. The amount of advance appropriation will be recognized as an asset to the extent that it will lead to the return of cash or the reduction of future payments.

2. defined benefit plan

The Consolidated Company’s net obligation to a defined benefit plan is measured by discounting the present value of future benefits earned by the employee’s current or prior period of service, less the fair value of the plan assets.

The defined benefit obligation is actuated annually by a qualified actuary using the projected unit benefit method. When the results of the calculation are probable to be favorable to the Consolidated Company, an asset is recognized to the extent of the present value of any economic benefits that may be obtained by returning a contribution from the plan or reducing future contributions to the plan. Any minimum funding requirement is taken into account in calculating the present value of economic benefits.

The remeasurement of the net defined benefit obligation, including actuarial gains and losses, compensation for plan assets (excluding interest), and any change in the impact of asset limits (excluding interest) is recognized immediately in other comprehensive income and accumulated in retained earnings. The Consolidated Company determines net interest expense (income) for net defined benefit liabilities (assets) using the net defined benefit liabilities (assets) and discount rate determined at the beginning of the annual reporting period. Net interest expense and other costs for defined benefit plans are recognized in profit or loss.

When a plan is revised or curtailed, changes in benefits related to prior period service costs or curtailment gains or losses are recognized immediately in profit or loss. The Consolidated Company recognizes gain or loss on the settlement of defined benefit plans when the settlement occurs.

3. Short-term employee benefits

Short-term employee benefit obligations are recognized as an expense when services are provided. If the Consolidated Company has a present legal or constructive obligation to pay for services rendered by employees in the past and the obligation can be estimated reliably, the amount is recognized as a liability.

(19) Government grants

When a Consolidated Company receives any government subsidies, subsidies received without conditions attached are recognized as non-operating income.

For grants related to assets other than property, plant and equipment, the Consolidated Company recognizes the fair value of the grant as deferred income when there is reasonable assurance that the conditions attached to the government grant will be complied with and that the grant will be received, and recognizes the deferred income as other operating income on a systematic basis over the useful life of the related asset.

Government subsidies to compensate the Consolidated Company for expenses or losses incurred are recognized in profit or loss on a systematic basis over the periods in which the related costs are incurred.

For government-assisted loans obtained from financial institutions through government credit guarantees, the Consolidated Company treats the guaranteed amount as part of the fair value of the bank loans.

(20) Share-based payment transaction

For equity-settled share-based payment arrangements, the fair value on the grant date is recognized as an expense over the vesting period of the awards, with a corresponding increase in equity. The expense recognized is adjusted for the number of awards expected to meet the service and non-market performance conditions. The final amount recognized is based on the number of awards that ultimately meet the service and non-market performance conditions at the vesting date.

Regarding the non-vesting conditions of share-based payment awards, they are reflected in the measurement of the grant-date fair value of the share-based payment, and the differences between expected and actual results do not require a true-up adjustment.

The fair value of the stock appreciation rights payable in cash to employees should be recognized as an expense and a corresponding increase in liabilities over the period that employees become unconditionally entitled to the rewards. The liability is remeasured at fair value for the share appreciation rights on each reporting date and settlement date, with any changes recognized in profit or loss.

(21) Income tax

Income taxes include current and deferred income tax. Except for those related to enterprise consolidation and items directly recognized as equities or other comprehensive income, current tax and deferred income tax asset shall be recognized as gains and losses.

The Consolidated Company determines that the interest or penalty related to income tax (including uncertain tax treatment) does not meet the definition of income tax, so the accounting treatment of IAS 37 is applicable.

The Consolidated Company has determined that the top-up tax payable under the Global Anti-Base Erosion (GloBE) rules falls within the scope of IAS 12 "Income Taxes", and has applied the temporary mandatory exemption from applying deferred tax accounting for the top-up tax. Any actual top-up tax incurred will be recognized as current income tax.

Current income taxes include estimated income taxes payable or refund receivable based on current year taxable income (loss) and any adjustments to prior years' income taxes payable or refund receivable. The amounts that reflect the uncertainty (if any) related to income tax are measured at the best estimate of the amount expected to be paid or received at the statutory or substantive legislative rates in effect on the reporting date.

Deferred income tax is recognized for temporary differences between the carrying amounts of assets and liabilities at the reporting date and their tax bases. In case of any of the following situations, the temporary differences will not be recognized as deferred income tax:

1. The transaction is not a business combination, and at the time of the transaction, (i) it does not affect accounting profit or taxable income (loss), and (ii) it does not create equal taxable and deductible temporary differences on initial recognition of an asset or liability

2. Those temporary differences generated due to investment subsidiary company and joint equities, controlled by the Consolidated Company and likely to not to be reversed in the foreseeable future; and

3. Taxable temporary differences arising from the original recognition of goodwill.

For unused tax losses and unused income tax credits at the later stage of transfer, and deductible temporary differences, to the extent that there is likely to be future taxable income available for use, they are recognized as deferred income tax assets. It shall be reassessed on each reporting day, and the relevant income tax benefits shall be reduced if they are not likely to be realized; or the reduced amount shall be reversed to the extent that there is likely to be sufficient taxable income.

Deferred income tax is measured at the tax rate when the expected temporary difference is reversed, based on the statutory tax rate or substantive legislative tax rate on the reporting date, and has reflected the uncertainty related to income tax (if any).

Only when the Consolidated Company meets the following conditions, the deferred income tax can offset the deferred tax liabilities:

1. Having the legal execution right to make the current income tax assets and the current tax liabilities offset with each other; and

2. Deferred income tax assets and deferred tax liabilities are related to one of the subjects of tax payment from which the same tax authority levies income tax;

   (1) Same subject of tax payment; or

   (2) Different subjects of tax payment, but all subjects intend to liquidate the current tax liabilities and assets based on net amount or at the same time realize assets and liquidate liabilities in each of the future periods when deferred income tax assets of major amounts are expected to be recovered and deferred income tax liabilities expected to be liquidated.

(22) Business combination

The Consolidated Company accounts for each business combination using the acquisition method. Goodwill is measured at the fair value of the consideration transferred, including the amount attributable to any non-controlling interests in the acquiree, less the net amount (usually at fair value) of the identifiable assets acquired and liabilities assumed on the acquisition date. If the remaining balance after deduction is negative, the Consolidated Company should reassess whether all acquired assets and all assumed liabilities have been correctly identified before recognizing the bargain purchase gain in profit or loss.

Except for those related to the issuance of debt or equity instruments, transaction costs related to a business combination should be recognized immediately as expenses by the acquirer when incurred.

For non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, the acquirer has the option on a transaction-by-transaction basis to measure them at either fair value on the acquisition date or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets. Other non-controlling interests are measured at their fair value on the acquisition date or on another basis as prescribed by the International Financial Reporting Standards endorsed by the Financial Supervisory Commission.

In a business merger achieved in stages, the acquirer remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and recognizes any resulting gain or loss in profit or loss. For the changes in the equity value of the acquiree that were recognized in other comprehensive income prior to the acquisition date, they should be treated in the same manner as if the combined company had directly disposed of its previously held equity interest. If the disposal of such equity interest would require reclassification to profit or loss, then the amount should be reclassified to profit or loss.

If the original accounting treatment for a business combination is not completed before the reporting date of the combination transaction, the Consolidated Company recognizes provisional amounts for the incomplete accounting items and retrospectively adjusts or recognizes additional assets or liabilities during the measurement period to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period should not exceed one year from the date of acquisition.

(23) Earnings per share

The Consolidated Company lists the basic and diluted earnings per share of holders of common stock equity of the Company. The basic earnings per share of the Consolidated Company shall be calculated with the gains and losses of the holders of common stock equity of the Company divided by the weighted mean of current outstanding common shares. Diluted earnings per share shall be calculated after adjusting the influence of all potential diluted common shares of the gains and losses of the holders of common stock equity of the Company and the weighted mean of current outstanding common shares. The potential diluted common shares of the Consolidated Company include convertible corporate bonds and stock options for employees.

(24) Department information

An operating segment is a component of a Consolidated Company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same Consolidated Company). The operating results of all operating segments are regularly reviewed by the chief operating decision maker of the Consolidated Company to make decisions about resources to be allocated to the segment and to assess its performance. Each operating department has separate financial information.

5. Significant accounting judgments, estimates and major sources of estimation uncertainty

When the management prepares the Consolidated Financial Statements, the management is required to make judgments, estimates and assumptions in preparing this Consolidated Financial Statements, which will affect the adoption of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from estimates.

The management continuously inspects the estimate and undertaking assumption, and accounting changes are recognized both the current revised period and the future period to be influenced.

The uncertainty of the following assumptions and estimates has a significant risk of causing significant adjustments to the book amounts of assets and liabilities in the next financial year, the relevant information is as follows:

(1) Allowance for doubtful accounts receivable

The allowance loss of the Consolidated Company's accounts receivable is estimated based on the assumption of default risk and expected loss rate. The Consolidated Company considers the historical experience, current market conditions and forward-looking estimates on each reporting day to judge the assumptions and selected input values to be used in calculating impairment. Please see Note 6 (2) for details on the provision for impairment.

(2) Subsequent measurement of inventory

Since inventory must be measured at the lower of cost or net realizable value, the Consolidated Company estimates the reported amount of inventory due to normal wear and tear, obsolescence, or no market sale value on a daily basis and reduces the cost of inventory to net realizable value. The inventory is evaluated mainly based on the product demand in a specific period in the future, and may change significantly due to rapid changes in the industry and the introduction of new products. Please refer to Note 6(3) for details of the inventory valuation assessment.

(3) Evaluation of Goodwill Impairment

The assessment process for goodwill impairment relies on the subjective judgment of the Consolidated Company, including identifying the cash-generating units, allocating goodwill to the relevant cash-generating units, and determining the recoverable amount of the relevant cash-generating units.

(4) Income recognition

For a Consolidated Company, contract revenue is recognized over time by reference to the stage of completion of the construction contract, measured by the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The Consolidated Company considers various factors such as the nature of the projects, estimated duration, project items, construction processes, construction methods, and expected contract amounts to estimate the total contract cost. Any changes in the aforementioned estimation bases may result in material adjustments to the estimated amounts.

6. Explanation of significant accounts

(1) Cash and Cash Equivalents

	2023.12.31	2022.12.31
Cash on hand	$ 118,825	46,657
Demand deposits and check deposits	22,696,253	25,172,531
Deposit account	1,245,876	744,068
Cash and cash equivalents listed in the cash flow statement	**$ 24,060,954**	**25,963,256**

Please refer to Note 6(26) for the disclosure of interest rate risk and sensitivity analysis of the financial assets and liabilities of the Consolidated Company.

(2) Notes receivable and accounts receivable

	2023.12.31	2022.12.31
Notes receivable	$ 268,107	42,133
Accounts receivable	21,259,749	18,195,678
Accounts receivable – related parties	73,498	279,448
Less: Allowance for loss	(1,192,937)	(1,084,628)
	$ 20,408,417	**17,432,631**

For all notes receivable and accounts receivable, the Consolidated Company adopts the simplified approach to estimate expected credit losses, i.e., using the lifetime expected credit losses, for this measurement purpose, these notes receivable and accounts receivable are evaluated based on the shared credit risk characteristics representing the customers' ability to pay all amounts due in accordance with the contractual terms, and forward-looking information has been incorporated. The analysis of expected credit losses on the Consolidated Company's notes receivable and accounts receivable is as follows:

	2023.12.31		
	Carrying amount of notes and accounts receivable	**Weighted average expected credit loss rate**	**Expected credit loss during the allowance**
Not past due	$ 16,741,588	0.23%	37,800
1–30 days past due	1,478,789	1.52%	22,454
31–150 days past due	1,666,980	2.72%	45,269
151–270 days past due	296,723	12.24%	36,329
271–365 days past due	228,137	46.87%	106,933
1–2 years past due	660,656	62.92%	415,671
Over 2 years past due	528,481	100.00%	528,481
	$ 21,601,354		**1,192,937**

	2022.12.31		
	Carrying amount of notes and accounts receivable	**Weighted average expected credit loss rate**	**Expected credit loss during the allowance**
	$ 14,019,317	0.61%	85,704
1–30 days past due	1,866,594	1.18%	21,972
31–150 days past due	1,242,737	5.78%	71,863
151–270 days past due	283,051	6.93%	19,626
271–365 days past due	197,791	13.20%	26,110
1–2 years past due	357,030	86.44%	308,614
Over 2 years past due	550,739	100%	550,739
	$ 18,517,259		**1,084,628**

The changes in the allowance for doubtful notes and accounts receivable of the Consolidated Company are as follows:

	2023	2022
Beginning Balance	$ 1,084,628	897,495
Impairment losses recognized	807,717	432,782
Reversal impairment loss	(609,346)	(155,401)
The amount written off as uncollectible for the current year	(75,774)	(23,326)
Foreign currency translation gains and losses	(19,370)	(49,125)
Merge acquisition	5,082	(17,797)
Ending Balance	$ 1,192,937	1,084,628

For details on the situation where the Consolidated Company's accounts receivable are pledged as collateral for borrowing, please refer to Note 8.

The Consolidated Company signed a non-recourse accounts receivable factoring agreement with financial institutions. According to the agreement, the Consolidated Company does not need to bear the risk of uncollectible accounts receivable, but only needs to bear losses caused by commercial disputes. Since the Consolidated Company has transferred almost all the risks and rewards of ownership of the aforementioned accounts receivable and has not continued to be involved, it meets the criteria for derecognition of financial assets.

Please refer to Note 6 (26) for other credit risk information.

(3) Inventory

	2023.12.31	2022.12.31
Raw materials	$ 14,089,734	15,734,400
Raw materials in transit	240,093	210,687
Work in process	2,217,786	1,419,205
Semi-finished products	1,163,733	1,016,661
Finished good	3,550,169	3,118,647
Merchandise inventory	2,901,019	2,580,757
Less: Allowance for inventory market price decline	(2,477,422)	(2,092,487)
	$ 21,685,112	21,987,870

The Consolidated Company recognized inventory-related costs and losses of NT$542,106 thousand and NT$535,039 thousand in 2023 and 2022, respectively, which were included in operating costs. The details are as follows:

	2023	2022
Gains on price recovery of inventory	$ 319,272	328,975
Loss on inventory scrap	222,834	206,064
Total	$ 542,106	535,039

The details of the inventory costs recognized as operating costs and expenses for the years 2023 and 2022 are as follows:

	2023	2022
Inventory costs recognized as operating costs and expenses	$ 97,644,611	89,070,107
Less: Operating costs of suspended business units	(144,666)	(987,565)
Total	**$ 97,499,945**	**88,082,542**

For details on the situation where the Consolidated Company's inventory is provided as collateral for a pledge, please refer to Note 8.

(4) Disposal groups for sale

On August 11, 2022, the Board of Directors of Kontron AG resolved to sell part of its IT service business, and on December 29, 2022, the deal passed antitrust review. Consequently, the assets and liabilities related to this business have been reported as a disposal group held for sale. On December 31, 2022, the amount of the disposal group held for sale was assets of NT$206,496 thousand and liabilities of NT$155,725 thousand. These assets and liabilities were fully disposed of on June 30, 2023, with the details as follows:

	2022.12.31
Property, plant, and equipment	$ 12,478
Inventory	37,501
Accounts receivable and other receivables	110,914
Cash and Cash Equivalents	45,603
Assets of groups pending for sale	**$ 206,496**
Accounts payable and other payables	$ 155,725
Liabilities of groups pending for sale	**$ 155,725**

(5) Investments accounted for using equity method

The investments of the Consolidated Company using the equity method on the reporting date are listed as follows:

	2023.12.31	2022.12.31
Associate	**$ 602,334**	**553,155**

The Consolidated Company participated in the subscription of the private placement of new shares issued by Arbor Technology on February 24, 2022, with an investment of NT$296,000 thousand to acquire 16,000 thousand shares of the company, representing an ownership interest of approximately 16.76%. As a result, the company obtained significant influence over Arbor Technology, whose main business operations are the research and development, manufacturing, and sales of industrial computers.

The Company acquired 900 thousand shares of Ennowell for NT$90 million on May 23, 2022, representing a 30% equity interest, thereby obtaining significant influence over the company. The company's main business operations include intelligent building system integration, energy management services, and cloud services.

On April 2, 2022, the Consolidated Company disposed of a 20% equity interest in Shenzhen Icontech Co., Ltd. and lost its significant influence over it. The disposal price was NT$31,238 thousand (RMB 7,000 thousand), and the disposal gain of NT$1,671 thousand was included in other gains and losses in the consolidated statement of comprehensive income.

The Consolidated Company disposed of its equity interest in Shenzhen Akkord Electronics Co.,Ltd. and lost significant influence over it in March 2023. The disposal price was NT$132,354 thousand (RMB 30,000 thousand), and the resulting disposal gain of NT$44,927 thousand was included in other gains and losses in the consolidated statement of profit or loss.

In July 2023, the Consolidated Company invested in the common and preferred shares of Radisen Co., Ltd. After evaluation, the consolidated voting rights shareholding ratio in the company was 30.88%, so the equity method was used for valuation.

The associates accounted for using the equity method of the Consolidated Company are individually immaterial, and the aggregate financial information is as follows. These financial amounts are included in the consolidated financial statements of the Consolidated Company:

	2023.12.31	**2022.12.31**
Aggregate carrying amount at the end of the period for interests in individual associates that are not individually material	**$ 602,334**	**553,155**

	2023	**2022**
Portion attributable to the Consolidated Company:		
Net Profit from Continuing Operations for the Current Period	$ 40,930	51,115
Other comprehensive income	(8,898)	2,112
Total comprehensive income	**$ 32,032**	**53,227**

The investments in associates accounted for using the equity method by the Consolidated Company are not pledged, guaranteed or restricted.

(6) Business combination

The Consolidated Company has expanded its group business through the acquisition of the following companies and obtained relevant development, design, and production technologies.

	Main operating activities	Date of acquisition	Acquisition ratio	Consideration transferred Fair value
CNP GmbH/CNT GmbH	Information Services	2022.01.01	100.00%	14,739 (Note 1)
Renown Information Technology Corp.	Information Software Services	2022.05.27	59.20%	10,000
Nationgate Integration(M) SDN. BHD.	Electronic product manufacturing	2022.06.10	60.00%	4,072
LUCOM GmbH	Industrial Internet of Things	2022.09.01	100.00%	156,800
Arce Mobility Solutions S.A.U.	Industrial Internet of Things	2022.12.31	100.00%	238,336 (Note 1)
Comlab AG and its Subsidiaries	Information Services	2023.07.01	100.00%	- (Note 2)
S&T Deutschland GmbH	Information Services	2023.08.01	N/A	825,650 (Note 3)
Hartmann Electronic GmbH and its Subsidiaries	Information Services	2023.11.01	100.00%	842,162 (Note 4)
Bsquare Corporation and its Subsidiaries	Information Services	2022.12.07	100.00%	1,164,450 (Note 5)

Note 1: It means to absorb and merge.
Note 2: Includes its subsidiaries Comlab Deutschland GmbH and Comlab Beijing Radio Frequency Technology Co., Ltd.
Note 3: Only acquiring part of the assets of its automotive digital division.
Note 4: Including its subsidiaries W-IE-NE-R Power Electronics GmbH and W-IE-NE-R Power Electronics Corp.
Note 5: Including its subsidiary Bsquare EMEA.

1. The Consolidated Company acquired part of the assets of Comlab AG and its subsidiaries, Telit Cinterion Deutschland GmbH, Hartmann Electronic GmbH and its subsidiaries, and Bsquare Corporation and its subsidiaries in 2023, with relevant information as follows:

   (1) The major classes of consideration transferred and their fair values at the acquisition date are as follows:

	Comlab AG and its Subsidiaries	Telit CinterionDeutschlandGmbH	HartmannElectronic GmbH and its Subsidiaries	Bsquare Corporation and its Subsidiaries
Consideration transferred				
Cash	$ -	825,650	842,162	1,164,450

(2) The fair value of the identifiable net assets acquired and liabilities assumed:

	Comlab AG and its Subsidiaries	Telit CinterionDeutschlandGmbH	HartmannElectronic GmbH and its Subsidiaries	Bsquare Corporation and its Subsidiaries
Cash and Cash Equivalents	$ 31,464	-	54,718	1,013,932
Notes and accounts receivable	228,071	740,525	61,614	112,374
Inventories	328,981	258,688	225,258	1,359
Contract asset - Current	81,445	-	-	21,045
Other current assets	98,421	42,309	8,101	16,614
Property, plant, and equipment	15,969	65,905	89,472	632
right-of-use asset	59,153	20,344	18,774	21,612
Intangible assets	133,983	216,058	146,334	12,840
Deferred income tax assets	10,621	36,059	-	-
Other non-current assets	-	-	506	732
Short-term borrowings	(136,644)	-	(3,093)	-
Notes and accounts payable	(336,814)	(402,662)	(27,917)	(216,994)
Lease liabilities - Current	(14,951)	(20,344)	(7,515)	(11,689)
Provisions for Liabilities - Current	(25,822)	(159,805)	(28,696)	-
Contract liability - Current	(114,014)	-	(1,593)	(1,118)
Other payables	(336,589)	(24,523)	(19,887)	(9,902)
Other current liabilities	-	-	-	(587)
Long-term loans	(44,504)	-	-	-
Deferred income tax liabilities	(10,621)	-	(44,494)	-
Lease liabilities - Non-current	(44,202)	-	(11,258)	(23,868)
Provisions for Liabilities - Non-current	(7,191)	(185,575)	-	-
Identifiable net assets (liabilities) at fair value	$ (83,244)	586,979	460,324	936,982

The fair value of the accounts receivable acquired from the companies in the merger transactions approximates the book value, and there were no expected uncollectible amounts as of the acquisition date.

(3) Goodwill

The goodwill recognized from acquisitions is as follows:

	Comlab AG and its Subsidiaries	Telit CinterionDeutschlandGmbH	Hartmann Electronic GmbH and its Subsidiaries	Bsquare Corporation and its Subsidiaries
Consideration transferred	$ -	825,650	842,162	1,164,450
Less: The fair value of the identifiable net assets (liabilities) acquired	(83,244)	586,979	460,324	936,982
Plus: Non-controlling interests (measured as the proportionate share of the identifiable net assets of non-controlling interests)	51,915	-	-	-
Goodwill arising from acquisition	$ 135,159	238,671	381,838	227,468

The goodwill arising from the acquisition mainly comes from the control premium. Furthermore, the consideration paid for the merger includes expected merger synergies, revenue growth, and future market development. However, such benefits do not meet the recognition criteria for identifiable intangible assets, and therefore are not recognized separately.

(4) From the acquisition date to December 31, 2023, the revenue and net income contributed by the acquired company are as follows:

	Comlab AG and its Subsidiaries	Telit CinterionDeutschlandGmbH	HartmannElectronic GmbH and its Subsidiaries	Bsquare Corporation and its Subsidiaries
Operating Revenue	$ 338,209	N/A	88,252	84,144
Current net profit (loss)	$ 8,834	N/A	(4,185)	7,370

2. The Consolidated Company acquired CNP GmbH/CNT GmbH, Renown Information, Nationgate Integration (M) SDN. BHD, LUCOM GmbH and Arce Mobility Solution S.A.U. in 2022. The relevant information is as follows:

(1) The major classes of consideration transferred and their fair values at the acquisition date are as follows:

	CNP GmbH/CNT GmbH	Renown Information	Nationgate Integration (M) SDN. BHD.	LUCOM GmbH	Arce Mobility Solutions S.A.U.
Consideration transferred					
Cash	$ 14,739	10,000	4,072	156,800	238,336

(2) The fair value of the identifiable net assets acquired and liabilities assumed:

	CNP GmbH/CNT GmbH	Renown Information	Nationgate Integration (M) SDN. BHD.	LUCOM GmbH	Arce Mobility Solutions S.A.U.
Cash and Cash Equivalents	$ -	25,354	6,330	2,365	30,900
Notes and accounts receivable	-	13,219	-	6,504	65,697
Inventories	-	11,244	-	27,912	10,589
Contract asset	-	-	-	-	30,592
Other current assets	-	6,449	-	2,301	1,264
Property, plant, and equipment	923	1,094	-	205	818
right-of-use asset	11,035	-	-	6,959	3,372
Intangible assets	8,363	6,031	-	23,716	58,851
Deferred income tax assets	-	-	-	1,667	9,195
Other non-current assets	-	-	-	-	94
Short-term borrowings	-	-	-	-	(7,344)
Notes and accounts payable	-	-	-	(6,913)	(64,908)
Lease liabilities - Current	(1,991)	-	(93)	-	(1,657)
Contract liability	-	-	-	-	(18,513)
Other payables	(409)	(25,940)	-	(2,871)	-
Other current liabilities	-	(251)	-	(4,653)	(15,174)
Deferred income tax liabilities	(2,509)	-	-	(7,352)	(14,713)
Lease liabilities - Non-current	(9,044)	-	-	(4,541)	(1,714)
Provision for liabilities	-	-	-	(1,895)	(14,896)
Identifiable net assets (liabilities) at fair value	$ 6,368	37,200	6,237	43,404	72,453

The fair value of the accounts receivable acquired from the companies in the merger transactions approximates the book value, and there were no expected uncollectible amounts as of the acquisition date.

(3) Goodwill

The goodwill recognized from acquisitions is as follows:

	CNP GmbH/CNT GmbH	Renown Information	Nationgate Integration (M) SDN. BHD.	LUCOM GmbH	Arce Mobility Solutions S.A.U.
Consideration transferred	$ 14,739	10,000	4,072	156,800	238,336
Less: The fair value of the identifiable net assets (liabilities) acquired	6,368	37,200	6,237	43,404	72,453
Plus: Non-controlling interests (measured as the proportionate share of the identifiable net assets of non-controlling interests)	-	23,384	2,495	-	-
Plus: The fair value of the acquiree's existing equity interest	-	11,393	-	-	-
Goodwill arising from acquisition	$ 8,371	7,577	330	113,396	165,883

The Consolidated Company recognized a gain of NT$1,758 thousand from remeasuring the fair value of the 48% equity interest previously held in Renown Information Technology Corp. on the acquisition date when merging companies. The gain was recognized under "Gain on disposal of investments" in the consolidated statement of comprehensive income.

The goodwill arising from the acquisition mainly comes from the control premium. Furthermore, the consideration paid for the merger includes expected merger synergies, revenue growth, and future market development. However, such benefits do not meet the recognition criteria for identifiable intangible assets, and therefore are not recognized separately.

(4) From the acquisition date to December 31, 2022, the revenue and net income contributed by the acquired company are as follows:

	CNP GmbH/CNT GmbH	Renown Information	Nationgate Integration (M) SDN. BHD.	LUCOM GmbH	Arce Mobility Solutions S.A.U.
Operating Revenue	N/A	$ 11,837	-	56,302	N/A
Current net profit (loss)	N/A	$ 2,371	(5)	3,126	N/A

(7) Changes in ownership interests in subsidiaries

The changes in equity of subsidiaries of the Consolidated Company for the years 2023 and 2022 that did not result in a change in control over those companies are as follows:

Nanjing Asiatek did not subscribe to the cash capital increase of Shenzhen Asiatek in proportion to its shareholding ratio between January of 2022, resulting in a decrease in its shareholding ratio from 73.51% to 70%. Subsequently, in June of 2022 and March of 2023, it disposed of 45% and 25% of its shares in Shenzhen Asiatek respectively. After the disposal, it no longer held any shares.

In October 2022, Dexatek Technology increased its shareholding due to the exercise of stock options, resulting in a change in Ennoconn International's shareholding ratio.

Decreased from 56.36% to 56%.

In fiscal years 2023 and 2022, Marketech increased its share capital due to the conversion of convertible corporate bonds, resulting in a decrease in Ennoconn International's shareholding ratio from 42.80% to 42.32%, and from 44.04% to 42.80%, respectively.

In 2023, Kontron AG implemented a buyback of treasury shares, resulting in EIH and Ennowell International increasing their combined shareholding from 27.64% to 27.86%.

In 2023, Caswell increased its equity due to the conversion of convertible corporate bonds, resulting in a decrease in the shareholding percentage of the Company and Ennoconn International from 31.77% to 31.70%.

In the year 2023, due to the partial conversion of Renown Information's convertible corporate bonds into common shares, which increased its equity, the Company's indirect shareholding ratio in Ruey Infotech decreased from 37.14% to 37.06%.

Since the above transactions did not change the control over the subsidiaries, they are treated as equity transactions.

The list showing the effect of changes in ownership interests in the aforementioned subsidiaries due to the merger of the companies on the equity attributable to the Consolidated Company is as follows:

2023

	Marketech	Kontron AG	Caswell Inc.	Renown Information	Total
Cash consideration received	$ -	40,194	-	-	40,194
The book value of the subsidiary's net assets is calculated based on the relative change in equity interests to transfer the amount out of (into) non-controlling interests	278,100	1,863	2,490	(25)	282,428
Equity trading differences	**$ 278,100**	**42,057**	**2,490**	**(25)**	**322,622**

2022

	Marketech	Kontron AG	Shenzhen Asiatek Inc.	Dexatek	Total
The book value of the subsidiary's net assets is calculated based on the relative change in equity interests to transfer the amount out of (into) non-controlling interests	$ 27,191	(11,278)	(1,672)	(533)	13,708
Equity trading differences	$ 27,191	(11,278)	(1,672)	(533)	13,708

The above difference in equity transactions is adjusted as capital surplus.

(8) Loss of control over a subsidiary

In 2023, the Consolidated Company disposed of S&T Plus s.r.o, Thecus U.S.A,.Inc and Kontron Transportation Hungary Kft, and lost control over its subsidiaries. The relevant information is as follows:

1. Consideration received

	Kontron Transportation Hungary Kft.	S&T Plus s.r.o	Thecus U.S.A,. Inc
Cash and Cash Equivalents	$ -	117,950	1,715

2. Loss of control over assets and liabilities

	Kontron Transportation Hungary Kft.	S&T Plus s.r.o	Thecus U.S.A,. Inc
Cash and Cash Equivalents	$ 11,225	45,113	1,715
Other Receivables	1,191	107,566	-
Inventories	4,539	100,755	-
Property, plant, and equipment	-	39,202	-
Goodwill	-	41,373	-
Deferred income tax assets	-	-	4,005
Other payables	(35,015)	(264,918)	-
Other non-current liabilities	-	(8,181)	-
	$ (18,060)	60,910	5,720

3. Disposal of subsidiary Losses

	Kontron Transportation Hungary Kft.	S&T Plus s.r.o	Thecus U.S.A,. Inc
1. Consideration received	$ -	117,950	1,715
Net liabilities (assets) from disposals	18,060	(60,910)	(5,720)
Reclassification of other comprehensive income	5,088	14,743	-
	$ 23,148	71,783	(4,005)

4. Net cash outflow from disposal of subsidiaries

	Kontron Transportation Hungary Kft.	S&T Plus s.r.o	Thecus U.S.A,. Inc
1. Consideration received	$ -	117,950	1,715
Less: Disposal of cash and cash equivalents	11,225	45,113	1,715
Net cash flows from disposal of subsidiaries	$ 11,225	72,837	-

In 2022, the Consolidated Company disposed of Shenzhen Aster and RTSoft Project OOO, Russia, RTSoft Training Center, BeeIN d.o.o., Iskratel Ukraine LTD, S&T Services Bel, Kontron Transportation, and Shenzhen Plastics Co., Ltd., and lost control over its subsidiaries, with relevant information as follows:

1. Consideration received

	Shenzhen Asiatek Inc.	RTSoft Project OOO, Russia	RTSoft Training Center	BeeIN d.o.o.	Iskratel Ukraine LTD	S&T Services Bel	Kontron Transportation	Shenzhen Plastics Co., Ltd.
Cash and Cash Equivalents	$ 121,318	410	-	314	-	3	-	3,085

2. Loss of control over assets and liabilities

	Shenzhen Asiatek Inc.	RTSoft Project OOO, Russia	RTSoft Training Center	BeeIN d.o.o.	Iskratel Ukraine LTD	S&T Services Bel	Kontron Transportation	Shenzhen Plastics Co., Ltd.
Cash and Cash Equivalents	$ 45,691	30,689	129	51	16,429	1,120	6,409	627
Notes and accounts receivable	576,862	(8,547)	1,060	782	-	3,602	-	1,774
Inventories	195,728	41,644	11	-	-	-	-	1,341
Other current assets	82,599	30,193	-	-	-	-	-	173
Property, plant, and equipment	203,752	-	37	39,297	-	2,433	-	7,213
Deferred income tax assets	-	5,151	-	-	-	-	-	-
Goodwill	-	14,582	-	-	-	-	-	-
Intangible assets	-	81,440	-	-	-	-	-	-
Short-term borrowings	(80,260)	(18,537)	-	-	-	-	-	-
Accounts payable	(773,967)	-	-	-	-	-	-	(462)
Other payables	(14,852)	(110,028)	(136)	(1,828)	(789)	(870)	(789)	(107)
Other current liabilities	(62,936)	-	-	-	-	-	-	(16)
Deferred income tax liabilities	-	(285)	-	-	-	(11)	-	-
Other non-current liabilities	-	(4,091)	-	(458)	-	-	-	(5)
	$ 172,617	62,211	1,101	37,844	15,640	6,274	5,620	10,538

3. Disposal of subsidiary Losses

	Shenzhen Asiatek Inc.	RTSoft Project OOO, Russia	RTSoft Training Center	BeeIN d.o.o.	Iskratel Ukraine LTD	S&T Services Bel	Kontron Transportation	Shenzhen Plastics Co., Ltd.
1. Consideration received	$ 121,318	410	-	314	-	3	-	3,085
Net assets from disposals	(172,617)	(62,211)	(1,101)	(37,844)	15,640	(6,274)	(5,620)	(10,538)
Non-Controlling Interests	51,785	-	-	-	-	-	-	3,582
Net income (loss)	$ 486	(61,801)	(1,101)	(37,530)	15,640	(6,271)	(5,620)	(3,871)

4. Net cash outflow from disposal of subsidiaries

	Shenzhen Asiatek Inc.	RTSoft Project OOO, Russia	RTSoft Training Center	BeeIN d.o.o.	Iskratel Ukraine LTD	S&T Services Bel	Kontron Transportation	Shenzhen Plastics Co., Ltd.
1. Consideration received	$ 121,318	410	-	314	-	3	-	3,085
Less: Disposal of cash and cash equivalents	45,691	30,689	129	51	16,429	1,120	6,409	627
Net cash outflow from disposal of subsidiaries	$ 75,627	(30,279)	(129)	263	(16,429)	(1,117)	(6,409)	2,458

(9) Subsidiaries with material non-controlling interests

The non-controlling interests in subsidiaries that are material to the Consolidated Company are as follows:

Subsidiary name	Main Business Location/ The country where the company is registered	The proportion of ownership interests and voting rights for non-controlling interests 2023.12.31	2022.12.31
Caswell Inc.	Taiwan	68.30%	68.23%
Kontron AG	Austria	72.14%	72.36%
Marketech	Taiwan	57.68%	57.20%

The summarized financial information of the aforementioned subsidiaries is as follows. This financial information is prepared in accordance with International Financial Reporting Standards recognized by the Financial Supervisory Commission, and reflects the fair value adjustments made by the Consolidated Company on the acquisition date and the adjustments made for differences in accounting policies. These amounts are before elimination of inter-company transactions.

1. Consolidated financial information of Caswell Inc. and its Subsidiaries

	2023.12.31	2022.12.31
Current assets	$ 3,410,527	4,537,955
Non-Current Assets	2,016,004	761,511
Current liabilities	(980,208)	(1,646,584)
Non-current liabilities	(859,810)	(108,109)
Net Assets	**$ 3,586,513**	**3,544,773**
Ending balance of non-controlling interests	**$ 2,555,834**	**2,578,755**

	2023	2022
Operating Revenue	**$ 4,082,437**	**4,982,672**
Net profit for the period	$ 321,278	452,533
Other comprehensive income	(13,426)	12,217
Total comprehensive income	**$ 307,852**	**464,750**
Net profit for the period attributable to non-controlling interests	**$ 171,363**	**268,915**
Total comprehensive income attributable to non-controlling interests	**$ 161,981**	**8,834**

	2023	2022
Cash flows from operating activities	$ 1,040,966	406,826
Cash flows from investing activities	(640,770)	(198,030)
Cash flows from financing activities	(389,677)	(185,619)
The effect of exchange rate fluctuations on cash amounts	(9,231)	11,004
Increase in cash and cash equivalents	**$ 1,288**	**34,181**
Dividends paid to non-controlling interests	**$ 198,064**	**99,878**

2. Consolidated Financial Information of Kontron AG and its Subsidiaries

	2023.12.31	2022.12.31
Current assets	$ 29,839,575	33,661,106
Non-Current Assets	16,735,327	13,483,831
Current liabilities	(21,427,382)	(18,080,002)
Non-current liabilities	(4,624,594)	(8,265,936)
Net Assets	**$ 20,522,926**	**20,798,999**
Ending balance of non-controlling interests	**$ 17,048,079**	**17,423,504**

	2023	2022
Operating Revenue	**$ 41,556,981**	**34,422,378**
Net profit for the period	$ 2,637,612	7,412,625
Other comprehensive income	(228,494)	195,435
Total comprehensive income	**$ 2,409,118**	**7,608,060**
Net profit for the period attributable to non-controlling interests	**$ 1,691,139**	**5,168,276**
Total comprehensive income attributable to non-controlling interests	**$ 2,484,738**	**774,652**

	2023	2022
Cash flows from operating activities	$ 3,484,996	1,122,128
Cash flows from investing activities	867,029	4,505,449
Cash flows from financing activities	(7,849,254)	(1,210,993)
The effect of exchange rate fluctuations on cash amounts	(105,919)	12,922
Net (decrease) increase in cash and cash equivalents	**$ (3,603,148)**	**4,429,506**
Dividends paid to non-controlling interests	**$ 1,503,952**	**502,818**

3. Consolidated financial information of Marketech International Corp. and its Subsidiaries

	2023.12.31	2022.12.31
Current assets	$ 39,459,227	30,098,714
Non-Current Assets	7,237,477	5,356,573
Current liabilities	(30,223,059)	(23,946,207)
Non-current liabilities	(5,237,606)	(2,022,932)
Net Assets	**$ 11,236,039**	**9,486,148**
Ending balance of non-controlling interests	**$ 6,530,604**	**5,514,864**

	2023	2022
Operating Revenue	**$ 56,279,732**	**50,366,704**
Net profit for the period	$ 2,101,229	2,154,285
Other comprehensive income	(46,685)	91,713
Total comprehensive income	**$ 2,054,544**	**2,245,998**
Net profit for the period attributable to non-controlling interests	**$ 1,151,990**	**1,178,151**
Total comprehensive income attributable to non-controlling interests	**$ 1,124,928**	**54,694**

	2023	2022
Cash flows from operating activities	$ (4,174,266)	1,395,070
Cash flows from investing activities	(558,776)	(18,098)
Cash flows from financing activities	5,563,824	791,593
The effect of exchange rate fluctuations on cash amounts	(101,993)	125,077
Increase in cash and cash equivalents	**$ 728,789**	**2,293,642**
Dividends paid to non-controlling interests	**$ 635,190**	**496,151**

(10) Property, plant, and equipment

The following are the details of the changes in the cost, depreciation, and impairment loss of property, plant, and equipment for the Consolidated Company:

	Land	Housing and Architecture	Machinery	Leasehold improvement	Other equipment	Total
Cost:						
Balance as of January 1, 2023	$ 596,263	5,652,411	3,408,266	43,114	1,009,414	10,709,468
Increase	267,316	351,146	522,081	31,886	297,743	1,470,172
Acquisition through business combinations	-	58,301	112,971	-	706	171,978
Discipline	-	(2,694)	(275,706)	(86)	(72,495)	(350,981)
Reclassification	83,580	180,987	135,530	10,890	(126,265)	284,722
The Effects of Changes in Foreign Exchange Rates	7	42,020	20,528	(313)	(4,309)	57,933
Balance as of December 31, 2023	**$ 947,166**	**6,282,171**	**3,923,670**	**85,491**	**1,104,794**	**12,343,292**
Balance as of January 1, 2022	$ 592,113	6,004,696	3,526,732	56,363	769,179	10,949,083
Increase	-	93,050	530,818	3,785	394,970	1,022,623
Acquisition through business combinations	-	475	1,798	86	3,280	5,639
Classified as non-current assets held for sale	-	-	(11,436)	-	-	(11,436)
Discipline	(33,250)	(87,229)	(497,771)	(26,398)	(91,167)	(735,815)
Reclassification	34,119	(103,430)	157,217	(3,833)	(80,987)	3,086
The Effects of Changes in Foreign Exchange Rates	3,281	(255,151)	(299,092)	13,111	14,139	(523,712)
Balance as of December 31, 2022	**$ 596,263**	**5,652,411**	**3,408,266**	**43,114**	**1,009,414**	**10,709,468**
Depreciation						
Balance as of January 1, 2023	$ -	1,943,357	2,025,550	18,141	513,357	4,500,405
Depreciation of the current year	-	244,391	433,230	16,653	114,185	808,459
Discipline	-	(1,910)	(101,427)	(86)	(48,921)	(152,344)
Reclassification	-	(714)	681	-	(580)	(613)
The Effects of Changes in Foreign Exchange Rates	-	3,235	9,061	(115)	(3,327)	8,854
Balance as of December 31, 2023	**$ -**	**2,188,359**	**2,367,095**	**34,593**	**574,714**	**5,164,761**
Balance as of January 1, 2022	$ -	1,881,964	1,894,118	29,668	445,340	4,251,090
Depreciation of the current year	-	232,965	484,682	11,341	117,955	846,943
Impairment loss	-	12,509	-	-	-	12,509
Acquisition through business combinations	-	-	104	86	2,409	2,599
Classified as non-current assets held for sale	-	-	(8,198)	-	-	(8,198)
Discipline	-	(430)	(267,398)	(12,101)	(54,044)	(333,973)
Reclassification	-	(149,228)	127,772	(11,036)	(4,460)	(36,952)
The Effects of Changes in Foreign Exchange Rates	-	(34,423)	(205,530)	183	6,157	(233,613)
Balance as of December 31, 2022	**$ -**	**1,943,357**	**2,025,550**	**18,141**	**513,357**	**4,500,405**
Book value:						
December 31, 2023	**$ 947,166**	**4,093,812**	**1,556,575**	**50,898**	**530,080**	**7,178,531**
December 31, 2022	**$ 596,263**	**3,709,054**	**1,382,716**	**24,973**	**496,057**	**6,209,063**

Please refer to Note 8 for details on the real estate, plants and equipment of the Consolidated Company that were provided as collateral for the pledge.

(11) Intangible assets

The cost and amortization details of the intangible assets of the Consolidated Company are as follows:

	Goodwill	Trademark	Patents	Computer software cost	Customer relationships	Others	Total
Cost or cost determination:							
Balance as of January 1, 2023	$ 13,368,787	2,098,787	619,206	5,441,115	2,040,585	2,137,107	25,705,587
Obtain individually	-	-	15,742	1,097,877	-	242	1,113,861
acquired in a business merger	983,136	-	-	184,848	-	324,367	1,492,351
Discipline	(41,373)	(2,586)	(100)	(36,794)	-	(136,063)	(216,916)
Reclassification	-	-	-	1,407	-	-	1,407
The Effects of Changes in Foreign Exchange Rates	221,617	61,781	-	171,174	68,268	51,300	574,140
Balance as of December 31, 2023	$ 14,532,167	2,157,982	634,848	6,859,627	2,108,853	2,376,953	28,670,430
Balance as of January 1, 2022	$ 13,347,834	2,165,186	621,691	4,954,251	1,964,731	2,527,167	25,580,860
Obtain individually	-	-	515	975,362	-	10,184	986,061
acquired in a business merger	295,557	4,704	-	10,252	-	86,226	396,739
Classified as non-current assets held for sale	(4,002)	(141,272)	-	(113,404)	-	(533,772)	(792,450)
Discipline	(887,261)	(8,165)	-	(794,625)	-	(21,604)	(1,711,655)
Reclassification	-	-	(3,000)	(10,720)	-	(36,194)	(49,914)
The Effects of Changes in Foreign Exchange Rates	616,659	78,334	-	419,999	75,854	105,100	1,295,946
Balance as of December 31, 2022	$ 13,368,787	2,098,787	619,206	5,441,115	2,040,585	2,137,107	25,705,587
Amortization and impairment loss:							
Balance as of January 1, 2023	$ 68,515	605,130	437,187	3,271,650	1,289,794	1,558,979	7,231,255
Current amortization	-	82,652	62,305	401,697	247,508	186,741	980,903
Discipline	-	(2,586)	-	(19,696)	-	(136,063)	(158,345)
The Effects of Changes in Foreign Exchange Rates	(11)	7,764	-	100,530	43,405	31,163	182,851
Balance as of December 31, 2023	$ 68,504	692,960	499,492	3,754,181	1,580,707	1,640,820	8,236,664
Balance as of January 1, 2022	$ 61,835	627,328	378,377	2,207,176	1,010,259	1,635,737	5,920,712
Current amortization	-	95,763	61,810	1,496,766	233,421	286,187	2,173,947
acquired in a business merger	-	-	-	4,221	-	-	4,221
Classified as non-current assets held for sale	-	(127,973)	-	(55,523)	-	(422,816)	(606,312)
Discipline	-	(5,519)	-	(640,760)	-	(18,365)	(664,644)
Reclassification	-	-	(3,000)	(10,720)	-	3,000	(10,720)
The Effects of Changes in Foreign Exchange Rates	6,680	15,531	-	270,490	46,114	75,236	414,051
Balance as of December 31, 2022	$ 68,515	605,130	437,187	3,271,650	1,289,794	1,558,979	7,231,255
Book value:							
December 31, 2023	$ 14,463,663	1,465,022	135,356	3,105,446	528,146	736,133	20,433,766
December 31, 2022	$ 13,300,272	1,493,657	182,019	2,169,465	750,791	578,128	18,474,332

1. Impairment loss

   The accumulated amortized amount of computer software includes an impairment loss of NT$813,734 thousand, which was due to Kontron AG reorganizing its overall organization in 2022, including the disposal of the IT Service division, resulting in the termination of some software development projects, thus recognizing an impairment loss.

2. Indefinite-lived intangible assets

   Part of the trademarks of the Consolidated Company can be extended for the statutory period at a minimal cost. The Consolidated Company plans to continue applying for extensions of the statutory period and continue producing the product series. Therefore, it is expected that the trademarks will continue to generate net cash inflows, so they are considered intangible assets with indefinite useful lives.

3. Guarantee

   The intangible assets of the Consolidated Company have not been provided as collateral.

(12) right-of-use asset

The Consolidated Company leases land, buildings and structures, machinery and equipment, office equipment, and other equipment. The relevant information is as follows:

	Land	Housing and Architecture	Machinery	Office equipment	Transportation equipment	Other equipment	Total
Right-of-use asset costs:							
Balance as of January 1, 2023	$ 1,066,996	3,461,655	1,184	18,314	620,599	165	5,168,913
Increase	787,302	1,516,474	625	13,523	238,985	42	2,556,951
Discipline	(1,429)	(284,348)	(102)	(989)	(155,064)	-	(441,932)
Acquisition through business combinations	-	111,168	-	-	8,715	-	119,883
The Effects of Changes in Foreign Exchange Rates	(1,093)	38,830	4	746	26,424	-	64,911
Balance as of December 31, 2023	$ 1,851,776	4,843,779	1,711	31,594	739,659	207	7,468,726
Balance as of January 1, 2022	$ 981,482	3,085,796	878	153,450	834,921	91	5,056,618
Increase	46,815	1,228,536	1,182	29,513	210,786	166	1,516,998
Discipline	-	(643,016)	(878)	(21,474)	(137,907)	(92)	(803,367)
Acquisition through business combinations	-	17,868	-	-	3,498	-	21,366
Classified as non-current assets held for sale	-	(367,107)	-	(141,418)	(298,275)	-	(806,800)
Reclassification	40,214	3,374	-	(2,588)	(4,337)	-	36,663
The Effects of Changes in Foreign Exchange Rates	(1,515)	136,204	2	831	11,913	-	147,435
Balance as of December 31, 2022	$ 1,066,996	3,461,655	1,184	18,314	620,599	165	5,168,913
Accumulated depreciation and impairment losses on right-of-use assets:							
Balance as of January 1, 2023	$ 164,745	1,388,559	184	13,274	338,359	33	1,905,154
Depreciation of the current year	29,033	839,480	482	6,947	151,448	62	1,027,452
Discipline	(1,399)	(242,971)	(102)	(989)	(138,739)	-	(384,200)
The Effects of Changes in Foreign Exchange Rates	(349)	11,952	-	522	13,844	-	25,969
Balance as of December 31, 2023	$ 192,030	1,997,020	564	19,754	364,912	95	2,574,375
Balance as of January 1, 2022	$ 138,392	1,387,614	813	99,628	452,665	70	2,079,182
Depreciation of the current year	25,461	660,644	249	21,614	184,554	55	892,577
Discipline	-	(525,803)	(878)	(21,326)	(127,254)	(92)	(675,353)
Classified as non-current assets held for sale	-	(202,296)	-	(85,692)	(177,331)	-	(465,319)
Reclassification	1,020	3,374	-	(1,575)	(1,203)	-	1,616
The Effects of Changes in Foreign Exchange Rates	(128)	65,026	-	625	6,928	-	72,451
Balance as of December 31, 2022	$ 164,745	1,388,559	184	13,274	338,359	33	1,905,154
Book value:							
December 31, 2023	$ 1,659,746	2,846,759	1,147	11,840	374,747	112	4,894,351
December 31, 2022	$ 902,251	2,073,096	1,000	5,040	282,240	132	3,263,759

(13) Other current assets and other non-current assets

	2023.12.31	2022.12.31
Other Receivables	$ 1,037,483	1,099,860
Current tax assets	112,266	101,519
Prepayments	2,018,364	1,556,041
Other financial assets	282,559	44,525
Margin deposit	671,169	112,092
Prepayments for business facilities	22,001	16,165
Contract asset - Non Current	29,059	34,711
Others	2,662,762	7,590,570
	$ 6,835,663	**10,555,483**
Current	$ 6,025,546	9,540,219
Non-current	810,117	1,015,264
	$ 6,835,663	**10,555,483**

For details on other current assets and other non-current assets of the Consolidated Company pledged as collateral for borrowings, please refer to Note 8.

(14) Short-term borrowings

	2023.12.31	2022.12.31
Unsecured bank borrowings	$ 12,475,062	14,514,898
Unsecured bank borrowings	163,561	600,539
	$ 12,638,623	**15,115,437**
Unused quota	**$ 36,616,620**	**21,943,239**
Interest rate range	**0.70%~12.20%**	**0.50%~19.25%**

1. Issuance and repayment of loans

   The Consolidated Company had no significant issuance, repurchase, or repayment of short-term borrowings in 2023 and 2022. For interest expenses, please refer to Note 6(25).

2. Collateral for bank loans

   For details on the situation where assets were pledged as collateral for bank borrowings in the case of the Consolidated Company, please refer to Note 8.

(15) Long-term loans

	2023.12.31		
	Interest rate range (%)	**Expiration year**	**Amount**
Unsecured bank borrowings	0.50%~5.32%	115-117	$ 6,337,507
Unsecured bank borrowings	0.44%~5.16%	119-132	933,693
Sum			7,271,200
Less: Portion due within one year			(4,554,479)
Total			**$ 2,716,721**

	2022.12.31		
	Interest rate range (%)	**Expiration year**	**Amount**
Unsecured bank borrowings	1.05%~3.32%	112-120	$ 7,106,552
Unsecured bank borrowings	0.44%~2.03%	119-127	975,763
Sum			8,082,315
Less: Portion due within one year			(1,369,006)
Total			**$ 6,713,309**

For details on the situation where assets were pledged as collateral for bank borrowings in the case of the Consolidated Company, please refer to Note 8.

(16) Bonds payable

The balance of corporate bonds payable for the Consolidated Company is as follows:

	2023.12.31	**2022.12.31**
The 3rd domestic unsecured convertible bonds	$ 800,248	5,560,778
The 1st privately placed unsecured convertible bonds	1,480,973	1,473,913
The 4th domestic unsecured convertible bonds	339,553	962,204
The 5th domestic unsecured convertible corporate bonds	2,863,817	-
Subsidiary's unsecured convertible corporate bonds	2,391,712	812,275
Less: Listed as the portion due within one year or redeemable within one year	(800,248)	(812,275)
Ending balance of corporate bonds payable	**$ 7,076,055**	**7,996,895**

1. To meet the needs of working capital and reinvestment, the Company issued the third domestic unsecured convertible corporate bonds on February 26, 2019.The issuance conditions are as follows:

   (1) Total issuance: NT$6,000,000 thousand

(2) Face value:NT$100 thousand each

(3) Coupon rate: 0%

(4) Effective interest rate: 1.1542%

(5) Book value at issuance: NT$5,665,424 thousand

(6) Term: February 26, 2019-February 26, 2024

(7) Conversion Period:

Except for the suspension period of conversion, the creditors may at any time request that the convertible corporate bonds held be converted into the ordinary shares of the Company from the following day after three months of issuance date (May 27, 2019) to the expiration date February 26, 2024, in accordance with the regulations on corporate bond conversion. The suspension period of conversion is as follows:

A. During the book closure period, the transfer of ordinary shares is suspended in accordance with the law.

B. The Company will negotiate with Taipei Exchange on the period from the 15 business days before the book closure date of issuance of bonus shares, the book closure date of cash dividend or the book closure date of the issuance of ordinary shares for cash to the record date of rights distribution.

C. The date of capital reduction is cut off one day before the commencement of capital reduction.

D. Other suspension periods of stock transfer by law.

(8) Conversion Price and Its Adjustment:

The conversion price at the time of initial issuance is set at NT$272.8. In the event of an increase in the shares of the Company's issued ordinary shares, the conversion price shall be adjusted under Article 12 of the Company's regulations on domestic issuance and conversion of unsecured convertible corporate bonds. As of December 31, 2023, the conversion price was adjusted to NT$204.4.

(9) Redemption rights of creditors:

30 days prior to 3 years after the issuance of corporate bonds (February 26, 2022), bondholders may notify the Company in written based on the regulations of corporate bonds conversion method to request the addition of interest charges to face value (1.5075% of corporate bonds face value after 3 years) and redeem

convertible corporate bonds in cash.

(10) The Company's Redemption Right

From the day after the issuance of corporate bonds for 3 months (May 27, 2019) to 40 days before the maturity date (January 17, 2024), if the closing price of the Company's ordinary shares exceeds the current conversion price for 30 consecutive business days for up to 30%, or the outstanding balance of the convertible corporate bonds is less than 10% of the original total amount of the issuance, the Company may notify the bondholders in accordance with the regulations of conversion method and call back all the corporate bonds by cash at par value.

The equity component is presented in equity as a capital surplus - stock warrants. The liability components are the liabilities of embedded derivative financial products and non-derivative financial products. The measured amount of derivative financial liabilities on December 31, 2023 is NT$0 thousand at fair value cost and non-derivative financial liabilities on December 31, 2023 is NT$800,248 thousand at amortized cost, and its effective interest rate initially recognized is 1.1542%.

Issue proceeds (less transaction costs of NT$4,852 thousand)	$ 6,007,148
Equity components	(332,132)
Current portion of long-term liabilities (including payable corporate bonds of NT$5,665,424 thousand and non-current financial liabilities at fair value through profit or loss of NT$9,592 thousand)	5,675,016
Interest calculated at effective interest rate of 1.1542%	283,011
Gain on valuation of financial product	(3,701)
Converting corporate bonds payable into ordinary shares	(5,154,078)
The liability components as of December 31, 2023	**$ 800,248**

2. To meet the needs of operating development and planning and introduce long-term strategic investment partners, the Company privately issued the first domestic unsecured convertible corporate bonds on September 2, 2021.

   (1) Total issuance: NT$1,500,000 thousand

   (2) Face value:NT$100 thousand each

   (3) Coupon rate: 0%

(4) Effective interest rate: 0.479%

(5) Book value at issuance: NT$1,464,589 thousand

(6) Term: 110.09.02～115.09.02

(7) Conversion Period:

Except for the suspension period of conversion, the creditors may at any time request that the convertible corporate bonds held be converted into the ordinary shares of the Company from the following day after three months of issuance date (December 3, 2021) to the expiration date September 2, 2026, in accordance with the regulations on corporate bond conversion. The suspension period of conversion is as follows:

A. During the book closure period, the transfer of ordinary shares is suspended in accordance with the law.

B. The period of 15 business days before the book closure date of issuance of bonus shares, the book closure date of cash dividend or the book closure date of the issuance of ordinary shares for cash to the record date of rights distribution.

C. The date of capital reduction is cut off one day before the commencement of capital reduction.

D. Other suspension periods of stock transfer by law.

(8) Conversion Price and Its Adjustment:

The conversion price at the time of initial issuance is set at NT$220.7. In the event of an increase in the shares of the Company's issued ordinary shares, the conversion price shall be adjusted under Article 12 of the Company's regulations on domestic issuance and conversion of unsecured convertible corporate bonds. As of December 31, 2023, the conversion price was adjusted to NT$196.7.

(9) Redemption rights of creditors:

30 days prior to the issuance of corporate bonds for three years (September 2, 2024), the bondholders may notify the Company in writing based on the regulations of corporate bonds conversion method to require the Company to redeem the convertible corporate bonds held by them in cash based on the nominal amount of the corporate bonds.

(10) The Company's Redemption Right

From the day after the issuance of corporate bonds for 3 years (December 3, 2024) to 40 days before the maturity date (July 24, 2026), if the closing price of the Company's ordinary shares exceeds the current conversion price for 30 consecutive business days for up to 30%, or the outstanding balance of the convertible corporate bonds is less than 10% of the original total amount of the issuance, the Company may notify the bondholders in accordance with the regulations of conversion method and call back all the corporate bonds by cash at par value.

(11) Repayment upon maturity of bonds:

Unless the bonds have been redeemed, repurchased, and written-off or the bondholder has exercised the conversion right, the issuing company will repay the bonds in full in cash on the maturity date according to the nominal amount of the bonds.This convertible corporate bonds comprise liabilities and equity component.

The equity component is presented in equity as a capital surplus - stock warrants. The liability components are the liabilities of embedded derivative financial products and non-derivative financial products. The measured amount of derivative financial liabilities on December 31, 2023 is NT$1,050 thousand at fair value cost and non-derivative financial liabilities on December 31, 2023 is NT$1,480,973 thousand at amortized cost, and its effective interest rate initially recognized is 0.479%.

Issue proceeds (less transaction costs of NT$165 thousand)	$	1,499,835
Equity components		(35,396)
Liabilities due at maturity date consist partly of payable corporate bonds in the amount of NT$1,464,589 thousand and non-current financial assets at fair value through profit or loss of NT$150 thousand.		1,464,439
Interest calculated at effective interest rate of 0.479%	$	16,384
Gain on valuation of financial product		(900)
The liability components as of December 31, 2023	**$**	**1,479,923**

3. To meet the needs of working capital and repayment of long-term borrowings, the Company issued the fourth domestic unsecured convertible corporate bonds on November 16, 2021.

(1) Total issuance: NT$6,000,000 thousand

(2) Face value:NT$100 thousand each

(3) Coupon rate: 0%

(4) Effective interest rate: 0.9994%

(5) Book value at issuance: NT$951,494 thousand

(6) Term: November 16, 2021.~November 16, 2026.

(7) Conversion Period:

Except during the suspension of conversion period, the creditors may request at any time in accordance with the rules of the convertible corporate bonds to convert the convertible corporate bonds they hold into the company's common shares from the day following 3 months after the issuance date (February 17, 2021) until the maturity date on November 16, 2026. The suspension period of conversion is as follows:

A. During the book closure period, the transfer of ordinary shares is suspended in accordance with the law.

B. The Company will negotiate with Taipei Exchange on the period from the 15 business days before the book closure date of issuance of bonus shares, the book closure date of cash dividend or the book closure date of the issuance of ordinary shares for cash to the record date of rights distribution.

C. The date of capital reduction is cut off one day before the commencement of capital reduction.

D. Other suspension periods of stock transfer by law.

(8) Conversion Price and Its Adjustment:

The conversion price at the time of initial issuance is set at NT$221.1. In the event of an increase in the shares of the Company's issued ordinary shares, the conversion price shall be adjusted under Article 12 of the Company's regulations on domestic issuance and conversion of unsecured convertible corporate bonds. As of December 31, 2023, the conversion price was adjusted to NT$202.5.

(9) Redemption rights of creditors:

30 days prior to 3 years after the issuance of corporate bonds (November 16, 2024), bondholders may notify the Company in written based on the regulations of corporate bonds conversion method to request redeem convertible corporate bonds in cash by the carrying amount.

(10) The Company's Redemption Right:

From the day following 3 years after the issuance of the corporate bonds (November 27, 2024) until 40 days before the maturity date (January 17, 2027), if the closing price of the Company's common shares exceeds 130% of the then-applicable conversion price for 30 consecutive trading days, or if the outstanding balance of the convertible corporate bonds falls below 10% of the originally issued amount, the Company may, in accordance with the conversion regulations, notify the bondholders to redeem all bonds at face value in cash.

A. Redemption upon maturity of bonds:

Unless the bonds have been redeemed, repurchased, and written-off or the bondholder has exercised the conversion right, the issuer will repay the bonds in full cash on the maturity date according to the nominal amount of the bonds.These convertible corporate bonds comprise liabilities and equity component.

The equity component is presented in equity as a capital surplus - stock warrants. The liability components are the liabilities of embedded derivative financial products and non-derivative financial products. The measured amount of derivative financial liabilities on December 31, 2023 is NT$559 thousand at fair value cost and non-derivative financial liabilities on December 31, 2023 is NT$339,553 thousand at amortized cost, and its effective interest rate initially recognized is 0.9994%.

Issue proceeds (less transaction costs of NT$3,480 thousand)	$	1,001,520
Equity components		(49,428)
Current portion of long-term liabilities (including payable corporate bonds of NT$951,494 thousand and non-current financial liabilities at fair value through profit or loss of NT$598 thousand)		952,092
Interest calculated at effective interest rate of 0.9994%		16,966
Gain on valuation of financial product		(849)
Converting corporate bonds payable into ordinary shares		(629,215)
The liability components as of December 31, 2023	**$**	**338,994**

4. To meet the needs of working capital and reinvestment, the Company issued the third domestic unsecured convertible corporate bonds on August 16, 2023.The issuance conditions are as follows:

(1) Total issuance: NT$3,000,000 thousand

(2) Face value:NT$100 thousand each

(3) Coupon rate: 0%

(4) Effective interest rate: 1.787%

(5) Book value at issuance: NT$2,844,753 thousand

(6) Term: August 16, 2023~ August 16, 2026

(7) Conversion Period:

Except for the suspension period of conversion, the creditors may at any time request that the convertible corporate bonds held be converted into the ordinary shares of the Company from the following day after three months of issuance date (November 17, 2023) to the expiration date August 16, 2026, in accordance with the regulations on corporate bond conversion. The suspension period of conversion is as follows:

A. During the book closure period, the transfer of ordinary shares is suspended in accordance with the law.

B. The Company will negotiate with Taipei Exchange on the period from the 15 business days before the book closure date of issuance of bonus shares, the book closure date of cash dividend or the book closure date of the issuance of ordinary shares for cash to the record date of rights distribution.

C. The date of capital reduction is cut off one day before the commencement of capital reduction.

D. Other suspension periods of stock transfer by law.

(8) Conversion Price and Its Adjustment:

The conversion price at the time of initial issuance is set at NT$295. In the event of an increase in the shares of the Company's issued ordinary shares, the conversion price shall be adjusted under Article 12 of the Company's regulations on domestic issuance and conversion of unsecured convertible corporate bonds.

(9) The Company's Redemption Right

From the day after the issuance of corporate bonds for 3 months (November 17, 2023) to 40 days before the maturity date (July 7, 2026), if the closing price of the Company’s ordinary shares exceeds the current conversion price for 30 consecutive business days for up to 30%, or the outstanding balance of the convertible corporate bonds is less than 10% of the original total amount of the issuance, the Company may notify the bondholders in accordance with the regulations of conversion method and call back all the corporate bonds by cash at par value.

A. Redemption upon maturity of bonds:

Unless the bonds have been redeemed, repurchased, and written-off or the bondholder has exercised the conversion right, the issuer will repay the bonds in full cash on the maturity date according to the nominal amount of the bonds.These convertible corporate bonds comprise liabilities and equity component.

The equity component is presented in equity as a capital surplus - stock warrants. The liability components are the liabilities of embedded derivative financial products and non-derivative financial products. The measured amount of derivative financial liabilities on December 31, 2023 is NT$600 thousand at fair value cost and non-derivative financial liabilities on December 31, 2023 is NT$2,863,817 thousand at amortized cost, and its effective interest rate initially recognized is 1.787%.

Issue proceeds (less transaction costs of NT$5,550 thousand)	$	3,009,450
Equity components		(166,194)
Liability components on the date of issuance (including corporate bonds payable of NT$2,844,753 thousand and financial liabilities at fair value through profit or loss - non-current of NT$1,497 thousand)		2,843,256
Interest calculated at effective interest rate of 1.787%		19,064
Loss from financial product evaluation		897
The liability components as of December 31, 2023	**$**	**2,863,217**

5. The main conditions relating to the issuance of unsecured convertible corporate bonds by the subsidiary are as follows:

(1) Total issuance: NT$700,000 thousand

(2) Face value: NT$100 thousand each

(3) Coupon rate: 0%

(4) Effective interest rate: 0.5%

(5) Term: 2020.02.10 - 2023.02.10

(6) Conversion Period: The bondholders may request the conversion from the day following three months after the issuance date of this convertible corporate bond until the maturity date, except during the period when the transfer of common shares is suspended by law, the period of 15 business days before the company's ex-dividend date for stock dividends, ex-dividend date for cash dividends, or ex-rights date for cash capital increase, until the record date for distribution of rights, as well as the period from the record date for capital reduction to the day before the re-issued shares start trading after the capital reduction, during which conversion cannot be requested.

Additionally, they shall at all times request through the trading broker to inform the Taiwan Depository & Clearing Corporation to request the share agency of the issuing company in accordance with the provisions of these Regulations to convert the convertible bonds held into common shares of the issuing company.

(7) Conversion Price and Its Adjustment:

The issuance conversion price is NT$104.1, and from August 21, 2022, the conversion price was adjusted to NT$96.5.

(8) Redemption Rights:

A. Starting from the day after three months from the issuance date of this convertible corporate bond until forty days before the expiration of the issuance period, if the closing price of the issuing company's common shares at the business premises of the securities firm exceeds thirty percent (inclusive) of the conversion price at that time for thirty consecutive business days, the issuing company may, within the following thirty business days, redeem all outstanding convertible corporate bonds in cash at their par value.

B. Starting from the day after three months from the issue date until 40 days before the expiration of the issue period, if the outstanding balance of these convertible bonds falls below 10% of the original issue amount, the issuing company may, at any time thereafter, redeem all the outstanding convertible bonds at their face value in cash.

C. If the bondholders do not respond in writing to the company's share transfer agent before the bond redemption record date stated in the "Bond Redemption Notice", the issuing company will redeem all outstanding convertible corporate bonds in cash at par within five business days after the bond redemption record date.

6. The main conditions relating to the issuance of unsecured convertible corporate bonds by the subsidiary are as follows:

   (1) Total issuance: NT$1,500,000 thousand

   (2) Face value: NT$100 thousand each

   (3) Coupon rate: 0%

   (4) Effective interest rate: 1.0255%

   (5) Term: 2020.12.15 - 2023.12.15

   (6) Conversion Period: From the day following three months after the issuance date of these convertible corporate bonds, until the maturity date, except during the suspension period stipulated by the conversion regulations or laws, the holders of these convertible corporate bonds may request the subsidiary company to convert the bonds into common shares of the subsidiary company. The rights and obligations of the converted common shares shall be the same as those of the originally issued common shares.

   (7) Conversion Price and Its Adjustment:

   The conversion price of this convertible bond is determined according to the prescribed formula in the conversion regulations. If there is a situation where the Company is subject to anti-dilution provisions, the conversion price will be adjusted according to the prescribed formula in the conversion regulations. Subsequently, on the prescribed base date, the conversion price will be re-determined according to the prescribed formula in the regulations. If the new conversion price is higher than the previous conversion price of that year, no adjustment will be made.

   (8) Redemption Rights:

      A. Redemption at maturity: The subsidiary will redeem the principal in one lump sum upon maturity of the bond issue.

      B. Early Redemption: From the day after three months of the issuance of these convertible bonds until forty days before the maturity date, if the closing price of the subsidiary's common shares exceeds 130% of the then-prevailing conversion price for thirty consecutive trading days, or if from the day following three months after the issuance of the convertible corporate bonds until forty days before the expiration of the issuance period, if the outstanding balance of the convertible corporate bonds is less than 10% of the original issue total, the subsidiary may redeem all the bonds at any time thereafter at their face value in cash.

C. According to the conversion method, all subsidiary bonds redeemed, repaid or converted by the convertible bonds will be cancelled, and all rights and obligations attached to the convertible bonds will also be extinguished and no longer issued.

7. The main conditions relating to the issuance of unsecured convertible corporate bonds by the subsidiary are as follows:

(1) Total Issuance Amount: NT$25,000,000 thousand

(2) Face value: NT$100 thousand each

(3) Coupon rate: 0%

(4) Effective interest rate: 1.7960%

(5) Term: 2023.06.26 - 2026.06.27

(6) Conversion Period: From the day following three months after the issuance date of these convertible corporate bonds, until the maturity date, except during the suspension period stipulated by the conversion regulations or laws, the holders of these convertible corporate bonds may request the subsidiary company to convert the bonds into common shares of the subsidiary company. The rights and obligations of the converted common shares shall be the same as those of the originally issued common shares.

(7) Conversion Price and Its Adjustment:

The conversion price of this convertible bond is determined according to the prescribed formula in the conversion regulations. If there is a situation where the Company is subject to anti-dilution provisions, the conversion price will be adjusted according to the prescribed formula in the conversion regulations. Subsequently, on the prescribed base date, the conversion price will be re-determined according to the prescribed formula in the regulations. If the new conversion price is higher than the previous conversion price of that year, no adjustment will be made.

(8) Redemption Rights:

A. Redemption at maturity: The subsidiary will redeem the principal in one lump sum upon maturity of the bond issue.

B. Early Redemption: From the day following three months after the issuance of this convertible corporate bond until forty days before the maturity of the issuance period, if the closing price of the subsidiary's common shares exceeds 30% of the then-effective conversion price for thirty consecutive trading days, or from the day following three months after the issuance of this convertible corporate bond until forty days before the maturity of the issuance period, if the outstanding balance of this convertible corporate bond falls below 10% of the original total issued amount, the subsidiary may redeem all of the bonds at any time thereafter at their face value in cash.

C. According to the conversion method, all subsidiary bonds redeemed, repaid or converted by the convertible bonds will be cancelled, and all rights and obligations attached to the convertible bonds will also be extinguished and no longer issued.

(17) Lease liabilities

The Consolidated Company's carrying amount of lease liabilities:

	2023.12.31	2022.12.31
Current	$ 1,353,187	1,073,368
Non-current	$ 3,985,321	2,591,985

For maturity analysis, please refer to Note 6(26) Financial Instruments.

Recognized lease profit/loss is below:

	2023	2022
Interest expense on lease liabilities	$ 138,514	77,140
Short-term lease expenses	$ 392,464	231,951
Lease modification benefit (loss)	$ 470	1,950

Recognized lease on the cash flow statement is below:

	2023	2022
Total cash outflow for lease	$ 1,617,256	1,080,551

The Consolidated Company leases land, buildings and structures, machinery and equipment, office equipment, and other equipment, with lease terms typically lasting three years. Some leases include an option to extend for a period equal to the original contract term upon expiration. Some contracts also stipulate that the Consolidated Company will advance the lessor's tax and insurance expenses related to the real estate, which are usually incurred once a year.

(18) Employee benefits

1. defined benefit plan

The adjustment between the present value of benefit obligations and the fair value of plan assets determined by the Consolidated Company is as follows:

	2023.12.31	2022.12.31
Present value of a defined benefit obligation	$ 811,353	563,984
Fair value of plan assets	(200,440)	(191,803)
Net defined benefit liability	**$ 610,913**	**372,181**

	2023.12.31	2022.12.31
Defined benefit asset (listed as other non-current assets)	$ (892)	(940)
Defined benefit liability	611,805	373,121
Net defined benefit liability	**$ 610,913**	**372,181**

The defined benefit plans of the Company and its domestic subsidiaries are deposited in the labor retirement reserve account at Bank of Taiwan. The payment of the employee's pension is based on the length of service and the average salary of six months before the approved retirement date. The subsidiaries abroad also contribute and pay the relevant statutory institutions according to local laws and regulations.

(1) Plan asset composition

The Company and its domestic subsidiaries contributes the pension fund under the "Labor Standard Act", which is administered by the Bureau of Labor Funds of the Ministry of Labor. In accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, the annual return of the Fund shall not be lower than the average interest rate of a 2-year-term time deposit of local banks.

Please visit the website of the Bureau of Labor Funds of the Ministry of Labor for the use of labor retirement fund, including fund return and asset allocation.

(2) Changes in the present value of defined benefit obligations

The changes in defined benefit liabilities of the Consolidated Company in 2023 and 2022 are as follows:

	2023	2022
Defined benefit obligations on January 1	$ 563,984	659,932
Current service cost and interest	28,988	18,646
－Actuarial gains and losses arising from changes in demographic assumptions	(617)	119
－Actuarial gains (losses) - changes in financial assumptions	25,500	(118,414)
－Actuarial gains (losses) - experience adjustments	2,337	11,298
Planned paid benefits	(7,102)	(19,027)
Debt settlement	-	(88)
Liabilities incurred from corporate mergers	186,124	-
Foreign plan conversion differences	12,139	11,518
Net defined benefit obligation	**$ 811,353**	**563,984**

(3) Changes in fair value of plan assets

The changes in the fair value of defined benefit plan of the Consolidated Company in 2023 and 2022 are as follows:

	2023	2022
Fair value of plan assets on January 1	$ 191,803	184,993
Interest revenue	3,327	1,295
－Plan asset remuneration (excluding current interest)	2,176	27,399
Amount contributed to the plan	5,005	5,056
Planned paid benefits	(3,076)	(3,484)
Foreign plan conversion differences	1,205	(23,456)
Fair value of plan assets on December 31	**$ 200,440**	**191,803**

(4) Expenses recognized as profit or loss

The details of the expenses reported by the Consolidated Company for the years 2023 and 2022 are as follows:

	2023	2022
Current service cost	$ 11,796	13,499
Net interest on the net defined benefit liability	13,865	3,852
	$ 25,661	**17,351**

(5) Net remeasurement of defined benefit liabilities recognized in other comprehensive income

The remeasurements of net defined benefit liabilities recognized in other comprehensive income for the Consolidated Company were $(52,741) thousand and $134,396 thousand for the years 2023 and 2022, respectively.

(6) Actuarial assumptions

The material actuarial assumptions used by the Consolidated Company to determine the present value if defined benefit obligations as of the reporting date are as follows:

	2023.12.31	**2022.12.31**
Discount rate	1.20%~4.50%	1.29%~4.21%
Increase in future salary	0.00%~4.00%	0.00%~3.00%
Turnover rate	0%~0.04%	0%~34%

The Consolidated Company is expected to pay NT$23,926 thousand to the defined benefit plan within one year after the reporting date of 2023.

The weighted average duration of defined benefit plans is 10 years.

(7) Sensitivity analysis

The effects of changes in the main actuarial assumptions adopted on Dec. 31, 2023 and 2022 on the present value of defined benefit obligations are as follows:

	Effects on defined benefit obligations	
	Increased by 0.25%	**Decreased by 0.25%**
December 31, 2023		
Discount rate	$ 19,245	20,927
Increase in future salary	10,639	(10,756)
December 31, 2022		
Discount rate	(20,747)	22,164
Increase in future salary	13,287	(12,801)

The sensitivity analysis above was based on the analysis of the effects of changes in a single hypothesis with other assumptions unchanged. Changes in many assumptions in practice may be interlinked. Sensitivity analysis is consistent with the method used to calculate the net pension liabilities on the balance sheet.

The methodology and assumptions used in the sensitivity analysis are the same.

2. Defined contribution plans

The Consolidated Company shall contribute the retirement funds of employees to the individual accounts for labor retirement funds of the Bureau of Labor Insurance according to 6% of the monthly salaries of labors under the provisions of Labor Pension Act. Under this plan, after contributing fixed amount to the Bureau of Labor Insurance, the Consolidated Company will not assume the legal or constructive obligations of paying extra amount. Overseas subsidiaries provide retirement funds to the relevant statutory agencies in accordance with local relevant laws and regulations.

The retirement pension expenses for the Consolidated Company under the defined contribution retirement pension plan in 2023 and 2022 were NT$269,556 thousand and NT$242,121 thousand, respectively, which have been contributed to the Labor Insurance Bureau or local competent authorities.

(19) Income tax

1. Income tax expense

The details of the income tax expense of the Consolidated Company in 2023 and 2022 are as follows:

	2023	2022
Income tax expenses for the period		
Recognized for the period	$ 2,072,373	1,530,129
Adjustment of the income tax in the previous year	(1,915)	29,206
	2,070,458	1,559,335
Deferred income tax expenses		
The occurrence and (reversal) of temporary differences	(473,431)	(126,802)
income tax expense	1,597,027	1,432,533
Less: Income tax expense of discontinued operations	2,406	111,123
income tax expense	**$ 1,594,621**	**1,321,410**

The details of income tax expenses under recognized other comprehensive profits/losses of the Consolidated Company in 2023 and 2022 are as follows:

	2023	2022
Profit Before tax	$ 6,915,695	3,709,274
Income tax calculated at domestic tax rate	$ 1,383,139	2216307
The amount affected by differences in foreign tax rates	1,210,148	202,216
Non-deductible expenses	(434,164)	(617,699)
Tax-exempt income	(249,371)	(46,016)
Tax incentives	(2,844)	-
Changes in unrecognized temporary differences	(187,246)	(405,246)
Early (over)underestimation	(87,134)	25,751
Surtax on undistributed retained earnings	177,909	5,943
Basic tax payable	-	491
Repatriation of overseas profits subject to tax payment	-	50,786
Others	(213,410)	-
Income tax expense (excluding income tax expense attributable to discontinued operations)	1,597,027	1,432,533
Less: Income tax expense of discontinued operations	2,406	111,123
income tax expense	$ 1,594,621	1,321,410

2. Deferred income tax assets and liabilities

(1) Unrecognized deferred income tax liabilities

As for the temporary differences related to investment subsidiaries as of December 31, 2023 and 2022, the Consolidated Company can control the time point of the reversal of the temporary differences and is likely not to reverse in the foreseeable future, so the deferred income tax liabilities are not recognized. Related amounts are:

	2023.12.31	2022.12.31
Summary amount of temporary differences related to investment in subsidiaries	$ 2,666,211	2,261,389

(2) Deferred income tax assets not recognized

The items not recognized as deferred tax assets for the Consolidated Company are as follows:

	2023.12.31	2022.12.31
Deductible temporary difference	$ 44,315	68,881
Summary amount of temporary differences related to investment in subsidiaries	324,100	312,775
Tax losses	2,110,353	1,791,771
Total	**$ 2,478,768**	**2,173,427**

According to the Income Tax Law, tax losses refer to the losses from the previous ten years that have been approved by the tax authorities, which can be deducted from the current year's net income before income tax is levied. Those items were not recognized as deferred tax assets because the Consolidated Company is unlikely to have sufficient taxable income in the future to utilize those temporary differences.

As of December 31, 2023, the tax losses of the Consolidated Company not yet recognized as deferred tax assets, and their expiration periods, are as follows:

Unabsorbed losses	The final year to be deducted
$ 29,740	2024
41,960	2025
39,712	2026
81,143	2027
23,267	2028
7,447	2029
43,812	2030
15,748	2031
20,111	2032
2,929,064	2033
5,806,749	Indefinite
$ 9,038,753	

(3) Recognized deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities:

Deferred income tax liabilities:

	Share of profit or loss of associates accounted for using equity method	right-of-use asset	Others	Total
January 1, 2023	$ 201,163	123,083	179,868	504,114
Debit/(credit) income statement	(30,685)	107,784	61,843	138,942
Debit/(credit) other comprehensive profit and loss	-	-	7,839	7,839
Debit/(Credit) Equity	-	-	(9,219)	(9,219)
Exchange differences on translation of foreign financial statements	-	-	(65,326)	(65,326)
December 31, 2023	$ 170,478	230,867	175,005	576,350

	Share of profit or loss of associates accounted for using equity method	right-of-use asset	Others	Total
January 1, 2022	$ 134,327	48,746	401,602	584,675
Debit/(credit) income statement	66,836	74,337	(278,528)	(137,355)
Debit/(credit) other comprehensive profit and loss	-	-	972	972
Debit/(Credit) Equity	-	-	722	722
Discontinued Department	-	-	(37,782)	(37,782)
Exchange differences on translation of foreign financial statements	-	-	92,882	92,882
December 31, 2022	$ 201,163	123,083	179,868	504,114

Deferred income tax assets:

	Inventory write-down and obsolescence losses	Loss carryforward	Lease liabilities	Accounts receivable Allowance for doubtful accounts	Provision for liabilities	Others	Total
January 1, 2023	$ 47,152	967,984	128,229	274,059	244,838	(127,545)	1,534,717
Debit/(credit) income statement	13,886	178,741	135,891	(25,191)	165,847	143,199	612,373
Debit/(credit) other comprehensive profit and loss	(41)	-	-	-	-	23,102	23,061
Debit/(Credit) Equity	-	-	-	-	14,730	-	14,730
Exchange differences on translation of foreign financial statements	(6)	47,248	-	(4,335)	20,903	(160,315)	(96,505)
December 31, 2023	$ 60,991	1,193,973	264,120	244,533	446,318	(121,559)	2,088,376
January 1, 2022	$ 58,526	1,149,800	49,414	254,604	294,275	(192,496)	1,614,123
Debit/(credit) income statement	(11,698)	(210,852)	78,815	19,136	76,484	37,562	(10,553)
Debit/(credit) other comprehensive profit and loss	34	-	-	-	-	(10,730)	(10,696)
Debit/(Credit) Equity	-	-	-	-	(31,541)	-	(31,541)
Discontinued Department	-	(9,695)	-	(18,671)	(109,459)	(2,285)	(140,110)
Exchange differences on translation of foreign financial statements	290	38,731	-	18,990	15,079	40,404	113,494
December 31, 2022	$ 47,152	967,984	128,229	274,059	244,838	(127,545)	1,534,717

3. Income tax assessments

The profit-seeking enterprise income tax settlement and filing cases of the Company, Ennoconn International, Goldtek, Thecus Technology, Caswell and Marketech up to the year 2020 have been assessed and approved by the tax authorities. The Company disagrees with the approved contents of 2016 and 2018, and is currently applying for review. However, the Company has assessed the relevant income tax based on the principle of prudence.

4. The lowest tax burden globally

The new tax laws to be promulgated in the tax jurisdictions where the Consolidated Company operates will take effect on January 1, 2024 or have not yet been legislated. Therefore, as of December 31, 2023, the Consolidated Company has no impact on current income tax.

The Consolidated Company recognizes supplementary tax as current income tax when it actually occurs, and for the deferred income tax accounting treatment related to supplementary tax, a temporary mandatory exemption is applied. Please refer to Note 4(21) for the accounting policy.

(20) Capital and other equity

As of December 31, 2023 and 2022, the total authorized share capital of the Company was NT$2,500,000 thousand with a par value of NT$10, with 250,000 thousand shares. The total amount of the above-mentioned share capital is ordinary shares, and the issued shares are 132,000 thousand ordinary shares and 106,037 thousand ordinary shares respectively.

1. Issuance of common stock

On Jan 4, 2022, the Consolidated Company adopted the private placement of ordinary share at the special meeting of shareholders. The placement issues 4,880 thousand shares at NT$226.92 per share. The reference date for capital increase is January 11, 2022, and the relevant legal registration procedures have been completed.

The transfer of the aforementioned private placement of ordinary shares and the subsequently allotted shares without consideration must be handled in accordance with Article 43-8 of the Securities and Exchange Act, and after three years from the delivery date of the private placement of ordinary shares, an application for public offering must be filed with the Financial Supervisory Commission before applying for listing and trading on the stock exchange.

The company, according to the resolution passed by the Board of Directors on March 22, 2022, canceled the repurchased shares of NT$233,608 thousand that had not been transferred for 5 years in accordance with Article 28-2 of the Securities and Exchange

Act. As a result, the company reduced its capital by NT$6,550 thousand and canceled 655 thousand shares. The base date for the capital reduction was May 8, 2022. The relevant statutory registration procedures have been completed, and the paid-in capital after the change is NT$1,060,370 thousand.

In the fiscal year 2023, the company issued 25,963 thousand new shares with a total amount of NT$259,629 thousand at par value due to the exercise of conversion rights by the holders of convertible corporate bonds. The aforementioned new shares have completed the statutory registration procedures, and the paid-in capital after the change is NT$1,319,999 thousand.

2. Capital surplus

The components of the Company's capital reserve are as follows:

	December 31, 2023	December 31. 2022
Premium of issued shares	$ 5,039,717	5,039,717
Issuance of new shares for other company’s shares	1,372,670	1,372,670
Premium on conversion of convertible corporate bonds	7,260,995	1,797,651
Share options for convertible corporate bonds	263,238	396,757
Expired stock options	385,261	385,261
Changes in equity of subsidiaries and associates	618,871	293,268
	$ 14,940,752	**9,285,324**

In accordance with the Company Act, the capital surplus is required to cover losses first before new shares or cash can be issued in proportion to the shareholders’ original shares. Realized capital surplus referred to in the preceding paragraph includes premiums from the issuance of shares in excess of par value and proceeds from gifts received. In accordance with the Regulations Governing the Issuer’s Offerings and Issuance of Marketable Securities, the aggregate amount of capital surplus that may be capitalized each year shall not exceed 10% of the paid-in capital.

3. Retained earnings

In accordance with the Company's Articles of Incorporation, the Company shall, after the final settlement of each year's earnings, first complete tax contributions, make up for prior years' deficits and set aside 10% as legal reserve, except when the legal reserve has reached the level of total capital; the Company is required by law to set aside or reverse special reserve. In the case of unappropriated earnings for the same period, the Board of Directors shall put forward a proposal for the distribution of earnings to the shareholders for resolution.

The company's industrial development is in a growth stage, and there are plans to expand production lines and capital needs for the next few years. Therefore, the residual dividend policy is adopted; first, the retained earnings are used to meet the capital needs, and the remaining surplus is paid out in the form of cash dividends. However, the cash dividend shall not be less than ten percent of the total dividend distribution for the year.

(1) Legal reserve

If the Company has no deficit, it may, by resolution of the shareholders in general meeting, issue new shares or cash out of the legal reserve to the extent that such reserve exceeds 25% of the paid-in capital.

(2) Special reserve

When the Company firstly adopted the IFRS recognized by FSC and selected applied exemption items under IFRS1 First-time Adoption of International Financial Reporting Standards, the unrealized revaluation appreciation, cumulative conversion adjustments (benefits) under the recorded shareholders' equity, and the recorded assets were classified as “investment real estate” on the conversion date, and the retained earnings are increased by taking the fair value on the conversion date as the recognized cost in accordance with the regulations. According to FSC No. 1010012865 order issued on April 6, 2012, the special surplus reserves at the same amount is recognized. When using, disposing or reclassifying relevant assets, the Company may reverse the proportion of the initial special surplus reserve to distribute the surplus. As of Dec 31, 2023 and 2022, the balance of such special reserve was NT$905,934 thousand and NT$1,768,490 thousand.

In accordance with the above order, when distributing the distributable surplus, the Company shall make up the difference between the net deduction of other shareholders' equity in the account in the current year and the balance of the special surplus reserve referred to in the preceding paragraph, and make up the special surplus reserve from the current profit and loss and the undistributed surplus in the previous period. If there is a subsequent reversal in the amount of other decreases in shareholders' equity, the reversal may be distributed in the form of a surplus. If there is a subsequent reversal in the amount of other decreases in shareholders' equity, the reversal may be distributed in the form of a surplus.

(3) Earnings distribution

The Company passed resolutions at the Board of Directors' meeting on March 30, 2023 for the cash dividend distribution of the 2022 retained earnings, and at the shareholders' meeting on June 23, 2022 for the cash dividend distribution of the 2021 retained earnings. The details of the dividends distributed to the owners are as follows:

	2022		2021	
	Payout ratio (NT$)	**Amount**	**Payout ratio (NT$)**	**Amount**
Distributed to owners of ordinary shares:				
Cash	$ 15.00	1,604,720	3.00	318,111

At the board meeting held on March 29, 2024, the Company resolved on the distribution of profits for the fiscal year 2023, with the amount of dividends to be distributed to shareholders as follows:

	2023	
	Payout ratio (NT$)	**Amount**
Distributed to owners of ordinary shares:		
Cash	$ 11.41	1,559,072

4. Other equity (net of tax) and non-controlling interests

	Exchange differences on translation of foreign financial statements	**Unrealized gain or loss on financial assets at FVTOCI**	**Non-Controlling Interests**	**Total**
Balance as of January 1, 2023	$ (830,267)	(75,667)	27,177,156	26,271,222
Number of affects from regression and refactoring	-	-	2,944	2,944
Net profit for the period	-	-	3,142,418	3,142,418
Exchange differences on translating the net assets of foreign operations	(246,805)	-	782,351	535,546
Share of associates accounted for using the equity method	(4,380)	233	(4,112)	(8,259)
Unrealized gain or loss on financial assets at FVTOCI	-	55,283	(97,585)	(42,302)
Confirm the benefit plan remeasurement amount	-	-	(26,164)	(26,164)
Subsidiary Shareholder Cash Dividends	-	-	(2,419,788)	(2,419,788)
Disposal of equity instruments measured at fair value through other comprehensive income	-	61,674	-	61,674
Changes in ownership interests in subsidiaries	-	-	(322,622)	(322,622)
Others	-	-	(457,342)	(457,342)
Balance as of December 31, 2023	$ (1,081,452)	41,523	27,777,256	26,737,327
Balance as of January 1, 2022	$ (1,673,323)	(95,167)	20,565,729	18,797,239
Number of affects from regression and refactoring	-	-	374	374
Net profit for the period	-	-	6,757,269	6,757,269
Exchange differences on translating the net assets of foreign operations	842,050	-	797,772	1,639,822
Share of associates accounted for using the equity method	1,006	487	316	1,809
Unrealized gain or loss on financial assets at FVTOCI	-	19,013	(9,272)	9,741
Confirm the benefit plan remeasurement amount	-	-	86,018	86,018
Subsidiary Shareholder Cash Dividends	-	-	(1,179,005)	(1,179,005)
Changes in ownership interests in subsidiaries	-	-	(13,708)	(13,708)
Non-controlling interests acquired in a merger	-	-	23,384	23,384
Loss of control influence number	-	-	(90,053)	(90,053)
Other changes	-	-	241,276	241,276
Balance as of December 31, 2022	$ (830,267)	(75,667)	27,180,100	26,274,166

(21) Share-based payment transaction

1. Adat Technology (a subsidiary of Marketech) had the following share-based payment transactions in 2023 and 2022:

Issuing company	Type of protocol	Grant date	Number of Shares Granted (Thousands)	Contract Period	Vesting conditions
Adat Technology Co., Ltd.	Employee Share option plan	2019.04.01	436	6 years	Service completed between 0 to 2 years
〃	〃	2019.09.01	314	〃	〃
〃	〃	2020.05.01	27	〃	〃
〃	〃	2020.09.01	137	〃	〃

(1) The aforementioned share-based payment agreements are equity-settled share-based payment transactions.

(2) Detailed information on the aforementioned share-based payment agreements is as follows:

	2022	
	Weighted Average Strike Price (NTD)	**Stock options Quantity**
January 1 outstanding subscription rights	10.00	122
The stock option was exercised during this period.	10.00	(116)
Options forfeited for the period	-	(6)
December 31 shares outstanding	-	- Note
December 31 exercisable stock options		- Note

Note: The employee stock option plan of the subsidiary, Adat Technology Co., Ltd., has been fully implemented as of December 31, 2022.

(3) The expiration dates and exercise prices of the outstanding stock options on the balance sheet date are as follows:

			2022.12.31	
Issuing company	**Date of Approval for Issue**	**Maturity date**	**Number of shares (thousand shares)**	**Strike Price (NTD)**
Adat Technology Co., Ltd.	2019.04.01	2025.03.31	-	-
〃	2020.05.01	2026.04.30	-	-
〃	2020.09.01	2026.08.31	-	-

(4) Adat Technology uses the Black-Scholes option pricing model to estimate the fair value of share-based payment transactions with share options granted, with the following information:

Issuing company	Type of protocol	Grant date	Stock Price (NTD)	Strike Price (NTD)	Expected volatility	Expected lifespan	Expected dividend yield	Risk-free interest rate	Fair value per unit (NTD)
Adat Technology Co., Ltd.	Employee Share option plan	2019.04.01	137	137	47.77%	3.550 years	0%	0.61%	137
〃	〃	2019.09.01	137	137	44.29%	3.550 years	0%	0.54%	137
〃	〃	2020.05.01	137	137	38.58%	3.550 years	0%	0.38%	137
〃	〃	2020.09.01	137	137	38.10%	3.550 years	0%	0.38%	137

(5) The expenses from share-based payments incurred by Adat Technology were NT$0 thousand and NT$121 thousand for the years 2023 and 2022, respectively.

(22) Earnings per share

The relevant calculations of the Consolidated Company's basic earnings per share and diluted earnings per share are as follows:

1. Basic earnings per share

(1) Net profit attributable to the holders of ordinary share equity of the Company

	2023			2022		
	Continuing operations	**Discontinued department**	**Total**	**Continuing operations**	**Discontinued department**	**Total**
Net profit attributable to the holders of ordinary share equity of the Company	$ 2,238,054	22,910	2,260,964	1,292,494	2,162,330	3,454,824

(2) Weighted average outstanding ordinary shares

	2023	2022
Ordinary shares issued as of January 1	106,037	101,812
Effects of treasury stock	-	(655)
Effect of conversion bonds	12,908	-
Effect of cash capital increase on the issuance of new shares	-	4,746
Weighted average share outstanding as of Dec 31	**118,945**	**105,903**

(3) Earnings per share (basic)

	2023			2022		
	Continuing operations	Discontinued department	Total	Continuing operations	Discontinued department	Total
Basic earnings per share	$ 18.82	0.19	19.01	12.20	20.42	32.62

2. Diluted earnings per share

(1) Net profit attributable to the holders of ordinary share equity of the Company

	2023			2022		
	Continuing operations	Discontinued department	Total	Continuing operations	Discontinued department	Total
Net profit attributable to the holders of ordinary share equity of the Company (basic)	$ 2,238,054	22,910	2,260,964	1,292,494	2,162,330	3,454,824
After tax interest expenses and financial evaluation gains and losses of convertible corporate bonds	137	-	51,255	82,943	-	82,943
Net profit attributable to the holders of ordinary share equity of the Company (diluted)	$ 2,289,309	22,910	2,312,219	1,375,437	2,162,330	3,537,767

(2) Weighted average outstanding ordinary shares

	2023	2022
Weighted average number of outstanding ordinary shares (basic)	118,945	105,903
Effect of conversion of convertible corporate bonds	30,616	38,977
Effect of employee remuneration	424	498
Weighted average outstanding ordinary shares (diluted) as of December 31	**149,985**	**145,378**

(3) Diluted earnings per share

	2023			2022		
	Continuing operations	Discontinued department	Total	Continuing operations	Discontinued department	Total
Diluted earnings per share	$ 15.26	0.16	15.42	9.46	14.87	24.33

(23) Income from contracts

1. Income Statement

The income details of the Consolidated Company are as follows:

	2023	2022
Revenue from sales of goods	$ 80,906,141	77,512,079
Service revenue	3,891,089	11,880,229
Engineering service revenue	37,022,030	30,999,634
	121,819,260	120,391,942
Less: Operating income from suspended business units	178,284	12,163,409
	$ 121,640,976	**108,228,533**

2. Balance of contracts

	2023.12.31	2022.12.31
Notes and accounts receivable	$ 21,601,354	18517259
Less: Allowance for loss	1,192,937	1,084,628
Total	**$ 20,408,417**	**17,432,631**

	2023.12.31	2022.12.31
Contract asset	$ 13,530,731	9,059,781
Contract Assets - Sales Contract	305,841	1,398,269
Contract asset - Service contract	1,018,260	410,742
Total	**$ 14,854,832**	**10,868,792**
Contract liabilities - construction contracts	$ 7,807,091	5,723,089
Contract liability - sales contract	2,353,440	1,688,212
Contract liabilities - Service contracts	1,921,505	1,681,358
Extended warranty service	442,536	596,973
Total	**$ 12,524,572**	**9,689,632**

For disclosures related to notes receivable and accounts receivable and their impairment, please refer to Note 6(2).

(24) Employee and Director/Supervisor Compensation

In accordance with the Company's Articles of Incorporation, no less than 2% of the Company's annual profits shall be appropriated to the compensation of employees and no more than 2% to the compensation of directors and supervisors. However, where the Company has accumulated losses, the Company shall first reserve certain amount of the profit to recover the losses. Parties eligible to receive the said compensation in the form of stock or cash shall include employees in the controlling and associates who met certain conditions.

For the fiscal years of 2023 and 2022, the Company estimated the employee compensation at NT$85,000 thousand and NT$89,000 thousand, respectively, and the directors' and supervisors' remuneration at NT$2,600 thousand and NT$2,850 thousand, respectively. These amounts were calculated based on the Company's profit before income tax, deducting employee compensation and directors' and supervisors' remuneration, multiplied by the percentages of employee compensation and directors' and supervisors' remuneration as prescribed by the Company's Articles of Incorporation. These estimated amounts were reported as operating costs or operating expenses for the years 2023 and 2022, respectively. If there is a difference between the actual amount distributed and the estimated amount in the following year, it will be treated as a change in accounting estimate, and the difference will be recognized as profit or loss for the following year. There was no difference between the amount approved by the board of directors for employees and directors' remuneration and the amount estimated in the financial statements for the year 2023 and 2022. The related information is available on the Market Observation Post System (MOPS).

(25) Non-operating income and expenses

1. Other income

The details of other income from the Consolidated Company are as follows:

	2023	2022
Rent revenue/income	$ 20,944	36,235
Dividend revenue	29,462	16,437
	50,406	52,672
Less: Other income from suspended business units	40	3,806
	$ 50,366	**48,866**

2. Other gains and losses

The other benefits and losses of the Consolidated Company are detailed as follows:

	2023	2022
Losses on disposals of property, plant and equipment	$ 16,117	(19,734)
Gains on disposals of investments	135,853	27,196
Gain on foreign exchange	12,254	453,048
Net benefits (losses) on financial assets and liabilities	503,417	(135,296)
Supplemental income	906,801	755,853
Impairment loss on non-financial assets	-	(1,029,708)
Lease modification benefits	470	1,950
Profit from discontinued operations (Note 12 (2))	43,089	7,504,112
Others	676,824	1,102,299
	2,294,825	8,659,720
Less: Other income from discontinued operations	70,010	7,615,681
Other net gains and losses	**$ 2,224,815**	**1,044,039**

3. Financial cost

The detailed financial costs of the Consolidated Company are as follows:

	2023	2022
Interest on bank loans	$ 921,903	478,351
Interest on lease liabilities	80,660	77,140
Accrued interest on corporate bonds payable	95,716	107,113
	1,098,279	662,604
Less: Financial costs of discontinued operations	3,182	44,854
	$ 1,095,097	**617,750**

(26) Financial instruments

1. Credit risk

(1) Amount of maximum exposure to credit risk

The carrying amount of a financial asset represents the maximum amount of credit risk.

(2) Credit risk Situation

As the Consolidated Company has a large customer base, does not significantly concentrate transactions with a single customer, and the sales areas are distributed widely, there is no risk of significant concentration of credit risk of accounts receivable. To reduce credit risk, the policies adopted by the Consolidated Company are to trade only with well-reputed counterparties, the Consolidated Company regularly and continuously evaluates the financial status of customers, and obtain sufficient guarantee if necessary, so as to reduce the risk of financial losses caused by default.

For information on the credit risk exposure of notes and accounts receivable, please refer to Note 6(2).

Financial assets at amortized cost

Other financial assets measured at amortized cost include other receivables and time deposits, among others.

2. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest.

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	More than 1 year
December 31, 2023					
Non-derivative financial liabilities					
Non-interest bearing liabilities	$ 26,263,359	26,263,359	26,263,359	-	-
Lease liabilities	5,338,508	5,842,634	1,229,810	53,235	4,559,589
Floating rate instruments	19,909,823	20,025,530	14,947,263	2,294,225	2,784,042
Instruments with fixed interest rates	7,876,303	7,984,492	-	800,248	7,184,244
	$ 59,387,993	**60,116,015**	**42,440,432**	**3,147,708**	**14,527,875**
December 31, 2022					
Non-derivative financial liabilities					
Non-interest bearing liabilities	$ 26,758,911	26,758,911	26,758,911	-	-
Lease liabilities	3,665,353	4,106,392	875,771	234,078	2,996,543
Floating rate instruments	23,197,752	23,992,694	14,496,598	2,782,786	6,713,310
Instruments with fixed interest rates	8,809,170	8,815,490	167,395	651,200	7,996,895
	$ 62,431,186	**63,673,487**	**42,298,675**	**3,668,064**	**17,706,748**

The Consolidated Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significant different amounts.

3. Exchange Rate Risks

(1) Exposure to exchange rate risk

The Consolidated Company’s financial assets and liabilities exposed to significant foreign currency exchange rate risk are as follows:

	2023.12.31			2022.12.31		
	Foreign currency	**Exchange rate**	**TWD**	**Foreign currency**	**Exchange rate**	**TWD**
Financial asset						
Monetary items						
USD	$ 362,007	30.71 (USD:NTD)	11,117,235	395,448	30.71 (USD:NTD)	12,144,208
USD	135,497	0.9038 (USD:NTD)	4,161,265	100,746	0.9386 (USD:NTD)	3,094,010
USD	10,303	7.0924 (USD:NTD)	316,406	43,616	6.9637 (USD:NTD)	1,339,444
Financial liability						
Monetary items						
USD	240,479	30.71 (USD:NTD)	7,385,110	170,153	30.71 (USD:NTD)	5,255,399
USD	94,757	0.9038 (USD:NTD)	2,910,094	70,469	0.9386 (USD:NTD)	2,164,173
USD	12,764	7.0924 (USD:NTD)	391,984	43,613	6.9637 (USD:NTD)	1,339,352

Note: The exchange rates of the Euro and RMB against NTD are as follows:

	2023.12.31	**2022.12.31**
Euro:NTD	$ 33.98	32.72
RMB:NTD	4.33	4.41

The foreign exchange risk of the Consolidated Company's monetary items mainly arises from cash and cash equivalents, accounts receivable and other receivables, borrowings, accounts payable and other payables denominated in foreign currencies, which generate foreign exchange gains or losses upon translation. As of December 31, 2023 and 2022, if NTD had depreciated or appreciated by 1% relative to USD held by the Company and all other factors remained constant, net income would have increased or deceased by NT$49,077 thousand and NT$78,187 thousand. The same basis is used for both periods of analysis.

Since the Consolidated Company's operations involve certain foreign currencies, the exchange gains and losses on monetary items are disclosed on a consolidated basis. The foreign exchange gains (including realized and unrealized) for the years 2023 and 2022 were NT$12,254 thousand and NT$453,048 thousand, respectively, which were accounted for under other gains and losses.

(2) Interest Rate Risk

The details of the Consolidated Company’s financial assets and financial liabilities exposed to interest rate risks are described in the liquidity risk management of this note.

The following sensitivity analysis is based on the reporting date. For floating rate liabilities, the analysis method assumes that the amount of liabilities outstanding on the reporting date is outstanding throughout the year. The rate of change used by the Consolidated Company when reporting interest rates to key management personnel is 1% increase or decrease in interest rates, which also represents the management's assessment of the reasonable range of possible changes in interest rates.

If the interest rate increases or decreases by 1%, assuming all other variables remain constant, the Consolidated Company's pre-tax net profit for 2023 and 2022 will increase or decrease by NT$199,098 thousand and NT$216,014 thousand, respectively, mainly due to the Consolidated Company's variable-rate borrowings.

(3) Other price risk

If the equity securities prices had changed on the reporting date (the analysis for the two periods is performed on the same basis, and assuming that all other variables remained constant), the impact on profit or loss would have been as follows:

	2023		**2022**	
Securities price as of the reporting date	**Other comprehensive income before tax**	**Profit before tax**	**Other comprehensive income before tax**	**Profit before tax**
Increased by 1%	$ 18,877	15,776	10,313	11,492
Decreased by 1%	$ (18,877)	(15,776)	(10,313)	(11,492)

4. Fair value information

(1) Classification and fair value of financial instruments

Financial assets and liabilities measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income for the Consolidated Company are measured at fair value on a recurring basis. Regarding non-FVPL financial assets and liabilities, the Consolidated Company considers their carrying amounts to be equal to or approximating their fair values, or their fair values cannot be reliably measured. The carrying amounts and fair value hierarchy information of financial assets and liabilities at fair value through profit or loss are listed as follows:

	2023.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL					
Hybrid instrument - Call option of convertible bonds	$ 2,709	-	-	2,709	2,709
Non-financial assets					
— Listed stocks	217,331	217,331	-	-	217,331
— Unlisted (OTC) and Emerging Stocks	1,259,862	-	-	1,259,862	1,259,862
- Private equity fund	403,372	-	-	403,372	403,372
- Convertible corporate bonds	4,450	-	-	4,450	4,450
	1,887,724	217,331	-	1,670,393	1,887,724
Disposal of financial assets at fair value through other comprehensive income					
Equity investment instrument					
— Listed stocks	$ 402,649	402,649	-	-	402,649
- Unlisted (over-the-counter) stocks and emerging stocks	1,174,961	-	-	1,174,961	1,174,961
	1,577,610	402,649	-	1,174,961	1,577,610
Total	$ 3,465,334	619,980	-	2,845,354	3,465,334

	2022.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL					
Hybrid instrument - Call option of convertible bonds	$ 195	-	-	195	195
Non-financial assets					
— Listed stocks	141,934	141,934	-	-	141,934
- Unlisted (over-the-counter) and emerging stocks	673,430	-	-	673,430	673,430
- Private equity fund	333,661	-	-	333,661	333,661
Sum	1,149,220	141,934	-	1,007,286	1,149,220
Financial assets measured at fair value through other comprehensive income					
Equity investment instrument					
— Listed stocks	208,131	208,131	-	-	208,131
— Listed stocks	823,150	-	-	823,150	823,150
Total	$ 2,180,501	350,065	-	1,830,436	2,180,501
Financial liabilities at FVTPL					
Hybrid instrument - Call option of convertible bonds	$ 1,638	-	-	1,638	1,638
Total	$ 1,638	-	-	1,638	1,638

(2) Fair value measurement techniques for financial instruments not measured at fair value

The methods and assumptions used by the Consolidated Company for instruments not measured at fair value are estimated as follows:

For financial assets and liabilities measured at amortized cost, if there are quoted prices in an active market, the most recent quoted prices and market quotes are used as the basis for evaluating fair value. When there are no market prices available for reference, an evaluation method is adopted to estimate the value. The valuation methodology used in estimating the fair value of discounted cash flows involves estimations and assumptions made on the discounted cash flows.

(3) Fair value measurement techniques for financial instruments at fair value

A. Non-derivative financial instruments

When financial instruments have publicly quoted prices in an active market, their fair value is the publicly quoted price in the active market. The fair value of listed (OTC) equity instruments and debt instruments with active market quoted prices is based on the market prices announced by the main exchanges and the over-the-counter market, which are considered popular securities by the central government bond dealers.

If an entity is able to obtain quoted prices for the financial instrument from an exchange, broker, underwriter, industry association, pricing service, or regulatory agency on a timely and recurring basis, and those prices represent actual and regularly occurring market transactions on an arm's length basis, then the financial instrument is regarded as having an active market quoted price. If the above conditions are not met, then the market is considered to be inactive. In general, a significant bid-ask spread, a notable increase in the bid-ask spread, or very low trading volume are indicators of an illiquid market.

For the financial instruments held by the Consolidated Company that have an active market, their fair values by category and nature are listed as follows:

- Listed redeemable corporate bonds, listed (over-the-counter) company stocks, bills of exchange and corporate bonds, etc. are financial assets and financial liabilities with standard terms and conditions and traded in active markets, and their fair values are determined with reference to market quotes, respectively.

For financial instruments other than those with active markets as described above, their fair values are obtained through valuation techniques or by reference to counterparty quotes. The fair value obtained through valuation techniques can refer to the current fair value of other financial instruments that are substantially similar in terms and characteristics, the present value technique of discounted cash flows, or other valuation techniques, including model calculations using market information available at the consolidated reporting date (e.g., OTC reference yield curves, Reuters commercial paper rate average quotes).

For financial instruments held by the Consolidated Company without an active market, please refer to the explanation in (5) for the determination of their fair value:

B. Derivative financial instruments

It is evaluated based on the evaluation model widely accepted by market players, such as discount method and option pricing model. Forward foreign exchange contracts are typically valued based on the current forward exchange rate. Structured interest rate derivative financial instruments are priced based on appropriate option pricing models (such as the Black-Scholes model) or other valuation methods, such as Monte Carlo simulation.

(4) Translation between the first and second grades

There were no transfers in the fiscal years of 2023 and 2022.

(5) Quantitative Information on Fair Value Measurement of Significant Unobservable Inputs (Level 3)

The fair value measurements categorized within Level 3 of the Consolidated Company mainly include financial assets at fair value through profit or loss - equity securities investments, derivative financial instruments, private equity fund investments, convertible corporate bonds, and financial assets at fair value through other comprehensive income - equity securities investments.

For most consolidated companies, the fair value classification is categorized as Level 3, having only a single significant unobservable input value, except for investments in equity instruments without an active market that have multiple significant unobservable input values. There is no interrelationship for significant unobservable inputs of equity investments without an active market as they are independent of each other.

The quantitative information of significant unobservable inputs is listed as follows:

Item	Valuation technique	Significant unobservable input	Significant unobservable inputs and their relationship to fair value
Investments in equity instruments without an active market	Comparable to Public and Over-the-Counter Company Law	• Discount due to lack of market liquidity (15-25% as of 2023.12.31 and 2022.12.31)	• The higher the discount for lack of marketability, the lower the fair value.
Financial assets at fair value through profit or loss - investment in private equity funds	Net Asset Value Method	• Net asset value	• The higher the net asset value, the higher the fair value.
Financial liabilities at fair value through profit or loss - convertible corporate bonds	Discounted Cash Flow Method	• Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating net profit, lack of market liquidity discount	• The higher the weighted average cost of capital, the lower the fair value; the higher the long-term revenue growth rate and long-term pre-tax operating profit, the higher the fair value; the higher the lack of market liquidity discount, the lower the fair value.
Hybrid instrument - Call option of convertible bonds	Binomial tree valuation model	• Volatility	• The higher the stock price volatility, the higher the fair value.

(27) Financial risk management

1. Summary

The Consolidated Company is exposed to the following risks the use of financial instruments:

(1) Credit risk

(2) Liquidity risk

(3) Market risk

This note discloses the Consolidated Company's exposure to the aforementioned risks, as well as the Consolidated Company's objectives, policies, and procedures for measuring and managing risks. Further quantitative disclosure is available in the respective notes to the consolidated financial statements.

2. Risk management structure

The Board of Directors has overall responsibility for establishing and overseeing the Consolidated Company's risk management framework. The financial management department of the Consolidated Company provides services to each business unit, coordinates access to domestic and international financial markets, and supervises and manages the financial risks related to the operations of the Consolidated Company by analyzing exposures by degree and magnitude of risks. The Consolidated Company must comply with the relevant financial operation procedures on overall financial risk management and segregation of duties. Internal auditors continuously review policy compliance and exposure limits, and regularly report to the Board of Directors on the operation.

3. Credit risk

Credit risk is the risk of financial loss arising from the failure of the Consolidated Company's customers or trading partners to fulfill their contractual obligations, mainly from the Consolidated Company's accounts receivable from customers and investments in securities.

(1) Accounts receivable and other receivables

The policy adopted by the Consolidated Company is to conduct transactions only with counterparties of good credit rating, and where necessary, to obtain collateral to mitigate the risk of financial loss caused by defaults. The Consolidated Company will only conduct transactions with companies rated equivalent to investment grade. Such information is provided by independent rating agencies; if such information is not available, the Consolidated Company will use other publicly available financial information and transaction records to rate major customers. The Consolidated Company continues to monitor credit exposure and the credit ratings of counterparties, and distributes the total transaction amount among qualified clients across various credit ratings. Credit exposure is controlled through counterparty credit limits reviewed and approved annually by the Risk Management Committee.

The Consolidated Company does not hold any collateral or other credit enhancement to avoid the credit risk of financial assets.

(2) Investment

The credit risk of bank deposits, fixed income investments and other financial instruments is measured and monitored by the financial department of the Company. Due to the fact that the counterparties and obligors in the company's transactions are creditworthy banks and corporate organizations, there is no significant doubt about their performance, and thus no significant credit risk.

(3) Warranty

The Consolidated Company Policy stipulates that financial guarantees can only be provided to wholly-owned subsidiaries. As of December 31, 2023 and 2022, the details of the endorsement guarantees provided by the Consolidated Company are disclosed in Note 7.

4. Liquidity risk

Liquidity risk refers to the risk that the Consolidated Company is unable to deliver cash or other financial assets to pay off financial liabilities and fails to perform relevant obligations. The Consolidated Company's method of managing liquidity is to ensure, as far as possible, that the Consolidated Company always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Company's reputation.

5. Market risk

Market risk refers to the risk arisen from market price changes, such as exchange rate, interest rate and equity instrument price changes, which will affect the Consolidated Company's income or the value of financial instruments held. The market risk management aims to control the market risk within an acceptable level and optimize the return on investment.

The Consolidated Company engages in derivative transactions to manage market risk, which results in financial liabilities. All transactions are executed in accordance with the risk management policies.

(1) Exchange Rate Risks

The Consolidated Company is exposed to foreign currency risk arising from sales, purchases and borrowings that are denominated in a currency other than the functional currency of the group entities. The functional currency of the group entities is primarily New Taiwan dollars, with some entities using Euros, USD, and RMB. These transactions are traded in NTD, Euro, USA and RMB.

The Company holds accounts receivable denominated in foreign currencies other than the functional currency, and the exchange gains or losses arising from exchange rate fluctuations are offset by the exchange gains or losses of short-term borrowings denominated in foreign currencies. Therefore, the risk exposed to the Company is reduced due to exchange rate.

The Company keeps abreast of changes in exchange rates at all times, takes a stable and conservative exchange rate as the basis for quotation, carefully considers the changes of current and future exchange rates, and uses hedging instruments in a timely manner such as forward foreign exchange to avoid the impact of exchange rate changes.

(2) Interest Rate Risk

The company holds assets and liabilities with floating interest rates and exposes to cash flow interest rate. The details of the company’s financial assets and financial liabilities with floating interest rates are described in the liquidity risk management of this note.

(28) Capital Management

Based on the current operational industry characteristics and the Consolidated Company's future development situation, as well as considering factors such as changes in the external environment, the Consolidated Company plans the operating capital and dividend expenditures needed for the future period to ensure the Consolidated Company's continued operation and maintain an optimal capital structure, in order to maximize shareholder returns and enhance shareholder value in the long run. To maintain or adjust the capital structure, the Consolidated Company may adjust the amount of dividends paid to shareholders or issue new shares. In addition, the Consolidated Company is not required to comply with other external capital requirements.

(29) Investment and financing activities of non-cash transactions

The non-cash investing and financing activities of the Consolidated Company for the years ended December 31, 2023 and 2022 were as follows:

	2023	**2022**
Transfer from financial assets measured at fair value through profit or loss to investments accounted for using the equity method	**$ 36,822**	**-**
Financial assets at fair value through profit or loss - investment in equipment asset-backed securities	**$ 153,163**	**-**

Reconciliation of liabilities arising from financing activities is as follows:

	2023.1.1	Cash flows	Non-cash changes: Changes in ForeignExchange Rates	Non-cash changes: Change in Rental Payments	2023.12.31
Lease liabilities	$ 3,665,353	(1,086,278)	127,079	2,632,354	5,338,508
Total liabilities from financing activities	**$ 3,665,353**	**(1,086,278)**	**127,079**	**2,632,354**	**5,338,508**

	2022.1.1	Cash flows	Non-cash changes: Changes in ForeignExchange Rates	Non-cash changes: Change in Rental Payments	2022.12.31
Lease liabilities	$ 3,460,678	(771,460)	(559,942)	1,536,077	3,665,353
Total liabilities from financing activities	**$ 3,460,678**	**(771,460)**	**(559,942)**	**1,536,077**	**3,665,353**

7. Related party transaction

(1) Name and relationship of related party

The related parties that had transactions with the Consolidated Company during the coverage period of these consolidated financial statements are as follows:

Relationship	Relationship with the Consolidated Company
ARBOR SOLUTION, INC.	Associate
Cloud Network Technology Kft.	Associate
Cloud Network Technology Singapore Pte. Ltd.	Associate
Competition Team Ireland Limited	Associate
FOXCONN CZ s.r.o.	Associate
Foxconn Interconnect Technology Limited	Associate
Foxconn Singapore Pte. Ltd.	Associate
Radisen Co., Ltd.	Associate
Triple Win Technology (Shenzhen) Co., Ltd.	Associate
Chung Hsin Electric & Machinery Manufacturing Corp.	Associate
Taiyuan) Co. Fuchi Technology Co., Ltd.	Associate
Wt Microelectronics Co., Ltd.	Associate (Note 1)
Jusda International Logistics (Taiwan) Co., Ltd.	Associate
Anpinda Precision Industry (Huizhou) Co., Ltd.	Associate
Everlasting Digital ESG Co., Ltd.	Associate
Macrotec Technology Corp.	Associate
Premier Image Technology (China) Ltd.	Associate
E-Win Investment Corp.	Associate
Kunshan Fuchengke Precision Electronical Co.,Ltd.	Associate

Relationship	Relationship with the Consolidated Company
Dongguan Oyu Precision Technology Co., Ltd.	Associate
Wuhan Jusda Supply Chain Management Limited	Associate
Henan Fuchi Technology Co., Ltd.	Associate
Henan Yuzhan Technology Limited	Associate
Fortune International Corporation	Associate
Glory Technology Service Inc.	Associate
Servtech Co., Ltd.	Associate (Note 2)
Chongqing Hongteng Technology Co., Ltd.	Associate
Chongqing Fugui Electronics Co., Ltd	Associate
Chongqing Jingmei Precision Electronic Co., Ltd.	Associate
Hong Kong Ennopower Information Technology Co., Limited	Associate
Triple Win Technology (Jincheng) Co., Ltd.	Associate
Jincheng Futaihua Precision Electronic Co., Ltd.	Associate
Jincheng Hongzhi Nano Optical-Mechanical-Electrical Institute Co., Ltd.	Associate
Kangzhun Electronic Technology (Kunshan) Co., Ltd.	Associate
Shenzhen Zhuxuntong Technology Co., Ltd.	Associate
Shenzhen Fertile Plan International Logistics Co., Ltd.	Associate
Shenzhen Fu Rong Inclusive Finance Co., Ltd.	Associate
Shenzhen Xiangxing Technology Co., Ltd.	Associate (Note 3)
Shenzhen Hyper Power Information Technology Co., Ltd.	Associate
Yantian Jusda Supply Chain Management Co., Ltd.	Associate
Shenzhen Asiatek Inc.	Associate (Note 4)
Shenzhen Futaihong Precision Industry Co., Ltd.	Associate
Shenzhen Fugui Precision Industrial Co., Ltd.	Associate
Fugion Material Technology (Shenzhen) Co., Ltd.	Associate
Foxconn (Kunshan) Computer Connector Co., Ltd.	Associate
Foxconn Industrial Internet Co., Ltd.	Associate
Foxconn Technology Group Ltd.	Associate
Foxconn Precision Electronics (Taiyuan) Co., Ltd.	Associate
Fujin Precision Industrial (Jincheng) Co., Ltd.	Associate
Futaihua Industrial (Shenzhen) Co., Ltd.	Associate
Shenzhen Futaihong Precision Industry Co., Ltd.	Associate
Fih (Hong Kong) Limited	Associate
Fuxiang Precision Industrial (Kunshan) Co., Ltd.	Associate
Fuguikang Precision Electrons (Guizhou) Co., Ltd.	Associate
Fuding Electronic Technology (Jiashan) Co., Ltd.	Associate

Relationship	Relationship with the Consolidated Company
Rich Dreams Network Technology Limited	Associate
Rich Dreams Network Technology Limited	Associate
Rich Dreams Network Technology Limited	Associate
Rich Dreams Network Technology Limited	Associate
Rich Dreams Network Technology Limited	Associate
Rich Dreams Network Technology Limited	Associate
Polight Technology (Shenzhen) Co., Ltd.	Associate
Langfang Yuzhan Technology Limited	Associate
Hongfujing Precision Electronics (Tianjin) Co., Ltd.	Associate
Hongfujing Precision Electronics (Guiyang) Co., Ltd.	Associate
Futaihua Precision Electronics (Zhenzhou) Co., Ltd.	Associate
Foxconn Global Network	Associate
Goldtek Technology (Shenzheng) Co., Ltd.	Associate
Altus Technology Inc.	Associate
Chiun Mai Communication Systems, Inc.	Associate
Internet Technology Corp.	Associate
Coiler Corporation	Associate
Arbor Technology Corporation	Associate
Hon (Shenzheng) Co., Ltd.	Associate
Forward Science Corp.	Associate
Ennowell Co., Ltd.	Associate
Hengyang Futaihong Precision Industry Co., Ltd.	Associate
Ur Materials (Shenzhen) Co., Ltd.	Associate
Ur Hongxin Detection Technology (Shenzhen) Co., Ltd	Associate
Probeleader Co., Ltd.	Associate
Hongzhun Precision Tooling (Kunshan) Co., Ltd.	Associate
Hon Hai Precision Industry Co., Ltd.	Associate
Hongfujin Precision Industry (Wuhan) Co., Ltd.	Associate
Hongfujin Precision Electronics (Chengdu) Co., Ltd.	Associate
Honfujin Precision Electronics (Chongqing) Co., Ltd.	Associate
Hongfujin Precision Electronics (Yantai) Co., Ltd.	Associate
Hongfujin Precision Electronics (Zhenzhou) Co., Ltd.	Associate
Hongtu Company Ltd.	Associate
Ingrasys Technology Inc.	Associate
Lankao Yufu Precision Technology Co., Ltd.	Associate
Lankao Yude Environment Material Technology Inc.	Associate
Scienbizip Consulting (Shen Zhen) Co., Ltd.	Associate

Note 1: WT Microelectronics Co., Ltd. is no longer a related party of the Company from December 2022 onwards.

Note 2: WT Microelectronics Co., Ltd. is no longer a related party of the Company from December 2022 onwards.

Note 3: WT Microelectronics Co., Ltd. is no longer a related party of the Company from December 2022 onwards.

Note 4: WT Microelectronics Co., Ltd. is no longer a related party of the Company from December 2022 onwards.

(2) Significant transactions with related parties

1. Operating revenue

The Consolidated Company has the following major sales with related parties:

Accounts Item	Category of related party/Name	2023	2022
Sales revenue	Associates:		
	Polight Technology (Shenzhen) Co., Ltd.	$ 122	42,776
	Hongfujing Precision Electronics (Tianjin) Co., Ltd.	29,068	26,895
	Hon Hai Precision Industry Co., Ltd.	53,632	6,078
	Others	109,161	105,125
		191,983	180,874
Engineering service revenue	Associates:		
	Foxconn Global Network	$ 2,489	30,182
	Altus Technology Inc.	128,197	2,134
	Hon Hai Precision Industry Co., Ltd.	105,351	31,868
	Others (Note)	36,787	(6,098)
		272,824	58,086
		$ 464,807	**238,960**

The sales transaction price of the Consolidated Company to the related parties is determined according to the agreement of both parties, and the collection policy is the payment term of 2 months.

Note: The main reason is the reversal of recognized contract revenue due to the combination of construction contract projects and reduction.

2. Purchase and processing fees

The purchase amounts from related parties for the Consolidated Company are as follows:

Category of related party/Name	2023	2022
Associates:		
Shanghai Foxconn Co., Ltd.	$ 110,256	79,798
Foxconn Interconnect Technology Limited	42,519	60,326
Wt Microelectronics Co., Ltd.	-	59,708
Ingrasys Technology Inc.	115,329	18,256
Others	187,788	80,025
	$ 455,892	**298,113**

The sales transaction price of the Consolidated Company to the related parties according to the agreement of both parties, and the payment policy is 1-2 months of monthly settlement.

3. Overdue receivables from related parties

Details of accounts receivable from related parties of the Consolidated Company are as follows:

Accounts Item	Category of related party/Name	2023.12.31	2022.12.31
Accounts receivable – related parties	Associates:		
	Henan Fuchi Technology Co., Ltd.	$ -	70,987
	Hong Kong Ennopower Information Technology Co., Limited	13,578	47,928
	Shenzhen Asiatek Inc.	-	30,128
	Shenzhen Fugui Precision Industrial Co., Ltd.	7,400	104
	Hon Hai Precision Industry Co., Ltd.	21,150	2,498
	Hongtu Company Ltd.	8,027	12,499
	Others	17,088	115,304
		$ 67,243	**279,448**

Note: Including receivables from sub-contractors.

The outstanding receivables from related parties have not been secured. The allowance for doubtful accounts from related parties as of December 31, 2023 and 2022 was NT$6,255 thousand and NT$4,796 thousand, respectively.

4. Payables to related parties

Details of the amounts payable to related parties from the Consolidated Company are as follows:

Accounts Item	Category of related party/Name	2023.12.31	2022.12.31
Accounts payable to related parties	Associates:		
	Cloud Network Technology Kft.	$ -	50,520
	Shanghai Foxconn Co., Ltd.	12,062	38,365
	Macrotec Technology Corp.	12,073	11,392
	Foxconn Interconnect TechnologyLimited	15,010	3,990
	Arbor Technology Corporation	15,440	102
	Ingrasys Technology Inc.	18,492	1,522
	Others	10,678	45,439
		$ 83,755	151,330
notes payable – related parties	Associates:		
	Macrotec Technology Corp.	$ 7,327	2,048
	Chung Hsin Electric & Machinery Manufacturing Corp.	4,008	5,336
	Others	-	103
		$ 11,335	7,487
Expenses payable (classified under other accounts payable)	Associate	$ 8,461	31,940

The balance of the outstanding payables to related parties is not guaranteed and will be settled in cash.

5. Endorsements/guarantees

Name of endorsed guaranteed related party	2023	2022
Nanjing Asiatek Inc.	$ -	132,240
Ennoconn International Investment Co., Ltd.	-	1,000,000
Dexatek Technology Ltd.	-	160,000
Thecus Technology Corp.	-	100,000
Highaim Technology Inc.	-	552,780
HighAim Technology Inc.	-	46,065
Kontron AG and its Subsidiaries	5,707,417	7,233,411
Subsidiaries of Marketech	6,368,574	5,704,038
Ennoconn Huangary kft	1,074,675	2,149,700
POSLAB TECHNOLOGY CORPORATION	-	50,000
	$ 13,150,666	17,128,234

(3) Transactions with key management personnel

Remuneration for major managers include:

		2023	2022
Short-term employee benefits	$	323,670	356,044
Post-employment benefits		1,130	1,400
	$	324,800	357,444

For details regarding share-based payments, please refer to Note 6(21).

8. Assets pledged as security

The carrying value of the assets pledged as collateral by the Consolidated Company are as follows:

Name of asset	Subject of pledge guarantee		2023.12.31	2022.12.31
Pledged time deposits (financial assets measured at amortized cost)	Bank loans, customs guarantees, performance bonds and warranty bonds	$	21,669	24,687
Pledged demand deposits (listed under other financial assets)	Bank loans and performance guarantees		40,044	40,110
Accounts receivable	Bank loans and performance guarantees		41,930	136,314
Inventory	Performance Guarantee		-	17,302
Land	Bank loan		465,438	122,198
Buildings - Net	Bank loan		719,713	670,799
Investment Property	Bank loan		49,650	51,099
Margin deposit	Bid bond, performance bond and warranty bond		178,843	276,048
		$	1,517,287	1,338,557

9. Material contingent liabilities and unrecognized contractual commitments

The unrecognized contractual commitments of the Consolidated Company are as follows:

		2022.12.31	2022.12.31
Acquisition of property, plant and equipment	$	-	491,360
Obtain financial assets measured at fair value through profit or loss		32,200	106,623
Notes and letters of guarantee issued for engineering contract performance and customs duties guarantees		3,463,142	3,863,599
Contracted but not yet incurred capital expenditure		281,814	-

10. Losses due to major disasters: None.

11. Subsequent events

(1) The subsidiary company Kontron AG of the Consolidated Company resolved in the board meeting on January 18, 2023 to acquire Katek SE with cash at 15 euros per share, with a total price of approximately 128 million euros, accounting for approximately 59.4% of the shareholding. This case met the major settlement conditions of the Frankfurt Stock Exchange on February 28, 2023, and the share transfer began the next day, while a mandatory offer was simultaneously announced.

(2) On January 26, 2024, the Board of Directors of the Consolidated Company's subsidiary Goldtek Technology, based on future operational planning and strategic layout, approved the investment in the ordinary shares of Ennovision Inc. acquiring a 60% stake in Jun Han Intelligent Co., Ltd. for NT$90,000 thousand to obtain control of the Company.

(3) On March 28, 2024, the Consolidated Company's subsidiary Kontron AG announced the distribution of a cash dividend for 2023, with a payout of 0.5 euros per share.

12. Others

(1) Summary of employee benefits, depreciation, and amortization expenses by function for the current period:

Function / Nature	2023			2022		
	Those belonging to operating costs	**Those belonging to operating expenses**	**Total**	**Those belonging to operating costs**	**Those belonging to operating expenses**	**Total**
Employee benefits expenses						
Wages and salaries	7,887,017	5,619,060	13,506,077	8,129,944	5,447,203	13,577,147
Labor Insurance and National Health Insurance expenses	1,362,110	738,804	2,100,914	1,550,664	706,808	2,257,472
Pension costs	156,030	139,187	295,217	137,185	122,287	259,472
Other Employee Benefit Expenses	272,679	217,539	490,218	286,125	173,720	459,845
Depreciation Expense	1,234,782	601,830	1,836,612	1,128,921	611,271	1,740,192
Amortization expenses	382,978	597,925	980,903	1,281,022	892,925	2,173,947
Less: Operating costs and operating expenses of discontinued operations	(28,255)	(12,110)	(40,365)	(2,325,204)	(734,275)	(3,059,479)

(2) Discontinuing operations:

As stated in Note 6(4), Kontron AG resolved to dispose of part of its IT service business through a Board of Directors' resolution during 2022. Therefore, the consolidated statements of comprehensive income for previous periods have been restated to separately present the discontinued operations and continuing operations.

Please refer to Note 6(22) for the amounts of income from continuing operations and discontinued operations attributable to owners of the parent.

The operating results and cash inflows of the discontinued operation are as follows:

	2023	2022
Operating Revenue	$ 178,284	12,163,409
Operating costs	(144,666)	(8,780,835)
Gross Profit	33,618	3,382,574
Operating expenses	(62,736)	(2,788,485)
Total Non-Operating Income and Expenses	70,743	75,055
Pre-tax profit	41,625	669,144
income tax expense	(2,406)	(111,123)
Annual profit	39,219	558,021
Disposition of profits for suspended businesses	43,089	7,504,112
Disposal of income tax benefits	-	(237,904)
Net profit of discontinued operations for the period	**$ 82,308**	**7,824,229**

	2023	2022
The interests of a terminated entity belong to:		
Owners of the Company	$ 22,910	2,162,330
Non-Controlling Interests	59,398	5,661,899
	$ 82,308	**7,824,229**

The cash flow information of the discontinued operation is as follows:

	2023	2022
Cash flows from operating activities	$ 9,190	(490,536)
Cash flows from investing activities	3,771,202	5,778,622
Cash flows from financing activities	(2,295)	(184,353)
Estimated Cash Flow from Operating Activities	**$ 3,778,097**	**5,103,733**

For the impact of the disposal of the IT service business on the financial condition of the Consolidated Company, please refer to Note 6(4).

13. Other disclosures

(1) Information on significant transactions

According to the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Consolidated Company should disclose the following information related to material transactions in fiscal year 2023:

1. Loans to others: Please refer to Appendix 1.

2. Endorsements and guarantees for others: Please refer to the attached Table 2.

3. Circumstances of holding marketable securities at the end of the period (excluding investments in subsidiaries, affiliated companies, and equity of joint ventures): Please refer to Appendix 3.

4. Acquisition or sale of the same security with the accumulated cost reaching NT$300 million or 20% of paid-in capital or more: None.

5. Obtain an amount of real estate reaching NT$300 million or 20% of the paid-in capital: Please refer to Appendix 4.

6. Disposal of property reaching NT$300 million or 20% of paid-in capital or more: None.

7. For purchases or sales with related parties involving an amount of NT$100 million or more, or 20% of the paid-in capital, please refer to Appendix 5.

8. Receivables from related parties reaching NT$100 million or 20% of the paid-in capital: Please refer to Appendix 6.

9. Engagement in derivative transactions: None.

10. The relationship between the parent and subsidiary companies and the details of important transactions: Please refer to Appendix 7.

(2) Information regarding reinvested businesses (excluding investees in Mainland China): Please refer to Appendix 8.

(3) Information on investments in mainland China: None

1. Name, major businesses, and related information about investees in mainland China: Please refer to Appendix 9-1.

2. Investment limit in mainland China: Please refer to Appendix 9-2.

3. Major transactions with investees in mainland China: None.

(4) Information on major shareholders:

Shares / Name of Major Shareholders	Number of shares held Increase (Decrease)	Shareholding ratio
Baoxin International Investments Ltd.	33,178,779	25.14%

14. Department information

The information provided to the chief operating decision maker for allocating resources and assessing segment performance is focused on the types of products delivered by the Consolidated Company. In the fiscal years of 2023 and 2022, the Consolidated Company was primarily engaged in manufacturing and selling data storage, processing equipment, industrial motherboards, network communications, and factory mechanical and electrical system services.

(1) Departmental Revenue and Operating Results

The income and operating results of the departments of the Consolidated Company should be reported as follows:

	2023							
	Industrial Computer Software and Hardware Sales Department	**Information System Department**	**Production and marketing of network communication Department**	**Plant and Mechatronics System Services Business Department**	**Other Departments**	**Adjustment and elimination**	**Discontinued Departments**	**Total**
Income:								
Revenue from external customers	$ 27,389,012	41,556,981	4,082,437	56,279,732	5,367,957	(12,856,859)	(178,284)	121,640,976
Total Income	**$ 27,389,012**	**41,556,981**	**4,082,437**	**56,279,732**	**5,367,957**	**(12,856,859)**	**(178,284)**	**121,640,976**
Reportable departmental profits and losses	**$ 2,855,464**	**2,717,863**	**409,652**	**2,837,160**	**2,732,331**	**(4,552,061)**	**(84,714)**	**6,915,695**

	2022							
	Industrial Computer Software and Hardware Sales Department	**Information System Department**	**Production and marketing of network communication Department**	**Plant and Mechatronics System Services Business Department**	**Other Departments**	**Adjustment and elimination**	**Discontinued Departments**	**Total**
Income:								
Revenue from external customers	$ 17,852,479	46,585,787	4,982,672	50,366,703	5,533,633	(4,929,332)	(12,163,409)	108,228,533
Total Income	**$ 17,852,479**	**46,585,787**	**4,982,672**	**50,366,703**	**5,533,633**	**(4,929,332)**	**(12,163,409)**	**108,228,533**
Reportable departmental profits and losses	**$ 3,589,698**	**7,810,608**	**575,518**	**2,996,438**	**2,557,822**	**(5,647,554)**	**(8,173,256)**	**3,709,274**

(2) Departmental assets and liabilities

The measurement amounts of assets/liabilities of the reportable departments of the Consolidated Company are not provided for operational decision making, hence the measurement amounts of assets/liabilities are not disclosed.

(3) Revenue from main products and services

The analysis of the revenue from the main products and services of the Consolidated Company are as follows:

	2023	2022
Motherboard production and sales	$ 15,900,774	14,257,435
Motherboard repairs and maintenance	142	810
Production and marketing of network communication	3,990,752	4,948,667
Information system software and hardware integration service	40,837,701	46,274,720
Plant and Electromechanical Systems Services	56,279,732	50,366,703
Others	4,810,159	4,543,607
	121,819,260	120,391,942
Less: Operating income from suspended business units	178,284	12,163,409
	$ 121,640,976	108,228,533

(4) Regional Information

The Consolidated Company operates mainly in three regions - Taiwan, China, and Europe.

Information on the breakdown of the Consolidated Company's revenue from external customers by location of operations and non-current assets by geographical area of assets is presented as follows:

Region	2023	2022
Revenue from external customers:		
Taiwan	$ 21,123,052	21,455,921
China	14,560,802	17,867,408
Europe	44,796,246	49,442,326
Others	41,339,160	31,626,287
	121,819,260	120,391,942
Less: Operating income from suspended business units	178,284	12,163,409
	$ 121,640,976	108,228,533

Region	2023.12.31	2022.12.31
Non-Current Assets:		
Taiwan	$ 8,004,348	6,230,079
China	501,967	510,102
Europe	10,210,069	8,746,365
Others	106,928	114,607
	$ 18,823,312	15,601,153

Non-current assets exclude financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, investments accounted for using the equity method, goodwill, prepayments for investments, guarantee deposits paid, net defined benefit assets, and deferred income tax assets.

(5) Major Customer Information

	2023	2022
Plant and Mechatronics System Services Business Division - Customer A	$ 16,048,194	8,759,312