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DFI

2023 Annual Report

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Company Spokesperson

Name	Li-Min Huang
Title	Chief Financial Officer
Tel.:	(02)2697-2986
E-mail:	milly.huang@dfi.com

Acting Spokesperson

Name	Fang-Yu Chen
Title	Senior Director
Tel.:	(02)2697-2986
E-mail:	eva.chen@dfi.com

Headquarters and Factory

Headquarters:	10F, No. 97, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City, Taiwan (R.O.C.)
Company Website:	http://www.dfi.com/tw/
Factory:	3rd Floor, No. 157, Shanying Road, Guishan District, Taoyuan City, Taiwan (R.O.C.)
Tel.:	(03)216-5058 (Main Line)

Stock Transfer Agency

Name	KGI Securities Co., Ltd. Shareholder Services Department
Address:	5th Floor, No. 2, Section 1, Chongqing South Road, Taipei City, Taiwan (R.O.C.)
Website:	www.kgieworld.com.tw
Tel.:	(02)2389-2999

CPA auditing the financial report of the recent year

Name of CPAs:	Hui-Chen Chang, Ching-Wen Kao
Name of Firm:	KPMG
Address:	68th Floor, No. 7, Section 5, Xinyi Road, Taipei City, Taiwan (R.O.C.)
Website:	http://www.kpmg.com.tw
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Overseas Securities Exchange Where Securities are Listed and Method of Inquiry: None

Company Website: https://www.dfi.com/tw/

Report to Shareholders

2023 Business Report

1. **Outcomes in Implementation of the Business Plan in 2023**

This year, DFI is committed to improving operational efficiency by adjusting its product portfolio to increase gross profit margin, reduce inventory, and increase cash holdings. We continue to recruit talented individuals and strive for sustainable business operations.

Under the continuous interest rate hikes in the United States, the global economy has entered an adjustment phase. As central banks around the world raise interest rates, operating costs have increased, leading industries to adopt a more conservative approach towards equipment procurement. Consequently, the demand for industrial computers has started to decline. In terms of regional markets, mainland China has been most affected by the dual pressures of manufacturing relocation due to the US-China trade war and a burst in the real estate bubble, which has led to a shortage of funds. Growth was sustained in regions that have replaced its manufacturing rolesuch as the Indian market. This year, for the first time, it participated in the major Indian industrial automation exhibition, Automation Expo, to accelerate the development of this growing sector.

Automation is the core application area for industrial PCs, and DFI has achieved significant success in this area in recent years. Automation sales have also continued to grow, contributing to an increasing percentage of the company's revenue. In addition to strategic partnerships with CPU partners, we will further develop a low-power, high-performance platform for AMR/Robot. We will continue to invest in research and development resources and industry-academia cooperation to develop a flexible real-time control system based on software-defined technology. As our product line expands, the applicability in different automation fields will also increase.

The intelligentization of electric vehicles has become the most important new business opportunity in the industrial PC market in recent years. The quality and competitiveness of DFI's SOM (System on Module) products are widely recognized. With SOM's ability to easily upgrade computing power and high backward compatibility, it has gained favor from international brand manufacturers this year. It has been designed into their new unmanned vehicle projects, smart transportation, and vehicle systems, which are the markets DFI has been focusing on in recent years. Its benefits are gradually emerging.

In 2022, based on obtaining ISO14064 greenhouse gas inventory third-party certification, in 2023, DFI increased the capacity of solar power generation in its factories, improved product energy efficiency, and used recyclable materials in its system products to assist in reducing the urban-rural gap in the Northern Cross-Island Highway rural region. As a result, DFI received the Gold Award in the Corporate Category of the Sustainable Action Awards and the Gold Award in the Taiwan Corporate Sustainability Report, which reflects the increasing importance that European and American customers attach to ESG and demonstrates DFI's determination and commitment to sustainable operations.

In 2023, DFI's consolidated net revenue was NT$9.184 billion, a decline of 16% compared to 2022. Consolidated operating income was NT$0.545 billion, consolidated net profit after tax was NT$0.35 billion, of which net profit attributable to the owners of the parent company was NT$0.362 billion, with basic earnings per share of NT$3.16.

2. **The analysis of financial revenues, expenditures and profitability are as follows:**

Analysis Items (Year)		Financial Analysis for the Last Five Years				
		2023	2022	2021 (Restated)	2020	2019
Financial Structure	Debt-to-Asset Ratio (%)	45.25	55.69	55.40	37.73	37.89
	Long-term capital as a percentage of property, plant, and equipment (%)	171.50	192.48	214.95	170.20	174.28
Profitability	Return on Assets (%)	3.53	5.05	7.82	5.86	9.44
	Return on Equity (%)	6.49	10.52	14.81	9.19	14.52
	Ratio of Profit Before Tax to Paid-in Capital (%)	44.31	66.34	86.13	53.51	68.73
	Net Profit Margin (%)	3.82	3.69	5.89	5.72	8.85
	Earnings per share (NT$)	3.16	4.61	5.38	3.54	5.51

2024 business and R&D plans are as follows:

(1) Business policies and R&D plan

1. Develop a diverse Edge AI platform and integrate AI optimization software.
2. Continue to focus on developing high-performance, low-power micro-products.
3. Enhance the development of high-performance server-grade products.
4. Strengthen the development of robust specification products with wide temperature, wide pressure, and waterproof, dustproof, and shockproof features.
5. Develop a remote management system and integrate it deeply with the products to meet the demands of the unmanned application market.
6. Develop a containerized software development environment to enhance the flexibility and efficiency of software applications.
7. Collaborate with medical customers to meet needs with precise specification.
8. Cultivate the market for smart car-related applications.
9. Introduce green product development in response to ESG demand.

(2) Important business policies

1. Deepening the technological needs of vertical application markets
   Providing tailored solutions for clients in various fields. At the smart factory, we strive for real-time hardware data processing, multi-device integration, and industry standard compliance. In smart healthcare, we adhere to medical standards, safety, and integration of multiple devices to provide reliable medical solutions. In the Internet of Things, we emphasize low power consumption, multi-connectivity, and security to address the complexity of the IoT. Finally, in intelligent transportation, we focus on in-vehicle computing power, vibration and earthquake-resistant, and vehicle-to-vehicle network security to support the development of smart transportation. This is the core of our operational plan, aiming to become a leader in the vertical application market through continuous innovation and technological upgrades.

2. Actively promoting the integration of automation and artificial intelligence in production innovation.
   DFI factory is dedicated to the production of automation, particularly in the application of industrial PCs. Even in complex processes and diverse product scenarios, we have successfully achieved gradual advances in automated production. Currently, we have successfully established an automated warehousing system and continue to introduce intelligent fixture testing on the production line to further enhance production efficiency. In addition, we have applied artificial intelligence technology to internal processes and knowledge management within the company. The goal is to gradually replace complex manual processes and document handling, thereby improving overall operational efficiency and continuously achieving significant improvements in quality standards.

3. Implementing Sustainable Development
   DFI adheres to the principle of group consistency, with a focus on "corporate sustainable development," incorporating the three elements of economy, society, and environment. We incorporate the environment into "green products," "green operations," and "green supply chain," while emphasizing the social aspect of "social responsibility" and the economic aspect of "financial performance." This forms the five major aspects to promote the "green supply chain" and the SDGs as priority management projects. This continuous effort is achieved through the active promotion of the Corporate Sustainable Development Committee.

Looking ahead to 2024, market demand is showing new trends, with edge computing and high-performance servers becoming key elements in future industrial upgrades to meet the increasingly complex data processing needs. Meanwhile, the demand for secure networks and intelligent graphics processing units (GPUs) is gradually becoming more prominent, reflecting the key technologies for digital transformation. DFI is actively responding to market changes and will continue to cultivate new energy, automation, financial technology, smart healthcare, smart services, intelligent transportation, and the Internet of Things (IoT) to meet the increasingly diverse needs of end users in various fields. Our commitment is to provide innovative embedded computer solutions to help our customers maintain a competitive advantage in a rapidly changing digital environment.

DFI will play a key role in a rapidly changing environment, leading the development of core technologies and focusing on industry growth trends to reduce multi-operational costs and increase productivity through intelligence and automation. This year, we have strengthened our multi-faceted strategic value chain, further expanded our business layout and project development, and fully explored the enormous business opportunities in industrial PCs. By leveraging past experience, we are committed to continuously enhancing our existing products and operational advantages. With the support of a strong research and development team, we cultivate product strength and technical expertise, gain a deep understanding of future trends, strengthen our competitive foundation, and address customer pain points. At the same time, we actively expand management depth, emphasize talent development, promote corporate social responsibility, drive change, enhance corporate governance and strategy, fulfill the expectations of employees, shareholders, customers, and all stakeholders, and establish a solid foundation for relationships. Our goal is to achieve continuous growth in future revenue and constantly move towards the organization's objectives for sustainable operations. This operational policy and execution strategy aim to instill confidence in investors and anticipate the steady development of the Company.

We wish you good health and all the best!

Chairman: Chi-Hong Chen   President: Chia-Hung Su   Accounting Supervisor: Li-Min Huang

Company Introduction

I. Establishment on: July 14, 1981

II. Development History

1981	DFI established in Taipei, Taiwan (1F, No. 10, Lane 107, Sec. 2, East Heping Road, Taipei City). The capital amount was NT$1,000,000 (the same below), and the main business included trading, import and export of electronic parts, with a turnover of more than NT$30,000,000 in the first year.
1983	Capital increased by cash to NT$2,500,000.
1984	A factory was established at Sec. 7, Zhongxiao East Road, Taipei City, and engaged in processing, manufacturing and trading of the computers and peripherals.
1986	Capital increased by cash to NT$10,000,000. The company was relocated to 6F, No.266, Songjiang Road, Taipei City. The business growth rate was up to 300%. The company successfully expanded the marketing network in America with turnover of nearly NT$ 1,000,000,000.
1987	A factory was started to be established in Xizhi District. Capital increased by cash to NT$30,000,000. Capital increased by cash to NT$60,000,000 in November. The products were launched to Germany and the UK in a planned manner, and the company worked on establishing the marketing network in Europe.
1988	Xizhi Factory was completed with a use area of approximate 4,297.4 m2. The factory was relocated to Huanhe Street in Xizhi District to expand the production capacity. Handheld scanner with leading design was launched, initiating the specification of the handheld scanner in the world. Automatic testing equipment (ATE) was purchased to improve the product quality.
1989	Processing, manufacturing, purchase and sale of slide mouse, handheld scanner, personal computer and interface control card were increased in the operating activities. The capital was increased and the factory was expanded. The capital was increased to NT$ 120,000,000. Computer aided design system was purchased to improve the product design quality.
1990	Earnings of NT$36,000,000 converted to capital, and the capital increased to NT$156,000,000. The Xizhi Factory was expanded. The patent authorization contract was signed with IBM for purpose of technology cooperation. It became the first Taiwan manufacturer to establish the system assembly production line in the United States.
1991	Expansion of the factory was completed with the use area of 6,280.8 m2. Capital increased by cash to NT$ 196,000,000.
1992	Automatic circuit testing equipment (ICT) and automatic surface bonding equipment (SMT) were introduced to improve the product quality level and efficiency.
1993	The Xizhi Factory was expanded for the second time, and the use area was up to 7,603.1 m2. The company's business department and R&D department were relocated to the Huanhe Street in Xizhi District. The company first introduced energy-saving design of the GREEN PC.
1994	R&D of CD-ROM formally led the company to the multi-media system market. Single turnover of NOTEBOOK topped NT$ 300,000,000, and the annual turnover was up to NT$ 2,100,000,000, at a growth rate of 25%.
1996	CD-ROM factory was transformed into the system assembly factory. The company designed and manufactured the first 75MHZ system busbar host board in the world to support CYRIX PR 200+CPU.

	The 3rd SMT production line was established to start up Siemens SIPLACE80S-15 high-speed machine, increasing the capacity of motherboard by 40,000 PCS/ month. The self-production capacity was up to 120,000 PCS/month. 586 motherboard for double CUP was successfully researched and developed. The company specialized in research, development and manufacturing of the motherboard. The company cooperated with Philips for the marketing system in Asian-Pacific region to enter the third-world household market.
1997	The company was elected by Computer Reseller New (CRN) as the Top 10 motherboard Manufacturers in 1996. The Xizhi Factory was expanded for third time, extending the use area to 9,255.9 m2, and adding 2 sets of SMT to rapid improve and balance the motherboard capacity. The monthly capacity was increased to 180,000 PCS. The system factory was relocated to Jianguo Rd, Xinzhuang, and was dedicated to system assembly agency for Philips and Synnex. The average monthly capacity was about 10,000PCS. Houjie Factory was established in Dongguan, Mainland China, to establish the third manual assembly production line. The European Sale Office was established in Bremen, Germany to improve the service quality in Europe. SCSI onboard & Dual Pentium CPU motherboard was researched and developed to enter the server market.
1998	The company was elected by Computer Reseller New (CRN) as the Top 10 motherboard Manufacturers in 1997. The company applied to Stoch Exchange and OTC Trade Center for listing guidance and verification in April. Xinzhuang System Factor was dissolved at the end of April, and the office building of Houjie Factory was completed at the end of May. The company released Intel 440BX series motherboards synchronously with Intel. 810 motherboard was elected as the Demo Board manufacturer of Intel in Asian-Pacific region. Cash capital increase, conversion of surplus into capital, conversion of bonus dividend into capital, and conversion of capital reserve into capital were completed. The capital was increased to NT$ 520,000,000.
1999	The company was elected by CRN as the Top 10 motherboard Manufacturers in 1998. P5BV3＋motherboard product was selected as the only Socket 7 motherboard of full mark in terms of performance weighted score in "Computer World" Contest in Mainland China in February. DFI 810 motherboard was launched synchronously with Intel in April, and was delivered globally after mass production at the beginning of May. The 5th SMT line was purchased, and the monthly capacity was increased to 200,000 PCS. 810e motherboard was selected as the Demo Board manufacturer (technical reference board) of Intel in the world again, was launched synchronously with Intel in September, and was delivered globally after mass production in October. The Proposal on Listing in Taiwan Stock Exchange and Securities & Futures Commission was adopted in October. Capitalized surplus was 64,000,000 shares, and the share capital was increased to NT$ 584,000,000.
2000	Shares of the Company were traded at Taiwan Stock Exchange from Jan. 15. Diamond Flower H.T. was established in the British Virgin Islands. Group (BVI) Inc. investment company. Cash capital increase, conversion of surplus into capital, conversion of bonus dividend into capital, and conversion of capital reserve into capital were completed. The capital was increased to NT$ 981,200,000. The 6th SMT line was purchased to increase the monthly production capacity to 270,000 PCS. Treasury stock of 2,800,000 shares was repurchased, and the paid-up capital after movement was NT$ 953,200,000.
2001	The 7th SMT unit was purchased in April, and the monthly capacity was increased to 300,000 PCS. Surplus, the bonus dividends and capital reserve were capitalized, and the capital was increased to NT$ 1,150,000,000.
2002	Bonus dividends of NT$ 26,000,000 were capitalized, and the capital increased to NT$ 1,176,000,000.

	The 8th SMT was purchased.
	A sales office was established in Tokyo, Japan to develop special application platform (ACP) business.
	The European Subsidiary was relocated to Rotterdam, Netherlands. A service center was set up in Poland in Eastern Europe.
	Treasury stock of 3,200,000 shares was repurchased.
2003	Treasury stock of 5,050,000 shares was repurchased.
	Bonus dividends of 1,260,000 shares (NT$ 12,600,000) were capitalized. Treasury stock of 2,000,000 shares was canceled, and the paid-up capital was increased to NT$ 1,168,600,000.
	LANPARTY NFII ULTRA was given the Recommended Award of LANPARTY.com, PC Professional Full-mark 5X Extreme Award, Recommended Award by Editor-in-chief of PC Magazine, and the Best Creative Award for motherboard of Tom's Hardware Guild 2003.
2004	Treasury stock of 8,200,000 shares was repurchased, and the paid-up capital was increased to NT$ 1,098,000,000.
2005	Treasury stock of 3,050,000 shares was repurchased, and the paid-up capital was increased to NT$ 1,097,000,000.
	The subsidiary DFI-SJ reduced the capital to recover the losses at an amount of USD 1,490,000; meanwhile, the Company increased capital for this subsidiary by USD 990,000.
	The capital of this company after movement was USD 1,000,000.
	ACP turnover exceeded 50%, and the industrial computers became the principal activity of the company.
2006	Paid-up capital was increased to NT$ 1,083,000,000.
	GE invested the Company and became one of the most important shareholders.
	100% of equity in DFI-Japan was acquired at a cost of NT$ 24,550,000.
	ACP consolidated annual turnover growth rate exceeded 51% for three consecutive years.
2007	Paid-up capital was increased to NT$ 1,140,000,000.
	The remaining 65.77% of equity of the subsidiary ITOX was acquired at a cost of NT$ 234,000,000.
	The company passed QC08000, ISO140001 and Green Partner certification.
2008	Paid-up capital was increased to NT$ 1,190,000,000.
	The company invested 100% of equity in Yen Tung Technology Co., Ltd., at an investment cost of USD 6,000,000 (NT$ 187,260,000).
	The capital of DFI-Japan was increased by JPY 280,000,000 (about NT$ 79,940,000).
2009	Paid-up capital was increased to NT$ 1,210,940,000.
2010	Treasury stock of 819,000 shares was canceled, and the paid-up capital was increased to NT$ 1,202,750,000.
2011	The processing factory in Mainland China was transformed into a wholly-owned factory. The wholly-owned factory was established on May 26, 2011 with a registered capital of USD 2,500,000.
	2 Treasury stock was repurchased for twice, respectively, 3,182,000 shares and 2,254,000. After cancellation, the share capital was NT$ 1,148,400,000.
	The System R&D Division was established, to develop the industrial computer system business.
	The Xizhi Factory obtained ISO13485 certification, and Houjie Factory passed ISO14001 certification.
2014	A domestic sales office-Yan Ying Hao Trading (Shen Yan) Co., Ltd. was established in Shenzhen, China on Jun. 4, 2014.
	Treasury stock of 1,766,000 shares was repurchased.
	EC200-BT fanless embedded industrial computer, and EC541-HD modular embedded industrial computer were given Computex 2014 d&i Innovative Award.
	EC541-HD modular embedded industrial computer was given 2014 China Design Red Star Award.
	EC200-BT fanless embedded industrial computer was given 2014 Gold Point Design Award.
2015	Treasury stock of 1,615,000 shares was transferred to the employees.
	The Company's headquarters was relocated to Farglory U-TOWN, Sec. 1, Xintai 5th Rd, Xizhi
2016	Loaded Qualcomm processor motherboard and medical industrial system were launched.

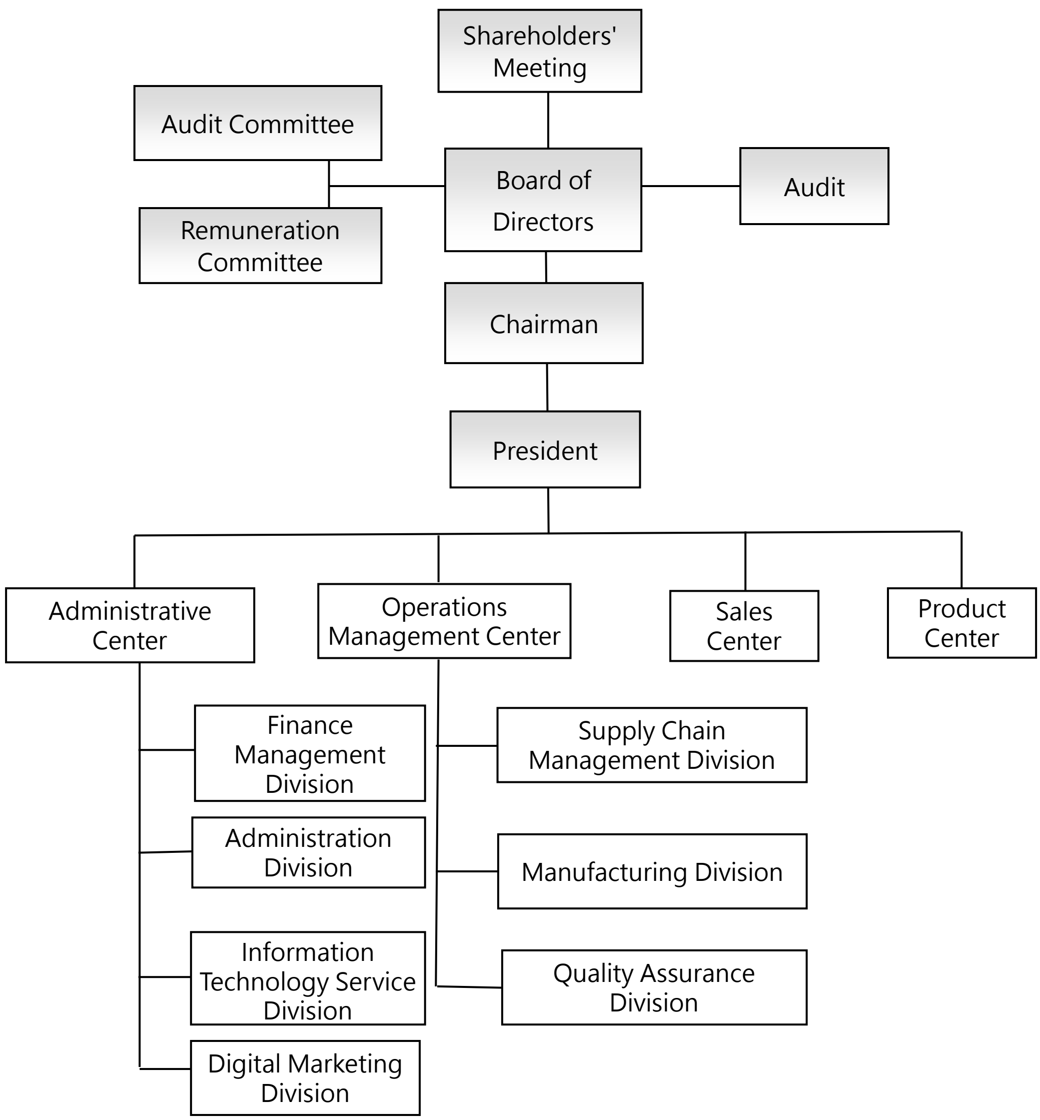
	The company passed QML certification of top 3-level standards under IPC J-STD-001 and IPC-A-610.
	The company passed Microsoft Azure IoT certification.
2017	Treasury stock of 151,000 shares was canceled, and the paid-up capital was increased to NT$ 1,146,890,000.
	The company joined Qisda Group.
	The company was selected by CommonWealth Magazine as Top 50 Operating Turnover.
2018	Capacity was increased, and the new 5th SMT was added.
2019	AEWIN Technologies Co., Ltd. was acquired in March, with accumulated shareholding ratio of 50.74%.
	ACE PILLAR Co., Ltd. was acquired in October with accumulated shareholding ratio of 26.62%.
2020	The business address of the company was changed to 10F, No.97, Sec.1, Xintai 5th Rd, Xizhi Dist., New Taipei City.
	Ordinary shares of AEWIN Technologies Co., Ltd. were acquired in the open market in November, with accumulated shareholding ratio of 50.84%.
	Ordinary shares of ACE PILLAR Co., Ltd. were acquired in the open market in November, with accumulated shareholding ratio of 33.56%.
	Intel issued the Best IoT Solution Provider Award.
	"Top 100 Enterprises of Rapid Growth" by CommonWealth Magazine.
2021	In March, the Board of Directors approved investments in preferred shares and ordinary shares of Brainstorm Corporation, with shareholding ratio of 35.09%.
	Treasury stock of 200,000 shares was canceled, and the paid-up capital was increased to NT$ 1,144,890,000.
	Ordinary shares of AEWIN Technologies Co., Ltd. were acquired in the open market continuously, with accumulated shareholding ratio of 51.38%.
	In June, the Board of Directors approved acquisition of the ordinary shares of ACE PILLAR Co., Ltd. , with accumulated shareholding ratio of 48.07%.
	Hectronic issued the Best Supplier Award.
	Intel issued the Best IoT Solution Provider Award.
	Selected as one of Top 100 Fastest Growing Taiwanese Companies by CommonWealth Magazine.
	TrendForce - DFI ranked third in the IPC list with consolidated revenue of NT $5,280,000,000 and an annual growth rate of 25.2%.
2022	Selected as one of the "High-Growth Companies Asia-Pacific 2022" by Financial Times
	The new factory was awarded the highest level of IPC certification.
	Obtained ISO 14064-1 certification for greenhouse gas detection issued by an international third party.
	Awarded 2022 Taiwan Corporate Sustainability Awards - Bronze Award for Corporate Sustainability Reporting
2023	– Electronic Information Manufacturing Industry
	Received the 3rd TSAA Taiwan Sustainable Action Award: SDG11 Sustainable Cities - Gold Level.
	Received the Asia Pacific Outstanding Enterprise Award (APEA) - Corporate Excellence Award.
	Awarded 2023 Taiwan Corporate Sustainability Awards - Bronze Award for Corporate Sustainability Reporting – Electronic Information Manufacturing Industry
	Sold 35.09% stake in Brainstorm Corporation.

Note: The development history of the subsidiaries AEWIN Technologies Co., Ltd. and ACE PILLAR Co., Ltd. was set out in the Company's 2023 Annual Report.

Governance Report

I. Organizational System

(I) Organizational Chart



(II) Business Operated by Departments

Departments	Main Responsibilities
Administrative Center	1. Accounting system, accounting, and tax treatment analysis and planning. 2. Matters related to the acquisition, use, and dispatch of working capital. 3. Use of various financial statement data to set a business direction. 4. Annual budget, stock affairs, credit management, and investment strategy planning and execution. 5. Establishment and management of personnel systems, such as manpower planning, recruitment, appointment, evaluation, and promotion. 6. Planning, design, and management of the remuneration system, business trips, insurance, and benefits. 7. Education and training and talent training planning, system establishment, and implementation. 8. Planning and implementation of business, such as corporate culture and employee relations. 9. Management analysis and maintenance of information systems. 10. Digital business report planning and design. 11. Exhibition planning and execution. 12. Potential client list collection and performance tracking. 13. New product and brand promotion program planning and execution.
Operations Management Center	1. Global operations planning and management. 2. Strategic procurement planning and management. 3. Responsible for the production and manufacturing of each product. 4. Production yield, capacity planning, and efficiency control. 5. Implementation of the quality management system to ensure product quality and meet clients' needs. 6. Product quality management supervision and quality strategy planning and implementation. 7. International standards and relevant certification information announcement. 8. Provision of the R&D unit with measurement analysis results and safety certification application service. 9. Provision of after-sales services.
Sales Center	1. Development and promotion of domestic and foreign market business. 2. Formulation of marketing plans. 3. Product education and training for customers.
Product Center	1. Product development, design, and establishment and maintenance of R&D design processes. 2. Helping the Business Operations Center deal with and analyze defective products to improve the production process and design quality. 3. Audit management, distribution, and filing of ISO operating procedure data files. 4. Responsible for product planning and provision of project technical support. 5. Market demand analysis, product direction setting, marketing planning, and sales promotion. 6. Project technical documents and engineering change management and approval document maintenance.

II. Data of Directors, President, Vice President, Associate Managers, and head of each department and branch

(I) Information of directors

Date of ceasing share transfer: 2024.04.01; Unit: shares

Title	Nationality or Place of Incorporation	Name	Sex / Age	Date of Selection (Appointment)	Term of office	Initial Appointment Date	Shares held at the time of appointment		Shares held at present		Shares currently held by the spouse and minor children		Shares held in the name of others		Main experience(educational background)	Position concurrently held in the Company and other companies	Other officers, directors or supervisors who are spouse or second degree of kinship		
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job Title	Name	Relationship
Chairman	Republic of China	Qisda Corporation	-	2023.05.31	3	2017.12.28	51,609,986	45.08%	51,609,986	45.08%	–	–	–	–	Science and Technology Management Class of National Chengchi University International MBA, Thunderbird School of Global Management Master of Business Management Electrical Engineering Department, National Cheng Kung University Technology Product Center EVP, BenQ Corp.	Chief Executive Officer of Qisda Corp. Chairman of BenQ Medical Technology Corp. Chairman of Partner Tech Corp. Director of Darfon Electronics Corp. Director of BenQ Corp. Director of BenQ Material Corp. Vice Chairman of Alpha Networks Inc. Director of Hitron Technologies Inc. Director of Darly Venture Inc. Director of Darly2 Venture, Inc. Director of Darly Consulting Corp. Director of BenQ Healthcare Consulting Corp. Director of BenQHospital Management Consulting (NanJing) Co., Ltd. Director of Nanjing BenQ Hospital Co., Ltd. Director of Suzhou BenQ Hospital Co., Ltd. Director of Qisda (Hong Kong) Limited Director of BenQ BM Holding Corp. Director of BenQ BM Holding Cayman Corp. Director of Qisda (L) Corp. Director of Darly Venture (L) Ltd. Director of Phoenix Innovation Investment Corp. Director of Phoenix II Innovation Investment Corp. Director of Phoenix III Innovation Investment Corp. Director of BenQ Foundations Director of Phoenix Innovation Investment Corp.			
		Representative: Chi-Hong Chen	Male 60-69				-	-	-	-	-	-	-	-					
Director	Republic of China	Qisda Corporation	-	2024.03.22	3	2024.03.22	51,609,986	45.08%	51,609,986	45.08%	-	-	-	-	Master of Electric Engineering, National Taiwan University Senior Director of Smart City Marketing Center, Intelligent Solutions Business Group, Qisda Corporation	Senior Director of Intelligent Solutions Business Group, Qisda Corporation Chairman of Metaage Corp. Chairman of AEWIN Technologies Co., Ltd. Chairman of Ace Pillar Co., Ltd. Director of BenQ Guru Software Co., Ltd. Director of Partner Tech Corp. Director of APLEX Technology Inc. Director of EXPERT ALLIANCE SMART TECHNOLOGY CO. LTD Director of BENQ Guru (Hong Kong) Limited			
		Representative: Wen-Hsing Tseng (Note 1)	Male 50-59				-	-	-	-	-	-	-	-					

Title	Nationality or Place of Incorporation	Name	Sex / Age	Date of Selection (Appointment)	Term of office	Initial Appointment Date	Shares held at the time of appointment		Shares held at present		Shares currently held by the spouse and minor children		Shares held in the name of others		Main experience(educational background)	Position concurrently held in the Company and other companies	Other officers, directors or supervisors who are spouse or second degree of kinship		
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job Title	Name	Relationship
Director & President	Republic of China	Qisda Corporation	-	2023.05.31	3	2021.11.05	51,609,986	45.08%	51,609,986	45.08%	-	-	-	-	Master of Electrical Engineering, National Taiwan University COO of AEWIN Technologies Co., Ltd.	Director of Diamond Flower Information (NL) B.V. Director of DFI Co., Ltd. Director of DFI America, LLC. Director of Yan Tong Technology Ltd. Director of AEWIN Technologies Co., Ltd. Director of Ace Pillar Co., Ltd.			
		Representative: Chia-Hung Su	Male 50-59				-	-	20,000	0.02%	-	-		-					
Independent Director	Republic of China	Te-Chang Yeh	Male 60-69	2023.05.31	3	2017.12.28	—	—	—	—	—	—	—	—	Master of Economics, National Chengchi University Consultant of Wafer Works Corp.	Independent Director of KIAN SHEN CORP. Independent Director of CARNIVAL INDUSTRIAL CORP. Supervisor of Maxkit Technology Co., Ltd. Consultant of Wafer Works Corp. Chairman of the Board of Wafer Works Epitaxial Corp. Supervisor of Wafer Works (Shanghai) Co., Ltd. Supervisor of Wafer Works (Zhengzhou) Corp.. Director of Silicon Technology Investment (Cayman) Corp.			
Independent Director	Republic of China	Chih-Hao Chu	Male 50-59	2023.05.31	3	2017.12.28	—	—	—	—	—	—	—	—	Master of Electric Engineering, National Taiwan University EMBA, National Taiwan University Founder of GIGM	President of Industrial Technology Investment Corp. Director of GIT Consultants Corp. (Corporate Representative of Industrial Technology Investment Corp.) Director of Intellectual Property Innovation Corp. (Corporate Representative of Industrial Technology Investment Corp.) Chairman of IP Venture Investment and Management Co. (Corporate Representative of Industrial Technology Investment Corp.) Director of Innovation Technology Venture Capital Corp. (Corporate Representative of GIT Consultants Corp.)			

Title	Nationality or Place of Incorporation	Name	Sex / Age	Date of Selection (Appointment)	Term of office	Initial Appointment Date	Shares held at the time of appointment		Shares held at present		Shares currently held by the spouse and minor children		Shares held in the name of others		Main experience(educational background)	Position concurrently held in the Company and other companies	Other officers, directors or supervisors who are spouse or second degree of kinship		
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job Title	Name	Relationship
Independent Director	Republic of China	Chih-Hao Chu	Male 50-59	2023.05.31	3	2017.12.28	–	–	–	–	–	–	–	–		Chairman of Digital Economy Fund GP, Ltd. (Corporate Representative of Innovation Technology Venture Capital Corp.) Golden Asia Fund Ventures Ltd. (Cayman) Director TIEF Fund, LTD (Cayman) Director LEAP Fund GP, Ltd (Cayman) Director Applied Ventures ITIC Innovation Fund GP, LLC (Cayman) Director Adjunct Professor of National Taiwan University National Science and Technology Council Technological Policy Advisory Committee Chairman of VSENSE CO., LTD. Director of Hengli Medical Inc. VSense Medical Inc. (Cayman) Director Independent Director of INTUMIT INC. Director of Epoch Foundation Director of Chinese Strategy Development Association Chairman of FONTRIP TECHNOLOGY CO., LTD. Director of A21Ventures Director of Innowings Investment & Consulting Corp. Director of Athena Innovation Investment and Service Co. Independent Director of Xinpu Technology Co., Ltd. Chairman, President, and CFO of Taiwan Biopharmaceutical Manufacturing Co., Ltd. Taiwan Enzyme Co., Ltd. Director (Representative of Nanxiang Innovation Consultants Co., Ltd.)			
Independent Director	Republic of China	Bing-Kuan Luo	Male 60-69	2023.05.31	3	2023.05.31	–	–	–	–	–	–	–	–	Master of Laws, Fu Jen Catholic University	Chairman of the Chinese Independent Directors Association Chairman of Hua Xuan International Consultants Co., Ltd. Chairman of Kaida International Capital Corporation Independent Director of Hua Nan Commercial Bank, Ltd. Independent Director of Faraday Technology Corporation Vice Chairman of the Taiwan Mergers and Acquisitions and Private Equity Association Director of Monte Jade Science & Technology Association of Taiwan			

Note: Director Ming-Shan Li was relieved of his duties due to his passing on January 26, 2024.

Note 1: Qisda Corp. Legal Representative Director: Chang-Hung Li was dismissed on March 22, 2024, and was replaced by representative Wen-Hsing Tseng

Major Shareholders of Institutional Shareholders

Name of Institutional Shareholders	Major Shareholders of Institutional Shareholders	
	Name	Shareholding ratio
Qisda Corporation	AU Optronics Corp.	11.96%
	Acer Inc.	4.53%
	Taishin International Bank in custody for employee stock ownership trust of Qisda Corp.	3.97%
	Taipei Fubon Commercial Bank Co., Ltd. entrusted to custody the Fu Hua Taiwan Technology Dividend ETF Securities Investment Trust Fund Account.	3.73%
	Konly Venture Inc.	2.55%
	Darfon Electronics Corp.	2.03%
	Hua Nan Commercial Bank in custody for Yuanta Taiwan High Dividend Value ETF Securities Investment Trust Fund	1.49%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for J.P. Morgan Securities Limited	1.25%
	Chunghwa Post Co., Ltd.	0.98%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	0.95%

Note 1: The data source of Qisda Corporation is the information of the company's book closure date as of March 31, 2024.

Major shareholders of Institutional shareholders whose Major shareholder is a Juristic Person

Name of Institutional Shareholders	Major Shareholders of Institutional Shareholders	
	Name	Shareholding ratio
AU Optronics Corp. (Note 2)	Qisda Corporation	6.90%
	CTBC Bank in custody for Yuanta Taiwan Dividend Plus Securities Investment Trust Fund Special Account	4.71%
	Bank SinoPac in custody for ESOP Trust Management Committee of AU Optronics Corp.	4.62%
	Quanta Computer Inc.	4.61%
	Citi Bank in custody for Overseas Depository Receipt Account of AU Optronics Corp.	2.52%
	Nanshan Life Insurance Company	1.50%
	New Labor Pension Fund	1.27%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, managed by the Vanguard Group	0.91%
	CTBC Bank in custody for Yuanta Taiwan Dividend Plus Securities Investment Trust Fund Special Account	0.88%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	0.86%

Name of Institutional Shareholders	Major Shareholders of Institutional Shareholders	
	Name	Shareholding ratio
Acer Inc. (Note 2)	Taishin International Bank in custody of Special Account for Taiwan ESG Sustainable High Dividend ETF Securities Investment Trust Fund of Cathay Pacific Taiwan High Dividend Umbrella Securities Investment Trust Fund	7.64%
	Hung Rouan Investment Corp.	2.42%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, managed by the Vanguard Group	1.31%
	Standard Chartered Bank, Business Department in custody for iShares ESG Aware Morgan Stanley Capital International Emerging Markets Index Equity Fund Investment Account	1.26%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.23%
	Stan Shih	1.15%
	New Labor Pension Fund	0.97%
	Citibank (Taiwan) Limited in custody for Acer overseas depositary receipts	0.93%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for J.P. Morgan Securities Limited	0.88%
	Citibank (Taiwan) Limited in custody for Norges Bank	0.86%
Konly Venture Inc. (Note 3)	AU Optronics Corporation	100.00%
Darfon Electronics Corp. (Note 2)	Qisda Corporation	20.72%
	BenQ Corporation	5.01%
	Taishin International Bank in custody for employee stock ownership trust of Darfon Electronics Corp.	2.91%
	Mega International Commercial Bank	1.62%
	New Labor Pension Fund	1.48%
	Andy Su	1.45%
	Chang Hwa Commercial Bank	1.21%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, managed by the Vanguard Group	1.20%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.06%
	Citibank (Taiwan) Limited in custody for Norges Bank	0.69%
Chunghwa Post Co., Ltd. (Note 3)	Ministry of Transportation and Communications	100.00%

Note 2: Data source is the company's 2022 Annual Report
Note 3: Data sourced from the business registration of the Administration of Commerce, Ministry of Economic Affairs

Please refer to the information disclosure of professional qualification of directors and independence of the independent directors

Criteria / Name	Professional Qualifications and Experience	Independence Criteria (Note 1)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Chairman Qisda Corporation Representative: Chi-Hong Chen	(1) International MBA, Thunderbird School of Global Management, USA; formerly President of BenQ Product Technology Center and President of Qisda Corporation. (2) Currently serving as the Chairman and CEO of Qisda Corporation, Chairman of BenQ Medical Technology, the Chairman of Partner Tech Corp. and the Director of BenQ Cultural Education Foundation. (3) With diversified industry experience and leadership, familiar with industry-related connections and attaching importance to public welfare, no matters stated in Article 30 of the Company Act.	Not applicable.	0
Vice Chairman Qisda Corporation Representative: Chang-Hung Li (Note 3)	(1) Graduated from the Department of Electrical Engineering of National Taiwan University with a Ph.D. In Electrical Engineering, National Taiwan University; formerly President of Partner Tech Corp. and COO of DFI Inc. (2) Currently serving as the Deputy President of Qisda Corporation, and Chairman of AEWIN Technologies Co., Ltd., Ace Pillar Co., Ltd. and Metaage Corporation. (3) With business management, industrial knowledge and international market view, no matters stated in Article 30 of the Company Act.	Not applicable.	0
Director Qisda Corporation Representative: Wen-Hsing Tseng (Note 3)	(1) Master's from the Department of Mechanical Engineering at National Taiwan University; formerly served as a Senior Director of Smart City Marketing Center, Intelligent Solutions Business Group, Qisda Corporation. (2) Currently serving as a Senior Director of Intelligent Solutions Business Group, Qisda Corporation. (3) With business management, industrial knowledge and international market view, no matters stated in Article 30 of the Company Act. The matter of the clause.	Not applicable.	0

Criteria / Name	Professional Qualifications and Experience	Independence Criteria (Note 1)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Director & President Qisda Corporation Representative: Chia-Hung Su	(1) Graduated from the Department of Electrical Engineering of National Taiwan University, with a master's degree in Electrical Engineering, National Taiwan University, formerly worked as a director of Qisda Co., Ltd. and BenQ Corporation and COO of AEWIN Technologies Co., Ltd. (2) Currently serving as the President of DFI Inc., and Director of AEWIN Technologies Co., Ltd. and Ace Pillar Co., Ltd. (3) With business management, industrial knowledge and international market view, no matters stated in Article 30 of the Company Act.	Not applicable.	0
Director Ming-Shan Li (Note 2)	(1) Graduated from the Graduate Institute of Business Administration, National Chengchi University with a master's degree. He used to be the head of Yuanta Securities Greater China Investment Bank, a director at and the President of Citibank and the head of Citibank, Shanghai, and the executive director at JPMorgan Investment Bank. He has successfully handled a number of investments in TWSE primary listed foreign companies, transnational and domestic mergers and acquisitions, and executed a number of international offerings by well-known companies. (2) Currently serving as the Chairman of MagiCap Venture Capital, Chairman of ILI Technology Corp. and Independent Director of Wistron Corp. (3) Abundant financial analysis skills, investment management expertise, no matters stated in Article 30 of the Company Act.	Not applicable.	1

Criteria / Name	Professional Qualifications and Experience	Independence Criteria (Note 1)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Independent Director Te-Chang Yeh	1. Graduated from National Chengchi University with a master's degree in economics; formerly served as the General Manager of USIFE Investment Co., Ltd. 2. The main current positions are independent directors of Jiang Shen Industrial Co., Ltd. and Jia Yu Co., Ltd., and He Jia Technology Co., Ltd. Consultant, Silicon Technology Investment (Cayman) Corp., Director, MaxiTech (Stock) Supervisor, Chairman of the Board of Wafer Works (Shanghai) Co., Ltd., and , supervisor at Maxkit Technology Co., Ltd. and Wafer Works Epitaxial Corp. and Wafer Works (Zhengzhou) Co., Ltd 3. Expertise in accounting and financial analysis, information management, scientific and technological innovation and industrial development, no matters stated in Article 30 of the Company Act.	Compliant	2
Independent Director Chih-Hao Chu	(1) Graduated from National Taiwan University with a master's degree in electrical engineering and an EMBA degree; the founder of Hoshin Gigamedia Center Inc. (2) Currently serving as the President of Industrial Technology Investment Corp., Director at GIT Consultants Corp., Director at Intellectual Property Innovation Corp., Chairman of IP Venture Investment and Management Company and Chairman of Digital Economy Management Consulting. (3) Expertise in accounting and financial analysis, information management, scientific and technological innovation and industrial development, no matters stated in Article 30 of the Company Act.	Compliant	2
Independent Director Bing-Kuan Luo	(1) Master of Laws, Fu Jen Catholic University (2) Current positions include Chairman of the Chinese Independent Directors Association, Chairman of Hua Xuan International Consultants Co., Ltd., CEO of Kaida International Capital Co., Ltd., Independent Director of Hua Nan Commercial Bank Co., Ltd. and Zhiyuan Technology Co., Ltd., Vice Chairman of the Taiwan Mergers and Private Equity Association, and Director of the Taiwan Yushan Technology Association. (3) Expertise in accounting and financial analysis, information management, scientific and technological innovation and industrial development, no matters stated in Article 30 of the Company Act.	Compliant	2

Note 1: Items that meet the criteria are listed in the following Checklist for Professional Qualifications and Independence of Independent Directors.

Note 2: Note: Director Ming-Shan Li was relieved of his duties due to his passing on January 26, 2024.

Note 3: Qisda Corporation Legal Representative Director: Chang-Hung Li was dismissed on March 22, 2024, and was replaced by representative Wen-Hsing Tseng.

Checklist for Professional Qualifications and Independence of Independent Directors

Evaluated Items	Te-Chang Yeh	Chih-Hao Chu	Bing-Kuan Luo
1. **<u>Compliance with Article 2 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies":</u>** Independent directors must possess one of the following professional qualifications and have at least five years of relevant work experience: I. Lecturers or above in public or private colleges and universities in fields related to business, law, finance, accounting, or company operations. II. Judges, prosecutors, lawyers, certified public accountants, or other professionals and technical personnel who have passed national examinations required for company operations and hold relevant certifications. III. Relevant work experience in business, law, finance, accounting, or company operations. Individuals who meet any of the following conditions are not eligible to serve as an independent director, and if already serving, shall be dismissed automatically: I. Having any of the circumstances stipulated in Article 30 of the Company Act. II. Elected as a government, legal entity, or its representative in accordance with Article 27 of the Company Act. III. Violating the qualifications for independent directors as stipulated in these regulations.	Compliant	Compliant	Compliant
2. **<u>Compliance with Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies":</u>** Independent directors must maintain their independence within the scope of their duties and must not have any direct or indirect interest with the Company. They should not meet any of the following conditions for two years prior to their appointment and during their tenure: I. Be an employee of the Company or its affiliated entities. II. Be a director or supervisor of the Company or its affiliated entities. III. The individual, along with their spouse, minor children, or in the name of others, holds more than 1% of the total issued shares of the Company or is among the top ten shareholders. IV. Be a spouse, relative within the second degree of kinship, or direct blood relative within the third degree of kinship of the managerial personnel mentioned in the first subparagraph, or of the personnel listed in the previous two subparagraphs. V. Be a director, supervisor, or employee of corporate shareholders who directly hold 5% or more of the Company's total issued shares, are among the top five shareholders, or who appoint representatives to serve as directors or supervisors of the Company in accordance with Paragraph 1 or Paragraph 2 of Article 27 of the Company Act. VI. Be a director, supervisor, or employee of a company where the majority of its board seats or voting share, as well as that of the Company, are controlled by the same person. VII. Be a director, supervisor or employee of another company or institution where the chairman, general manager or person holding equivalent position in the Company and in that company or institution are the same person or spouses. VIII. Be a director, supervisor, manager, or shareholder holding more than 5% of the shares of a company or institution that has financial or business dealings with the Company. IX. Be a professional, sole proprietor, partner, business owner, director, supervisor, managers, or their spouse, of a company or institution that provides audit services or has received cumulative compensation exceeding NT$500,000 in the past two years for business, legal, financial, accounting, or other related services to the Company or its affiliated enterprises. However, this does not apply to members of the Remuneration Committee, Public Tender Offer Review Committee, or Special Merger and Acquisition Committee who are performing their duties in accordance with this Act or relevant provisions of the Business Mergers and Acquisitions Act.	Compliant	Compliant	Compliant

Diversification and independence of the Board of Directors:

1. Diversity of the Board of Directors:

(1) The Code of Governance formulated by the Company expressly set forth the diversification policies for the board members and the overall staff of the Board of Directors. Nomination and election of the members of the Board of Directors will be subject to candidate nomination system according to the provisions of the Articles of Association. In addition to the educational background and work experience, the candidates will be also elected by reference to the opinion of the stakeholders in accordance with the Director Election Measures and the Code of Governance in order to guarantee diversification and independence of the board members.

In accordance with the Company's Code of Governance, members of the board of directors shall be diversified and an appropriate diversification policies shall be formulated in accordance with the company operations, operating modes and development needs, including but not limited to the following two criteria:

a. basic conditions and values: age and identity, etc. The company places importance on gender equality in the composition of the board of directors, with the goal of adding at least one female director in the future.

b. expertise and skills: professional background, professional skills and industry experience, etc.

(2) In 2023, the diversification of the board members of the Company is as follows:

Title	Name	Gender	Diversified industrial and professional capabilities					Term of office of Independent Directors
			Corporate Management	Industry knowledge	Venture Capital	Sustainable Development	Financial Accounting	
Chairman	Chi-Hong Chen	Male	V	V	V	V		
Vice Chairman	Chang-Hung Li (Note 2)	Male	V	V	V	V		
Director & President	Chia-Hung Su	Male	V	V	V	V		
Director	Ming-Shan Li (Note 1)	Male	V	V	V		V	
Independent Director	Te-Chang Yeh	Male	V	V	V	V	V	Within 3 sessions
Independent Director	Chih-Hao Chu	Male	V	V	V	V	V	Within 3 sessions
Independent Director	Bing-Kuan Luo	Male	V	V	V	V	V	Within 3 sessions

Note 1: Note: Director Ming-Shan Li was relieved of his duties due to his passing on January 26, 2024.

Note 2: Qisda Corporation Legal Representative Director: Chang-Hung Li was dismissed on March 22, 2024, and was replaced by representative Wen-Hsing Tseng.

The number of directors in the capacity of employees accounts for 14%, while the independent directors account for 43%; as of the end of 2022, 3 independent directors have length of service for 4-6 years; 3 directors are 60-69 years old; 3 directors are 50-59 years old; one director is 40-49 years old.

Management Objectives Achieved:

a. The number of the directors who concurrently act as the managers shall not exceed one third of all directors; the number of the directors who are spouse or relatives within the second degree of kinship to each other does not exceed 50% of the total number of directors.

b. Responsibilities of the Chairman and the President shall be expressly divided, and the Chairman and the

President shall not be the same person. If the same person act as the Chairman and the President concurrently, or the Chairman and the President are spouse or immediate relatives, then, the independent director seat will be increased.

(3) The Board of Directors as a whole shall have the following competences: 1. Operation judgment; 2. Accounting and financial analysis; 3. Operation management; 4. Crisis management; 5. Industry knowledge; 6. International market insights; 7. Leadership; 8; Decision-making ability.

2. Independence of the Board:

There are seven current directors of the Company, including three independent directors (accounting for 43% of the directors), and more than one-third of the all directors. all independent directors have met the regulations of the Securities and Futures Bureau of the Financial Supervisory Commission regarding independent directors, and there is no spouse or second-degree relationship between directors. Therefore, there are no circumstances under Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act. In summary, the Board of Directors of the Company is independent.

(II) Information about President, Vice President, Associate Managers and Heads of Each Department and Branch

2024.04.01; Unit: Shares

Title	Nationality	Name	Gender	Date of Inauguration	Shareholding		Shares held by the spouse and minor children		Main experience (educational background)	Position concurrently held in the Company and other companies	Managers who are spouse or relatives within the second degree of kinship		
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job Title	Name	Relationship
President	Republic of China	Chia-Hung Su	Male	2021.11.10	20,000	0.02%	-	-	Master of Electrical Engineering, National Taiwan University COO of AEWIN Technologies Co., Ltd.	Director of Diamond Flower Information (NL) B.V. Director of DFI Co., Ltd. Director of DFI America, LLC. Director of Yan Tong Technology Ltd. Director of AEWIN Technologies Co., Ltd. Director of Ace Pillar Co., Ltd.			
Senior Director	Republic of China	Li-Min Huang	Female	2013.12.13	26,050	0.02%	-	-	Institute of Finance, Taiwan University of Science and Technology LITE-ON TECHNOLOGY CORPORATION	Director of Diamond Flower Information (NL) B.V. Director of DFI Co., Ltd. Director of DFI America, LLC. Director of Yan Tong Technology Ltd. Supervisor of Yan Ying Hao Trading (ShenZhen) Co., Ltd Director of AEWIN Technologies Co., Ltd. Director of Ace Pillar Co., Ltd.			
Senior Director	Republic of China	Chia-I Chang	Male	2012.12.01	174,000	0.15%	-	-	Master of Business Administration at National Chengchi University ABIT Computer Corporation	Director of DFI Co., Ltd.			
Senior Director	Republic of China	Hsin-Chung Chan	Male	2016.01.06	-	-	-	-	University of Wisconsin, USA	None.			
Managerial officers hold shares in the Company in the name of another person Managerial officers has a spouse or second-degree relatives serving as the supervisor of the Company													

Note: The number of shares held is based on the actual number of shares held on the transfer closing date April 1, 2024.

(III) Remuneration paid to the Directors, Supervisor, President and Vice President during the most recent fiscal year

1. Remuneration of Directors

2023.12.31; Unit: NT$1000

Title	Name	Remuneration Paid to Directors								Total amount of A+B+C+D and proportion of the after-tax net profit (Note 10)		Relevant Remuneration Received by Directors who Are Also Employees								Total amount of A+B+C+D and proportion of the after-tax net profit (Note 10)		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company (Note 11)
		Salary (A) (Note 1)		Severance Pay and Pension (B) (Note 2)		Director's Remuneration (C) (Note 3)		Business Execution Expenses (D) (Note 4)				Salary, Bonus, and Allowance (E) (Note 5)		Severance Pay and Pension (F)		Employee Compensation (G) (Note 6)						
		The Company	Companies in Consolidated Financial Statements (Note 7)	The Company	Companies in Consolidated Financial Statements (Note 7)	The Company	Companies in Consolidated Financial Statements (Note 7)	The Company	Companies in Consolidated Financial Statements (Note 7)	The Company	Companies in Consolidated Financial Statements (Note 7)	The Company	Companies in Consolidated Financial Statements (Note 7)	The Company	Companies in Consolidated Financial Statements (Note 7)	The Company		Companies in Consolidated Financial		The Company	Companies in Consolidated Financial Statements (Note 7)	
																Cash	Stock	Cash	Stock			
Director	Qisda Corporation Representative Chi-Hong Chen Chang-Hung Li (Note 14) Chia-Hung Su Ming-Shan Li (Note 13)	7,000	10,200	0	0	2,621	2,621	560	650	10,181 (2.81%)	13,471 (3.72%)	4,574	4,574	108	108	926	0	926	0	15,789 (4.37%)	19,079 (5.27%)	93,175
Independent Director	Kuang-Jen Chou (Note 12)	4,200	4,200	0	0	1,123	1,123	150	150	5,473 (1.51%)	5,473 (1.51%)	0	0	0	0	0	0	0	0	5,473 (1.51%)	5,473 (1.51%)	0
Independent Director	Te-Chang Yeh																					
Independent Director	Chih-Hao Chu																					
Independent Director	Bing-Kuan Luo (Note 12)																					

1. Please explain the independent director remuneration policy, system, standard, and structure, and the connection between the amount of remuneration and the considered factors such as their job responsibilities, risks, and working time:
   The remuneration to the Company's directors is paid by the Board of Directors as authorized in accordance with the of the Company's Articles of Incorporation based on each director's participation in the Company's operations and value of contribution while with reference to the Regulations on Remuneration of Directors and Functional Committee Members stipulated as per the domestic and foreign industry standards. Where the Company has earnings, the Board of Directors shall determine the amount of directors' remuneration through a resolution in accordance with the Company's Articles of Incorporation. Independent directors are ex officio members of the Audit Committee. In addition to the remunerations paid to directors, an amount of reasonable remuneration is determined as per each individual's responsibilities, risks assumed, and time spent.
2. Other than disclosures in the above table, remuneration paid to directors for providing services (e.g., providing consulting services as a non-employee) for all companies in financial reports in the most recent year

Remuneration Range Table

Range of Remuneration Paid to Directors	Name of Director			
	Sum of commissions for the first four items (A+B+C+D)		Sum of commissions for the first seven items (A+B+C+D+E+F+G)	
	The Company (Note 8)	All Companies in Consolidated Financial Statements(Note 9) H	The Company (Note 8)	Parent company and all reinvested businesses (Note 9) I
Less than NT$1,000,000	Kuang-Jen Chou	Kuang-Jen Chou	Kuang-Jen Chou	Kuang-Jen Chou
NT$1,000,000 (inclusive)-NT$2,000,000(excluding)	Representatives of Qisda Corporation: Chia-Hung Su, Ming-Shan Li, Chih-Hao Chu, Te-Chang Yeh, Bing-Kuan Luo	Representatives of Qisda Corporation: Chia-Hung Su, Ming-Shan Li, Chih-Hao Chu, Te-Chang Yeh, Bing-Kuan Luo	Ming-Shan Li, Chih-Hao Chu, Te-Chang Yeh, Bing-Kuan Luo	Ming-Shan Li, Chih-Hao Chu, Te-Chang Yeh, Bing-Kuan Luo
NT$1,000,000 (inclusive)-NT$2,000,000(excluding)	Representative of Qisda Corporation: Chi-Hong Chen, Chang-Hung Li	Representative of Qisda Corporation: Chi-Hong Chen	Representative of Qisda Corporation: Chi-Hong Chen, Chang-Hung Li	
NT$ 3,500,000 (inclusive)-NT$ 5,000,000 (excluding)		Representative of Qisda Corporation: Chang-Hung Li		
NT$ 5,000,000 (inclusive)-NT$10,000,000 (excluding)			Representative of Qisda Corporation: Chia-Hung Su	Representative of Qisda Corporation: Chia-Hung Su
NT$ 10,000,000 (inclusive)-NT$15,000,000 (excluding)				
NT$ 15,000,000 (inclusive)-NT$ 30,000,000 (excluding)				Representative of Qisda Corporation Chang-Hung Li
NT$ 30,000,000 (inclusive)-NT$ 50,000,000 (excluding)				
NT$ 50,000,000 (inclusive)-NT$ 100,000,000 (excluding)				Representative of Qisda Corporation: Chi-Hong Chen
Over NT$100,000,000				
Total	A total of 8 (including 3 juridical persons)	A total of 8 (including 3 juridical persons)	A total of 8 (including 3 juridical persons)	A total of 8 (including 3 juridical persons)

Note 1: Remuneration of directors for 2023 (including salary, post pay, severance pay, all kinds of bonuses, incentive payment of the director, etc.).

Note 2: It is the amount of appropriation and payments made in accordance with the law in 2023.

Note 3: Remuneration paid to the directors under the proposal on distribution of earnings for 2023 adopted at the board meeting dated Mar. 4, 2024.

Note 4: It is the relevant business execution expenses of the directors in 2023 (including the difference between the remuneration of the subsidiaries to representatives of the corporate directors appointed for their subsidiaries and the salaries of the directors issued by their subsidiaries, traffic allowance, special expenses, various allowances, dormitories, vehicles and other provisions in kind).

Note 5: The difference the between remuneration received by directors working as employees (including those concurrently serving as general manager, deputy general manager, other managers, and employees) in 2023 and the remuneration of the legal representative appointed by the company for the subsidiary and the salary paid by the subsidiary to the directors, salary, position bonus, termination payment, various bonuses, rewards, traffic allowances, special expenses, various allowances, dormitories, vehicles, and other provisions in kind. Any salary listed under IFRS2 "Share-based Payment", including employee stock options, new restricted employee shares, and cash capital increase by stock subscription, shall be also included in the remuneration.

Note 6: Directors concurrently being the employees (including concurrently holding the office as General Manager, Deputy General Manager, other managers and employees) who have received the staff bonus dividends (including stock dividends and cash dividends) are entitled to the employee bonus to be allocated as approved at the board meeting date Mar. 4, 2024.

Note 7: The amount of the remuneration paid to the Company's directors by all companies (including the Company) in the consolidated report shall be disclosed.

Note 8: If the remuneration paid by the Company to each director is within the remuneration range, the name of the director shall be disclosed.

Note 9: If the remuneration paid by all companies (including the Company) in the consolidated report to each director of the Company is within the remuneration range, the name of the director shall be disclosed.

Note 10: Post-tax net profits refer to the net profits after payment of the individual financial report ax in 2023.

Note 11: It is the compensation received by directors as directors, supervisors or managers of reinvested businesses other than the parent company or subsidiary in 2023, remuneration (including remuneration of employee, director and supervisor), business execution expenses and other related remuneration.

Note 12: On May 31, 2023, the shareholders' meeting will be held to elect new board members. Independent director Kuang-Jen Chou will step down, and independent director Bing-Kuan Luo will take his place.

Note 13: Note: Director Ming-Shan Li was relieved of his duties due to his passing on January 26, 2024.

Note 14: Qisda Corp. Legal Representative Director: Chang-Hung Li was dismissed on March 22, 2024, and was replaced by representative Wen-Hsing Tseng.

2. Remuneration of the supervisor

From Dec. 28, 2018, the Company delegates the Audit Committee to exercise the functions and powers of the supervisor stipulated in the relevant regulations.

3. Remuneration of the President and the Vice President

2023.12.31; Unit: NT$1,000

Title	Name	Salary (A) (Note 1)		Severance Pay and Pension (B) (Note 2)		Bonus and Allowance (C) (Note 3)		Employee Compensation (D) (Note 4)				Total amount of A+B+C+D and proportion of the after-tax net profit (Note 8)		Remuneration from Invested Companies Other than Subsidiarie s or the Parent Company (Note 9)
		The Company	All Companies in Consolidated Financial Statements(Note 5)	The Company	All Companies in Consolidated Financial Statements(Note 5)	The Company	All Companies in Consolidated Financial Statements(Note 5)	The Company		All Companies in Consolidated Financial Statements(Note 5)		The Company	All Companies in Consolidated Financial Statements	
								Cash	Stock	Cash	Stock			
President	Chia-Hung Su	3,252	3,252	108	108	1,322	1,322	926	-	926	-	5,608 (1.55%)	5,608 (1.55%)	795

Remuneration Range Table

Rangeof Remuneration Paid to the General Manager and DeputyGeneral Managers	Name of General Manager and Deputy General Manager	
	The Company (Note 6)	All Companies in Consolidated Financial Statements(Note 7) E
Less than NT$1,000,000		
NT$1,000,000 (inclusive) -NT$2,000,000(excluding)		
NT$ 2,000,000 (inclusive)-NT$3,500,000(excluding)		
NT$ 3,500,000 (inclusive)-NT$ 5,000,000 (excluding)		
NT$ 5,000,000 (inclusive)-NT$10,000,000 (excluding)	Chia-Hung Su	Chia-Hung Su
NT$ 10,000,000 (inclusive)-NT$15,000,000 (excluding)		
NT$ 15,000,000 (inclusive)-NT$ 30,000,000 (excluding)		
NT$30,000,000 (inclusive)-NT$50,000,000 (exclusive)		
NT$ 50,000,000 (inclusive)-NT$ 100,000,000 (excluding)		
Over NT$100,000,000		
Total	1 in total	1 in total

Note 1: State the salary, post pay and severance pay of the President and the Vice President in 2023.

Note 2: It is the amount of appropriation and payments made in accordance with the law in 2023.

Note 3: State various bonuses, incentive payments, travel expenses, particular expenditures, allowances, accommodation fees, car fare, other physical supplies and other remuneration of the President and the Vice President in 2023.

Note 4: State employee bonus dividends (including stock dividends and cash dividends) allocated to the President and the Vice President under the proposal on distribution of earnings for 2023 as approved by the Board of Directors at the shareholders' meeting, subject to the amount of the bonus dividends allocated to the employees as approved by the Board of Directors on Mar. 4, 2024.

Note 5: Total amount of the remuneration paid by all companies (including the Company) in the consolidated report to the Company's General Manager and Deputy General Manager shall be disclosed.

Note 6: Total amount of the remuneration paid by the Company to each General Manager and Deputy General Manager shall be disclosed in the corresponding range to the name of the General Manager and the Deputy General Manager.

Note 7: Total remuneration paid by all companies (including the Company) in the consolidated report to the Company's every General Manager and Deputy General Manager shall be disclosed in the corresponding range to the name of the General Manager and Deputy General Manager.

Note 8: Post-tax net profits refer to the net profits after payment of the individual financial report ax in 2023.

Note 9: It is the compensation received by the President and the Vice President as directors, supervisors or managers of reinvested businesses other than subsidiaries in 2023, remuneration (including remuneration of employee, director and supervisor), business execution expenses and other related remuneration.

* The remuneration disclosed in this table is different from the income concept under the income tax law. Thus, this table is for information

only but not for taxation purpose.

4. Name of the Manager receiving Employee Remuneration and Allocation:

Unit: NT$1,000

Title	Name (Note 1)	Amount of shares (Note 2)	Cash amount (Note 2)	Total	Ratio of Total Amount to Net Income (%) (Note 3)
President	Chia-Hung Su	-	3,319	3,319	0.92%
Senior Director	Chia-I Chang				
Senior Director	Hsin-Chung Chan				
Senior Director	Li-Min Huang				

Note 1: Managerial Officers in office as of the date of publication.

Note 2: The amount of the bonus dividends (including stock dividends and cash dividends) allocated to the managers under the proposal on allocation of earnings for 2023 as approved by the Board of Directors at the shareholders' meeting, which was estimated based on the amount of the bonus dividends approved by the Board of Directors to be allocated to the employees on Mar. 4, 2024.

Note 3: Post-tax net profits refer to the net profits after payment of the individual financial report ax in 2023.

(IV) Separate comparison and description of the total remuneration, as a percentage of the post-tax net profits in the parent company-only financial reports or the individual financial reports, as paid by the Company and all other companies included in the consolidated statements during the past two fiscal years to the Company's directors, supervisors, the General Manager and the Deputy General Managers, with analysis and description of remuneration policies, standards and portfolios, procedure for determining remuneration, and relevance between operation results and future risks

1. Analysis on percentage of total remuneration paid by the Company and all other companies included in the consolidated statements during the past two fiscal years to the Company's directors, supervisors, the President and the Vice President in the post-tax net profits of the parent company-only financial statements

Title	2023 total remuneration as a percentage of net profit after tax (%)		2022 total remuneration as a percentage of net profit after tax (%)	
	The Company	Consolidated Financial Statements of All Companies	The Company	Consolidated Financial Statements of All Companies
Renumeration of Directors	4.32%	5.23%	3.15%	3.85%
Remuneration of the President and the Vice President	1.55%	1.55%	2.28%	2.28%
Net Profit After Tax (in thousands of NT$)	361,685	-	531,624	-

2. Remuneration payment policies, standards and portfolio, procedure for determining remuneration, and relevance between operation results and future risks

   a. Policy, standards, and composition of remuneration payments:

      A. Renumeration of Directors

      For director's remuneration of the Company, in accordance with the Article 21 of the Articles of Association, the Company shall withdraw not more than 1% of the profits as the director remuneration if the Company makes profits in the annual final accounts.

The Company regularly evaluates director compensation in accordance with the "Board of Directors Performance Evaluation Method" and the "Director and Functional Committee Member Renumeration Method." The director's remuneration is calculated based on the Company's profits for the year. The estimated amount for director's remuneration in 2023 is NT$3,744,000. The performance assessment and reasonableness of the remuneration have been reviewed by the Renumeration Committee and the Board of Directors.

B. Remuneration of the President and the Vice President:

The manager's remuneration of the Company is handled in accordance with the relevant regulations on salary management, including various work allowances and bonuses, in order to recognize and reward the efforts of employees in their work. The allocation of these bonuses is also based on the Company's annual operating performance, financial condition, operational status, and individual work performance. Additionally, in the event of profitability in a given year, in accordance with Article 21 of the Company's bylaws, five to twenty percent should be allocated for employee compensation. In addition, based on the 'Executive Renumeration Policy' and the salary level of the position in the industry market, the Company pays remuneration to the position within the Company's scope of responsibility and its contribution to the Company's operational goals. The remuneration is proposed by the Renumeration Committee and distributed after approval by the Board of Directors. The manager's performance evaluation project is divided into two parts: 1. Financial indicators: based on the Company's management income statement and the distribution of profit contribution to the company, taking into account the manager's goal achievement rate. 2. Non-financial indicators: consisting of the practice of the Company's core values and operational management capabilities, as well as participation in sustainable operations. The remuneration for their operational performance is calculated, and the remuneration system is reviewed as needed based on the actual operational situation and relevant regulations. The remuneration of senior executives for the fiscal year 2023 has been approved by the Renumeration Committee on March 4, 2024, and has been endorsed by the Board of Directors.

b. The Company regularly evaluates the remuneration of directors and executives based on the 'Board Performance Evaluation Measures,' 'Remuneration Measures for Directors and Functional Committee Members,' and 'Remuneration Policy for Senior Executives.' The performance criteria for the CEO and senior executives are based on key operational indicators (technological transformation, innovative contributions), operational performance, and financial results. These criteria are linked to the overall operational performance of the Company, industry future business risks and development, and also consider individual performance achievement rate and contribution to the Company's performance, in order to provide reasonable renumeration . The performance evaluation and reasonableness of renumeration are both reviewed by the Renumeration Committee and the Board of Directors.

c. The Association between Business Performance and Future Risks:

A. According to the provisions of the Company's board performance evaluation method, the board performance evaluation is conducted regularly every year, and the evaluation results are included in the annual board report as a reference for review and improvement. The evaluation results for the year 2023 were reported to the Board of Directors on March 4, 2024.

B. The remuneration for directors, the general manager, and deputy general managers has been fully considered in terms of professional capability and the Company's operational and financial status. It also takes into account their ongoing education and other special contributions, linking it to both company performance and individual performance as the basis for calculating remuneration.

C. The Company constantly reviews future operational risks to ensure that risks within its scope of responsibility can be managed and prevented, and ratings are granted based on actual performance. At the same time, we will connect all relevant human resources and related salary and compensation systems and policies, and review the remuneration system in a timely manner according to the business situation and relevant laws and regulations, in order to seek a balance between sustainable operation and risk management.

III. Governance of the Company

The Company has set up independent directors, audit committee and remuneration committee in accordance with relevant regulations to maintain a more sound decision-making and execution organization, continuously improve the operating efficiency of the Company and implement corporate governance with practical actions.

(I) Operation of the Board of Directors

In 2023, the Board of Directors held 2+3 meetings (A). Attendance of the directors is as follows:

Title	Name	Actual attendance (presence) times B	Time of attendance by proxy	Actual attendance (presence) rate (%) (B/A)	Remarks
Chairman	Qisda Corporation Representative: Chi-Hong Chen	5	0	100%	Reelected on May 31, 2023.
Vice Chairman	Qisda Corporation Representative: Chang-Hung Li (Note 2)	5	0	100%	Reelected on May 31, 2023.
Director	Qisda Corporation Representative: Chia-Hung Su	5	0	100%	Reelected on May 31, 2023.
Director	Ming-Shan Li (Note 1)	3	2	60%	Reelected on May 31, 2023.
Independent Director	Kuang-Jen Chou	2	0	100%	Former tenure
Independent Director	Te-Chang Yeh	5	0	100%	Reelected on May 31, 2023
Independent Director	Chih-Hao Chu	5	0	100%	Reelected on May 31, 2023
Independent Director	Bing-Kuan Luo	3	0	100%	Newly elected on May 31, 2023

Note 1: Ming-Shan Li was relieved of his duties due to his passing on January 26, 2024.

Note 2: Qisda Corp. Legal Representative Director: Chang-Hung Li was dismissed on March 22, 2024, and was replaced by representative Wen-Hsing Tseng.

Other matters:

I. In case of any following circumstances, please state the date, session, and resolution contents of the board meeting, the opinion of all independent directors, and the Company's treatment on the opinion of the independent directors:

(I) Matters listed in Article 14-3 of the Securities and Exchange Act: The Company has established an audit committee, and the provisions of Article 14-3 are not applicable. For the explanation of the matters listed in Article 14-5 of the Securities and Exchange Act, please refer to the Operations of the Audit Committee (p. 33).

(II) Apart from the above matters, other resolutions for which the independent directors have objections or hold qualified opinion with record or written statement at the board meeting: None

II. Regarding recusals of independent directors from voting due to conflicts of interests, the names of the independent directors, contents of resolutions, reasons for recusal, and results of voting shall be specified:

Board of Director Date	Name of Director	Content of motion	Reasons for recusal	Participation in voting
2023.03.02	Representative of Qisda Corporation directors Chi-Hong Chen, Chang-Hung Li, Chia-Hung Su, Ming-Shan Li and independent directors Te-Chang Yeh, Chih-Hao Chu	Approval of the nomination of director and independent director candidates	For the director and independent director nominated as directorand independent director candidates	Not participating in discussions and voting
	Representative of Qisda Corporation directors Chi-Hong Chen, Chang-Hung Li, Chia-Hung Su, Ming-Shan Li and independent directors Te-Chang Yeh, Chih-Hao Chu	Approval on discharging noncompetition restriction for the incumbent directors and their representatives	Directors of projects relieved from noncompetition restriction	Not participating in discussions and voting
	Representative of Qisda Corporation directors Chi-Hong Chen, Chang-Hung Li	Approval on donation of BenQ Cultural Education Foundation	Serving as a director at BenQ Foundations	Not participating in discussions and voting
	Representative of Qisda Corporation director Chia-Hung Su	Approval of the distribution of remuneration for senior managers for the fiscal year 2022	Serving as the manager of our company.	Not participating in discussions and voting
	Representative of Qisda Corporation director Chia-Hung Su	Approval of the renumeration guidelines for senior managers for the year 2023	Serving as the manager of our company.	Not participating in discussions and voting
	Representative of Qisda Corporation director Chia-Hung Su	Approval of the bonus and salary adjustment policy for senior managers for the year 2023	Serving as the manager of our company.	Not participating in discussions and voting
2023.05.31	Independent directors Te-Chang Yeh, Chih-Hao Chu, Bing-Kuan Luo	Approval of the Appointment and Remuneration Committee Members	For the independent directornominated as a candidate member ofthe Renumeration Committee	Not participating in discussions and voting
2023.08.01	Representative of Qisda Corporation directors Chi-Hong Chen, Chang-Hung Li, Chia-Hung Su	Approval of the sale of the common and preferred shares of Brainstorm Corporation held by our company	In accordance with Article 206 of the Company Law, the provisions of Article 178 of the same law shall apply.	Not participating in discussions and voting

III. Implementation of Assessments on the Board of Directors

The Company's Board of Directors approved the "Measures on Performance Appraisal of the Board of Directors" on Nov. 7, 2019, stipulating that the Board of Directors shall implement internal performance appraisal once a year, and evaluation shall be made by the external professional independent body or external expert and scholar team at least once every three years.

(I) In 2021, the Company appointed Taiwan Corporate Governance Association, an external independent evaluation organization, to evaluate the performance of the Board of Directors of the Company, and assess the composition, guidance, authorization, supervision, communication, self-discipline, internal control and risk management of the Board. In addition to the written review of the Company's statements of KPIs and related documents, a field visit was conducted on September 19, 2022, and the objects included the chairman, the General Manager, the convener of functional committees, the corporate governance supervisor and the audit supervisor, and the results of the evaluation were reported to the board meeting held in November 2022.

(II) At the end of 2023, the Company completed the performance assessment of the Board of Directors, and reported the evaluation results of the board meeting on March 4, 2024. In measurement indicators of the Board of Directors, the board members and the two functional committees, the scores were 90 points or more ("Excellent"), which is enough to show that the functions and operations of the Board of Directors and the functional committees of the Company are good.

(III) Relevant implementations:

Frequency	Assessment Period	Scope	Method	Assessment Content
Implemented once every three years	August 2021 to July 2022	Performance of the Board of Directors	Written review and field visit by an independent external institution	Composition, guidance, authorization, supervision, communication, self-discipline, internal control and risk management
Once a year	January 2023 to December 2023	Board of Directors and board members	Internal self-assessment of the Board of Directors and directors	1. Grasp of the Company's goals and missions 2. Participation in the Company's operations 3. Internal relations management and communication 4. Improvement to the decision-making quality of the Board of Directors 5. Composition and structure of the Board of Directors 6. Recognition of directors' responsibilities 7. Election of directors and their professional and continuing education 8. Internal control
		Audit Committee	Self-assessment of Audit Committee	1. Participation in the Company's operations 2. Recognition of the Audit Committee's responsibilities 3. Improvement to the Audit Committee's decision-making quality 4. The composition of the Audit Committee and member selection 5. Internal control

Frequency	Assessment Period	Scope	Method	Assessment Content
		Remuneration Committee	Self-assessment of Remuneration Committee	1. Participation in the Company's operations 2. Recognition of the Remuneration Committee's responsibilities 3. Improvement to the Remuneration Committee's decision-making quality 4. The composition of the Remuneration Committee and member selection

IV. Evaluation on objectives to strengthen the functions of the Board of Directors (such as establishment of the Audit Committee and improvement of information transparency, etc.) and implementation in the year then ended and the recent years:

(I) The Company set up the Remuneration Committee in 2011, and set up the Audit Committee in 2017 to exercise the functions and powers vested by the Securities and Exchange Act, the Company Act and other decrees so as to intensify the Company's governance. In 2018, the Board of Directors appointed the Finance Management Division Head Huang-Li Min as the Company's Governance Head responsible for the governance related affairs.

(II) DFI has formulated "Rules of Procedure of the Board of Directors Meetings", convenes at least one board meeting per quarter. The content, operating procedures, minutes and announcements of the board meetings and other matters shall be handled in accordance with the rules.

(II) Operation of the Audit Committee

In 2023, the Audit Committee of the Company has held 2+2 meetings (A), and the attendance (presence) of independent directors is as follows:

Title	Name	Actual attendance times (B)	Time of attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Independent Director (Convener)	Kuang-Jen Chou	2	0	100%	Former tenure
Independent Director (Convener)	Te-Chang Yeh	4	0	100%	Reelected on May 31, 2023.
Independent Director	Chih-Hao Chu	4	0	100%	Reelected on May 31, 2023.
Independent Director	Bing-Kuan Luo	2	0	100%	Newly elected on May 31, 2023

Other matters:

I. If any of the followings occurs in the operation of the Audit Committee, the date of board meeting, the session, the content of proposal, the results of resolution by the Audit Committee and the Company's handling of the opinions of the Audit Committee shall be stated clearly.

(I) Matters listed in Article 14-5 of the Securities and Exchange Act (please refer to the important resolutions of the shareholders' meeting and the board of directors in this annual report and the corporate governance report, p. 71-p.73):

With the consent of more than half of all members of the Audit Committee, it shall be submitted to the Board of Directors for approval, without any circumstances that have not been approved by the Audit Committee, and with the consent of more than two-thirds of all directors.

(II) In addition to the previous matters, other matters that have not been approved by the Audit Committee and agreed by more than two-thirds of all directors.

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

III. Communication between independent directors and internal auditors and accountants (including major matters, methods and results of communication on the financial and business conditions of the company):

The Audit Committee of the Company convenes and discusses regularly on a quarterly basis, and invites accountants, internal auditors, financial accounting and other departments to report or discuss the audit results of latest financial statement (including the responsibilities and independence of the accountant in charge, the scope and method of audit or review, the results of quarterly or annual financial report audit or review, important accounting treatment, important regulatory updates and other related issues), internal audit results (including the audit report for the current period, the report on tracking matters after the current period and the update of important audit laws and regulations), financial business summary and other information. All independent directors communicate well with internal auditors and accountants. All independent directors, internal audit supervisors, and accountants communicated well.

IV. Annual focus of work and operation:

(I) Annual focus of work

1. Communicate the results of the audit report to the Internal Audit Supervisor on a regular basis in accordance with the Annual Audit Plan.
2. Regularly communicate with the Company's CPAs about the results of the review or audit of the financial statements.
3. Review financial reports.
4. Evaluate the effectiveness of the internal control system.
5. Review of the appointment, dismissal, remuneration and services of the CPA.
6. Review of regulations for handling of assets, derivatives, loans to others and endorsements/guarantees and major transactions of assets, loans to others and endorsements/guarantees.
7. Regulatory compliance.

(II) Operations in 2023: The Audit Committee's proposals have been reviewed or approved by the Audit Committee, and there is no objection from the independent directors.

(III) Governance of the Company and deviations from the Governance Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof

Evaluation item	Operation			Deviations from the Governance Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Abstract	
I. Does the Company formulate and disclose the Code for Governance Practice in accordance with the "Governance Practice Principles for TWSE/TPEx Listed Companies"?	V		The Company adopted formulation of the Code for Governance Practice at the board meeting dated Nov. 1, 2018, and made disclosure at the Company's official website. In response to the subsequent amendments to the relevant regulations, they have been updated in a timely manner, and after the latest amendment, they have been disclosed on the Market Observation Post System (MOPS) and the Company's website.	No deviation
II. Equity structure and shareholders' equity				No deviation
(I) Does the Company formulate the internal procedures to deal with the shareholders' suggestions, doubts, disputes and litigation, and implement according to the procedures?	V		(I) The Company has a spokesperson and a deputy spokesperson, as well as channels such as an investor mailbox and a corporate investor relations website, to handle shareholder suggestions or disputes.	
(II) Does the Company actually hold the list of the major shareholders actually controlling the Company and the ultimate controller of the major shareholders?	V		(II) The Company fully knows and controls the major shareholder structure through the service agency, and regularly reports any movement of the directors and managers, with favorable outcome.	
(III) Does the Company establish and execute the risk control and firewall mechanism with the affiliated enterprises?	V		(III) Operation, business and financial powers and responsibilities of the Company and the affiliated enterprises shall be expressly divided and independently operated. The Company has formulated the "Subsidiary Management Procedure", the "Procedure on Management of the Related Party Transactions", the "Procedure on Self-Evaluation of Internal Control System", and other relevant measures to control and audit the above powers and responsibilities, eliminate unconventional transactions and prohibit benefit transfer, and implement risk control mechanism and firewall management of the affiliated enterprises.	
(IV) Does the Company formulate the internal codes to prohibit insider trade of the securities by making use of the non-public information?	V		(IV) The Company adopted abolishment of the original "Procedure on Prevention of Insider Trade", and formulated the new "Procedure on Major Information Treatment and Insider Trade Prevention" at the board meeting dated Nov. 10, 2020. Educate directors, managers and employees at least once a year, and strictly require insiders to comply. This year, on April 10, 2023, the related educational training and promotion of a one-hour course were	

Evaluation item	Operation			Deviations from the Governance Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Abstract	
			completed for all 513 employees of native origin. An online test was conducted for all colleagues. The course outline was as follows: 1. Basic Concepts of Insider Trading 2. Regulations on prohibiting insider trading (§ 157-1, Securities and Exchange Act) 3. Elements of insider trading (person, event, time, things, and behaviors) 4. Legal effects of insider trading (criminal, civil liabilities, and adverse effects) 5. How to launch an investigation on insider trading. It has been promoted during the closed period of financial statements that, directors and insiders shall not trade their stocks during the period of 30 days before the announcement of the annual financial report and 15 days before the announcement of the quarterly financial report.	
III. Composition and Responsibilities of the Board of Directors (I) Does the Board of Directors formulate and implement diversified policies and specific management objectives? (II) Does the Company voluntarily set up other functional committees than the Remuneration Committee and the Audit Committee? (III) Does the Company formulate the measures and methods for evaluation of the Board of Directors, organize performance evaluation every year and regularly, submit the performance evaluation results to the Board of Director, and apply the same for	 V V V		(I) For the formulation and implementation of the diversification policy of the Board of Directors of the Company, please refer to the Diversification and independence of the Board of Directors (P20-P21). (II) A Risk Management Committee has been established. See the chapter of Risk Management in the Annual Report (P115-P116) for details of the operation. In addition, although the Company does not currently have a Nomination Committee, in practice, the election of directors (including independent directors) of the Company adopts a candidate nomination system. The list of candidates for the current directors (including independent directors) is proposed by the shareholders or the board of directors holding more than 1% of the total number of shares of the Company, and reported to the board of shareholders for election after the board of directors reviews the list of candidates according to law. (III) On November 7, 2019, the Board of Directors of the Company approved the "Measures on Performance Appraisal of the Board of Directors". For the performance evaluation methods and performance conditions, please refer to the chapter Implementation of Assessments on the Board of Directors (P32-P33). In accordance with Article 21 of the Articles of Association, the remuneration of the directors of the Company shall not exceed 1% of the annual profit. . The Remuneration Committee and the Board of Directors shall determine the remuneration of directors and	No deviation

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Operation</th><th rowspan="2">Deviations from the Governance Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract</th></tr>
<tr><td>remuneration and nomination for reappointment of the individual directors?</td><td></td><td></td><td>consider the nomination for renewal in accordance with the operating results of the Company and the Regulations on the Remuneration of Directors and Functional Committee Members, taking into account the results of the performance assessment.</td><td></td></tr>
<tr><td>(IV) Does the Company regularly evaluate independence of the CPAs?</td><td>V</td><td></td><td>(IV) The independence and suitability of the Company's CPAs are evaluated annually by the Audit Committee and the Board of Directors. In addition to requiring auditors to provide independence statements and Audit Quality Indicators (AQIs), the evaluation is conducted based on the criteria for auditor independence and 13 AQI indicators.
After confirming, the CPAs and the Company have no other financial interests and business relationships except for the audit and review fees of the financial information of the investment target company. The accounting firm (CPA and its CPA team members) also comply with the requirement of independence and refer to the AQI index information to evaluate based on the five dimensions (professionalism, quality control, independence, supervision, and innovation capability). Confirm that the CPA and the firm have superior audit experience and training hours compared to industry averages. The results of the most recent annual evaluation were discussed and approved by the Audit Committee on November 1, 2023, and subsequently reported to the Board of Directors on the same day for a resolution approving the independence assessment of the CPAs.
Accountant Independence Assessment Results:
<table>
<tr><th>Evaluation item</th><th>Evaluation Results</th><th>Compliance with Independence Requirements</th></tr>
<tr><td>1. Does the CPA have direct or significantly indirect financial interest relationship with the Company</td><td>No</td><td>Yes</td></tr>
<tr><td>2. Does the CPA have financing or guarantee behaviors with the Company or the Company's directors</td><td>No</td><td>Yes</td></tr>
<tr><td>3. Does the CPA have close commercial relationship and potential employment relationship with the Company</td><td>No</td><td>Yes</td></tr>
<tr><td>4. Do the CPA and its audit team members act as director or manager or hold any other office having significant influence on audit in the Company currently or during the past two fiscal years</td><td>No</td><td>Yes</td></tr>
<tr><td>5. Has the CPA provided non-audit service items to the Company that might directly affect the audit</td><td>No</td><td>Yes</td></tr>
<tr><td>6. Does the CPA act as broker for the shares or other securities issued by the Company</td><td>No</td><td>Yes</td></tr>
<tr><td>7. Does the CPA act as defender for the Company or coordinate the conflict with other third parties for and on behalf of the Company</td><td>No</td><td>Yes</td></tr>
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</td><td></td></tr>
</table>

Evaluation item	Operation: Yes	Operation: No	Operation: Abstract	Deviations from the Governance Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
			8. Does the CPA have the kinship with the Company's directors, managers or other personnel who have significant influence on the audit case — No — Yes	
IV. Does the listed company allocate suitable and appropriate governance officers, and designate the chief governance officer responsible for governance related affairs (including but not limited to providing data required by the directors and supervisors to execute the business, assisting the directors and supervisors to comply with the laws and decrees, conducting the matters related to the board meeting and the shareholders' meeting, and preparing the minutes of the board meeting and the shareholders' meeting)?	V		The Company adopted an resolution at the board meeting in 2018, appointing Huang, Li-Min as the Company's governance supervisor responsible for guiding and planning the Company's governance, the qualification of whom conforms to the provisions regarding the chief governance office under Paragraph 1, Article 3-1 of the Governance Practice Principles for TWSE/TPEx Listed Companies. The functions and powers of the corporate governance supervisor: provide data required by the directors and the Audit Committee to perform the duties, and the latest laws and regulations related to the Company's operation, assist the directors and the Audit Committee to comply with the laws and decrees, regularly report the governance to the Board of Directors every year, conduct the matters related to the board meeting and the shareholders' meeting, prepare the minutes of the board meeting and the shareholders' meeting, and assist the directors and the members of the Audit Committee to take office and continue further education, etc. Implementation of business for 2023: (I) Assist the independent directors and general directors to perform the duties, provide required data and arrange further education for the directors. (II) Regularly inform the board members of the latest laws, decrees and regulations in relation to the Company's operation field and governance. (III) Review the confidentiality level of relevant information and provide the company information required by the directors to maintain smooth communication between the directors and each business director. (IV) Inspect publishing of the major information about the important resolutions of the board meeting, to guarantee legitimacy and accuracy of the important information, and guarantee consistence between the investor's transaction and information. (V) All members of the Board of Directors have completed refresher courses of at least 6 credits. (VI) In 2023, the Company held 5 board meetings and 4 Audit Committee meetings in total. (VII) In 2023, the Company held one annual shareholders' meeting. (VIII) The Company insured its directors and key employees with liability insurances, which was renewed and reported to the Board of Directors in August 2023. (IX) An external performance assessment of the Board of Directors was conducted in 2022, and reported the completion to the board in the November 2022; an internal performance assessment of the board was also conducted in the same year with a result of "Excellent",	No deviation

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Operation</th><th rowspan="2">Deviations from the Governance Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract</th></tr>
<tr><td></td><td></td><td></td><td>and reported the completion to the board in March 2024.
(X) The result of the 9th Corporate Governance Assessment of the Company in 2022 was 36-50%.
(XI) In 2023, the result of professional development for corporate governance supervisors is as follows, with a total of 12 hours of training.
<table><tr><th>Organizer</th><th>Course Name</th><th>Date</th><th>Hours</th></tr><tr><td>Taiwan Academy of Banking and Finance</td><td>Corporate Governance Forum</td><td>2023/04/13</td><td>3</td></tr><tr><td>Taiwan Investor Relations Institute</td><td>Establishment and Key Aspects of Corporate Intellectual Property Management System</td><td>2023/06/01</td><td>3</td></tr><tr><td>Chinese National Association of Industry and Commerce, Taiwan</td><td>2023 Taishin Net Zero Electricity Summit Forum</td><td>2023/06/02</td><td>3</td></tr><tr><td>Independent Director Association Taiwan</td><td>Tax Governance in the New Tax Environment</td><td>2023/12/01</td><td>3</td></tr></table>Note:As of 2023.</td><td></td></tr>
<tr><td>V. Does the Company establish channels for communication with the stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.), set up special stakeholder area at the Company's website, and properly respond to important corporate social responsibility issues of stakeholder concern?</td><td>V</td><td></td><td>The Company has set up the "Relationship with Investor" Special Area at the company website, to disclose communication of the issues of the stakeholder concern and annual report to the Board of Directors; there is also spokesman's e-mail address to provide the latest information and smooth communication channel, so that different entities (including stakeholders) may communicate with the Company as appropriate. . Communication with stakeholders in 2023 has been reported to the Board of Directors on March 4, 2024.</td><td>No deviation</td></tr>
<tr><td>VI. Does the Company appoint a professional agency to deal with the affairs of the Board of Shareholders?</td><td>V</td><td></td><td>The Company has appointed a service agency "KGI Securities Corporation" to deal with the affairs of the Board of Shareholders.</td><td>No deviation</td></tr>
<tr><td>VII. Public information
(I) Does the Company set up a website to disclose the financial affairs and governance related information?</td><td>V</td><td></td><td>(I) The Company has set up the Chinese and English website http://www.dfi.com.tw, and may link to Market Observation Post System (MOPS) to access to the company's information. The information about the investors is published at the Company's website, and is updated at any time.
Disclosure of Business Information:
The Company's website features introductions and</td><td>No deviation</td></tr>
</table>

Evaluation item	Operation			Deviations from the Governance Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Abstract	
			technical descriptions of products, providing real-timeinformation on various product services. Disclosure of Governance Information: The Company has established a governance section, which includes information on corporate governance structure, board of directors, committees, and regulations.	
(II) Does the Company use other information disclosure methods (such as setting up English website, appointing especially assigned person to collect and disclose the company information, publishing the spokesperson system, and corporate orientation meeting process at the Company's website)?	V		(II) The collection and disclosure of company information are handled by dedicated personnel: The collection and disclosure of information by our company are carried out by designated personnel, who periodically disseminate the latest and accurate information to the public through press releases. The spokesperson system has been implemented in the Company, with Li-Min Huang, the Chief Financial Officer, serving as the spokesperson, and Fang-Yu Chen, the Director of Digital Marketing Department, serving as the acting spokesperson. Corporate briefing information is placed on the Company's website: The Company regularly (at least once every quarter) holds corporate briefings and uploads presentation materials and audio files of the proceedings to the Investor Relations section of the Company's website for public access. The company also complies with regulations by uploading the information to the Public Information Observation System.	
(III) Does the company announce and report the annual financial report within two months after the end of the fiscal year, and announce and report the first, second and third quarter financial reports and the operation of each month before the prescribed deadline?	V		(III) The consolidated and individual financial statements for the fiscal year 2023 of the Company were completed and disclosed on March 4, 2024. The financial statements for the first, second, and third quarters of 2023, as well as monthly revenue information, were announced and filed before the deadline at the Public Information Observation Station and uploaded to our company's website.	
VIII. Does the company have other important information that helps to understand the operation of corporate governance: (I) Employee Rights & Interests andEmployee Care	V		(I) The company adheres to the concept of creating a happy and healthy workplace, has planned diversified employee benefits, and allows all colleagues to experience a high-quality work environment and a healthy and happy corporate culture. The Company	No deviation

Evaluation item	Operation			Deviations from the Governance Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Abstract	
			has established various welfare plans and a Welfare Committee composed of colleagues of the Company. For employee rights and interests, please refer to the chapter of Labor-Capital Relationship (P98-P103).	
(II) Investor Relations	V		(II) The Company discloses various information at the Public Information Observation Station according to the laws and regulations, in order to protect rights and benefit of the investors. The "Investor News" is set out at the Company's website, for the investor to know the relevant information of the Company.	
(III) Supplier Relations	V		(III) The Company maintains good and interactive cooperation relationship with the suppliers and stakeholders, and provides good and valid communication channels and information transmission to lay a solid foundation for long-term close relationship, collaboration, mutual trust and benefits, and sustainable and win-win growth. The Company's internal control system procurement cycle rules are regularly evaluated according to the evaluation procedure as the basis for the Company to select the partners. The Company shall maintain channels for smooth communication with the suppliers, and shall adhere to the principal of good faith.	
(IV) Rights of Stakeholders	V		(IV) The Company conducts an annual survey on issues related to stakeholders. At least once a year, it is required to report to the board of directors on major issues and the communication with stakeholders, in order to fully understand the concerns of stakeholders. The stakeholder negotiation results for the year 2023 have been reported to the board of directors on March 4, 2024.	
(V) Further Education of Directors and Supervisors	V		(V) From time to time, the Company notified directors and independent directors to attend relevant professional knowledge training courses. In June and December 2023, directors will be arranged to participate in courses organized by the Taiwan Investor Relations Association and the Chinese Independent Directors Association on the establishment and key aspects of corporate intellectual property management system and tax governance in the new tax environment. Please refer to the chapter of Further Education of Directors and Managers in Recent Fiscal year (P68-P69) for relevant information.	
(VI) Implementation of Risk Management Policies and Risk Measurement Criteria	V		(VI) The Company has set up a Risk Management Committee to formulate risk management policies and periodically assess the Company's risks to reduce enterprise risks. For relevant information, please refer to the chapter of Risk Management (P115-P116).	
(VII) Execution of Customer Policy	V		(VII) The Company will prioritize improving customer and business partner satisfaction, committing to satisfaction in terms of delivery time, cost, quality, customer service, relevant regulations, and overall evaluation, in order to continuously ensure that customer needs are met. Based	

Evaluation item	Operation			Deviations from the Governance Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Abstract	
(VIII) Purchase of Liability Insurance for Directors and Supervisors	V		on the results of customer satisfaction surveys, the Company will develop improvement strategies to enhance product and service quality. The comprehensive customer satisfaction score for the year 2023 is 3.48 points (out of 4), an increase of approximately 4% compared to 2022 (3.35 points). (VIII) The Company purchases liability insurance for directors and independent directors to enable them to conduct their business prudently with the interests of investors in mind without concerns. In August 2023, the Board of Directors reported on the liability insurance coverage of directors and supervisors.	
(IX) Please state the improvement based on the governance evaluation results published by the Governance Center of Taiwan Stock Exchange Corporation in the recent fiscal year, and put forward improvement priorities and measures against the matters far from perfect. (1) The results of the Company's 2020-2022 Corporate Governance Assessment were all within 36% -50%. (2) The Company has set up a special area for the stakeholders at the Company's website to know and respond to the important enterprise social responsibility issues of the stakeholder concern, and continues making improvement with respect to protection of shareholders' rights and interest, fair treatment of shareholders, intensified structure and operation of the Board of Directors, improvement of the information transparency, and implementation of the enterprise social responsibility. (3) The Company's 2022 Corporate Sustainability Report participated in the 16th Taiwan Corporate Sustainability Awards (TCSA) in 2023 and won the Gold Award for Category 1 in the Electronics Information Manufacturing Industry. (4) Received the Gold Award for Sustainable Business Action from TSAA Taiwan in 2023. (5) Won the "Outstanding Enterprise Management Award" at the 2023 APEA Asia Pacific Enterprise Awards.				

Note: The governance of the Company's subsidiaries AEWIN Technologies Co., Ltd. and ACE PILLAR Co., Ltd. is set out in the 2023 Annual Report.

(IV) If the Company has set up the Remuneration Committee, please disclose the composition, responsibilities and operation of the Committee.

1. Data of the members of the Remuneration Committee on

Identity	Criteria / Name	Professional Qualification and Experience	Independence Criteria (Note 1)	Number of Other Public Companies where the Individual Concurrently Serves as a Remuneration Committee Member
Independent Director (Convener) (Note 2)	Kuang-Jen Chou	Please refer to the information disclosure of professional qualification of directors and independence of the independent directors (P17-P20)	Compliant	1
Independent Director (Convener)	Te-Chang Yeh		Compliant	2
Independent Director	Chih-Hao Chu		Compliant	0
Independent Director (Note 2)	Bing-Kuan Luo		Compliant	0

Note 1: Compliant with requirements for independence: Please specify conformity of the members of the Remuneration Committee

with independence, including but not limited to whether the members or their spouse or relatives within the second degree of kinship hold the office as director, supervisor or employee in the Company or its affiliated enterprises; number and percentage of the shares held by the members or their spouse or relatives within the second degree of kinship (or in the name of others); whether holding the office as director, supervisor or employee in other companies having particular relationship with the Company (by reference to the provision of Paragraphs 5-8 of Section 1 of Article 6 of the Measures on Setting and Function Exercise of Remuneration Committee of the Listed Companies or the Securities Brokers); and amount of remuneration received from commercial, legal, financial and accounting services provided to the Company or its affiliated enterprises during the past two fiscal years.

Note 2: On May 31, 2023, the shareholders' meeting will be held to elect new board members. Independent director Kuang-Jen Chou will step down, and independent director Bing-Kuan Luo will take his place.

2. Responsibilities of Remuneration Committee

The Remuneration Committee shall, with the attention of a good manager, faithfully perform the following functions and submit its recommendations to the Board for discussion:

(1) Develop and periodically review policies, systems, standards and structures for directors' and managers' performance assessment and Renumeration.

(2) Regularly evaluate and determine the remuneration of directors and managers.

3. Operation Status of the Remuneration Committee

(1) The Company's Remuneration Committee is composed of 3 members.

(2) Term of office: From May 31, 2023 to May 30, 2026; in 2023, the Remuneration Committee held 1+1 meetings (A), and the membership and attendance are as follows:

Title	Name	Actual attendance times (B)	Time of attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Convener	Kuang-Jen Chou	1	0	100%	Former tenure
Convener	Te-Chang Yeh	2	0	100%	Reelected on May 31, 2023.
Member	Chih-Hao Chu	2	0	100%	Reelected on May 31, 2023.
Member	Bing-Kuan Luo	1	0	100%	Newly elected on May 31, 2023

(3) The content of the Remuneration Committee's resolutions in 2023, the resolution results, and the Company's treatment of the Remuneration Committee's opinions.

Date	Term and session	Proposal content and follow-up	Resolution Results	The Company's treatment of the Remuneration Committee's opinions Processing of Committee Opinions
2023.03.02	2023 First time	1. Distribution of 2022 employees and directors' remunerations 2. Distribution of 2022 senior managers' remunerations 3. Renumeration guidelines for senior managers for 2022 4. Bonus and renumeration adjustment policy for senior managers for 2023	All members of the Remuneration Committee present agreed.	Submitted to the Board of Directors and approved by all the directors present.
2023.11.01	2023 Second time	Report on the implementation results of the senior management and staff bonus for the first half of 2023	All members of the Remuneration Committee present agreed.	Submitted to the Board of Directors and approved by all the directors present.

Other matters:

I. If the Board of Directors do not accept or revise the suggestions of the Remuneration Committee, please specify the date and session of the board meeting, the contents of the motion, the resolution results and the Company's treatment on the opinion of the Remuneration Committee (if the remuneration adopted by the Board of Directors precedes the suggestion of the Remuneration Committee, please specify the deviation and the reasons): None.

II. If the members oppose or have qualified opinion on the resolutions of the Remuneration Committee with records or written statements, please specify the date and session of the meeting of the Remuneration Committee, the contents of the motion, opinion of all members and treatment on the opinion: None.

(V) Promotion of sustainable development, deviation from the Sustainable Development Practice Principles for TWSE/TPEx Listed Companies and reasons:

Item	Implementation			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Abstract	
I. Does the Company establish a governance structure to promote sustainable development, and set up full-time (parttime) body for promoting sustainable development, and does the Board of Directors authorize and urge the senior executives to take actions?	V		(I) Since 2022, the Company has officially established the "Sustainability Development Committee," responsible for proposing and implementing corporate social responsibility policies, systems, or related management guidelines and specific action plans. This committee is chaired by Mr. Chi-Hong Chen, the Chairman of the Board, and consists of senior executives from various departments serving as members for different aspects. The Secretary-General is responsible for coordinating and promoting cross-departmental sustainable development affairs within the company, integrating goals and KPIs related to green products, green operations, green supply chain, social responsibility, and financial performance across the relevant departments. "The Sustainable Development Committee" serves as a cross-departmental communication platform for vertical integration and horizontal coordination. It also establishes task forces based on different issues or strategies to implement sustainable development action plans and integrate them into the company's daily operations. Additionally, to effectively disclose sustainability information in the ESG report, a Sustainability Report Execution Task Force has been established to track the performance of each unit. The Sustainability Risk Management Department compiles the results and reports them annually to the Board of Directors. The implementation status for 2023 was reported and completed on March 4, 2024, and sustainability-related strategies and objectives were developed in accordance with the Board's supervision and the group's directives.	No deviation
II. Does the Company evaluate risks for environment, society and governance issues related to the Company's operation, and formulate the relevant risk management policies or strategies based on the materiality principle?	V		(I) To ensure timely communication with stakeholders and incorporate their major concerns into our corporate sustainability policies, as well as to establish an effective and transparent response mechanism, in order to facilitate our business's sustainable development and the formulation of risk-related plans and decisions. DFI adopts the "AA1000 Accountability Principle Standard (AA1000 APS)" Type I moderate assurance. The evaluation scope covers the operational control of the Xizhi headquarters, the Taoyuan factory, and all the R&D facilities in Xindian. It adheres to four main principles: inclusivity, materiality, responsiveness, and impact. These principles assist us in identifying and responding to sustainability information and enhance the rigor of sustainability disclosures. Following	No deviation

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation</th><th rowspan="2">Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract</th></tr>
<tr><td></td><td></td><td></td><td>
the GRI Standards 2021 version, we further assess the significance of material issues in economic, environmental, and human rights impacts, which serve as the basis for planning our sustainability strategy, as detailed in the 2023 Sustainability Report.
(II) For the significant themes identified during that year, the impact and relevance to DFI are reviewed, and annual management goals are set and controlled. Each year, these goals are evaluated, and the outcomes of the management objectives are disclosed. This process ensures that DFI continuously addresses and manages its sustainability impacts effectively, aligning with broader corporate responsibility and environmental stewardship commitments. The disclosed data covers the period from January 1, 2023, to December 31, 2023. The material topics include sustainable supply chain management in the environmental aspect, waste management, occupational safety and health in the social aspect, employee benefits and compensation, operational and financial performance in the economic aspect, and customer relationship management.
(III) Based on the assessed risks, the following risk management policies or strategies are established:
<table>
<tr><th>Material topics</th><th>Risk Assessment Items</th><th>Risk Management Strategy</th></tr>
<tr><td rowspan="3">Economy/ Governance</td><td>Green Product Research and Development Innovation</td><td>1. To promote the concept of product life cycle thinking, it is required that green design thinking be incorporated in the early stages of product development. This involves assessing the potential environmental impacts and risks of the designed product/components at each stage of its life cycle, and striving for streamlined design to minimize environmental impact from the outset.
2. The three major strategies for green design are waste reduction, non-toxic substances, and energy conservation.</td></tr>
<tr><td>Customer Relationship Management</td><td>1. 100% compliance with customer requirements, and provide improved service quality.
2. Based on the results of the customer satisfaction survey, we will develop improvement strategies to enhance the quality of our products and services.
3. In 2023, the overall customer satisfaction score was 3.48 points out of 4, an increase of approximately 4% compared to 2022 (3.35 points).</td></tr>
<tr><td>Sustainable Supply Chain Management</td><td>1. Suppliers are required to comply with local national regulations, social standards, and environmental plans, and to conduct investigations and audits.
2. By conducting written surveys and on-site audits, we examine the environmental responsibility practices and performance of the supply chain.</td></tr>
</table>
</td><td></td></tr>
</table>

Item	Implementation					Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Abstract			
					3. In 2023, a total of 47 suppliers were surveyed.	
			Society	Talent Recruitment	1. Create a high-quality work environment and diverse career development opportunities to attract and retain talented individuals. 2. To align with the company's strategic development and business objectives, we aim to enhance our education and training system to improve the overall competitive advantage of the organization. 3. In 2023, employee satisfaction reached 73%.	
				Employee Benefits and Salary	1. Provide employees with competitive renumeration and benefits; attract and retain talented individuals. 2. Continue to implement the employee stock trust system, and conduct system promotion and explanation when employees join the Company and after 3 months of employment. 3. By the end of 2023, the proportion of all grades employee shareholders is 78.95%, and the proportion of shares held by the employee shareholders is 0.425%.	
				Employee Education and Training	1. To construct a comprehensive education and training development system, providing diverse learning and development opportunities to attract and retain talented individuals. 2. The average total training hours per employee at DFI Information in 2023 is 31.38 hours (domestic colleagues only, including foreign spouses). 3. The completion rate of mandatory courses with policy relevance is 100%.	
			Environment	Impact Management of Pollutants	1. Starting from the design stage, the proportion of 3R (Reduce, Reuse, Recycle) in both the product and packaging materials is increased. 2. Introduce green product courses and emphasize the cultivation of green research and development talents. 3. Reducing operational waste and improving recycling rates.	
				Energy Management	1. In collaboration with Qisda Corp., we are jointly promoting RE100. By 2023, we will increase the proportion of renewable energy usage through the installation of solar power generation at the Taoyuan factory, strengthen the management of power-consuming equipment, and replace old equipment with new ones. The total electricity consumption will be reduced by approximately 435,476 kWh compared to 2022, achieving an energy saving of about 6.67%. 2. Since the introduction of the ISO 50001 management system in 2023, we have established	

Item	Implementation					Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Abstract			
					the necessary management procedures and implemented the PDCA (Plan-Do-Check-Action) cycle to fulfill our policy commitments, take action, and improve energy performance while complying with regulations and meeting customer requirements. 3. Energy Management Performance/Measures in 2023: • Xizhi Headquarters: Lighting improvement saves 3% energy, Chamber energy monitoring and control. • Taoyuan Factory: Energy-saving improvement for air compressors, energy-saving improvement for reflow ovens. • Xindian R&D: Air conditioning improvements for 3% energy savings, Chamber energy monitoring and control.	
				Climate Mitigation and Adaptation	1. Starting from 2021, every year, verification organizations are requested to verify the inventory results of ISO 14064-1. The results will serve as a reference for our company's greenhouse gas reduction strategy. 2. After implementing various energy-saving and carbon reduction measures in the company throughout the fiscal year 2023, the total carbon emissions have decreased by 222.1 metric tons (approximately 6.37% decrease) compared to 2022 and by 36.97 metric tons (approximately 1.12% decrease) compared to 2021. 3. Introduce TCFD to deepen climate risk management and response.	
III. Environmental Issues (I) Does the Company establish suitable environmental management system based on its industry features?	V		(I) The Company is engaged in low-pollution, waterless manufacturing processes. We have obtained ISO 14001 environmental management system certification and conduct regular internal and external audits in each manufacturing area to ensure compliance with environmental management standards. In addition, starting from 2023, we have obtained ISO 50001 energy management system certification. We have also obtained Green Partner certification for our Green products, which are made using low-pollution green materials. We comply with domestic regulations for the treatment of air, water, waste, toxins, and noise, and we also respond to the requests of stakeholders in good faith. Every year, greenhouse gas inventories are conducted in accordance with ISO 14064-1 to improve energy performance and further reduce greenhouse gas emissions. The reduction achievements are tracked and disclosed in the sustainability report on our company's website. The ISO 14001 certificate is valid until December 26, 2025; The ISO 50001 certificate is valid until March 21, 2027.			No deviation

<table>
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<tr><th>Yes</th><th>No</th><th>Abstract</th></tr>
<tr><td>(II) Does the Company devote to improving energy efficiency of the resources, and use renewable materials with low impact on the environment?</td><td>V</td><td></td><td>(II) In order to reduce the impact of energy use on climate warming, DFI follows and is certified by ISO14064-1 and continues to carry out greenhouse gas reduction related programs; in the plan to reduce greenhouse gas emissions, we, through engineering improvement and administrative improvement, realizes the energy conservation, in order to achieve the goal of reducing greenhouse gas emissions.
<table>
<tr><td rowspan="3">Engineering improvement</td><td>(1) Energy-saving lighting
a. Fully Utilize Energy-saving Lighting Fixtures
b. Increase the use of natural light and reduce the use time and number of lighting fixtures</td></tr>
<tr><td>(2) Energy-saving air conditioning
a. Improving the efficiency of the cooling tower and continuously monitoring and measuring power consumption to optimize usage efficiency.
b. Using high-performance pumps.</td></tr>
<tr><td>(3) Other measures
a. Establishment of Taoyuan Plant - Interview Building Solar Power System</td></tr>
<tr><td rowspan="3">Administration</td><td>(1) Personnel
a. Office energy-saving activities and promotions</td></tr>
<tr><td>(2) Equipment
a. Air compressor capacity utilization and demand regulation
b. Operation and management of water-cooling equipment temperature in summer and winter
c. Increasing process efficiency</td></tr>
<tr><td>(3) Methods
a. Area-specific air conditioning demand management
b. Energy management at night
c. Optimize production scheduling to increase equipment utilization.
d. Operation and Shutdown of Public Facilities in Coordination with Production</td></tr>
</table>
The Company is committed to improving the utilization efficiency of various resources, actively implementing resource recycling classification in source management, significantly reducing waste generation and increasing resource recycling. . In terms of water resources management, there is no wastewater generated in the manufacturing process, and each manufacturing plant only generates domestic sewage, so there is extremely low risk of water supply failure and water pollution. .At the product level, from the product development and design to the manufacturing, the concept of green products is taken as the starting point to consider the extension of product life cycle, energy conservation, easy-to-recycle, low toxicity, reduction of environmental hazards and carbon footprint, etc.
In accordance with international regulations and customer requirements, the "Control List of Hazardous Chemical Substances" has been formulated. Through the strict control of the recognition of parts and materials and the inspection of finished products, a systematic management mechanism ensures that the products can meet international regulations and customer requirements. It is expected that the use of hazardous chemicals will be reduced year by year, and at the same time, the harm to human</td><td>No deviation</td></tr>
</table>

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<tr><td></td><td></td><td></td><td>beings and the environment caused by the transportation, use and disposal of products will be avoided. The Company ensures that all raw materials used comply with the RoHS regulations of the European Union. We educate and guide our suppliers in conducting self-assessments on direct materials, indirect materials, resource utilization, waste emissions, and transportation energy consumption. This enables our suppliers to understand the calculation methods for the life cycle of their products and the potential ecological impacts.</td><td></td></tr>
<tr><td>(III) Does the Company evaluate the present or future potential risks and opportunities caused by the climate change on the enterprise, and take appropriate actions?</td><td>V</td><td></td><td>(III) As a design and manufacturing company of electronic products, the Company has established a Sustainable Development Committee to examine the potential impacts of climate change on our operations. This is in line with our commitment to promoting corporate sustainability. Additionally, we have established a Risk Management Committee to identify and manage risks. In 2023, the TCFD principles will be implemented to identify climate risks and opportunities across four key frameworks: governance, strategy, risk management, and metrics and targets. Please refer to the company's official website sustainability report for the climate strategy and carbon management section.
Through the operation of sustainable development, measures and promotion of green products and green supply chains will be implemented in terms of environmental aspects. In addition, carbon management not only focuses on organizational greenhouse gas emissions, but also analyzes and manages the environmental impacts of products to comply with relevant international standards, such as organizational carbon footprint. (ISO 14064-1) For internal energy conservation management within the organization, key performance indicators (KPIs) are used to promote water conservation and reduce water and energy consumption as measures to lower operating costs.
The Company follows the Group's Joint Initiative RE100 and sets the short, medium and long-term objectives as follows:
<table>
<tr><th rowspan="2">Benchmark year</th><th rowspan="2">Completion Year</th><th colspan="3">Goal</th></tr>
<tr><th>Ratio of renewable energy and carbon offset:</th><th>Reduce water usage by:</th><th>Recovery rate of recycling:</th></tr>
<tr><td>2022</td><td>2023</td><td>1%</td><td>0%</td><td>80%</td></tr>
<tr><td>2023</td><td>2030</td><td>60%</td><td>5%</td><td>90%</td></tr>
<tr><td>2030</td><td>2040</td><td>100%</td><td>1%</td><td>100%</td></tr>
<tr><td>2040</td><td>2050</td><td>Net Zero Carbon Emissions</td><td>1%</td><td>100%</td></tr>
</table>
2023 Implementation Plan:
1. Introduce RE60 energy-saving measures and develop internal carbon pricing to meet future demands.
2. Introduce the development of low-energy consumption products.
3. Review the energy baseline according to ISO 50001 and make timely adjustments and updates.</td><td>No deviation</td></tr>
<tr><td>(IV) Does the Company make statistics about the</td><td>V</td><td></td><td>(IV) The company has been conducting a greenhouse gas inventory since 2019 and included it in the annual ISO 14064-1 greenhouse gas inventory</td><td>No deviation</td></tr>
</table>

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation</th><th rowspan="2">Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract</th></tr>
<tr><td>greenhouse gas emissions, water consumption and total waste weight in the past two years, and formulate policies for greenhouse gas reduction, water consumption reduction or other waste management?</td><td></td><td></td><td>integration verification of the group in 2020. It has been verified and meets the standards by Taiwan Well-Being International Quality Assurance Verification Co., Ltd.
The company is committed to improving human information life through its products and services, as well as promoting social responsibility, energy management, and other practices and concepts. It has formulated the 'You Tong Information Social Responsibility and Environment, Safety, and Health Policy', which specifies pollution prevention and waste reduction, energy conservation and water saving, safety and health, prevention before it happens, and continuous improvement as its main policies.
The data for the company's greenhouse gas emissions, water consumption, electricity consumption, and total waste weight for the past two years are as follows: (Categories one and two include the operations control scope of DFI Xizhi Headquarters, Taoyuan Factory, and Xindian R&D all factory areas, while category three only includes employee travel and commuting transportation).

1. Greenhouse Gas Emissions (metric tons):
<table>
<tr><th>Year</th><th>Category One</th><th>Category 2</th><th>Category 1+2</th><th>Category 3</th></tr>
<tr><td>2022</td><td>164.85</td><td>3,321.94</td><td>3,486.79</td><td>14,379.89</td></tr>
<tr><td>2023</td><td>150.26</td><td>3,114.43</td><td>3,264.69</td><td>1,108.62</td></tr>
</table>
According to ISO 14064-1:2018 international standard, greenhouse gas emissions inventory certification is conducted, and the total emissions are verified by a certified verification company. In 2023, the emissions reduction of Category 1 and Category 2 reached 222.1 metric tons (a decrease of approximately 6.37%); the calculation of carbon emissions for Category 3 to 6 is temporarily not comparable due to changes in verification methodology (changes in boundary checks and coefficient conversion). In addition to increasing the proportion of renewable energy through the use of solar power generation systems, replacing energy-consuming equipment with variable frequency energy-saving devices, and continuously implementing energy-saving measures through administrative management, the goal of reducing greenhouse gas emissions is achieved.

Intensity of greenhouse gas emissions from products (Category 1+2) (metric tons)
<table>
<tr><th>Year</th><th>Production volume (100 million)</th><th>Production quantity (1000 units)</th><th>Carbon emissions per hundred million production value.</th><th>Carbon emissions per thousand units of production.</th></tr>
<tr><td>2022</td><td>64.2354</td><td>1,025</td><td>54.28</td><td>3.40</td></tr>
<tr><td>2023</td><td>48.7052</td><td>748</td><td>67.03</td><td>4.36</td></tr>
</table>

2. Water consumption (tons)
<table>
<tr><th>Year</th><th>Total water consumption</th></tr>
<tr><td>2022</td><td>22,154.53</td></tr>
<tr><td>2023</td><td>22,453.35</td></tr>
</table>
To implement water resource management, each site continues to monitor the use of tap water. DFI sites do not extract groundwater for</td><td></td></tr>
</table>

Item	Implementation			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
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			operations. The water pollution prevention and control equipment at the Taoyuan plant is operated and maintained by professionals from Qisda Corp., as the plant is leased from the parent company Qisda Corp.. The equipment utilizes the contact aeration method to treat domestic wastewater, and the treated wastewater is discharged into the government-managed sewage system. It performs better than the wastewater inlet standard in the Gueishan Industrial Zone in terms of sewage water quality testing. **3. Electricity consumption (units)** Year / Total electricity consumption (units): 2022: 6,529,032 2023: 6,093,556 In 2023, the introduction of ISO 50001 involved enhancing the use of renewable energy by setting up solar power generation at the Taoyuan plant, coupled with enhanced management and replacement of outdated electrical equipment, achieving a total electricity saving of 435,476 kWh (approximately 6.67%). **4. Total weight of waste (Category D and E only):** Year / hazardous waste / non-hazardous waste / Total Weight of Waste: 2022: 3.54 / 69.79 / 73.33 2023: 6.119 / 75.53 / 81.649 The Company effectively manages the production, removal, and disposal of waste by dedicated personnel in accordance with regulations on pollution prevention equipment. In addition to proactively managing waste and promoting energy-saving and waste reduction activities, we actively implement resource recycling and classification from the source, significantly reducing waste generation and increasing resource recycling to achieve waste reduction goals. In addition, source management measures such as reducing the amount of raw materials, managing waste at the design, manufacturing, and distribution stages, and reducing waste generation, are implemented to achieve waste reduction. Furthermore, active promotion of waste resource utilization, such as reusing packaging materials, replaces existing disposal methods through recycling and reuse, transforming garbage into useful resources. This not only achieves true resource circulation but also reduces the energy consumption and cost of waste disposal. The Company adheres to the concept of responsible production and annually monitors waste contractors. If a contractor breaches the contract or violates government regulations, appropriate measures such as counseling or replacement will be taken. In the fiscal year 2023, DFI did not experience any significant breaches or violations of contract with waste disposal contractors. The types of waste generated in the Company's various factory areas can be divided into general industrial waste, waste solvents, and unclassified waste electronic components. These hazardous waste materials, as defined by the Basel Convention, are not generated during our operations and production processes.	

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				The impact on the environment, in addition to being addressed through equipment improvement and replacement, is also being mitigated through energy-saving and carbon reduction initiatives. A comparison of electricity consumption at the Xizhi headquarters, which has remained unchanged in recent years, shows a decreasing trend in total electricity consumption from 2017 to 2023 (excluding shared electricity consumption for the building). Effective energy management is not only beneficial for businesses, but also a standard. The project promotes energy management and implements ISO 50001 through systematic and third-party verification. To assist in confirming the effectiveness of energy conservation, reducing costs, and complying with environmental regulations, according to this international standard. DFI invested NT$5.77 million in 2023 to establish an 80.8KWH solar power facility at the Taoyuan plant. It was officially launched in December of the same year, and the total electricity generated in 2023 was 4,319.4KWH, increasing the proportion of renewable energy usage. To implement the inventory of greenhouse gas emissions, starting from 2022, DFI will expand the scope of the inventory to Category 3 and investigate the carbon emissions generated by all employees' commuting, while continuously promoting the use of public transportation. In 2023, we will also improve our internal business travel reimbursement system to synchronously record the carbon footprint of employees' domestic and international business trips. We will expand the scope of inspection to include Category 3 employee travel and also calculate Category 4 electricity, tap water usage, and waste disposal, in order to have a more comprehensive understanding of the organization's greenhouse gas inventory. We will continue to cooperate with the group's energy-saving, carbon-reducing, and sustainable development policies.	
IV. Social Issues (I) Does the Company formulate the relevant management policies and procedures according to the relevant laws and regulations, and the international covenants of human rights?	V		(I)	In order to implement the corporate social responsibility and protection of human rights, DFI declares that it protects the rights and interests of employees, complies with national labor laws and regulations in human rights management, and follows the principles enshrined in international human rights conventions such as the United Nations Universal Declaration of Human Rights and the International Labour Organization Conventions, in addition to providing a reasonable and safe workplace, and building an inclusive and friendly workplace. The Company declares its commitment to safeguarding employee rights and has established multiple communication channels. In response to internal employee complaints, a 'Communication Management Procedure' has been developed. If employees encounter any incidents of sexual harassment or inappropriate treatment, they can directly report to the Human Resources department in accordance with the 'Reporting and Complaint Handling Procedures', and the company ensures the confidentiality of the whistleblower's identity. If any external stakeholders have any concerns regarding this issue, they can file a complaint through the CSR mailbox on the company's official website.	No deviation

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			The summary of the Company's human rights management policy and specific plans are as follows: **1. Workplace Safety and Health** Personnel rules and regulations are formulated in accordance with the provisions of the national labor standard laws to protect the rights and interest of the employees and the company. The company has passed the audit and verification of the ISO 14001 Environmental Management System (valid until December 26, 2025) and the ISO 45001 Occupational Health and Safety Management System (valid until November 30, 2025), providing a safe working environment for company employees. **2. Employee Renumeration and Benefits** New entry-level employees, regardless of gender, will receive a starting salary that is consistent and not lower than the minimum wage required by law. They will also have access to a complete and unobstructed promotion pathway. In addition, the Company adheres to the regulations and systems of social insurance in various countries around the world to safeguard the basic rights of employees. **3. Employee Wellness Management** Our company has a lactation room to meet the needs of our female employees. In accordance with the regulations of the Labor Health Protection Act, we have hired dedicated nursing staff to provide on-site health services for our employees. We have also engaged physicians who specialize in labor health services to provide on-site medical services. The Company provides regular employee health checks and occasional workplace health promotion lectures and activities. Employees with high-risk factors identified during the health checks are tracked and their privacy is ensured. The tracking rate reached 63% by 2023. At the same time, we periodically provide electronic newsletters related to health to remind colleagues of the importance of health. **4. Eliminate illegal discrimination and ensure equal employment opportunities.** According to the Employment Service Act and the Company's hiring principles, recruitment is conducted openly based on actual business needs, with a focus on matching the right talent to the right positions. The Company recruits employees through job posting based on the actual business needs, and appoint appropriate talents based on the employment principles. The Company has zero tolerance on any unfair treatment due to race, ethnicity, ethnic group, class, color, age, gender, sexual orientation, sex identification or expression, nationality or region, disability, pregnancy, religion, political stand, the group background, family responsibility, veteran status, genetic information, or marital status, and other factors expressly stipulated by laws. **5. Prohibition of Forced Labor and Use of Child Labor** Child labor is prohibited. The Company shall not employ any children who are under the minimum working age. Any forms of slave labor is prohibited. To protect and safeguard the working environment, conditions, premises, and rights of workers, ensuring consistent conditions for	

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			workers in terms of health and safety, job security, and remuneration. And the contract with the supplier includes human rights clauses that require compliance with standards. The Company complies with the legal requirements for working hours and overtime system, and pays at least the minimum wage as stipulated by the regulations. Implement the vacation system to encourage colleagues to pay attention to work-life balance. In 2023, regulations compliance advocacy will be conducted for a total of 2,300 employees and new recruits, with a total duration of approximately 2,416 hours, and built course-related materials on the internal employee training platform, and conducted online course training, achieving 100% completion of human rights protection training. The course content includes: prohibition of forced labor, prohibition of child labor, anti-discrimination, anti-harassment, prevention of insider trading, integrity training, and anti-trust, while providing a healthy and safe environment. In the future, we will continue to pay attention to human rights protection issues, promote and implement relevant education and training to raise awareness of human rights protection and reduce the possibility of related risks occurring.	
(II) Does the Company formulate and implement reasonable employee welfare measures (including remuneration, vacation and other benefits, etc.), and appropriately reflect the operation results or achievements in the employee's remuneration?	V		(II) The Company has always valued human dignity and cared for our employees as one of our guiding principles. The company has always taken respect for humanity and care for employees as one of its business philosophies. In order to fully take care of the physical and mental health of colleagues and their families and establish a living security system, the Company specially provides annual bonuses, performance bonuses, operating dividends, vacation, group insurance, health examinations, dormitories and employee training plans, and stipulates regulations for remuneration, leaves and various benefits in the work rules, so that colleagues can be open-minded and devoted to their work. **1. Employee Renumeration** In order to attract and retain outstanding talents, DFI strictly abides by the labor law, provide renumeration not less than the basic salary specified by the law which is not differentiated based on genders, religions, races, nationalities and political parties. In order to provide employees with a remuneration policy that is competitive in the market, the remuneration will be adjusted based on personal academic experience, professional skills, and employee performance, to ensure that the remuneration of employees is in line with market conditions and fairness principle. Each year, we mainly refer to the salary survey reports from third-party independent remuneration consulting companies and the Company's operation status, and check whether we have achieved the objectives at the end of the year. In the salary committee meeting, the annual performance indicators for executive compensation were reviewed and the annual compensation was regulated. **2. Employee welfare measures** The Company has established an Employee Welfare Committee, which allocates welfare funds every month. In 2023, a total of 5,374 people participated in the committee's activities, and the average satisfaction	No deviation

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			rating for employee activities throughout the year was 3.5 points out of 5. In addition, various benefits are provided to employees every year, as listed below: Short-term overseas travel insurance, group activity subsidies, free health examinations, employee discounts for purchasing the Company's products, coffee/snacks/sparkling water/drinks, quarterly birthday party, afternoon tea, occasional meals, congratulation, mourning, comfort or allowances for weddings and funerals, pension system, etc. Under the vacation system, in addition to the regular two-day weekend, employees who have been with the company for one year are entitled to seven days of special leave per year (proportional leave is granted for those who have not been with the company for one year). In addition, new employees who have been in their positions for one month are entitled to four days of newcomer benefits leave. For colleagues who have major injuries, major accidents, etc., if a longer period of leave is required, they can also apply for leave without pay to accommodate the needs of their families. **3. Diversity and Equal Opportunity** The Company is committed to providing a dignified and safe working environment for its employees, and we implement principles of employee diversity, fairness in remuneration and promotion, to ensure that employees are not discriminated against, harassed or treated unequally on the basis of race, gender, religious belief, age, political orientation and any other circumstance protected by applicable laws and regulations.	

Equal Employment Opportunity Index	2023		2022	
	Number of people	Percentage (%)	Number of people	Percentage (%)
Female employees (%)	343	54.5	364	55.1
Female executives among all executives (%)	17	22.4	12	21.1
Female senior executives (%)	5	26.3	5	22.8

Note: Senior management level is defined as those who hold supervisory positions and are at the director level or above.

Equal remuneration indicators	2023		2023	
	The Gap in 'Median' Values	The Gap in 'Average' Values	The Gap in 'Median' Values	The Gap in 'Average' Values
Direct Staff Male and Female Renumeration	12.1	15.3	10.9	12.3
Indirect Staff Male and Female Renumeration	30.6	29.0	25.4	25.4

Item	Implementation			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Abstract	
			4. Operating performance is reflected in employee renumeration • Article 21 of the Articles of Association: If the Company makes profit over a year, 5% to 20% of the profit shall be appropriated as employee remuneration, which shall be distributed in the form of stocks or in cash with the resolution of the Board of Directors. Such appropriated amount may be also distributed to employees of other companies under the control of or affiliated to the Company which satisfy certain conditions. In addition, no more than 1% of the profit shall be appropriated as directors' remuneration with the approval of the Board of Directors by resolution. The proposal for paying remuneration to employees and directors shall be presented at the shareholders' meeting. Nonetheless, in case of accumulated deficit in the Company, a proportion of the profit shall be reserved for recovering the loss before an amount is appropriated at the aforementioned ratio as remuneration to employees and directors. • Overall Renumeration Policy: The Company participates in market salary surveys every year. Based on market salary levels, economic trends, and individual performance, we adjust salaries to maintain overall competitiveness. In 2023, the average annual salary increase for both managerial and non-managerial positions in our Taiwan region is 3%. The Renumeration Committee of our company holds at least two meetings per year and may convene additional meetings as needed. The Remuneration Committee shall, with the attention of a good manager, faithfully perform the following functions and submit its recommendations to the Board for discussion: The distribution of employee and director remuneration by the company is reported to the shareholders' meeting after being approved by the Renumeration Committee and the Board of Directors. This can be used as a measure of the management performance of the Company's highest management unit. The remuneration information of the board of directors and senior management is appropriately disclosed in the Company's annual report, allowing all stakeholders to fully understand the relationship between executive renumeration and company performance.	
(III) Does the Company provide the employees with a safe and healthy work environment, and regularly implement safety and health education for the employees?	V		(III) The Company has established a occupational safety and health management unit in accordance with the law, and has appointed occupational safety and health management personnel, special operation supervisors, and first aid personnel. The Company has set up leisure and sports facilities in the factory area for employees to exercise, and has arranged for doctors to be stationed for medical consultations. Every year, regular employee health checks and occasional health activities are conducted to maintain the physical and mental health of employees. The various plants of the Company conduct occupational safety and health education and training in accordance with the requirements and frequency specified by national laws and regulations. We carry out autonomous inspections of production equipment and operations, monitor the working environment, conduct fire system inspections, perform emergency	No deviation

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			response drills, and the occupational safety unit conducts regular or random checks and inspections to confirm the performance of each responsible unit. Additionally, we undergo annual external verification through ISO 45001 for auditing purposes. In terms of construction safety management, the contractor has established standard operating procedures and inspection record forms for various stages, including entry application, hazard notification, construction application, hazardous operation application, and pre, during, and post-operation inspections. In terms of chemical management, it is the focus of occupational safety and health management work. The Company follows the operating procedures 'Chemical Management Regulations' to store, transport, use, dispose, and manage chemicals. It also verifies and reports the monthly declaration numbers through the Chemical Cloud System administered by the central government. In the factory security department, access control is managed through card permissions, supplemented by security personnel patrols to enhance safety. Management, fire safety equipment, and elevator equipment are all maintained and serviced by qualified organizations according to regulations. In addition to conducting fire inspections every six months, employees are also assigned to obtain fire management licenses. Every year, a fire and evacuation drill is conducted for all employees in all factory areas to enhance their knowledge of safety evacuation. In addition, periodic environmental sanitation and disinfection operations are carried out, and relevant promotional activities are conducted in response to the government's announcement of major epidemics. In 2023, there were no internal public safety incidents. All of our company's factories have passed the audit and verification of the Occupational Health and Safety Management System ISO 45001 (valid until 30th November 2025).	
(IV) Does the Company establish effective career development training plan for the employees?	V		(IV) The Company has organized all kinds of seminars and training, to improve the employee's professional skills and knowledge, and provided external training opportunities and funds, and induction education and training to achieve synchronous growth of both the personal career planning and the Company's overall benefit through work and training. In addition to conducting training courses according to the annual training plan mentioned above, we also provide various learning resources and tools to encourage employees to engage in learning activities that are not limited by time, location, or format. These activities are aligned with the company's growth direction, organizational needs, and individual performance requirements, and aim to continuously improve work efficiency. In light of the Company's future strategic development direction, we will continue to develop relevant courses, including but not limited to specialized knowledge in areas such as building key components, healthcare, and the Internet of Things. These courses will provide the talent that the organization will need in the future and maintain a learning momentum to align with the Company's development needs. In 2022, the "Employee Learning & Development Strategy" was developed, and it is expected to continuously expand the learning scope of all employee from	No deviation

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			"management functions", "professional functions", "self-development" and "onboarding". In 2023, the total training hours for all employees amounted to 16,857.88 hours (15,596.38 hours for talent development and 1,261.5 hours for labor safety and health). The total number of training participants reached 7,107.	
(V) Does the Company comply with the relevant laws, regulations and international standards, and formulate the relevant policies and complaint procedures for protection of the rights and interest of the consumers or customers with respect to the customer's health and safety, privacy, marketing, marking and other issues of the products and services?	V		(V) The Company's marketing and labeling of the products and services conform to the relevant laws and regulations, as well as the international standards, and shall not contain any behaviors that cheat, mislead, fenagle or otherwise damage the customer's trust, and prejudice the rights and interest of the consumers. In accordance with international regulations and customer requirements, the "Control List of Hazardous Chemical Substances" has been formulated. Through the strict control of the recognition of parts and materials and the inspection of finished products, a systematic management mechanism ensures that the products can meet international regulations and customer requirements. The Company's products have passed the QC 080000 and Green Product audits conducted by the Electronics Industry Research Institute of the Industrial Technology Research Institute, as well as audits from several international major factories. Our suppliers have also obtained certifications for the prohibition of substances and have successfully provided materials. WEEE has also been registered and entrusted to local operators for future product recycling in several countries in Europe. Based on the fundamental principles and common legal requirements of the General Data Protection Regulation (GDPR) under global personal data protection regulations, our company has established a personal data protection management system and policy, and has set up a personal data protection project team to manage and protect customer privacy. Through internal data audits, external verification, crisis prevention, and education and training, we ensure the security of customer data. For the customer rights and complaints section, DFI conducts regular customer satisfaction surveys to ensure that customer needs are understood and met. Customers can also use this questionnaire to make complaints and provide feedback on areas where DFI can improve or assist. Every December, DFI conducts a comprehensive customer service satisfaction survey and sends a notification letter to customers' designated contact persons through the Marketing Department, requesting them to rate and fill out the survey.	No deviation
(VI) Does the Company formulate the supplier management policies, demand the suppliers to comply with the relevant specifications in relation to environmental protection, occupational health and safety or labor human rights, and implement the same?	V		(VI) The Company requires suppliers to sign the 'DFI Supplier Code of Conduct for Sustainable Development', which mandates full compliance with the laws and regulations of the country/region of operation. In addition, suppliers are expected to adhere to standards in various aspects of business conduct, including labor rights, health and safety, environment, corporate ethics, and management systems, in order to establish sustainable procurement. Suppliers are also responsible for communicating these requirements to their downstream suppliers and monitoring their compliance. Suppliers of raw materials are required to complete an ESG sustainability risk assessment questionnaire that covers regulatory compliance, sustainable management, supplier management, conflict	No deviation

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation</th><th rowspan="2">Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract</th></tr>
<tr><td></td><td></td><td></td><td>mineral management, environmental protection, health and safety, labor rights, and human rights. This is done to understand the sustainability risks of the suppliers. If necessary, on-site audits will be conducted to ensure that the sustainability of the suppliers meets our standards. At the same time, we expect suppliers to continuously improve their sustainability performance. Therefore, we request/encourage both existing and new suppliers to obtain certifications such as ISO 9001, IATF 16949, ISO 14001, ISO 45001,
ISO 14064-1 and other relevant international certification standards.

<table>
<tr><td>Procedures for Supplier Promotion</td><td>1. With company, factory, profit-making enterprise registration certificate and ISO9001 certification.
2. Assessment of suppliers in terms of quality, price, innovative technology, process capability and service.
3. New vendors are required to sign the Supplier Parts/Materials Quality Agreement during the assessment.
4. After the evaluation results are qualified and approved, they are listed as qualified suppliers and follow-up management is carried out.
5. Supplier Social Responsibility and Business Ethics Code of Conduct and Self-Assessment.</td></tr>
<tr><td>Supplier Assessment</td><td>1. Regularly assess raw material suppliers semiannually.
2. Suppliers are assessed in terms of incoming quality, delivery date, price, etc.
3. Dispose of suppliers according to assessment scores, etc.</td></tr>
<tr><td>Supplier On-site Audit and Guidance</td><td>1. Regular and irregular supplier audits are arranged each year according to the quality of supply.
2. The audit scope covers quality systems, processes, hazardous substances and corporate social responsibility.
3. Determine whether it needs to conduct coaching and re-audit based on audit results.</td></tr>
<tr><td>Supplier Risk Management</td><td>1. Continuous operational risk assessment.
2. Major risk investigations.
3. Investigation on accounts payable.</td></tr>
</table>
</td><td></td></tr>
<tr><td>V. Does the Company prepare the sustainability report and other reports that disclose the Company's non-financial information by reference to the international generally accepted report preparation standard or guidelines? Has the Company obtained confirmed or secured opinion on the foregoing reports from the</td><td>V</td><td></td><td>The company has prepared the '2022 UTI Sustainability Report' in accordance with the international standard for report preparation, the Global Reporting Initiative (GRI) Standards. The report has been verified by Taiwan Assurance International Quality Assurance Verification Co., Ltd. (BVC) and has received a AA1000 Type 1 Moderate Assurance. The 2022 report was issued in August 2023 and made available on the company's website and the Public Information Observation Station. The annual report for 2023 is expected to be published in August 2024.</td><td>No deviation</td></tr>
</table>

Item	Implementation			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
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thirdparty verification agency?				

VI. If the Company has its own sustainability guidelines in accordance with the 'Practical Guidelines for Sustainable Development of Listed and OTC Companies,' please describe the differences between its operation and the established guidelines:
The Company established its Corporate Social Responsibility Policy in March 2011, and its overall operation is in line with the Sustainable Development Practices Guidelines for Listed and OTC Companies.

VII. Other important information for understanding the implementation of sustainable development:

Environmental Conservation (E)

1. In March 2023, we participated in the Group Tree Planting Day event, gathering approximately 1,000 participants to plant 5,000 saplings. This effort has increased our 'Sustainable Forest' by an additional 60,000 kilograms of carbon absorption, greatly enhancing fleet efficiency!
2. 2023 Group Beach Cleanup Train: An annual event initiated by the group to reduce waste entering the ocean, preserve the beautiful marine ecosystem, and contribute to the planet!
   - 2.1 In June, nearly 600 employees and their families gathered in Zhuwei, Taoyuan to protect precious marine resources. In total, approximately 700 bags weighing 1.4 metric tons of garbage were cleared.
   - 2.2 In July, in Taichung's Dajia, nearly 500 employees and their families gathered to protect precious marine resources. The event collected about 137 bags of trash, totaling approximately 1 ton.
   - 2.3 In August, in Yilan's Zhuangwei, nearly 500 employees and their families came together to protect the precious marine resources. The event successfully collected about 170 bags of trash, weighing approximately 790 kilograms.
3. In July 2023, Green Earth Friends Environmental Protection Association: A total of 497 employees and their family members gathered to participate in the mountain cleaning and forest conservation activity at Tiger Head Mountain in Taoyuan. With the active participation of Green Earth employees, a total of approximately 7 tons of garbage were cleared. Also invite all participants to engage in garbage sorting and recycling, promote the reuse of items, and care for our planet. Let's contribute to a sustainable environment!

Social Care and Employee Health (S)

1. In June 2023, we held a 28-day health walking challenge, during which a total of approximately 17,746,933 steps were accumulated. This event also helped reduce carbon emissions by approximately 2,817 kilograms.
2. In July 2023, the Group Badminton Exchange Tournament was held to facilitate communication among employees of various affiliated companies through the sport of badminton. The event also aimed to promote sports participation among the general public and foster healthy exercise habits.
3. In August 2023, the BenQ Foundation launched a long-term commitment to environmental sustainability, signing a rice contract with the Changhua River. Through this initiative, the foundation supports the efforts of farmers and annually organizes rice gift boxes and volunteer rice harvesting activities, fostering a strong connection between the company's employees and the land. After the farmers harvested the first batch of rice, they provided a total of 1,050 rice gift boxes to various companies.
4. In August 2023, the Eden Foundation invited visually impaired massage therapists to provide stress-relieving massages for employees at the company. A total of 108 people participated to support visually impaired individuals in providing professional massage services to the public, contributing to society and promoting employee health.
5. Established in September 2023, the Table Tennis Society provides the necessary equipment and suitable playing environment for table tennis enthusiasts to engage in friendly competition and exchange ideas.
6. In 2023, the series of mobile agricultural support lectures and direct cooperation with farmers will be conducted to support the efforts of small farmers and contribute to society. By organizing the agricultural support lecture series, we aim to enhance employee awareness of the environment, extreme weather conditions, and the importance of agriculture and food.
   - 6.1 In May, Farmer Chen Fu-yu's Mango Story: Supporting young farmer Chen Fu-yu from Pingtung County in his continuous practice of organic farming and gradual reduction of pesticide use.
   - 6.2 In September, the story of the X Red Pomelo: Do not excessively pursue the sweetness of the fruit. Excessive fertilization causes severe soil acidification. To be friendly to the land, start by reducing fertilizer.

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

Time	Purchased agricultural products	Direct Procurement Quantity (kg)	Helped Producers and Collaborators	Amount of Expenditure (NTD)	Reduced Carbon Emissions (metric tons)	Number of participants in the event
2023Q2	Pingtung Aiwen Mango	251.8	9	52,105	0.2	32
2023Q3	Tainan Madou Pomelo	468.0	9	60,830	0.3	29
2023Q4	Taichung Fushoushan Honey Apple (Note)	150.0	6	26,548	2,310,487.8	27
Total		869.8	24	139,483	2,310,488.3	88

Note: This is calculated based on purchasing directly from farmers.

7. The Company hires local manpower in the operating area to enhance community identification:

Factory	Number of employees at the location	Total number of employees in the factory	Percentage (%)
Xizhi	72	218	33.03
Xindian	10	63	15.87
Taoyuan	203	348	58.33
Total Number of People	285	629	45.31

Corporate Governance (G)

(1) The greenhouse gas inventory for the year 2023, in accordance with ISO 14064-1, was verified by Taiwan Well-Being International Quality Assurance Certification (Ltd.) on January 31, 2024, to ensure responsible management of the company's carbon emissions.

(2) Actual Results of "Technology for the People" in July 2023! Combining 42 years of design know-how in embedded products with the integration of operational technology (OT) into daily life, we aim to provide the residents of the revitalization area with a more convenient lifestyle. And was honored with the TSAA Sustainability Action Award - Gold Medal. After the introduction of equipment and systems, the Xingfu Bus in Fuxing District has successfully optimized overall operational efficiency and improved transportation issues in remote areas. From 2021 to the end of 2022, the bus accumulated a total of 5,928 service hours, with a total of 16,006 trips and a total of 47,430 passengers. And through matchmaking, the bus service has reached more people in need. Since its inception, the number of passengers and total service volume of the Happy Bus has been increasing year by year, with an average of nearly 2,000 passengers per month.

(3) The Company's 2022 Corporate Sustainability Report participated in the 16th Taiwan Corporate Sustainability Awards (TCSA) in 2023 and won the Gold Award for Category 1 in the Electronics Information Manufacturing Industry.

(4) In November 2023, complete ISO 50001 verification to establish an energy management system through procedural and documented processes, identify energy consumption and energy-saving opportunities, and lay the foundation for RE100, gradually achieving sustainable energy management goals.

(5) In December 2023, the 89KW solar panel project was completed with an investment of NT$5,770,000, and it has been put into green energy production, gradually achieving energy saving and green energy.

Donation

DFI is committed to participating in public welfare and supports the BenQ Foundations, a non-profit organization, in its various activities such as promoting environmental friendliness, caring for society, and cultivating the humanities, which will be held in 2023. Furthermore, to enhance our corporate social responsibility initiatives, we will donate NT$2.5 million in July 2023.

(VI) Climate-related Information of Listed and OTC Companies

(1) Climate-Related Information Implementation Status

Item	Implementation
(1) The supervision and governance of climate-related risks and opportunities by the Board of Directors and management.	In accordance with the framework of the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we disclose climate-related risks in four dimensions: governance, strategy, risk management, and metrics and targets. We have published our climate governance achievements in recent years in our sustainability report.
(2) The impact of identified climate risks and opportunities on the business, strategy, and finances of the company (short-term, medium-term, long-term).	In response to the continued increase in average annual temperature in the future, the company has included climate risk as a topic of discussion in the Risk Management Committee. 2. Mid-term: In the future, the selection of venues will also consider whether their geographical location is in the most vulnerable areas. And improve the digitalization of climate risk data and the level of online data management, reducing the possibility of employees encountering extreme climate hazards. 3. Long-term: To meet RE100 objectives, implement green energy systems, and actively promote energy conservation habits.
(3) The impact of extreme weather events and transition actions on finance.	The macroeconomic factors lead to changes in demand and unstable raw material prices, while the microeconomic factors result in changes in asset value, profitability, and disruptions in activities and value chains.
(4) The integration of the process for identifying, assessing, and managing climate risks into the overall risk management system.	In accordance with the framework of the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we disclose climate-related risks in four dimensions: governance, strategy, risk management, and metrics and targets. We have published our climate governance achievements in recent years in our sustainability report.
(5) If using scenario analysis to assess resilience to climate change risks, the context, parameters, assumptions, analysis factors, and major financial impacts should be explained.	N/A
(6) If there is a transition plan for managing climate-related risks, please explain the content of the plan, as well as the indicators and objectives used to identify and manage physical risks and transition risks.	N/A
(7) If using internal carbon pricing as a planning tool, the basis for price determination should be explained.	N/A
(8) If climate-related goals are set, the activities covered, greenhouse gas emissions scope, planning schedule, annual progress, and other information should be explained. If carbon offsetting or renewable energy certificates (RECs) are used to achieve the goals, the source and quantity of carbon offsetting or the quantity of RECs should be specified.	According to the group's definition, RE60 will be achieved by 2030. Starting from 2024, energy-saving goals will be set based on the ISO 50001 standard, with a target of achieving a 4% annual energy savings. In cases where the annual energy savings fall short, they will be offset by T-REC credits.
(9) Inventory and Confirmation of Greenhouse Gas Emissions, Reduction Targets, Strategies, and Action Plans (to be filled in Sections 1-1 and 1-2).	

1-1 Company Greenhouse Gas Inventory and Verification Status in the Past Two Years

1-1-1 Greenhouse Gas Inventory Information

The emissions (in metric tons of CO2e), intensity (in metric tons of CO2e per million dollars), and data coverage of greenhouse gases in the past two years are presented.
2022 Direct emissions (Category 1) are 164.8466 tCO2e, energy indirect emissions (Category 2) are 3,321.9431 tCO2e, and other indirect emissions (only investigating Category 3 employee commuting) are 14,379.8895 tCO2e. The total emissions for Categories 1 and 2 are 3,486.7897 tCO2e. The individual business turnover is 5,442.148 million NT dollars, and the intensity is 0.6407 tCO2e/million NT dollars. The total emissions were verified by a third-party verification company (Taiwan WEL International Quality Assurance Verification Co., Ltd.) from February 7, 2023, to February 8, 2023, in accordance with ISO 14064-1:2018. Categories 1 and 2 obtained a reasonable assurance level, while Category 3 obtained a limited assurance level. 2023 Direct emissions (Scope 1) were 150.2630 tCO2e, energy indirect emissions (Scope 2) were 3,114.4308 tCO2e, and other indirect emissions (only surveyed Scope 3 categories including employee commuting, employee travel, upstream of Category 4 energy resources, waste transportation) were 1,108.6164 tCO2e; the combined emissions of Scope 1 and Scope 2 totaled 3,264.6938 tCO2e. The standalone revenue was 4,009.122 million NTD, with an intensity of 0.8143 tCO2e/million NTD; total emissions were verified by a third-party verification company (Taiwan Wesley International Certifications Co., Ltd.) in 2024. From January 29th to January 31st, 2024, ISO 14064-1:2018 verification was conducted. Categories one and two obtained reasonable assurance, while categories three and four had limited assurance. The above verification of boundary setting method is based on the 'Operational Control Law'. Within the Company's scope, all emission sources disclosed on each floor are fully owned, and their facility-level greenhouse gas emissions and removals are aggregated using this method. The organizational site includes the Xizhi headquarters, Taoyuan factory, and Xindian research and development office. The site encompasses the Taoyuan factory dormitories and the external materials warehouse. The total emissions are calculated for the period from January 1 to December 31.

Note 1: Direct emissions (Category 1, i.e., emissions directly from emission sources owned or controlled by the Company), energy indirect emissions (Category 2, i.e., indirect greenhouse gas emissions resulting from the use of purchased electricity, heat, or steam), and other indirect emissions (Category 3, i.e., emissions generated by company activities that are not energy indirect emissions but rather come from emission sources owned or controlled by other companies).

Note 2: The scope of direct emissions and indirect emissions from energy should be handled in accordance with the schedule specified in Article 10, Paragraph 2 of these guidelines. Other information on indirect emissions may be disclosed voluntarily.

Note 3: Greenhouse Gas Inventory Standard: The Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 published by the International Organization for Standardization (ISO).

1-1-2 The intensity of greenhouse gas emissions can be calculated per unit of product/service or revenue, but at least the data should be presented in terms of revenue (in million NTD).

Greenhouse Gas Assurance Information

Explanation of the confirmed situation for the two most recent fiscal years as of the date of printing of the annual report, including the scope of confirmation, confirming institutions, confirming criteria, and confirming opinions.
The greenhouse gas inventory results for the fiscal years 2022 and 2023 are believed to cover the entire year from January 1 to December 31, within the organizational boundaries under operational control. The verification of the institutions was conducted by Taiwan Wesley International Quality Assurance and Verification Co., Ltd. The verification criteria were based on ISO 14064-1:2018 inventory, with evidence generated through on-site visits and examination of documents. The verification level for direct greenhouse gas emissions and removals, as well as for indirect greenhouse gas emissions from energy sources, is reasonable assurance. The verification level for other indirect greenhouse gas emissions is limited assurance. The materiality threshold is set at 5%. 2022 Annual Assurance Statement: Based on the verification process and procedures conducted by Taiwan Wesley International Quality Assurance Verification Co., Ltd., there is sufficient evidence to demonstrate that DFI's greenhouse gas statement accurately and fairly

Explanation of the confirmed situation for the two most recent fiscal years as of the date of printing of the annual report, including the scope of confirmation, confirming institutions, confirming criteria, and confirming opinions.
presents the greenhouse gas data and related information, and is prepared in accordance with ISO 14064-1:2018, meeting the reasonable assurance level of the verification protocol. 2023 Annual Assurance Opinion: Based on the verification process and procedures conducted by Taiwan Wesley International Certification Co., Ltd., there is sufficient evidence to indicate that the declarations of category 1 and category 2greenhouse gases by DFI are materially correct and fairly present the greenhouse gas data and related information, and are prepared in accordance with ISO 14064-1:2018 to meet the level of reasonable assurance required by the verification protocol. There is no evidence to suggest that the declarations of category 3 and category 4 greenhousegasesby DFI Information Co., Ltd. are materially incorrect, unfairly presented, or not prepared in accordance with ISO 14064-1:2018, and do not meet the limited assurance level required by the verification agreement.

Note 1: The process should be carried out in accordance with the schedule specified in the order as stipulated in Article 10, Section 2 of these guidelines.

1-2 Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans

Explanation of the baseline year and data, reduction targets, strategies, specific action plans, and the achievement of reduction targets for greenhouse gas emissions.
Due to changes in the verification methodology for 2023, the reference coefficient has been updated to IPCC 2022 AR6. Additionally, the verification scope has been expanded to include organizational carbon emissions up to category four. Therefore, it has been designated as the base year. In 2023, the direct emissions (Scope 1) were 150.2630 tCO2e, energy indirect emissions (Scope 2) were 3,114.4308 tCO2e, and other indirect emissions (only including Scope 3 categories like employee commuting, business travel, upstream energy, and waste disposal) were 1,108.6164 tCO2e. The total emissions amounted to 4,373.3102 tCO2e. In collaboration with its parent company, Jia Shi Da Group, the company is jointly promoting the RE100 initiative. The reduction targets are set to achieve 60% reduction, 100% renewable energy and carbon offset, and net zero carbon emissions by 2030, 2040, and 2050, respectively. 2023 Greenhouse Gas Reduction Measures: 1. Policies and Promotion: Promote ISO 50001 energy management international certification; implement office environmental protection and energy-saving activities; encourage employees to choose public transportation for commuting. 2. Environment and Equipment: Continuously evaluate the introduction of energy-saving equipment; improve the energy efficiency of plant and process facilities; evaluate the introduction of alternative energy technologies. 3. Execution, Products: Conduct education and training on greenhouse gas inventory for subsidiary companies; implement product lifecycle management; promote product carbon footprint. In 2023, the total electricity consumption (6,093,556 kWh) decreased by approximately 6.67% compared to 2022 (6,529,032 kWh), in order to continue promoting energy conservation, carbon reduction, and green energy measures towards the 2030 RE60 target.

Note 1: The process should be carried out in accordance with the schedule specified in the order as stipulated in Article 10, Section 2 of these guidelines.

(VII) Company's Integrity Management Situation and Measures

Evaluation item	Operation			Differences and reasons compared to the integrity management codes of publicly listed companies
	Yes	No	Abstract	
I. Establishing a Code of Conduct Policy and Program				No deviation
(I) Does the company have a code of conduct approved by the board of directors, and is it clearly stated in the regulations and external documents? Are the board of directors and senior management actively implementing the business policy?	V		(I) The Company has mentioned the Honest Management in the personnel management regulations, the Code of Ethical Conduct for the directors, the supervisors and the senior executives, and the white paper of the enterprise social responsibility, which has been approved by the management and the Board of Directors. It is prohibited to accept kickbacks or other illegal benefits by conduct of duty or conducts against the duty.	
(II) Does the Company establish a mechanism for assessing the risk of dishonest behavior, regularly analyzing and evaluating business activities with a higher risk of dishonest behavior within the scope of operations, and formulating measures to prevent dishonest behavior, at least covering the preventive measures for the behaviors specified in Article 7, Section 2 of the Code of Conduct for Listed and OTC Companies?	V		(II) The Company shall implement any promotional activities, advertising, sponsorship materials and funds according to the Company's internal control procedures and authority table, and prevent operating activities causing dishonest behavior risks.	
(III) Does the Company have established operating procedures, codes of conduct, disciplinary measures, and complaint mechanisms within its program to prevent dishonest behavior? Are these measures implemented and regularly reviewed and revised?	V		(III) The prevention measures are distributed in each internal control operation procedure, and punishment and appeal system are set forth in the Personnel Management Regulations.	
II. Implementing Integrity in Business Operations				No deviation
(I) Has the Company evaluated the integrity records of its business partners and included provisions for ethical behavior in the contracts signed with them?	V		(I) The Company has the supplier review management procedure. Before procurement and marketing, the Company will inquire about the operation status of the cooperative manufacturers through the website of the Ministry of Economic Affairs or other channels, or demand such manufacturers to provide the relevant data providing their legal operation, and pay special attention to the integrity related clauses while examining the contractual clauses.	
(II) Does the Company establish a dedicated unit under the board of directors to promote business integrity and regularly	V		(II) The company has established a part-time unit under the Board of Directors to promote business integrity (the company's administrative management department), and reports to the Board of Directors regularly every year. The execution status	

Evaluation item	Operation			Differences and reasons compared to the integrity management codes of publicly listed companies
	Yes	No	Abstract	
(at least once a year) report its integrity management policy, measures to prevent dishonest behavior, and the implementation and supervision to the board of directors? (III) Does the Company have a policy in place to prevent conflicts of interest, provide appropriate channels for disclosure, and ensure implementation? (IV) Has the company established effective accounting and internal control systems to implement ethical business practices? Does the internal audit unit develop relevant audit plans based on the assessment of dishonest behavior risks and use them to verify compliance with the anti-dishonesty program, or does it engage accountants to conduct audits? (V) Does the Company regularly hold integrity management education and training internally and externally?	 V V V		for 2023 was reported to the board of directors on March 4, 2024. (III) For conflicts of interest, the Company has developed the Integrity Handbook, the Code of Ethical Conduct for Directors and Managers, the Ethical Corporate Management Principles and the personnel management rules, which are implemented in all aspects of the code of conduct, misconduct prevention, reporting and investigation. (IV) The Company continues to revise its internal control system in accordance with legal requirements and conducts audits and evaluations of the effectiveness of the internal control system. The Audit Department will develop relevant audit plans and conduct regular audits based on the risk assessment results of dishonest behavior. All required items are included in the annual audit items, and the relevant audit results and improvement status are reported to the Audit Committee and the Board of Directors every quarter. The company's accounting system is established in accordance with legal requirements. The CPA also conducts audits or reviews of the Company's financial statements on a quarterly basis and issues a report, regularly reporting the audit or review results to the Audit Committee. (V) The Company implements integrity education and training for all colleagues every year, and 100% completes the training courses.	
III. Operation of the Company's Whistleblowing System (I) Does the Company have a specific reporting and reward system in place, as well as a convenient reporting channel, and assign appropriate personnel to handle reported cases? (II) Does the Company have established standard operating procedures for handling reported matters, procedures to be taken after completing the investigation, and relevant confidentiality mechanisms? (III) Does the company take measures to protect whistleblowers from improper	 V V V		 (I) In accordance with the Company's integrity manual, whistleblowing will be submitted to the personnel department, and punishment shall be set forth in the personnel management rules; appeal shall be subject to the internal appeal channel. (II) The Company has formulated the standard investigation operation procedure. At present, the personnel department will work together with the relevant supervisors to review and investigate the relevant matters. (III) The personnel department will work together with the relevant supervisors to review the whistle-blowing matters, and protect the informer from and against improper disposal	No deviation

Evaluation item	Operation			Differences and reasons compared to the integrity management codes of publicly listed companies
	Yes	No	Abstract	
treatment as a result of their reports?			due to whistle-blowing?	
IV. Enhancing Information Disclosure Does the company disclose the content and effectiveness of its integrity management code of conduct on its website and public information observation station?	V		The Company has disclosed the relevant contents of the ethical corporate management principles and the honest management status of the Company at the website (www.dfi.com) and the annual report for reference of the stakeholders. Please access to the Company's website for the relevant development. Please refer to the company website for details: Investor Relations/Stakeholder Zone.	No deviation
V. If the Company has established its own integrity management code in accordance with the 'Integrity Management Guidelines for Listed Companies', please describe the operation and the differences from the established code: On November 10, 2020, the Company revised the 'Code of Conduct' and abolished the 'Code of Conduct Operation Procedures and Behavioral Guidelines'. In addition, we established the 'Integrity Manual' as the standard and guideline for the integrity and ethical conduct of all employees. The overall operation is consistent with the 'Code of Conduct for Listed and OTC Companies'.				
VI. Other important information that helps understand the Company's integrity operation situation: (such as the Company's review and revision of its established code of conduct for integrity operation) In 2023, a 1-hour online training course on 'Integrity Management' was implemented for all 695 employees of the company. The course content includes: Integrity Declaration, Conflict of Interest and Avoidance, Compliance with Regulations, Business Confidentiality and Company Assets, Participation in Political Activities, and Integrity Manual Test.				

(VIII) If the Company has established corporate governance rules and related regulations, it should disclose the methods of inquiry:

The Company has adopted the Corporate Governance Practices Guidelines on November 1, 2018, as approved by the Board of Directors. For information on the company's corporate governance practices, please refer to the Corporate Governance Report in this annual report, pages 25-29. The rules of the shareholders' meeting, the rules of the board of directors' meeting, the organizational regulations of the audit committee, the organizational regulations of the renumeration committee, the corporate governance guidelines, the corporate social responsibility guidelines, the code of conduct, the code of ethics, the code of conduct for directors and executives, the director election procedures, the procedures for lending funds to others, the procedures for endorsing guarantees, the procedures for acquiring or disposing of assets, the procedures for handling derivative financial products, and the procedures for handling significant information and preventing insider trading have been established. For more information on the relevant regulations, please visit www.dfi.com.

(IX) Other important information sufficient to enhance understanding of the company's governance operations:

1. The Company resolved revision of the Procedure on Major Information Treatment and Insider Trade Prevention and abolishment of the Procedure on Prevention of Insider Trade at the board meeting dated Nov. 3, 2022, and made an announcement to the managers and employees in the special area for rules and systems at the internal public website.

2. The Company resolved appointment of the governance personnel to protect the shareholders' rights and interest and intensify the functions of the Board of Directors at the board meeting dated Nov. 1, 2018.
3. The new directors of the Company will be distributed the advocation manual prepared by the Company when they take office, including various decrees (including the foregoing Procedure on Major Information Treatment and Insider Trade Prevention) and the cautions, so that the new directors could comply with such rules.

(X) Recent Annual Continuing Education for Directors and Managers

Title	Name	Date	Organizer	Course Name	Hours
Chairman	Chi-Hong Chen	2023/06/01	Taiwan Investor Relations Institute	Establishment and Key Aspects of Corporate Intellectual Property Management System	3
		2023/12/01	Independent Director Association Taiwan	Tax Governance in the New Tax Environment	3
Vice Chairman	Chang-Hung Li (Note 4)	2023/06/01	Taiwan Investor Relations Institute	Establishment and Key Aspects of Corporate Intellectual Property Management System	3
		2023/12/01	Independent Director Association Taiwan	Tax Governance in the New Tax Environment	3
Director & President	Chia-Hung Su	2023/06/01	Taiwan Investor Relations Institute	Establishment and Key Aspects of Corporate Intellectual Property Management System	3
		2023/06/02	Chinese International Chamber of Commerce	2023 Taishin Net Zero Electricity Summit Forum	3
		2023/12/01	Independent Director Association Taiwan	Tax Governance in the New Tax Environment	3
Director	Ming-Shan Li (Note 3)	2023/08/08	Taiwan Corporate Governance Association	The Impact of the Lowest Global Tax System on Multinational Corporations	3
		2023/08/08	Taiwan Corporate Governance Association	Enhanced Intellectual Property Management System A+	3
Independent Director	Te-Chang Yeh	2023/06/01	Taiwan Investor Relations Institute	Establishment and Key Aspects of Corporate Intellectual Property Management System	3
		2023/09/06	Taiwan Corporate Governance Association	Exploration of Sustainable Risk Trends and Response Strategies	3
		2023/09/06	Taiwan Corporate Governance Association	Strengthening of digital resilience and formulation of strategies to strengthen the security governance of listed companies	3
Independent Director	Chih-Hao Chu	2023/12/08	Accounting Research and Development Foundation in Taiwan	Establishing ESG Sustainability Strategy to Enhance Competitiveness	3
		2023/12/15	Accounting Research and Development Foundation in Taiwan	Business Ethics and Sustainable Development	3
Independent Director	Bing-Kuan Luo	2023/03/15	Independent Director Association Taiwan	Analysis of Asset and Liability Management in Taiwan's Financial Industry and its Application to IFRS	3
		2023/04/12	Independent Director Association Taiwan	How should the board of directors construct a sustainable governance strategy? Latest ESG Sustainability Information Disclosure Governance Standards	3
		2023/05/10	Independent Director Association Taiwan	The Board of Directors' Cutting-Edge Tool for Detecting Fraud Signals	3

Title	Name	Date	Organizer	Course Name	Hours
		2023/07/18	Independent Director Association Taiwan	Cooperation between the police and banks to prevent fraud and digital technology in financial fraud prevention	3
		2023/09/06	Independent Director Association Taiwan	The ability to interpret financial statements and analyze case studies is essential for the board of directors.	3
		2023/09/18	Independent Director Association Taiwan	How the Board of Directors Reviews ESG Sustainability Reports	3
		2023/09/21	Independent Director Association Taiwan	Analysis of Director (Independent Director) Responsibilities from Practical Cases	3
		2023/11/14	Independent Director Association Taiwan	Group's Mergers and Acquisitions Strategy and Post-Investment Management	3
Accounting Supervisor	Li-Min Huang	2023/10/24	Accounting Research and Development Foundation in Taiwan	"Common Omissions in Financial Report Review" and Analysis of Important Internal Control Regulations in Practice	6
		2023/10/25	Accounting Research and Development Foundation in Taiwan	Latest Developments in ESG Sustainability and Financial Reporting Self-Editing Policies and Internal Control Management Practices	6

Note 1: The inauguration date of each director is May 31, 2023, and the specified hours of further education has been completed.

Note 2: The accounting supervisor has completed specified hours of further education.

Note 3: Note: Director Ming-Shan Li was relieved of his duties due to his passing on January 26, 2024.

Note 4: Qisda Corp. Legal Representative Director: Chang-Hung Li was dismissed on March 22, 2024, and was replaced by representative Wen-Hsing Tseng.

(XI) Status of Internal Control System Execution

1. Statement on Internal Control System

DFI Inc.

Statement on Internal Control System

Date: March 4, 2024

Based on the self-evaluation results of the internal control system for 2023, the Company hereby states as follows:

1. The Company acknowledges that the establishment, implementation, and maintenance of internal control systems are the responsibility of the Company's board of directors and management. The Company has already established such a system. The purpose is to achieve the effectiveness and efficiency of operations (including profitability, performance, and asset security), report reliability, timeliness, transparency, and compliance with relevant regulations and laws, and provide reasonable assurance.
2. Internal control systems have inherent limitations. Regardless of how well-designed they are, effective internal control systems can only provide reasonable assurance for achieving the three objectives mentioned above. Moreover, the effectiveness of internal control systems may change due to changes in the environment and circumstances. The Company has established a mechanism for self-supervision in its internal control system. Once a deficiency is identified, the company takes corrective action.
3. The Company assesses the effectiveness of its internal control system based on the criteria specified in the 'Guidelines for Establishing Internal Control Systems for Publicly Listed Companies' (hereinafter referred to as the 'Guidelines'). The assessment evaluates the design and implementation of the internal control system to determine its effectiveness. The internal control system determination items adopted in the 'Processing Guidelines' are divided into five components according to the process of management control: 1. Control Environment, 2. Risk Assessment, 3. Control Activities, 4. Information and Communication, and 5. Monitoring Activities. Each component consists of several items. Please refer to the provisions of the 'Processing Guidelines' for the aforementioned items.
4. The Company has evaluated the effectiveness of design and execution of the internal control system based on the above judgment items of the internal control system.
5. Based on the foregoing evaluation results, the Company has concluded that the Company's internal control system as at Dec. 31, 2023 (including supervision and management of the subsidiaries) can reasonably guarantee achievements of the above objectives, including understanding of the extent to which the effect and efficiency objectives of the operation are achieved, and that design and execution of the internal control system related to reliability, timeliness, transparency and compliance with the relevant specifications and laws are effective.
6. This statement will serve as the main content of our company's annual report and public disclosure statement, and will be made available to the public. The above-mentioned public information, if found to be false or concealed, may incur legal liabilities under Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
7. This statement has been adopted at the board meeting dated Mar. 4, 2024. 6 present directors agree with the contents of this statement, and hereby make such declaration.

DFI Inc.
Chairman: Chi-Hong Chen
President: Chia-Hung Su

2. The CPA entrusted to review the internal control system should disclose the CPA's review report: not applicable.

(XII) Recently, the Company and its internal personnel have been punished in accordance with the law, or the Company has imposed penalties on its internal personnel for violating internal control system regulations. The results of these penalties may have a significant impact on shareholder equity or securities prices. However, there are no major deficiencies or improvements in the content of these penalties.

(XIII) In the recent fiscal year and up until the date of printing of the annual report, important resolutions of the shareholders' meeting (including the implementation status) and the board of directors.

Date:	2023 Conference Name	Content
2023.03.02	1st Board Meeting	(I) Approval on 2022 Statement on Internal Control and self-assessment result report (II) The "Internal Control System" amendment has been passed. (III) Approval on the allocation of remuneration to the employees and directors for 2022 (IV) Approval on 2022 Business Report and Financial Statements, and 2023 Business Plan (V) Approval on the Proposal for Distribution of Earnings in 2022 (VI) Approval on the allocation of cash dividends out of the earnings in 2022 (VII) The motion to elect seven directors (including three independent directors) has been passed. (VIII) Approval of the nomination of director and independent director candidates (IX) Approval on discharging non-competition restriction for the incumbent directors and their representatives (X) By revising the 'Rules of Shareholders' Meeting' (XI) By revising the 'Risk Management Policy and Procedures' (XII) By revising the 'Organizational Regulations of the Audit Committee' (XIII) Approval of proposed determination of the date and agenda of the general shareholders' meeting for 2023 (XIV) Approval on renewal of bank limit (XV) Approval on donation of BenQ Foundations (XVI) Approval on the CPA service fees for 2023 (XVII) By establishing the Company's Pre-Approval Non-Assurance Service Policy (XVIII) Distribution of 2022 senior managers' remunerations (XIX) Approval on the remuneration index for senior managers in 2023 (XX) Bonus and renumeration adjustment policy for senior managers for 2023
2023.05.04	2nd Board Meeting	(I) Approval on 2023 Q1 Consolidated Financial Report (II) Approval on addition and renewal of bank limit (III) Approval on amendment to the Code of Governance (IV) Approval of the Amendment to the "Sustainability Practice Guidelines" Case

Date:	2023 Conference Name	Content
2023.05.31	Annual Shareholders' Meeting	(I) The motion to elect seven directors (including three independent directors) has been passed. Implementation status: The elected list of representatives from Qisda Corporation are Chi-Hong Chen, Chang-Hung Li, Chia-Hung Su, Ming-Shan Li, Te-Chang Yeh, Chih-Hao Chu, Bing-Kuan Luo. The term of office is from May 31, 2023 to May 30, 2026. (II) Approval on amendment to the Distribution of Earnings in 2021 Implementation: The resolution was approved. (III) Acknowledge of the business report and financial statements for 2022 Implementation: The resolution was approved. (IV) Acknowledge of the Distribution of Earnings in 2022 Implementation: The resolution was approved. (V) Approval on amendment to the Rules of Procedure for the Board of Directors Execution Status: The resolution has been passed and disclosed on the Public Information Observation Station. (VI) Approval on discharging non-competition restriction for the incumbent directors and their representatives Implementation: The resolution was approved.
2023.05.31	3rd Board Meeting	(I) The motion to elect a new chairman has been passed. (II) The motion to elect a new vice chairman has been passed. (III) Approval of the Appointment and Remuneration Committee Members
2023.08.01	4th Board Meeting	(I) Approval on 2023 Q2 Consolidated Financial Report (II) Approval on addition and renewal of bank limit (III) The "Regulations on Financial and Business Transactions between Related Parties" proposal has been passed. (IV) Approval of the sale of the common and preferred shares of Brainstorm Corporation held by our company
2023.11.01	5th Board Meeting	(I) Approval on Internal Audit Plan for 2024 (II) Approval on 2023 Q3 Consolidated Financial Report (III) Approval on renewal of bank limit (IV) Approval on appointment of CPAs for the Company's 2024 financial statements

Date:	2024 Conference Name	Content
2024.03.04	1st Board Meeting	(I) Approval on the 2023 Statement on Internal Control and self-assessment result report (II) Approval on the 2023 allocation of remuneration to the employees and directors (III) Approval on 2023 Business Report, Financial Statements, and 2024 Business Plan (IV) 2023 Profit Distribution Table (V) Approval on the allocation of cash dividends out of the earnings in 2023 (VI) The proposal to fill one vacant director position has been approved. (VII) Approval of the nomination of director candidates (VIII) Approval on discharging non-competition restriction for the incumbent directors and their representatives (IX) Approval of proposed determination of the date and agenda of the general shareholders' meeting for 2024 (X) Approval on renewal of bank limit (XI) Approval on the CPA service fees for 2024 (XII) Distribution of 2023 senior managers' remunerations

Date:	2024 Conference Name	Content
		(XIII) By adjusting the ratio of employee and director compensation provision (XIV) Approval on the remuneration index for senior managers in 2024 (XV) Bonus and renumeration adjustment policy for senior managers for 2024 Approval of the investment in V-Tech Technology Co., Ltd. common stock by the Company

(XIV) In the most recent annual report and up until the date of printing, directors or supervisors have expressed differing opinions on important resolutions passed by the board of directors, and there are records or written statements to support this. The main content of these opinions is: none.

(XV) In the recent fiscal year and up until the date of printing of the annual report, the following positions have experienced resignations or dismissals: Chairman of the Board, CEO, Chief Accountant, Chief Financial Officer, Internal Audit Director, Corporate Governance Director, and Research and Development Director.

2024.03.31

Title	Name	Date of assumption of office	Date of dismissal	Reasons for Resignation or Dismissal
Vice Chairman	Chang-Hung Li	2020.11.10	2024.03.22	Corporate Reassignment

IV. CPA Public Expense Information

Unit: NTD

Name of accounting firm	Name of CPAs:	Audit Period	Audit Public Expenses	Non-Audit Public Expenses	Total	Remarks
KPMG	Hui-Chen Chang Ching-Wen Kao	2023.1.1~2023.12.31	2,960	735	3,695	

Note: Non-audit fees are for the tax compliance audit service, transfer pricing service and the service for filing relevant information to competent authorities.

(I) When the Company changes its accounting firm, and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after change, and the reasons shall be disclosed

(II) If the audit fees are reduced by up to 15% compared with that of the previous fiscal year, the reduced amount, percentage and reasons of the audit fees shall be disclosed

V. Information on accountant change:

If the Company replaces the accountant during the most recent two fiscal years and subsequently, the following matters shall be disclosed:

(I) Regarding the former CPA.

<table>
<tr><td>Change Date</td><td colspan="3">2021.05.06</td></tr>
<tr><td>Reasons for Replacement and Explanation</td><td colspan="3">In order to cooperate with the actual needs of the Company, CPAs Hui-Chen Chang and Ching-Min Kao from KPMG are appointed for the purpose of audit since the second quarter of 2021 in accordance with Articles 20 and 29 of the Company Act.</td></tr>
<tr><td rowspan="3">Explanation of the termination or non-acceptance of appointment by the appointee or accountant.</td><td>The party involved / Situation</td><td>CPA:</td><td>Appointee</td></tr>
<tr><td>Voluntary Termination of Appointment</td><td>Not applicable.</td><td>Not applicable.</td></tr>
<tr><td>Cessation of Appointment</td><td>Not applicable.</td><td>V</td></tr>
<tr><td>Audit report opinions and reasons issued within the past two years, excluding unqualified opinions.</td><td colspan="3">None.</td></tr>
<tr><td>Different opinions with the issuer</td><td colspan="3">None.</td></tr>
<tr><td>Other Disclosures
(Article 10, Paragraph 6, Items 4 to 7 of these guidelines should be disclosed)</td><td colspan="3">None.</td></tr>
</table>

(II) Regarding the former CPA.

Name of Firm:	KPMG
Name of CPAs:	CPAs Hui-Chen Chang and Ching-Wen Kao
Date of appointment	2021.05.06
Consultation matters and results regarding the accounting treatment methods or accounting principles for specific transactions before appointment, as well as the opinions that may be issued on financial reports.	Not applicable.
Written Opinion on Differences of Opinion with Predecessor Accountant	Not applicable.

(III) The former CPA's response to the matters to be disclosed in the annual report of a publicly traded company, as stipulated in Article 10, Section 5, Subsections 1 and 2, Item 3 of the Guidelines for the Preparation of Annual Reports: Not applicable.

VI. The Chairman, General Manager, and managers responsible for finance or accounting of the company have not worked for any affiliated accounting firms or related enterprises in the past year.

VII. Recently, the annual and year-end reports have been printed. The changes in the transfer of shareholder equity and the pledge of equity by directors, supervisors, managers, and shareholders with a stake exceeding ten percent are recorded.

(I) Directors, supervisors, executives, and shareholders with a stake exceeding ten percent

Title	Name	As of April 1st of the current fiscal year		2023	
		Change in Number of Shares Held	Increase (decrease) in pledged shares	Change in Number of Shares Held	Increase (decrease) in pledged shares
Legal Person Director	Qisda Corporation	0	0	0	0
Legal Representative and Chairman of the Board of Director	Chi-Hong Chen	0	0	0	0
Legal Representative and Vice Chairman of the Board of Director	Chang-Hung Li (Note 2)	0	0	0	0
Corporate representative director	Wen-Hsing Tseng (Note 2)	0	0	0	0
Corporate representative director and general manager	Chia-Hung Su	0	0	0	0
Director	Ming-Shan Li (Note 1)	0	0	0	0
Shareholders	British Virgin Islands GORDIAS INVESTMENTS LIMITED	0	0	0	0
Independent Director	Te-Chang Yeh	0	0	0	0
Independent Director	Chih-Hao Chu	0	0	0	0
Independent Director	Bing-Kuan Luo	0	0	0	0
Senior Director	Chia-I Chang	0	0	0	0
Senior Director	Hsin-Chung Chan	0	0	0	0
Senior Director	Li-Min Huang	0	0	0	0

It is an annual newspaper published on the day of the referee.

Note 1: Note: Director Ming-Shan Li was relieved of his duties due to his passing on January 26, 2024.

Note 2: Qisda Corp. Legal Representative Director: Chang-Hung Li was dismissed on March 22, 2024, and was replaced by representative Wen-Hsing Tseng.

(II) There are no related parties involved in the equity transfer.

(III) There are no related parties involved in the equity transfer.

VIII. Information on shareholders who hold a proportion of shares among the top ten shareholders and have relationships with each other or are relatives within the second degree of consanguinity.

Shareholders holding a proportion of shares in the top ten, their interrelationship data

Record Date: 2024.04.01

Name (Note 1)	Shares held by themselves		Shares held by the spouse and minor children		Utilizing names registered under others Total shares held		Among the top ten shareholders, those who are related parties, spouses, or relatives within the second degree of kinship, their names and relationships. (Note 2)	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship
Qisda Corporation	51,609,986	45.08%	0	0.00%	0	0.00%	None	None
Qisda Corporation Representative: Chi-Hong Chen	0	0.00%	0	0.00%	0	0.00%	None	None
British Virgin Islands GORDIAS INVESTMENTS LIMITED	15,734,441	13.74%	0	0.00%	0	0.00%	None	None
British Virgin Islands GORDIAS INVESTMENTS LIMITED Representative: Li-Wei Wang	0	0.00%	0	0.00%	0	0.00%	None	None
Darly2 Venture, Inc.	9,175,109	8.01%	0	0.00%	0	0.00%	None	None
Darly2 Venture, Inc. Representative: Chiu-Jin Hung	0	0.00%	0	0.00%	0	0.00%	None	None
BVI Hyllus Investments Limited	8,559,818	7.48%	0	0.00%	0	0.00%	None	None
BVI Hyllus Investments Limited Representative: Li-Wei Wang	0	0.00%	0	0.00%	0	0.00%	None	None
Darly Venture Inc.	2,293,778	2.00%	0	0.00%	0	0.00%	None	None
Darly Venture Inc. Representative: Chiu-Jin Hung	0	0.%	0	0.00%	0	0.00%	None	None
YouShang Investment Co., Ltd.	2,105,163	1.84%	0	0.00%	0	0.00%	None	None
YouShang Investment Co., Ltd. Representative:Ying-Kui Lu	143,820	0.13%	0	0.00%	0	0.00%	None	None
Mu-Jhen Huang	1,031,000	0.90%	0	0.00%	0	0.00%	Serena Lu	Parents
Mu-Chen Huang	1,031,000	0.90%	0	0.00%	0	0.00%	Serena Lu	Parents
Kaiju Investment Development Co., Ltd.	920,000	0.80%	0	0.00%	0	0.00%	None	None
Kaiju Investment Development Co., Ltd. Representative: Nai-Jung Chi	0	0.00%	0	0.00%	0	0.00%	None	None
Zhenchen Investment Co., Ltd.	910,000	0.79%	0	0.00%	0	0.00%	None	None
Zhenchen Investment Co., Ltd. Representative: Jie-Ru Lu	0	0.00%	0	0.00%	0	0.00%	Mu-Zhen Huang, Mu-Chen Huang	Children

Note 1: All the ten largest shareholders shall be listed, and those who are corporate shareholders shall be listed with their names and the names of their representatives separately.

Note 2: Relationship among the foregoing shareholders including corporate shareholder and natural person shareholder shall be disclosed according to the issuer's financial report preparation standards.

IX. The number of shares held by the company, its directors, supervisors, managers, and businesses directly or indirectly controlled by the company in the same invested enterprise shall be combined and calculated as the comprehensive shareholding ratio.

As of 31st December 2023 / Unit: shares; %

Investment Project (Note 1)	The Company's investment		Directors, supervisors, managers, and investments in businesses directly or indirectly controlled		Integrated Investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Yan Tong Technology Ltd.	3,500,000	100.00%	-	-	3,500,000	100.00%
Diamond Flower Information (NL) B.V	12,001	100.00%	-	-	12,001	100.00%
DFI AMERICA, LLC.	1,209,000	100.00%	-	-	1,209,000	100.00%
DFI Co., Ltd. (DFI-Japan)	6,200	100.00%	-	-	6,200	100.00%
AEWIN Technologies Co., Ltd.	30,376,000	51.38%	-	-	30,376,000	51.38%
Ace Pillar Co., Ltd.	53,958,069	48.07%	-	-	53,958,069	48.07%

Note 1: It is the investment of the company using the equity method.

Fundraising Status

I. Capital and Shares

(I) Source of Capital

March 31, 2024 unit: NTD

Year and month	Issue Price	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares (in thousands)	Amount (in thousands of NTD)	Number of Shares (in thousands)	Amount (in thousands of NTD)	Capital source (in thousands)	Offsetting the share capital with assets other than cash	Others
1981.07	10	100	1,000	100	1,000	Incorporation	-	70.07.14 Build No. 105329
1983.04	10	250	2,500	250	2,500	Cash capital increase	-	72.04.29 Build No. 139643
1986.01	10	1,000	10,000	1,000	10,000	Cash capital increase	-	75.01.13 Build No. 139021
1987.03	10	3,000	30,000	3,000	30,000	Cash capital increase	-	76.03.20 Commercial (76) 12592
1987.12	10	6,000	60,000	6,000	60,000	Cash capital increase	-	76.12.15 Commercial (76) 63692
1989.09	10	12,000	120,000	12,000	120,000	Cash capital increase	-	78.09.07 Commercial (78) 127396
1990.12	10	15,600	156,000	15,600	156,000	Capital increase from earnings	-	79.12.29 Commercial (79) 126104
1991.08	10	19,600	196,000	19,600	196,000	Cash capital increase	-	80.08.23 Commercial (80) 117275
1995.07	10	40,000	400,000	40,000	400,000	Cash capital increase by NT$106,000 Capital increase from earnings by NT$98,000	-	84.7.06 84 Taiwan Finance Certificate (1) 39295; 84.10.24 Commercial (84) 116255
1998.07	10	52,000	520,000	52,000	520,000	Cash capital increase by NT$40,000,000 Capital increase from earnings by NT$40,000,000 Capital increase from capital surplus by NT$40,000,000	-	87.07.24 Commercial (087) 087120446; 87.7.1487 Taiwan Finance Certificate (I) 59370
1999.09	10	76,000	760,000	58,400	584,000	Capital increase from earnings by NT$64,000	-	88.10.12 Commercial (088) 88137314; 88.9.7 (88) Taiwan Finance Certificate (1) 80877
2000.07	10	177,200	1,772,000	98,120	981,200	Cash capital increase by NT$200,000 Capital increase from earnings by NT$197,200	-	89.07.26 Commercial (089) 089126353
2001.03	10	177,200	1,772,000	95,320	953,200	Reduction of capital by repurchasing treasury shares: NT$ 28,000,000	-	90.03.30 Commercial (090) 09001104890
2001.09	10	177,200	1,772,000	115,000	1,150,000	Capital increase from earnings by NT$120,544 Capital increase from capital surplus by NT$76,256	-	90.09.12 Commercial (090) 09001363040
2002.09	10	177,200	1,772,000	117,600	1,176,000	Capital increase from earnings by NT$26,000	-	91.09.09 Authorized by Commercial Document No. 09101368600
2003.09	10	177,200	1,772,000	116,860	1,168,600	Cancellation of treasury shares of NT$20,000,000 Capital increase from earnings by NT$12,600	-	92.09.04 Authorized by Commercial Document No. 09201264690
2004.06	10	177,200	1,772,000	114,010	1,140,100	Cancellation of treasury shares of NT$28,500	-	93.06.15 Authorized by Commercial Document No. 09301103130
2004.09	10	177,200	1,772,000	113,400	1,134,000	Cancellation of treasury shares of NT$17,500 Capital increase from earnings by NT$11,400	-	93.09.21 Authorized by Commercial Document No. 09301180670
2004.12	10	177,200	1,772,000	109,800	1,098,000	Cancellation of treasury shares of NT$36,000	-	93.12.28 Authorized by Commercial Document No. 09301245680
2005.09	10	177,200	1,772,000	109,760	1,097,600	Cancellation of treasury shares of NT$30,500	-	94.09.14 Authorized by Commercial Document No. 09401182050
2006.01	10	177,200	1,772,000	106,560	1,065,600	Cancellation of treasury shares of NT$32,000	-	95.01.03 Authorized by Commercial Document No. 09401267950
2006.03	10	177,200	1,772,000	104,960	1,049,600	Cancellation of treasury shares of NT$16,000	-	95.03.28 Authorized by Commercial Document No. 09501053500
2006.06	10	177,200	1,772,000	103,510	1,035,100	Cancellation of treasury shares of NT$14,500	-	95.06.30 Authorized by Commercial Document No. 09501126320
2006.09	10	177,200	1,772,000	108,316.9	1,083,169	Capital increase from earnings by NT$48,069	-	95.09.08 Authorized by Commercial Document No. 09501203530
2007.09	10	177,200	1,772,000	114,053	1,140,530	Capital increase from earnings by NT$57,361	-	96.09.12 Authorized by Commercial Document No. 09601224530

Year and month	Issue Price	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares (in thousands)	Amount (in thousands of NTD)	Number of Shares (in thousands)	Amount (in thousands of NTD)	Capital source (in thousands)	Offsetting the share capital with assets other than cash	Others
2008.09	10	177,200	1,772,000	119,033	1,190,330	Capital increase from earnings by NT$49,800	-	97.09.05 Authorized by Commercial Document No. 09701223560
2009.09	10	177,200	1,772,000	121,095	1,210,949	Capital increase from earnings by NT$20,619	-	98.09.02 Authorized by Commercial Document No. 09801198490
2010.11	10	177,200	1,772,000	120,275.9	1,202,759	Cancellation of treasury shares of NT$8,190	-	99.11.29 Authorized by Commercial Document No. 09901266650
2011.09	10	177,200	1,772,000	117,093.9	1,170,939	Cancellation of treasury shares of NT$31,820	-	100.09.02 Authorized by Commercial Document No. 10001202740
2012.01	10	177,200	1,772,000	114,839.9	1,148,399	Cancellation of treasury shares of NT$22,540	-	101.01.03 Authorized by Commercial Document No. 10001294210
2017.09	10	177,200	1,772,000	114,688.9	1,146,889	Cancellation of treasury shares of NT$1,510	-	106.09.30 Authorized by Commercial Document No. 10601137800
2022.01	10	177,200	1,772,000	114,488.9	1,144,889	Cancellation of treasury shares of NT$2,000	-	111.01.22 Authorized by Commercial Document No. 11101013810

(II) Type of Shares

2024.04.01

Type of Shares	Authorized Capital			Remarks
	Publicly Traded Shares	Unissued shares	Total	
Common Stock	114,488,857 shares	62,711,143 shares	177,200,000 shares	

(III) Shareholder Structure

2024.04.01

Shareholder Structure / Quantity	Government Agencies	Financial institution	Other corporations	Individual	Foreign Institutions and Foreigners	Total
Number of people	-	1	22	5,688	56	5,767
Number of Shares (Shares)	-	68,000	67,779,878	21,196,179	25,444,800	114,488,857
Shareholding ratio	-	0.06%	59.20%	18.51%	22.23%	100.00%

(IV) Shareholding Structure

2024.04.01

Shareholding Level	Number of Shareholders	Number of Shares Held	Shareholding ratio
1～999	2,308	293,789	0.26%
1,000～5,000	2,771	5,329,211	4.65%
5,001～10,000	335	2,557,792	2.23%
10,001～15,000	126	1,598,676	1.40%
15,001～20,000	58	1,070,023	0.93%
20,001～30,000	58	1,451,174	1.27%
30,001～40,000	33	1,156,660	1.01%
40,001～50,000	20	903,823	0.79%
50,001～100,000	29	2,044,679	1.79%
100,001～200,000	12	1,837,847	1.61%
200,001～400,000	4	1,119,690	0.98%
400,001～600,000	2	1,145,198	1.00%
600,001～800,000	1	610,000	0.53%
800,001～1,000,000	2	1,830,000	1.60%
Above 1,000,001	8	91,540,295	79.95%
Total	5,767	114,488,857	100.00%

(V) Name of major shareholders

2024.04.01

Name/Share of Major Shareholders	Number of Shares Held	Shareholding ratio
Qisda Corporation	51,609,986	45.08%
British Virgin Islands GORDIAS INVESTMENTS LIMITED	15,734,441	13.74%
Darly2 Venture, Inc.	9,175,109	8.01%
British Virgin Islands Merchant--Hyllus INVESTMENT LIMITED	8,559,818	7.48%
Darly Venture Inc.	2,293,778	2.00%
YouShang Investment Co., Ltd.	2,105,163	1.84%
Mu-Jhen Huang	1,031,000	0.90%
Mu-Chen Huang	1,031,000	0.90%
Kaiju Investment Development Co., Ltd.	920,000	0.80%
Zhenchen Investment Co., Ltd.	910,000	0.79%

(VI) Price per share, net value, earnings, and dividend data.

Unit: NTD

Item \ Year			2023	2022
Market price per share (Note 1)	Supreme		86.10	62.90
	Minimum		58.60	54.50
	Average		68.79	59.40
Net Asset Value per Share (Note 2)	Before distribution		27.62	28.36
	After distribution		24.62	24.36
Earnings per share	Weighted average number of shares		114,488.90	114,488.90
	Earnings per share (Note 3)		3.16	4.61
Dividend per share (NTD)	Cash dividends		3(Note8)	4
	Free allotment of shares	Rights Issue of Surplus	-	-
		Capital surplus distribution	-	-
	Accumulated unpaid dividends (Note 4)		-	-
Return on Investment Analysis	Price-to-Earnings Ratio (Note 5)		21.77	12.89
	Interest coverage ratio (Note 6)		22.93	14.85
	Cash Dividend Yield (Note 7)		4.36%	6.73%

* If the surplus or capital reserve is converted into capital for allotment of shares, the information about the market price and cash dividends retroactively adjusted based on the number of the issued shares shall be disclosed.

Note 1: List the highest and lowest market prices of common stock for each year, and calculate the average market price for each year based on the transaction values and volumes.

Note 2: State the number of the shares issued at the end of the year based on the allocation resolved at the board meeting or the shareholders' meeting of the next year.

Note 3: In case of retroactive adjustment due to allotment of shares free of charge, please state the earnings per share before and after adjustment.

Note 4: If the issuing conditions of the securities stipulate that the dividends not paid in the year then ended are accumulated to the year when the earnings are achieved, please disclose the unpaid accumulated dividends to the current year.

Note 5: Price-earnings ratio = average closing price per share of the year/ earnings per share

Note 6: Price to dividend ratio = average closing price per share of the year/ cash dividends per share

Note 7: Cash dividend residuals ratio = cash dividends per share/ average closing price per share of the year

Note 8: Approved by the Board of Directors on March 4, 2024.

(VII) Company Dividend Policy and Implementation Status

1. The provisions of the Articles of Association of the Company on dividend policy are as follows

Article 21-1:

In the event of any earnings in the final accounts of the Company, an amount shall be first appropriated for paying taxes and recovering accumulated losses before 10% of the earnings are appropriated as legal reserve. However, the amount of earnings appropriated as legal reserve shall not exceed paid-in capital of the Company, and special reserve shall be appropriated or reversed with the remaining earnings. If there is still surplus which is equal to the accumulated undistributed earnings, the Board of Directors shall draft an earnings distribution proposal, which shall be presented at the shareholders' meeting for resolution on distribution of share dividends to the shareholders.

If cash dividends are distributed as specified by the foregoing earnings distribution proposal, the Board of Directors will be authorized to pass a resolution in respect of the distribution and report to the shareholders' meeting.

As the Company is in an industry with fierce competitions and changing environment, and in a stage of stable growth in its life cycle, general distribution amount shall be taken into account in the earnings distribution proposal drafted by the Board of Directors, and balanced dividend policies shall be adopted for earnings distribution based on conservatism principle, in order to effectively grasp the Company's future investment opportunities, working capital requirements and long-term financial plans. In case of any earnings in the final accounts of the Company and the distributable earnings of that year are up to 2% of the Company's capital, no less than 10% of the distributable earnings shall be distributed as dividends. The cash dividends distributed each year shall not be lower than 10% of the sum of the cash and stock dividends distributed in the same year.

Article 21-2:

The Company shall distribute new shares or cash in the form of legal reserve or capital reserve according to Article 241 of the Company Act. If the dividends are distributed in cash, the Board of Directors shall be authorized to pass a resolution in respect of the distribution and report to the shareholders' meeting.

2. Distribution of dividends proposed at the current shareholders’ meeting:

On March 4, 2024, the Board of Directors of the Company resolved to distribute dividends of NT$ 343,466,571 (NT$ 3 per share) in cash to shareholders, and will submit the distribution the 2024 Annual Shareholders' Meeting.

3. Any significant change in the expected dividend policy: None.

(VIII) Impact of the proposed bonus share issue on company performance and earnings per share discussed in this shareholders' meeting:

The Company does not disclose financial forecast information for 2024, so it is not applicable.

(IX) Renumeration of employees and directors

1. The amount or scope of remuneration of employees and directors as set out in the Articles of Association of the Company

   Article 21:

   If the Company is profitable during the fiscal year, a percentage ranging from 5% to 20% must be allocated as employee compensation, as determined by the board of directors. The compensation may be distributed in the form of stocks or cash and may include employees of controlled or subsidiary companies who meet certain criteria. Additionally, if the company is profitable, the board of directors may allocate up to 1% of the profits as director compensation. The proposal for paying remuneration to employees and directors shall be presented at the shareholders' meeting.

   Nonetheless, in case of accumulated deficit in the Company, a proportion of the profit shall be reserved for recovering the loss before an amount is appropriated at the aforementioned ratio as remuneration to employees and directors.

2. Basis for estimating the amount of employee and director compensation for the current period, the calculation basis for the number of shares distributed as employee compensation, and the accounting treatment when the actual distribution amount differs from the estimated amount:

   (1) Employee and director compensation for the current period: The estimated amount is calculated by multiplying the amount of pre-tax net income before deducting employee and director compensation by the distribution ratios of employee and director compensation that the Company intends to distribute. These amounts are reported as operating costs or operating expenses for the respective periods.

   (2) Calculation basis for the number of shares distributed as employee compensation: The number of shares is calculated based on the closing price of common stock on the day before the board resolution.

   (3) Difference between the actual distribution amount and the estimated amount: If the actual distribution amount of the following year is different from the estimate, the difference will be treated as an accounting estimate change and listed in the profit and loss of that following year.

3. Amount proposed by the Board of Directors for employee bonus and remuneration of the directors and supervisor, and the surplus per share are as follows:

   Approved by the Board of Directors on March 4, 2024.

   (1) The proposed cash employee bonus is NT$ 35,191,000.

   (2) The proposed director's remuneration is NT$ 3,744,000.

   (3) After taking into account the proposed distribution of employee bonus and director’s remuneration, the Company anticipates that the earnings per share for 2023 is still NT$ 3.16.

4. Actual distribution of remuneration of employees and directors in the previous year
   (1) Employee bonus dividends of NT$ 47,852,000 in cash and director remuneration of NT$ 5,091,000 were distributed.
   (2) The proposed distribution situation and the actual distribution situation approved by the original board of directors: The actual distribution situation is the same as the proposed distribution situation approved by the original board of directors.

(X) The company's repurchase of its own shares:

The Company has not repurchased shares of the Company in the last two years and as of the publication date of this annual report.

II. No corporate bonds were processed.

III. Situation regarding preferred shares: None

IV. No overseas depositary receipt transactions were conducted.

V. No employee stock option certificates were processed.

VI. Mergers and acquisitions or the issuance of new shares in the acquisition of other companies: None.

VII. Execution of Capital Utilization Plan: None.

Operating Overview

I. Business Content, Market, and Production and Sales Overview

(I) Revenue Proportion

Unit: thousand NTD

Business Items	2023 Net Sales Revenue	Revenue Proportion
Industrial computer cards and system	5,708,560	62.16%
Industrial automation control	2,061,288	22.44%
Others	1,414,324	15.40%
Total	9,184,172	100.00%

(II) Production value in the past two years

Unit: thousand NTD

Year / Main Products	2023			2022		
	Production Capacity	Production (Note)	Output value	Production Capacity	Production (Note)	Output value
Industrial computer cards and system	-	-	4,833,905	-	-	6,315,969
Industrial automation control	-	-	-	-	-	-
Computer components	-	-	-	-	-	-
Others	-	-	36,612	-	-	107,573

Note: After the acquisition of AEWIN and ACE Pillar in 2019, the Company does not list the production capacity/quantity due to the variety of products and different units of measurement.

(III) Sales Value for the Last Two Fiscal Years

Unit: thousand NTD

Year / Main Products	2023				2022			
	Domestic Sales		International Sales		Domestic Sales		International Sales	
	Quantity (Note 1)	Value	Quantity (Note 1)	Value	Quantity (Note 1)	Value	Quantity (Note 1)	Value
Industrial computer cards and system	-	439,479	-	5,269,081	-	460,301	-	6,175,656
Industrial automation control	-	847,257	-	1,214,031	-	1,265,991	-	1,572,004
Others	-	436,523	-	977,801	-	457,849	-	1,060,086

Notes 1: After the Company merged and acquired AEWIN Technologies and ACE PILLAR in 2019, the sales volume are not presented due to the wide range of products and different units of measurement.

(IV) In the past two years, the names of customers who accounted for more than 10% of the total sales amount in any given year, along with their sales amounts and proportions, and the reasons for the changes.

1. Main Suppliers

Unit: thousand NTD

Item	2023				2022			
	Name	Amount	Percentage of annual net purchase amount	Relationship with the issuer	Name	Amount	Percentage of annual net purchase amount	Relationship with the issuer
1	A supplier	1,036,980	11.08%	Non-related party	-	-	-	-
2	Others	8,320,763	88.92%	-	Others	12,658,177	100.00%	-
Total	Net Purchase Amount	9,357,743	100.00%	-	Net Purchase Amount	12,658,177	100.00%	-

Note: As the suppliers are diversified, the percentage of some suppliers is changed.

2. Main Sales Customers

Unit: thousand NTD

Item	2023				2022			
	Name	Amount	Percentage of annual net purchase amount (%)	Relationship with the issuer	Name	Amount	Percentage of annual net purchase amount (%)	Relationship with the issuer
1	Others	9,184,172	100.00%	-	Others	10,991,887	100.00%	-
Total	Net Sales Revenue	9,184,172	100.00%	-	Net Sales Revenue	10,991,887	100.00%	-

Note 1: As the product sale portfolio is different, the percentage of some customers is changed.

Note 2: In both 2023 and 2022, there were no individual customers accounting for 10% or more of the net operating revenue.

(V) Operating Overview

1. Business Content

(1) Scope of Business

a. Main Business Activities

The Company is primarily engaged in the design, manufacturing, production, sales, and after-sales service of industrial computer boards (Embedded Motherboard) and system products (Box PC and Panel PC). The main vertical market areas include industrial automation, automotive transportation, smart healthcare, financial self-service and gambling, network security, retail, and military industry. It expands horizontally and extends vertically, providing various applications and high-speed computing platforms for intelligent Internet of Things (AIoT), meeting different customer needs and providing solutions.

b. The main product items at present

- Industrial computer motherboards
- Embedded computer module
- Embedded computer system
- Industrial system

- Application field system
- Industrial tablet PC
- Industrial display
- Tablets for medical applications
- Displays for medical applications
- In-vehicle computer system
- In-vehicle tablets

c. Development of New Products
- Industrial computer motherboards
- Embedded computer module
- Embedded computer system
- Industrial system
- Reinforced system
- Application field system
- Industrial tablet PC
- Rugged Tablet Computer
- Tablets for medical applications
- Displays for medical applications
- In-vehicle computer system
- In-vehicle tablets

d. Strengthen the modular integration of software and hardware, and introduce software virtualization and containerization technology to make the system integration of software and hardware resources more flexible and efficient, and meet the rapid development needs of intelligent Internet of Things.
In response to the rapid development needs of the Internet of Things (IoT).

(2) Industry Overview

a. Industry status and development

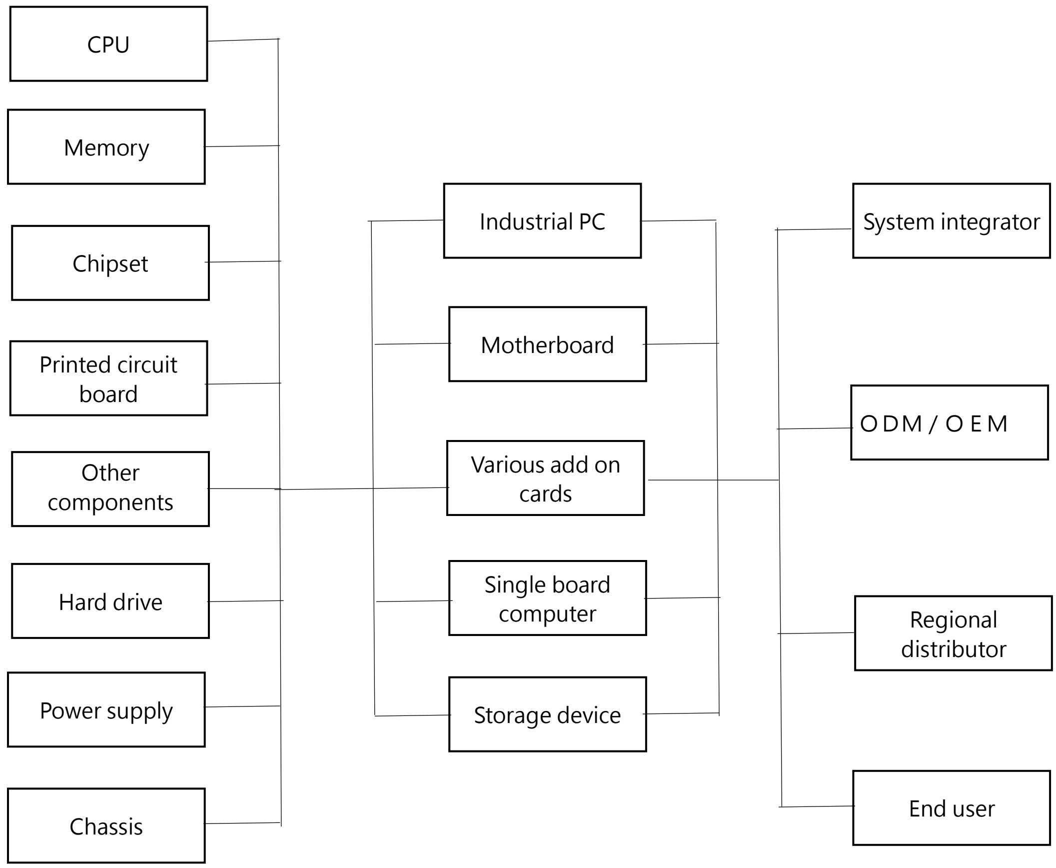
Observing the performance of Taiwan's industrial computer industry in 2023, it has declined compared to 2022. The main reason for the decline in the output value of the industrial computer industry is the impact of the global economic downturn and slow market recovery. The demand in the end market has slowed down, and there is a backlog of customer inventory, which has resulted in a conservative ordering situation for corporate customers. Further observation of regional market performance reveals that only the European market has shown slightly better growth momentum. This is mainly due to the strong performance of major European manufacturers in smart cities, smart transportation, smart healthcare, military industry, and the successful implementation of 5G manufacturing solutions. The decline is most pronounced in the

Asian region, primarily due to the economic downturn in mainland China, which has not yet recovered. The sluggish industry demand has led to a significant decline in shipments.

Looking ahead to 2024, inflation and global inflation will continue to rise. The economic recovery of advanced economies is still uncertain, and weak end-consumer demand may have a ripple effect on industrial computer products in the manufacturing and retail sectors in 2024. Industrial computers are still in high demand for industrial net-zero transformation, autonomous vehicles, and smart transportation control systems that require extensive sensor deployment. Domestic industrial computer manufacturers have already laid out edge AI servers and peripheral equipment, enabling AI to enter closed fields such as healthcare and manufacturing for enterprise applications. Therefore, the efficient computational demand of edge AI integration also serves as the next wave of development opportunities for industrial computers.

b. Correlation of upstream, midstream and downstream in the industry

Alike general personal computer, the upstream of the industrial computer industry includes CPU, memory, hard disk, chipset and printed circuit board, all of which are the basic parts of the industrial computer. The mid-stream is the main product of the industrial computer, and motherboard is even the important component. The downstream industry is the sales channel of the industrial computers, that is, customers. However, as there are few of end users of the industrial computers, and the enterprise customers are the main customer base. Thus, the enterprise customers include the System Integrator, value-added distributors, regional distributors, or ODM/OEC manufacturers. The industrial computer products are more complex than the general PC. Thus, after-sale service is also an important link. Especially, international merger and 24-hour international collaboration has become usual. Operation outlets scattered around the work and never-ending service capacity will become the key to victory.



Printed circuit boards, chipsets, passive components, and memory are the main materials for industrial computers. The operational status of industrial computers, in addition to monitoring their order status, also depends on the control of components, which is a crucial factor for successful shipment.

c. Industry Trends and Competition

Development trend:

Industrial computers can achieve remote automation control through the integration of software and hardware equipment, and are expected to benefit from the growth of AIoT and edge computing in the future.

With the gradual implementation of the concept of AIoT (Artificial Intelligence of Things) and edge computing, industrial computers can be placed on more edge devices, closer to the end applications. This reduces the amount of computation that needs to be sent back to the cloud, resulting in significant reduction in computation latency and bandwidth usage. As a result, efficiency is improved and costs are lowered. According to research institutions, global edge computing is expected to grow at a CAGR of +38.9% from 2023 to 2030, and the industrial computer supply chain is expected to grow along with this trend. The terminal application industry of industrial computers is mainly focused on manufacturing, IoT, and transportation. However, applications in manufacturing and retail industries are gradually maturing (such as common smart factories, smart warehouses, retail, ordering robots, POS, Kiosk machines, etc.). However, in the field of Internet of Vehicles and intelligent transportation, in order to achieve full autonomous driving, including road traffic flow and speed monitoring, police license plate recognition, fleet management system, and technological law enforcement, automation is necessary. Therefore, in-car, transportation facilities, license plate recognition, traffic lights, and other aspects must all be connected to the internet. Additionally, since it is an outdoor environment, these networked devices must also be able to withstand changing and harsh weather conditions, and this is where industrial computer applications come into play. In the future, as the installation of roadside equipment and the deployment of technology enforcement in various countries' infrastructure increases, the demand for industrial computers will also significantly increase.

Competition:

<u>Increasing introduction of new entrants maintain the competitiveness not be reduced by continuous acquisition of the existing dealers.</u>

International companies have been increasing their growth rate in recent years by continuously acquiring, investing, and collaborating to gain market share and customers. This trend has led to the gradual disappearance of moderately-sized companies in the market through acquisitions. From one perspective, the intensity of competition in the market has been reduced. However, the rapid growth and substantial profits of Taiwanese companies in the past two years have caught the attention of motherboard and EMS providers, becoming a direction they are exploring in their transition process. Also, due to the continuous expansion of the application areas of IPC products and the vast potential business opportunities, major PC manufacturers have been actively collaborating with IPC vendors to enter the IPC market and seize the enormous business potential. The future competition in this market will only increase, not decrease.

(3) Overview of Technology and Research and Development

a. Research and development expenses

The research and development expenses invested in the current fiscal year and up to the printing date of the newspapers are as follows: The research and development expenses invested in the fiscal year 2023 amount to NT$460,534,000.

The Company has accumulated many years of rich experience in board design, and will continue making investments to improve the R&D and design capacity and expertise in response to increasing growth of the industrial computer business and customized development in the future and needs to improve the product design capacity (such as Module, firmware, software, architecture and embedded system).

b. Successfully developed technology or product

DFI invests a lot of resources in research and development, and attaches great importance to innovation in development. In recent years, DFI has enhanced the design quality through systematic integration of auxiliary software and hardware tools, also focuses on deepening technology for research and development in professional field of miniaturized AIoT generation demand, and RF ruggedized products, and cooperates with clients in developing intelligent in-vehicle products, intelligent medical care products and other vertical market products. In addition, in response to the unmanned applications derived from the AIoT era, a module technology for remote management has been developed. It will be gradually integrated into various product lines to assist customers in reducing the cost of after-sales service through remote management technology.

The Company has obtained a total of 43 patents by the end of 2023.

(4) Long and Short-Term Business Development Plan

a. Short-Term Business Development Plan:

The short-term business plan focuses on three main areas: strengthening brand influence, promoting AI and edge computing product upgrades, and expanding system products in vertical markets.

<u>Strengthening Brand and Standard Product Promotion</u>

We will focus on enhancing brand awareness and expanding market share for standard products. This will include:

- Marketing Strategy Enhancement: By integrating marketing channels, including social media, industry exhibitions, and online advertising, the brand exposure will be increased.
- Customer Engagement Activities: Organizing customer seminars, visits, and other participatory events to foster positive customer interactions and enhance customer loyalty.

<u>Product Upgrades for AI and Edge Computing Products</u>

We will strive to enhance our product line to meet the ever-evolving technological needs. This will include:

- AI Integration: Integrate AI technology into existing products to enhance system intelligence and efficiency.
- Edge Computing Optimization: Optimizing the edge computing market to meet customer demands for real-time processing and low latency.

<u>Vertical Market System Product Development</u>

We will develop system products targeting specific vertical markets to meet the unique needs of our customers. This will include:

- Market Research: Conduct in-depth vertical market customer demand research to understand customer needs and competitive environment.

- Customer Demand Solutions: In addition to providing customized solutions for customers, we also offer standard products with special specifications to meet the unique requirements of various industries.

b. Long and Short-Term Business Development Plan

The long-term business plan aims to further expand our market share and enhance global competitiveness. The core strategy will focus on strengthening our presence in emerging markets and developing

The layout of the country, successful models of replicated Internet of Things applications, and the continuous provision of customized services.

Strengthening Market Presence in Emerging Markets and Developing Countries

We will strive to expand our market coverage, with a particular focus on emerging markets and developing countries. This covers:

- Market Research and Strategic Collaboration: Conduct in-depth market research to understand the demands and trends of emerging markets. At the same time, establish strategic partnerships to better adapt to the local market.
- Expand sales service network: Provide customers with a more flexible supply chain to meet the demands of emerging markets. At the same time, establish maintenance bases to enhance the accessibility of local technical support for our products.

Successful Replication of IoT Application Firmware Project

We will replicate the successful patterns of past IoT applications to establish more competitive firmware projects. This will include:

- Technical Innovation: Continuously investing in ARM and x86 platform research and development, pursuing innovative firmware technology to maintain the product's leading position in the market.
- Expand the scope of application: Extend the application of the Internet of Things to new industries to meet the ever-changing market demands.

Continuously providing embedded customization services to medium-sized customers.

Customized service is one of our key objectives. We plan:

- Customer Collaboration and Needs Analysis: Strengthen cooperation with medium-sized customers, gain a deep understanding of their needs, and provide customized solutions based on actual circumstances.
- Efficiency and Quality Improvement: By optimizing the development process and integrating stable technologies, we enhance the efficiency of our customized services to better meet customer quality expectations.

2. Market and production and sales overview

(1) Market Analysis

a. Major Sales (Region)

Unit: thousand units; thousand NTD

Item		2023 Net Sales Revenue	2023 Percentage (%)	2022 Net Sales Revenue	2022 Percentage (%)
Domestic Sales Revenue		1,723,259	18.76%	2,184,141	19.87%
International Sales Revenue	America	1,834,819	19.98%	1,980,878	18.02%
	Asia, Australia, Africa	3,483,044	37.93%	4,535,145	41.26%
	Europe	2,143,050	23.33%	2,291,723	20.85%
	Subtotal	7,460,913	81.24%	8,807,746	80.13%
Total		9,184,172	100.00%	10,991,887	100.00%

b. Market share

Industrial computers cover a wide range of vertical applications and extended fields. Taking the company's top three applications in terms of shipment volume - factory automation, intelligent transportation and smart medical care as examples, DFI's products are mostly used in system components or as part of the overall solution. Together with the business extended by OEM/ODM, the market share It is difficult to estimate by general market research.

If based on the sales volume, the current market share is 4%.

c. Future market supply and demand, and growth

The distinction between industrial computers and personal computers, as well as consumer products, has always been clear. Although the hardware and software architecture are similar, the main differences lie in stability, customization level, lifecycle, project customization, special requirements, and service content. The highest guiding principle that industrial computers adhere to in the production and manufacturing process is to maximize productivity at every stage of application.

On the industrial level, including but not limited to robotic arms, automated transport vehicles, visual inspection, conveyor belt sorting, production line automation, and remote maintenance, all fall within the scope of industrial computers. The government's promotion of the industrial Internet of Things (IoT) strategy also directly stimulates the computational demand brought about by industrial upgrading.

With the changes in the industry and the prevalence of AIoT, productivity projects have expanded from traditional manufacturing to business operations and daily life. This includes smart payment, traffic monitoring, KIOSK information stations, as well as scenarios arising from various transportation and logistics needs. This will pose higher challenges to the computing power and communication capabilities of hardware.

Based on the high stability of industrial computers, the deployment and adoption across industries are becoming increasingly common. As gaming machines require high levels of safety, medical equipment must have precise information presentation in accordance with strict regulations, and autonomous vehicles (ADAS) require high-speed and stable computing capabilities, all of which heavily rely on the design standards and operational efficiency of industrial computers. The Taiwanese industrial computer industry will continue to benefit from various new technologies such as AI, 5G, IoT, etc., which are being introduced into vertical industries. This will lead to diverse hardware demands for edge computing in various fields, as well as integrated software and hardware solutions for virtual and augmented reality applications. Additionally, there will be hardware demands for high-speed networks and applications related to electric vehicles, which will create new business opportunities in response to industry needs. These factors are expected to provide growth momentum for the industrial computer market in 2024 and 2025, contributing to the industry's production value. Therefore, it is anticipated that the demand for industrial computers will continue to grow in 2024, although the global economic slowdown remains the biggest source of uncertainty.

d. Favorable competition base, favorable and adverse factors for development vision, and solutions

A. Favorable competition base

- DFI has nearly 40 years of experience in research and design in industrial computers. It has developed a strategic core based on agility, quality, service, flexibility, and cost planning, and has become a trusted business foundation for its customers. Under the influence of word-of-mouth, leading companies in various industries have actively adopted DFI products and promoted DFI as a collaborative solution. DFI is no longer just a hardware supplier, but a cross-domain solution provider, especially after becoming a member of the Qisda Corporation.
- Benefiting from solid customer's feedback, DFI strives to become a market leader in the field of innovation, and masters the latest technology at an extremely rapid speed, to launch the motherboard and system equipped with the latest platform at the first time, and implement the strict requirements for the embedded application version control and long-term supply, and assist the customers in time-to-market, to guarantee consistency in product design.

B. Favorable factors for development vision

- Industries are gradually shifting their focus towards strategies that involve the development of products or solutions through the use of integrated standardized products or outsourced ODM services, due to limitations in manpower, time, and other costs. In addition to promoting the market through the dual-track strategy of standard products (STD) and original design manufacturing (ODM), DFI can also quickly customize derivative models of standard products (DEV), replicate and apply experiences, effectively meet customers' standardization and differentiation needs, and reduce the possibility of customer churn.
- With successful experience of a number of large industry leaders in the vertical market, DFI becomes the leader in the field of communication, factory automation and medical treatment with the top growth rate, and has

established in-deep cooperation with the strategic partners, to create a solid solution supply chain, and achieve efficiency in development of new applications or new markets.

C. Adverse factors for development vision and solutions

- In addition to the global economic slowdown in the post-pandemic era, coupled with the decrease in consumer demand for information products due to the decrease in epidemic prevention intensity, many chip-based industries have too much inventory, but the problem of material surplus and shortage is persistent, and the chips of lower-level processes still are exposed to certain challenges in the smoothness of supply.
- Industrial computers used to be stable and highly profitable products in previous years. However, in the face of fierce competition, increasing information transparency, and standardization of specifications, the value and cost of these products are subject to more stringent scrutiny and comparison. Indirectly, it has led to unhealthy practices by businesses to compete through resource integration, such as developing low-cost products (e.g. 'semi-industrial control' products that are 'consumed above but not fully controlled') and trading profit margins for revenue. These practices pose hidden concerns for industry development.
- In the past, DFI has already made significant progress in the vertical market. However, there has not been a strategic promotion and operation of parallel expansion in various vertical applications. Therefore, there is still a great potential for expansion in the market. Strategies such as strategic alliances and cross-application marketing and product design need to be accelerated in order to catch up with the market leader that has been operating at this level for a long time.
- Industry competition is a constant battle. Enhancing research and development capabilities, increasing market application and marketing efforts, and defining more precise product positioning are the quickest paths to attracting customers. In order to adjust our strategy within limited resources, we will focus on immediate task allocation and integrate a market-oriented approach. This is the primary policy for consolidating our existing business and expanding our range of applications.

D. Countermeasures for post-epidemic era and economy slowdown crisis

- With the global entry into the post-pandemic era, the upgrading and transformation of industries have become the 'new normal'. As the industry gradually recovers, various regional market industry customer projects are being restarted one after another, and there is even a situation of further expanding capital expenditure, driving strong overall demand. On the other hand, the impact of the pandemic has not affected DFI's research and development; instead, it has accelerated the positioning of the product in vertical application fields. In addition to assisting in the integration of vaccine transport vehicles and collaborating with thermal sensing manufacturers to meet quarantine needs, our company does not blindly follow quarantine-related applications. Instead, we strategically plan for potential market conditions after the epidemic.

- To respond to changes in consumer behavior and labor shortages caused by the post-pandemic situation, the growth of unmanned applications has led to various technological needs. In addition to the introduction of AI technology, remote management technology can effectively reduce operational and after-sales service costs. We will strengthen the development of remote management technology and provide integrated solutions to our customers. For example, in fields like industrial automation, intelligent vehicular technology, smart medical and public facilities, and communication infrastructure construction, internal integration of cybersecurity products, electromechanical integration, and leveraging other strengths of the group are emphasized. Externally, alliances with cross-industry partners are formed to deepen and broaden expertise, aiming to develop products that address the actual needs in business environments and everyday life. In the post-pandemic era, this approach not only maintains profitability but also helps build a more robust corporate image and social value.

(2) Main product uses and production processes

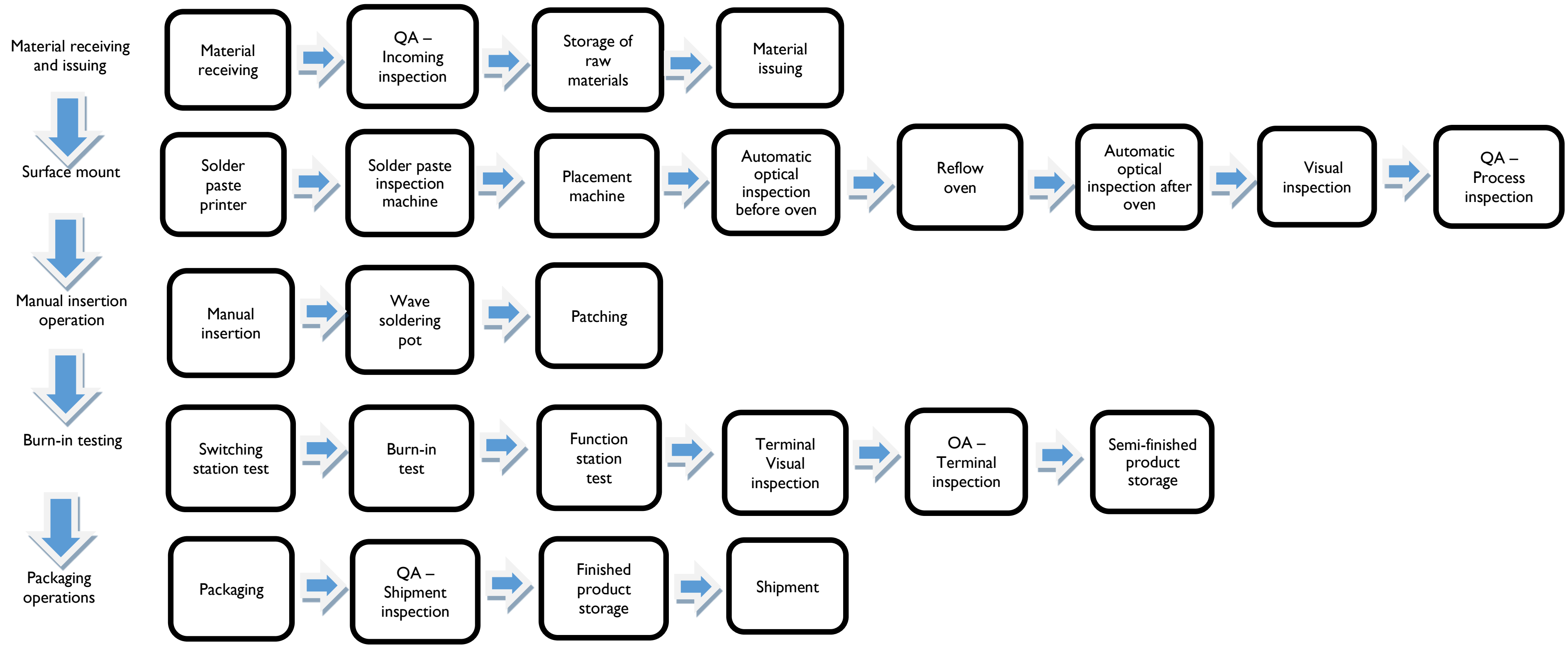
a. Important use of the main products:

The board cards for the industrial computers are mainly used to provide a "platform" for connection and operation of the relevant parts and components assembled in the industrial computer, and are the most indispensable component in the industrial computer system.

b. Production process of the main products:

DFI Process Flowchart

By Process



(3) Supply Status of Key Raw Materials

Raw Material Name	Supply Status
Integrated circuits (including chipsets)	Satisfactory
Printed circuit board (PCB)	Satisfactory
Other important components	Satisfactory

II. Employee Data for the Last Two Fiscal Years and as of the Date of Printing of the Annual Report

Year		2023	2022
Number of employees	Direct employees	205	222
	Indirect employees	491	504
	Total	696	726
Average Age		40.3	39.6
Average Length of Service		7.1	6.3
Percentage Distribution of Education	Doctorate degree	0.0%	0.0%
	Master's degree	15.2%	14.0%
	University (Specialist)	66.1%	66.3%
	High School (Vocational)	15.7%	16.8%
	Below high school	3.0%	2.9%

Note: Only shown until December 31, 2023.

III. Environmental-protection expenditures

(I) The total amount of losses (compensation included) and penalties was suffered due to environmental pollution during the past year and as of the data of publication of the annual report: none.

(II) Current and Future Countermeasures (Measures for Improvement Included) and Possible Expenditures

During our production process, there is no generation of noise or process wastewater. We also conduct noise testing during the production process to ensure compliance with relevant regulations. Based on the future product development direction, it is expected that there will be no environmental pollution issues in the future. For the energy management part, we plan to introduce ISO 50001 third-party verification to ensure the systematic management and effective utilization of energy. Regarding RoHS, the Company has completed the purchase and update of production and testing equipment, which are now operating normally. In terms of manufacturing processes, the Company has passed the testing by the Electronics and Optoelectronics Research Laboratories of the Industrial Technology Research Institute (QC 080000) as well as audits by several major international companies (Green Product). As for suppliers, they have also completed the certification for banned substances and are supplying materials smoothly. WEEE has also been registered and entrusted to local operators for future product recycling in several countries in Europe.

To meet the requirements of international green products, our company has made changes in production environment and materials, and has obtained ISO 14001 certification.
(Valid until December 26, 2025), QC 080000 (Valid until January 18, 2025), ISO 50001 (Valid until March 31, 2027), the certification of Green Partner, a major factory, demonstrates its commitment to protecting the environment.
Environmental-protection expenditures concerned of the Company in the past two years:

Unit: thousand NTD

Year	2023	2022
Environmental Protection Expenditure	8,926	3,761

IV. Labor Relations

(I) The Company lists various employee welfare measures, continuing education, training, retirement system, and their implementation, as well as the agreements between labor and management and the situation of employee rights protection measures.

1. Employee welfare measures

(1) Insurance and Healthcare

- Comprehensive insurance: In addition to statutory labor, health, and occupational insurance, employees also enjoy group insurance benefits (including coverage for accidents, accidental medical treatment, hospitalization, critical illness, cancer, and occupational hazards).
- Medical Healthcare: Annual health check-ups, on-site nurses, contracted doctors providing on-site services, and periodic health promotion activities (such as walking, stress-relief massages, and seminars on physical/mental growth).

(2) Leisure benefits

- Welfare Committee: LINE POINTS welfare points (for birthdays, Spring Festival, Labor Day, and Dragon Boat Festival), Mid-Autumn Festival gift boxes, occasional movie discount tickets, and various subsidies (for weddings, funerals, childbirth, club activities, departmental gatherings, etc.).
- Recreational Activities: Birthday celebration afternoon teas, corporate family days, annual year-end parties, occasional dinner gatherings, periodic hiking excursions, various clubs, and a gym.
- Social Welfare: Periodic organization of various social welfare activities, such as blood donation drives, massage events for the visually impaired at social welfare organizations, group purchases of produce from small farmers, lectures on agricultural support tours, and activities to clean mountains and beaches.

(3) Work environment

- Workplace Environment: Spacious and elegant air-conditioned manufacturing plants and office settings, regular environmental inspections, free coffee machines with freshly ground coffee, and lactation rooms.
- Work space: snack bars, coffee bars, staff lounges, fruit bars, buffet restaurants.

(4) Others

- Leave System: Two days off per week, national holidays exceeding labor standards, and additional leave benefits for new employees.
- Transportation Services: The Taoyuan factory offers free shuttle services for employees.
- Overtime Dinner: Free overtime dinner provided.
- Flexible punch-in and punch-out times.
- Employee Stock Trust: In addition to regularly allocating reserve funds to the statutory account in accordance with the Labor Standards Act and the Labor Retirement Pension Regulations, the Company also establishes an employee stock trust. Additionally, an Employee Stock Ownership Trust Committee has been established, and all qualified colleagues are eligible to participate. Both employees and the company contribute shares, allowing employees to share in the appreciation of stock value resulting from the company's operational success. This transforms employees into shareholders, strengthens cohesion, motivates contributions, and enhances operational performance.

2. Further education and training of employees

DFI Information places great emphasis on employee training and development. The training activities are primarily led and driven by the Human Resources Management unit, with a dedicated Training Center responsible for handling training affairs. Other departments are tasked with the concrete execution and implementation of training plans. Through annual needs surveys, departments are requested to submit relevant training needs and courses. The Training Center then verifies the proposed needs, including the suitability of the course items and the scheduling of course hours. Finally, these are compiled into an "Annual Training Plan," which serves as the basis for implementation.

In addition to the training courses listed in the annual training plan, we also provide various learning resources and tools to encourage employees to engage in learning activities that are not limited by time, location, or format, in accordance with the company's growth direction, organizational needs, and individual performance requirements. We have introduced Qisda Academy (eHRD) as an online learning platform for our colleagues at Uni-President Information, and we also invite professionals from the group to share lectures on various topics such as technology, life, and public welfare, in order to provide our colleagues with new knowledge in different areas and inspire unlimited possibilities in work and life. In addition, to demonstrate DFI Information's commitment to corporate social responsibility, the Hazardous Substance Process Management System (IECQ QC 080000) and relevant courses on occupational safety and health have been included as mandatory courses for all employees.

In light of the Company's future strategic development direction, we will continue to develop relevant courses, including but not limited to specialized knowledge in areas such as building key components, healthcare, and the Internet of Things. These courses will provide the talent that the organization will need in the future and maintain a learning momentum to align with the company's development needs. Furthermore, the personal learning and development of employees are closely related to the Company's growth: personal learning and development not only contribute to improving job performance, but also provide colleagues with the opportunity to apply it in their daily lives, generating a positive impact on society and progress. Therefore, the Company encourages all employees to actively sign up for external training courses in order to cultivate and enhance their skills, and to assist employees and the company in further growing together with society.

In 2023, the "Employee Learning & Development Strategy" was developed, and it is expected to continuously expand the learning scope of all employee from "management functions", "professional functions", "self-development" and "onboarding". In 2023, DFI Information will participate for the first time in the group's executive training program, focusing on the management function aspect. The program will primarily target frontline managers (managers/assistant managers) for the ALP course, and newly appointed managers/reserve cadres for the FLP course.

- E-Learning

  In terms of learning channels, in 2023, we will continue to promote digitalization of training to enable colleagues to receive diverse training courses in a timely and unrestricted manner. DFI has introduced Qisda Academy (eHRD) as the online learning platform for its employees, providing them with real-time and flexible access to training courses and workshops. In 2023, we will continue to expand our online learning content by introducing a total of 8 courses (24 sessions) from 'Tianxia Online Video Courses'. This will allow our colleagues to utilize their spare time to watch video content on the platform and acquire new knowledge. In addition, we are also promoting the introduction of the 'World Citizen Cultural Development Center English e-newsletter' to enhance the English proficiency and motivation of our colleagues, cultivate an international perspective, and prepare for future challenges.

- Problem Solving: Continuous Improvement Program (CIP)

  Since 2018, DFI has been implementing Six Sigma in collaboration with the group, and has developed the Continuous Improvement Program (CIP) to provide employees with the necessary concepts and tools for work improvement. Through a series of course designs, coupled with the implementation of the Continuous Improvement Program (CIP), employees are assisted in applying the knowledge and skills learned in the courses to their actual work processes. From 2018 to 2022, a total of 65 projects were included in the Continuous Improvement Program (CIP), with an estimated cumulative benefit of NT$155 million. The improvement results were remarkable. The scope of the CIP project covers individual, departmental, and even company-wide improvements. By using the DMAIC methodology, employees can be assisted in using the most appropriate improvement techniques to enhance their work. The CIP method is not only implemented in the research and development department, but also extended to all units including manufacturing, supply chain, administration, and support. In 2023, the main focus will be on the training courses for continuous improvement of DMAIC methodology. There will be a total of three courses, with a cumulative total of 100 participants completing the training. The total course hours will be 700.

3. Retirement system

Starting from July 1, 2005, in compliance with legal regulations, the Company has been deducting no less than 6% of the monthly salary of new employees and existing employees who choose to apply the new retirement pension regulations, and depositing it into their individual retirement accounts at the Labor Insurance Bureau. At the same time, we continue to reserve the seniority under the old retirement pension system for existing employees who choose to apply the old retirement pension method and for existing employees who choose to apply the new retirement pension method. The retirement benefits for these employees are calculated based on the original employee retirement method, and the appropriate amount is allocated to the retirement reserve fund, which is then deposited into a designated account at the Bank of Taiwan. For colleagues who are assigned to transfer to related companies by the organization, their seniority will be accumulated to provide them with more protection, achieving the goal of talent circulation within the group. As for the retirement benefits of overseas subsidiaries, they are based on a defined contribution system, and according to local government regulations, various types of social security contributions such as pension and medical insurance are paid monthly.

4. Protection measures for employee's personal safety and work environment, and implementation thereof

DFI regards employees as the most important asset of the company. The working environment and safety of employees are of utmost importance to us. As we strive for company growth and fulfill our social responsibilities, we are committed to moving towards sustainability together with our employees. In addition to complying with relevant domestic regulations, we vigorously implement the following international standards and obtain certification from international verification companies:

(1) Environmental Management System (ISO 14001)

(2) Occupational health and safety management system (ISO 45001)

(3) Energy Management System (ISO 50001)

(4) Greenhouse Gas Inventory Standard (ISO 14064-1)

(5) ESG Independent Agency Assurance Statement

(6) Its related management methods: formulate a safety and health management plan and implement it, regularly carry out operation environment monitoring, safety and health inspections and audits, safety and health education and training, fire education and training, etc., promote four major management plans: maternity protection, human factors engineering, illegal infringement, and abnormal workloads, and conduct annual employee safety and health hazard risk assessment to implement various employee safety and health matters, thereby improving the work environment and safety and health performance.

In addition to ensuring a safe working environment, employee health is also one of our management priorities. We provide annual health check-ups for our employees. Based on the results of these check-ups, any abnormal findings are highlighted and grouped together to alert employees and implement a three-tier management system. This helps employees understand their physical condition and arrange for those who require it to receive medical consultation services. The future will continue to operate through various management systems to achieve the goal of continuous improvement.

5. Code of Conduct for Employees

The Company has established the Integrity Handbook as the highest code of conduct for employees and regularly trained employees around the world through formal education and training courses, which covers “Conflicts of Interest”, “Compliance with Regulations”, “Trade Secrets and Company Assets” and “Involvement in Political Activities”.

Employees of the Company shall comply with the following integrity declaration:

- We hold all ethical code according to the highest standards
- We respect both official laws and the company's regulations
- We must act with honesty in all our words and deeds.
- We strictly prohibit the abuse of privileges for illegal misconduct.
- We do our best to avoid being suspected for any tunneling.
- We will never engage in any violation of ethics.
- We will ask for help when we don't know how to choose.
- We will fully cooperate in the investigation of violations
- We will reported any illegal incidents discovered immediately.
- We will develop business partners based on our Integrity Handbook.

6. Other benefits

According to the law, employees can take maternity leave, paternity leave and parental leave, etc., the situation in 2023 is as follows:

Parental Leave	Number of male individuals	Number of female individuals	Total
Number of eligible applicants for parental leave in 2023 (A)	5	10	15
Number of employees who actually applied for parental leave in 2023 (B)	0	7	7
The estimated number of employees returning to work in 2023 after taking parental leave (C)	0	6	6
Number of employees who actually returned to work from parental leave in 2023 (D)	0	6	6
Number of employees who actually returned to work from parental leave in the previous year, 2022 (E)	0	3	3

Parental Leave	Number of male individuals	Number of female individuals	Total
Number of employees who continued working for one year after returning from parental leave in the previous year, 2022 (F)	0	3	3
Maternity Leave Application Rate B/A	0%	70%	47%
Maternity Leave Return-to-Work Rate D/C	0%	100%	100%
Parental Leave Retention Rate = F/E	0%	100%	100%

7. Current Status and Implementation of Major Labor-Management Agreements

   To maintain a good relationship between the Company and its employees, we have established effective communication channels which include business briefings, welfare committee meetings, and labor-management meetings. These channels enable employees to stay updated on company information and encourage them to provide suggestions regarding the overall operations and development of the company, which can be considered by decision-making units. In the event of significant operational changes that may affect employee rights, a notice will be given at least 4 weeks in advance. These well-established communication channels not only foster labor-management relations but also allow the company to understand the needs of its employees better, thereby providing a more conducive work environment.

(II) In the recent fiscal year and up until the date of printing of the annual report, we incurred losses due to labor disputes. We also disclosed the estimated amounts and corresponding measures for the current and future potential losses. If it is not possible to reasonably estimate the losses, the report should explain the reasons for the inability to do so.

1. Losses arising out of labor disputes during the most recent fiscal year and up to the date of publication of the annual report: None
2. Possible estimated amounts at present and in the future and solutions

V. Important Contract

(I) As of the date of publication of this annual report, the important long-term borrowings and technical cooperation contracts of the Company that are still valid and expired in the most fiscal year are listed as follows:

2024.03.31

Nature of the contract	The party involved	Contract Start and End Date	Main content	Restrictions Clause
Software authorization	INSYDE SOFTWARE CORP.	2023.06.01-2025.05.31	MASTER LICENSE AND SERVICE AGREEMENT	None
Software authorization	INSYDE SOFTWARE CORP.	2023.07.01-2025.06.30	MASTER LICENSE AND SERVICE AGREEMENT	None

VI. Litigation or non-litigation matters

(I) Major litigation, non-litigation or administrative dispute events that have been adjudicated or are pending during the most recent two fiscal years and up to the date of publication of the annual report: None

(II) Major litigation, non-litigation or administrative dispute events of the Company's directors, supervisors, President, and shareholders holding more than 10% of shares, and the affiliated companies that have been adjudicated or are pending during the most recent two fiscal years and up to the date of publication of the annual report: None.

Financial Overview

I. Recent Five-Year Summary of Balance Sheet and Comprehensive Income Statement

(I) International Financial Reporting Standards

Concise Consolidated Balance Sheet

Unit: thousand NTD

Item \ Year		Recent Five-Year Financial Data (Note 1)				
		2023	2022 (Restated)	2021 (Restated)	2020	2019
Current assets		5,470,258	8,628,410	8,462,476	5,546,713	6,017,867
Property, plant and equipment		2,548,819	2,793,096	2,477,339	1,911,589	1,972,002
Intangible assets		445,502	1,121,027	974,453	113,770	129,325
Other Assets		637,026	632,048	479,673	511,932	512,569
Total Assets		9,101,605	13,174,581	12,393,941	8,084,004	8,631,763
Current liabilities	Before distribution	2,909,498	5,190,715	4,597,964	2,771,923	3,029,053
	After distribution	3,252,965 (Note 2)	5,602,875	5,010,124	3,115,390	3,601,497
Non-current liabilities		1,209,225	2,159,076	2,267,694	278,442	241,912
Total Liabilities	Before distribution	4,118,723	7,349,791	6,865,658	3,050,365	3,270,965
	After distribution	4,462,190 (Note 2)	7,761,951	7,277,818	3,393,832	3,843,409
Equity attributable to owners of parent company		3,162,036	3,247,431	3,057,279	2,975,103	3,194,797
Equity		1,144,889	1,144,889	1,144,889	1,146,889	1,146,889
Capital surplus	Before distribution	629,767	655,744	655,744	679,735	679,644
	After distribution	629,767 (Note 2)	609,948	609,948	656,837	679,644
Retained earnings	Before distribution	1,443,171	1,371,470	1,371,470	1,235,993	1,435,439
	After distribution	1,099,704 (Note 2)	1,005,106	1,005,106	915,424	862,995
Other equity		(55,791)	(38,041)	(114,824)	(74,607)	(54,268)
Treasury stock		-	-	-	(12,907)	(12,907)
Non-controlling interests		1,820,846	2,577,359	2,450,694	2,058,536	2,166,001
Total Equity	Before distribution	4,982,882	5,824,790	5,528,283	5,033,639	5,360,798
	After distribution	4,639,415 (Note 2)	5,412,630	5,116,123	4,690,172	4,788,354

Note 1: The financial data for the past five years have all been audited and certified by CPAs. As of the date of printing of the annual report, the financial data for the year 2024 has not been audited or reviewed by a CPA.

Note 2: Amount resolved at the board meeting dated Mar. 4, 2024.

Concise Consolidated Income Statement

Unit: thousand NTD

Item \ Year	Recent Five-Year Financial Data (Note)				
	2023	2022	2021 (Restated)	2020	2019
Operating revenue	9,184,172	10,991,887	13,312,180	8,349,522	7,031,784
Gross Profit	2,435,013	2,742,129	2,542,170	2,109,099	1,994,172
Operating Profit/Loss	544,786	839,706	526,612	648,125	783,787
Non-operating income and expenses	(37,502)	24,079	459,496	(34,448)	4,486
Profit before tax	507,284	863,785	986,108	613,677	788,273
Net Profit for the Current Operating Unit	366,938	675,559	783,861	477,833	622,657
Profit and Loss of the Closed Department	(16,494)	(78,559)	-	-	-
Net profit (loss) for the period	350,444	597,000	783,861	477,833	622,657
Other Comprehensive Income (Net of Tax) for the Period	49,514	135,819	(42,113)	(27,971)	(8,548)
Total comprehensive income (loss) for the period	399,958	732,819	741,748	449,862	614,109
Net profit attributable to owners of the parent company	361,685	528,230	615,903	405,046	630,403
Net profit attributable to non-controlling interests	(11,241)	65,376	166,335	72,787	(7,746)
Total comprehensive income attributable to owners of the parent company	388,016	603,957	575,471	382,109	627,674
Total comprehensive income attributable to non-controlling interests	11,942	125,468	164,654	67,753	(13,565)
Earnings per share	3.16	4.61	5.38	3.54	5.51

Note: The financial data for the past five years have all been audited and certified by CPAs. As of the date of printing of the annual report, the financial data for the year 2024 has not been audited or reviewed by a CPA.

Concise parent company only balance sheet

Unit: thousand NTD

Item \ Year		Recent Five-Year Financial Data (Note 1)				
		2023	2022	2021 (Restated)	2020	2019
Current assets		1,384,718	2,631,614	2,054,854	1,505,695	1,801,030
Fund and Investment		2,478,590	2,975,611	3,145,141	2,196,984	2,021,692
Fixed Assets		1,003,301	1,061,807	1,066,375	936,096	972,400
Intangible assets		9,244	12,655	10,522	7,256	7,257
Other Assets		238,722	248,986	227,480	87,883	91,229
Total Assets		5,114,575	6,930,673	6,504,372	4,733,914	4,893,608
Current liabilities	Before distribution	1,348,840	2,362,269	1,867,673	1,627,612	1,574,881
	After distribution	1,692,307 (Note 2)	2,820,224	2,279,833	1,971,079	2,147,325
Other Liabilities		603,699	1,320,973	1,559,110	131,199	123,930
Total Liabilities	Before distribution	1,952,539	3,683,242	3,426,783	1,758,811	1,698,811
	After distribution	2,296,006 (Note 2)	4,141,197	3,838,943	2,102,278	2,271,255
Equity		1,144,889	1,144,889	1,144,889	1,146,889	1,146,889
Capital surplus	Before distribution	629,767	608,586	655,744	679,735	679,644
	After distribution	629,767 (Note 2)	608,586	609,948	656,837	679,644
Retained earnings	Before distribution	1,443,171	1,531,997	1,371,470	1,235,993	1,435,439
	After distribution	1,099,704 (Note 2)	1,074,042	1,005,106	915,424	862,995
Other equity		(55,791)	(38,041)	(114,824)	(74,607)	(54,268)
Treasury stock		-	-	-	(12,907)	(12,907)
Total Equity	Before distribution	3,162,036	3,247,431	3,077,589	2,975,103	3,194,797
	After distribution	2,818,569 (Note 2)	2,789,476	2,665,429	2,631,636	2,622,353

Note 1: The financial data for the past five years have all been audited and certified by CPAs. As of the date of printing of the annual report, the financial data for the year 2024 has not been audited or reviewed by an accountant.

Note 2: Amount resolved at the board meeting dated Mar. 4, 2024.

Concise parent company only income statement

Unit: thousand NTD

Item \ Year	Recent Five-Year Financial Data (Note 1)				
	2023	2022	2021 (Restated)	2020	2019
Operating revenue	4,009,122	5,422,148	3,460,880	3,777,182	4,804,917
Gross Profit	950,228	1,075,694	662,185	939,852	1,245,733
Operating Profit/Loss	407,014	431,808	86,891	392,528	671,090
Non-operating income and expenses	53,351	197,363	613,498	100,770	112,019
Profit before tax	460,365	629,171	700,389	493,298	783,109
Net profit of continuing operations for the current period	361,685	531,624	617,526	405,046	630,403
Profit and Loss of the Closed Department	-	-	-	-	-
Net profit for the period	361,685	531,624	617,526	405,046	630,403
Other comprehensive income for the current period (net of tax)	26,331	75,727	(40,432)	(22,937)	(2,729)
Total comprehensive income for the current period (loss)	388,016	607,351	577,094	382,109	627,674
Net profit attributable to owners of the parent company	361,685	528,230	615,903	405,046	630,403
Net profit attributable to non-controlling interests	-	-	-	-	-
Total comprehensive income attributable to owners of the parent company	388,016	603,957	575,471	382,109	627,674
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per share (NT$)	3.16	4.61	5.38	3.54	5.51

Ntoe: The financial data for the past five years have all been audited and certified by CPAs. As of the date of printing of the annual report, the financial data for the year 2024 has not been audited or reviewed by an accountant.

(II) Names of the CPAs and their audit opinions for the past five years

Year	Name of CPAs:	Audit Opinion
2019	Deloitte Taiwan: Ming-Hsin Zhou, Shu-Chuan Yeh (Note 1)	Unqualified Opinion
2020	Deloitte Taiwan: Shu-Chuan Yeh, Ming-Hsin Zhou (Note 1)	Unqualified Opinion
2021	KPMG Taiwan: Hui-Chen Chang, Ching-Wen Kao (Note 2)	Unqualified Opinion
2022	KPMG Taiwan: Hui-Chen Chang, Ching-Wen Kao	Unqualified Opinion
2023	KPMG Taiwan: Hui-Chen Chang, Ching-Wen Kao	Unqualified Opinion

Note 1: Due to internal business adjustment of Deloitte Taiwan, the CPAs were changed to Ming-Hsin Zhou and Shu-Chuan Yeh from Q3, 2019.

Note 2: In order to cooperate with the actual needs of the Company, CPAs Hui-Chen Chang, Ching-Wen Kao from KPMG Taiwan are appointed for the purpose of audit since the second quarter of 2021 in accordance with Articles 20 and 29 of the Company Act.

II. Financial Analysis for the Past Five Years

(I) International Financial Reporting Standards - Consolidated Financial Analysis.

Analysis Items \ Year		Financial Analysis for the Past Five Years				
		2023	2022	2021 (Restated)	2020	2019
Financial Structure	Liabilities-to-Asset Ratio (%)	45.25	55.69	55.40	37.73	37.89
	Long-term capital as a percentage of property, plant, and equipment (%)	171.50	192.48	214.95	170.20	174.28
Debt Repayment Ability	Current Ratio (%)	188.01	166.23	184.05	200.10	198.67
	Quick Ratio (%)	108.08	85.37	98.98	130.90	126.57
	Interest Coverage Ratio (times)	9.58	13.38	40.80	41.43	84.18
Financial capability	Accounts Receivable Turnover Rate (Times)	3.74	5.61	5.47	4.00	4.38
	Average Collection Period	97.59	65.06	66.72	91.25	83.33
	Inventory Turnover Rate (Times)	2.10	3.23	3.75	3.09	3.19
	Accounts Receivable Turnover Rate (Times)	4.37	5.87	6.20	4.43	3.91
	Average Collection Period	173.81	113.00	97.33	118.12	114.42
	Turnover rate of property, plant, and equipment (Times)	3.44	6.14	6.03	4.30	4.79
	Total Asset Turnover Ratio (times)	0.82	1.27	1.30	1.00	1.05
Profitability	Return on Assets (%)	3.53	5.05	7.82	5.86	9.44
	Return on Equity (%)	6.49	10.52	14.81	9.19	14.52
	Ratio of income before tax to paid-in capital (%)	44.31	66.34	86.13	53.51	68.73
	Net Profit Margin (%)	3.82	3.69	5.89	5.72	8.85
	Earnings per share	3.16	4.61	5.38	3.54	5.51
Cash Flows	Cash Flow Ratio (%)	54.10	11.98	(22.47)	18.13	52.88
	Cash Flow Ratio (%)	46.24	36.13	34.28	84.46	86.33
	Cash Flow Adequacy Ratio (%)	18.67	2.91	(19.02)	(1.30)	17.37
Leverage	Operating Leverage	1.60	1.71	1.75	1.43	1.29
	Financial Leverage	1.12	1.09	1.05	1.02	1.01

Note: The financial data for the past five years have all been audited and certified by CPAs. As of the date of printing of the annual report, the financial data for the year 2024 has not been audited or reviewed by an accountant.

(II) International Financial Reporting Standards - Consolidated Financial Analysis.

Analysis Items (Year)			2023	2022	2021 (Restated)	2020	2019
			Financial Analysis for the Past Five Years				
Financial Structure	Liabilities-to-Asset Ratio (%)		38.18	53.14	52.68	37.15	34.71
	Long-term capital as a percentage of property, plant, and equipment (%)		375.33	430.25	434.81	331.84	341.29
Debt Repayment Ability	Current Ratio (%)		102.66	111.40	110.02	92.51	114.36
	Quick Ratio (%)		68.49	66.12	46.90	60.87	74.11
	Interest Coverage Ratio (times)		15.8	24.15	61.91	136.08	578.09
Financial capability	Accounts Receivable Turnover (Times)		5.12	6.21	5.03	4.73	5.01
	Average Collection Period		71.29	58.78	72.56	77.17	72.85
	Inventory Turnover (Times)		4.07	3.92	3.34	5.03	4.97
	Accounts Receivable Turnover Rate (Times)		4.95	5.25	4.00	3.76	3.87
	Average Collection Period		89.68	93.11	109.28	72.56	73.44
	Turnover rate of property, plant, and equipment (Times)		4	5.13	3.25	4.04	4.94
	Total Asset Turnover Ratio (Times)		0.78	0.79	0.53	0.80	0.98
Profitability	Return on Assets (%)		6.39	8.17	11.10	8.47	13.22
	Return on Equity (%)		11.29	16.70	20.29	13.13	19.66
	Percentage of Paid-in Capital (%)	Operating Profit	35.55	37.72	7.59	34.23	58.51
		Net Profit Before Tax	40.21	54.95	61.18	43.01	68.28
	Net Profit Margin (%)		9.02	9.71	17.80	10.72	13.12
	Earnings per share (NTD)		3.16	4.61	5.38	3.54	5.51
Cash Flows	Cash Flow Ratio (%)		73.71	10.54	(16.81)	19.05	82.15
	Cash Flow Ratio (%)		73.69	63.89	65.14	98.40	104.91
	Cash Flow Adequacy Ratio (%)		15	3.74	(14.74)	(8.56)	18.79
Leverage	Operating Leverage		1.31	1.47	2.28	1.29	1.15
	Financial Leverage		1.08	1.10	1.20	1.00	1.00

Note: The financial data for the past five years have all been audited and certified by CPAs. As of the date of printing of the annual report, the financial data for the year 2024 has not been audited or reviewed by a CPA.

The calculation formula is as follows:

1. Financial Structure
   (1) Liabilities-to-Asset Ratio = Total Liabilities/ Total Assets.
   (2) Long-term capital to real estate, plant, and equipment ratio = (Equity + Total non-current liabilities) / Net real estate, plant, and equipment.
2. Debt Repayment Ability
   (1) Current ratio = Current assets / Current liabilities.
   (2) Quick Ratio = (Current Assets - Inventory - Prepaid Expenses) / Current Liabilities
   (3) Interest coverage ratio = Net income before income tax and interest expense / Current interest expense.
3. Financial capability

(1) Accounts receivable turnover ratio = Net sales / Average accounts receivable balance (including accounts receivable and notes receivable generated from operations).

(2) Average collection period = 365 / accounts receivable turnover.

(3) Inventory turnover rate = Cost of goods sold / Average inventory amount.

(4) Accounts payable turnover ratio (including accounts payable and notes payable generated from operations) = Net sales / Average accounts payable balance (including accounts payable and notes payable generated from operations).

(5) The average days of sales = 365 / inventory turnover ratio.

(6) Turnover rate of property, plant and equipment = Sales revenue / Average net property, plant and equipment

(7) Total asset turnover ratio = Net sales / Average total assets.

4. Profitability

(1) Return on Assets = (Net Income + Interest Expense * (1 - Tax Rate)) / Average Total Assets.

(2) Return on equity = net income after tax / average total equity.

(3) Net profit margin = after-tax profit / net sales.

(4) Earnings per share = (Net income attributable to owners of the parent company - Preferred shares dividends) / Weighted average number of shares issued.

5. Cash Flows

(1) Cash Flow Ratio = Net Cash Flow from Operating Activities / Current Liabilities.

(2) Net Cash Flow Solvency Ratio = Net Cash Flow from Operating Activities in the most recent five years / (Capital Expenditures + Increase in Inventory + Cash Dividends) in the most recent five years.

(3) Cash Reinvestment Ratio = (Net Cash Flow from Operating Activities - Cash Dividends) / (Gross property, plant and equipment + Long-term Investments + Other Non-current Assets + Working Capital).

6. Leverage

(1) Leverage Ratio = (Net Operating Revenue - Variable Operating Costs and Expenses) / Operating Profit.

(2) Financial leverage ratio = Operating profit / (Operating profit - Interest expense).

III. Audit Committee’s Review Report

Audit Committee’s Review Report

For the 2023 financial statements prepared by the Company's Board of Directors, accountants Hui-Chen Chang and Ching-Wen Kao of KPMG, jointly issued an audit report as entrusted by the Board of Directors. The aforementioned financial statements, business reports, accountants' audit report and proposal for distribution of earnings were reviewed by our Audit Committee, and no non-conformity was detected. They are hereby specially presented for review and verification in accordance with Clause 4, Article 14 of the Securities and Exchange Act and Article 219 of the Company Act.

Yours faithfully
the 2024 Annual General Meeting of DFI Inc.

Convener of the Audit Committee: Te-Chang Yeh

March 4, 2024

IV. The Most Recent Annual Consolidated Financial Statements and Independent Auditors' Report: Please refer to Appendix I (P131)

V. The Most Recent Annual Individual Financial Statements and Independent Auditors' Report: Please refer to Appendix II (P225).

VI. There have been no financial difficulties affecting the financial condition of the company or its affiliated enterprises during the recent fiscal year and up to the date of printing of the annual report.

Review and Analysis of Financial Position & Performance and Risks

I. Financial Condition

Comparative Financial Analysis Statement

Unit: thousand NTD

Item \ Year	2023	2022 (Restated)	Difference	
			Amount	%
Current assets	5,470,258	8,628,410	(3,158,152)	-37%
Non-current assets	3,631,347	4,546,171	(914,824)	-20%
Total Assets	9,101,605	13,174,581	(4,072,976)	-31%
Current liabilities	2,909,498	5,190,715	(2,281,217)	-44%
Non-current liabilities	1,209,225	2,159,076	(949,851)	-44%
Total Liabilities	4,118,723	7,349,791	(3,231,068)	-44%
Equity	1,144,889	1,144,889	-	-
Capital surplus	629,767	655,744	(25,977)	-4%
Retained earnings	1,443,171	1,371,470	71,701	5%
Other equity	(55,791)	(38,041)	(17,750)	47%
Treasury stock	-	-	-	-
Non-controlling interests	1,820,846	2,577,359	(756,513)	-29%
Total Shareholders' Equity	4,982,882	5,824,790	(841,908)	-14%

Explanation of Changes in Increase and Decrease Ratios in the Past Two Years:

1. A decrease in current assets is primarily due to the deconsolidation of Brainstorm.
2. A decrease in non-current assets is primarily due to the deconsolidation of Brainstorm.
3. A decrease in current assets is primarily due to the deconsolidation of Brainstorm.
4. A decrease in non-current assets is primarily due to the deconsolidation of Brainstorm.
5. A decrease in non-controlling interests is primarily due to the deconsolidation of Brainstorm.

II. Financial Performance

Financial Performance Comparative Analysis

Unit: thousand NTD

Item \ Year	2023	2022	Increase (Decrease) Amount	Percentage Change (%)
Net operating revenue	9,184,172	10,991,887	(1,807,715)	-16%
Operating costs	6,749,159	8,249,758	(1,500,599)	-18%
Gross Profit	2,435,013	2,742,129	(307,116)	-11%
Operating expenses	1,890,227	1,902,423	(12,196)	-1%
Net operating income	544,786	839,706	(294,920)	-35%
Non-operating income and expenses	(37,502)	24,079	(61,581)	-256%
Profit before tax	507,284	863,785	(356,501)	-41%
Income tax expenses	140,346	188,226	(47,880)	-25%
Net Profit for the Current Operating	366,938	675,559	(308,621)	-46%

Item \ Year	2023	2022	Increase (Decrease) Amount	Percentage Change (%)
Unit				
Profit and Loss of the Closed Department	(16,494)	(78,559)	62,065	-79%
Net profit (loss) for the period	350,444	597,000	(246,556)	-41%

Analysis of the increase and decrease in the ratios:

1. Decrease in revenue: This is mainly due to downstream customers adjusting inventory, delaying orders and shipments, and the slower-than-expected recovery of the Chinese market.
2. Decrease in non-operating income and expenses: Mainly due to foreign exchange losses caused by currency fluctuations this year.
3. Decrease in net profit for the period: Mainly due to a decrease in operating revenue this year and provision for inventory impairment losses.

III. Cash Flows

(I) Changes in Cash Flow for 2023

Unit: thousand NTD

Cash Balance at the Beginning of 2023	Cash Inflow (Outflow) Amount in 2023	Cash Surplus (Deficiency) Amount
1,690,474	(200,189)	1,490,285

(II) Changes in Cash Flow for 2023

Unit: thousand NTD

	2023	2022	Change Amount	Percentage of Change
Cash flows from operating activities	1,573,894	622,021	951,873	153%
Cash flows from investing activities	354,270	(291,028)	645,298	-222%
Cash flows from financing activities	(2,151,150)	(332,808)	(1,818,342)	546%

1. Operating Activities: The main reason for the net cash inflow is the decrease in inventory levels this year.
2. Investment activities: The main reason for the net cash inflow from the disposal of subsidiary Brainstorm in the current year.
3. Financing activities: Mainly due to a decrease in borrowings this year compared to last year.

(III) Improvement Plan for Insufficient Liquidity: Insufficient Cash Situation.

(IV) Cash Flow Liquidity Analysis for the Next Year: The Company aims to maintain stable cash liquidity, and will carefully plan based on the cash balance, cash flows from operating and investing activities, and the conditions of the financial markets.

IV. The Impact of Recent Annual Capital Expenditure on Financial Operations

(I) Usage and Source of Funds for Significant Capital Expenditures: None.

(II) Expected possible earnings: None.

V. Recent annual investment policy, main reasons for profit or loss, improvement plan, and future one-year investment plan.

The Company's reinvestment policy aligns with corporate business development strategies and operational needs. In 2023, the profit from reinvested subsidiaries was NT$59,574 thousand. Over the next year, the company will continue to focus on business developments and long-term strategic investments related to its core operations, carefully assessing reinvestment plans.

VI. Risk Management

(I) Risk Management Policy and Procedures:

On March 2, 2023, the Company revised the "Risk Management Policy and Procedures," which was approved by the board of directors as the supreme guiding principle for our risk management.According to the company's risk management policy, a Risk Management Committee was established and riskmanagement procedures were formulated. Theseinclude steps for risk identification, risk analysis, and risk evaluationto create a risk radar chart, which helps identify risks that may affect the sustainable development of the enterprise.

(II) Scope of Risk Management:

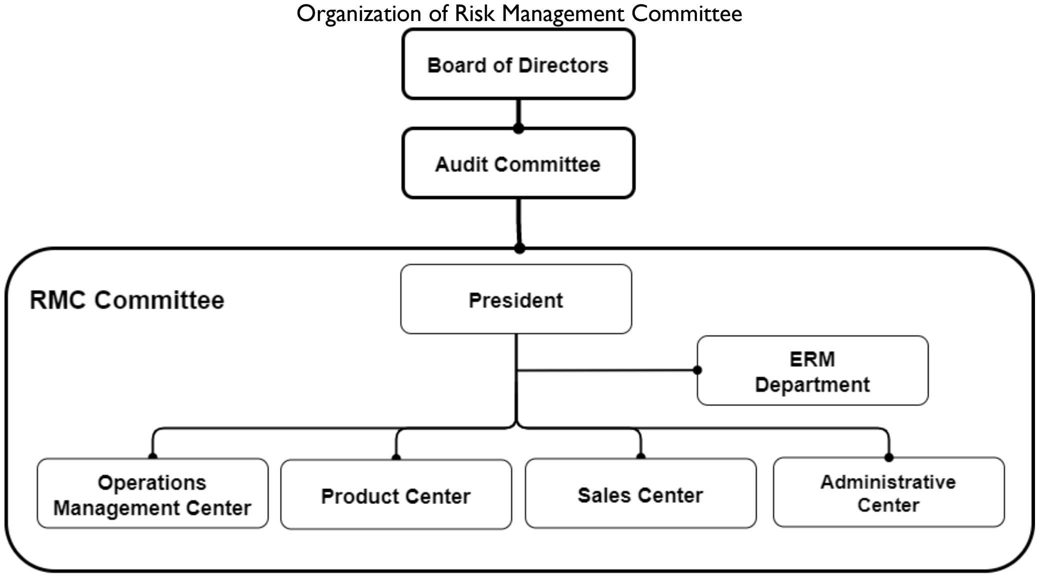
Risk management focuses on the risk management system and risk transfer planning of corporate governance, including strategic, financial, operational, and hazard risks, which are managed by the Risk Management Committee. The Company has established risk management policies and procedures to effectively manage risks that exceed the company's risk tolerance, and to optimize the overall cost of risk management through the use of risk management tools.

1. Commitment to continue to provide products and services to create long-term value for customers, shareholders, employees and the society.
2. Risk management requires systematic risk management procedures and organizations to identify, evaluate, handle, report and monitor timely and effective significant risks affecting the viability of the company, and to enhance the risk awareness of all employees.
3. Risk management is not the pursuit of "zero" risk, but the pursuit of maximum benefits to optimize the cost of risk management in the context of acceptable risks.
4. Before the occurrence of accidents, risks should be identified and controlled. Losses should be minimized during accidents, and the provision of products and services should be quickly restored after accidents. And establish business continuity management plans and emergency response manuals for major risk scenarios identified by the Risk Management Committee, and regularly update them.
5. For risks that do not exceed the risk tolerance, the risk management costs should be considered and different management tools should be used to deal with them, except for the following cases.
   - It has negative impacts on the safety of employees.
   - Causes violations of laws and regulations.
   - It has negative impacts on the company's reputation.

(III) Organization and Structure:

The Company established a management committee in 2020 to integrate various risk units according to the organization. The committee is chaired by the general manager, with the head of the sustainable risk management department serving as the secretary-general. The department heads of the company's primary units are committee members. The Director of Sustainable Risk Management refers to major internal and external events and external professional reports, and consolidates them according to the four major risk categories: strategy, finance, operations, and hazards. Every year, the risks that may have a negative impact on the company's operational objectives are identified, evaluated, managed, reported, and monitored. Each center conducts a check on the exposure and risk identification of important risks on an annual basis, and submits an annual risk management report to the Audit Committee and the Board of Directors in the first quarter of each year. The Audit Committee is composed of three independent directors and the report includes the execution status of the Risk Management Committee, risk distribution chart, major unacceptable risks, and significant incidents.

Organization of Risk Management Committee



(IV) Operation:

The Company actively promotes the implementation of the risk management mechanism, holds Risk Management Committee meetings regularly and reports to the Audit Committee and the Board of Directors on its operation once a year. The main operations in 2023 are as follows:

The Sustainable Risk Management Committee of the company submits the "Risk Management Work Report" at the beginning of each year. On January 24, 2024, the report was presented to the Chief Risk Officer. The report summarized the risk management issues from the previous period, controlling a total of 27 risk items, with operational risks accounting for 59%, financial risks for 11%, and strategic risks for 30%, with no hazardous risk items listed. The report also assessed the various risks faced by the company in 2023, including the risk environment, key focuses of risk management, risk assessment, and response measures. For 2024, the committee plans to manage 23 risks, with operational risks comprising 61%, financial risks 4%, strategic risks 30%, and hazardous risks 4%. Furthermore, on March 4, 2024, the Audit Committee and the Board of Directors will be presented with a report on the operations of the company's Risk Management Committee, including the evaluation of risk factors and the risk control measures taken, as well as the operation of risk management.

VII. Risk items should be analyzed and evaluated

(I) Impact of interest and exchange rate changes, and inflation on the Company's profit or loss, and future countermeasures:

1. Impact of interest rate changes in the most recent fiscal year on the company's profit or loss and future countermeasures

   All bank loans of the Company and its subsidiaries are based on floating interest rates. The measures taken by the Company and its subsidiaries in response to interest rate fluctuation risks include regularly assessing the interest rates of bank loans in various currencies and maintaining good relationships with financial institutions to secure lower financing costs. Additionally, by enhancing working capital management and other methods, we reduce our dependence on bank loans and diversify the risks associated with interest rate fluctuations.

2. Impact of exchange rate changes of the most recent fiscal year on the company's profit or loss and future countermeasures

   As the Company's export transactions are mainly presented in USD, any changes to the exchange rate will have certain impact on the Company's profits. The following countermeasures are taken for any possible exchange risks from USD amounts:

   a. The financial department will keep contact with the financial institutions and collect real-time exchange rate information based on the international political and economic situation and development, in order to fully master the exchange rate trend.

   b. The company's hedging strategy involves signing forward foreign exchange contracts and currency swap contracts to manage the exchange rate risk of net foreign currency positions generated from sales and procurement transactions. To cope with future foreign currency payment needs, it is necessary to maintain an appropriate foreign exchange position to anticipate the future trend of exchange rates. Additionally, timely settlement of net foreign currency positions should be conducted to minimize the impact of exchange rate fluctuations on the company.

   c. The Company has formulated express foreign exchange operation strategies, and strictly controls the process. The Company has signed the forward foreign exchange contracts with the financial institutions to avoid the risks, but not make profits through active operation.

3. Impact of inflation on the company's profit or loss and future countermeasures:

   In response to the price rising in the recent years, the Company and the subsidiaries will still pay close attention to the situation of inflation, adjust the product selling price and the inventory as appropriate to reduce impact of inflation on the Company and the subsidiary, and sign purchase contracts with the major raw material manufacturers.

(II) Policies on engaging in high-risk, high-leverage investments, fund lending, endorsements, guarantees, and derivative transactions, the main reasons for profits or losses, and future response measures.

The Company and its subsidiaries have always adhered to a policy of not engaging in high-risk and highly leveraged investments. Derivative trading is a strategy to mitigate risks and does not involve speculative trading.

The trading of derivative products by the Company and its subsidiaries in 2023 did not incur any operational risks, as it was conducted with a hedging principle in mind. In the future, the Company will continue to engage in derivative commodity trading to mitigate the risks caused by exchange rate and interest rate fluctuations. We will also regularly assess our foreign exchange positions and risks to reduce operational risks.

The Company and its subsidiaries engage in forward foreign exchange contracts and currency swap transactions primarily to hedge against the risk of exchange rate fluctuations affecting assets or liabilities denominated in foreign currencies. Highly negatively correlated derivative financial instruments are used as hedging tools to match the fair value fluctuations of the hedged items, and regular assessments are made. Due to not meeting the conditions for hedge accounting treatment, it is classified as financial assets or liabilities measured at fair value through profit or loss.

The Company and its subsidiaries engage in lending funds to others, endorsing guarantees, and trading derivative products. In addition to complying with relevant operational procedures, they also regularly make public announcements and declarations in accordance with the regulations of the regulatory authorities. As of the date of printing of the annual report, the recipients of loans and endorsements guaranteed by the Company and its subsidiaries are limited to the subsidiaries of the Company only.

(III) Future R&D plan and estimated investments in R&D expenses

1. Future Development Plan:
   - Industrial computer motherboards
   - Embedded computer module
   - Industrial system
   - Reinforced system
   - Application field system
   - Industrial tablet PC
   - Rugged Tablet Computer
   - Intelligent in-vehicle systems and tablets
   - Intelligent medical systems and tablets
2. Estimated R&D expenditure:approximately 5% of sales revenue, with future adjustments planned based on global industry trends and the actual operational status of the company.
3. Estimated time of achieving the mass production: It is expected that mass production will be achieved in 2024.
4. Main influence factors for success of the future research and development:

   With years of experience, the Company has fully grasped the technology trend and have strong ability of integration and the ability to cope with the future technology changes. In addition to continuous and active recruitment of professionals and cultivation of senior technical talents, the Company also cooperates with the institutions that have know-how through projects. It is the main factor for the Company's success in the future research and development.

(IV) Impact of changes to domestic and foreign important policies and laws, and countermeasures.

The Company's relevant units always pay close attention to and grasp the policies and decrees that might affect the Company's operation, and cooperates to adjust the Company's internal systems to guarantee smooth operation. There have been no significant impact of the changes to the domestic and foreign important policies on the Company’s financial affairs in the recent years.

(V) Impact of changes to technology and industry on the Company’s financial affairs and countermeasures.

The information industry has always been dynamic and fast-paced. Over the years, the Company has continuously adapted to industry changes, making adjustments to our products and strategies to find opportunities for growth and profitability. As a result, we have been profitable every year. The management team has been able to adapt well to the changes in technology and industry, with no significant impact on the company's financial operations.

(VI) Impact of change to enterprise image on the enterprise crisis management, and countermeasures.

The Company is committed to sustainable operation under principles of prudence andstability,valuing corporate image, and continuously improving quality management capabilities. To enhance corporate governance and strengthen the functions of the board of directors, our company established a Compensation Committee in November 2011 to assist the board in executing compensation management functions. Furthermore, on December 28, 2017, in accordance with Article 14-2 of the Securities Exchange Act, three independent directors were appointed. Therefore, in recent years and up to the publication date of the annual report, there have been no significant changes to our corporate image, nor have there been any market reports adversely affecting our corporate reputation. There is no danger of such a crisis occurring.

(VII) Expected benefits and potential risks ofmergers and acquisitions and corresponding measures.

Currently, thereare no ongoing mergers and acquisitions, thus no benefits or risks have been generated.

(VIII) Expected benefits, possible risks and countermeasures of expansion of factories.

The current focus ofthe Company and its subsidiaries regarding plant and equipment is on fully utilizing the existing production capacity to achieve maximum economies of scale. Therefore, there is no need for significant expansion of the plant facilities in the short term.

(IX) Risks arising from centralized purchases or sales, and countermeasures.

The Company's major suppliers and customers are distributed both domestically and internationally, and we have established long-term stable partnerships. Therefore, we do not have any issues or risks related to overly concentrated sales and purchases. The Company tracks customer payment status in a timely manner and manages it through insurance companies to protect the company's interests.

(X) Impact and risks of substantial equity transfer or replacement of the directors, supervisors or shareholders holding more than 10% of shares in the Company on the Company.

There havebeen no significant transfers or changes of stock ownership among the directors of the Company.

(XI) Impacts and risks of changes in the management power on the company.

The board ofdirectors and management team of the Company have not undergone any significant changes, therefore this is not applicable.

(XII) For lawsuits or non-litigation events, if the Company, directors, supervisors, general manager, actual responsible persons, shareholders holding more than ten percent of the shares, and subsidiary companies have significant litigation, non-litigation, or administrative litigation events that are either concluded or ongoing, and the results of which may have a significant impact on shareholders' equity or the price of securities, the following should be disclosed: the disputed facts, the amount involved, the start date of the litigation, the main parties involved, and the status of the case up to the date of the publication of the annual report.

Up to the date of publication of the annual report, there are no other significant litigation, non-litigation or administrative dispute events that have been adjudicated or are pending and of which the results might have significant influence on the shareholders' equity or securities price.

(XIII) Other important risks and countermeasures:

1. Information Security Organization

Establish a cybersecurity director and cybersecurity personnel in July 2023; establish an Information Security Committee in February 2024, chaired by the Director of Computer Information Department, with executive secretary and management, technical, document management, audit, and compliance teams responsible for overall information security development planning, establishment, and promotion, implementation, and supervision of various tasks. The relevant regular tasks include the following, all of which have achieved a 100% completion rate this year.

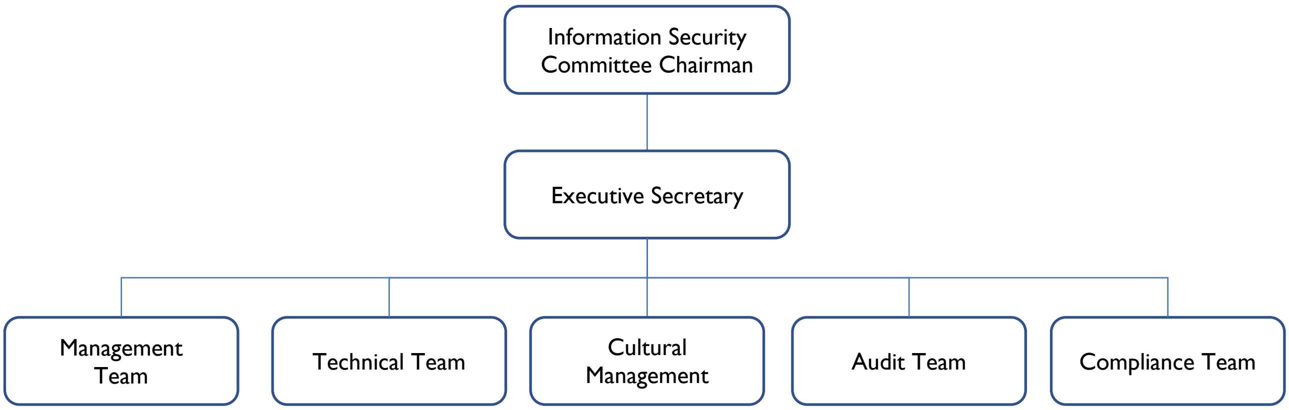
(1) Review the progress of various cybersecurity initiatives on a weekly basis.

(2) Report on the direction and progress of information security implementation is presented at the monthly executive management meeting.

(3) Every quarter, the Security Operations Center (SOC) conducts a quarterly report to review and revise the execution direction based on the findings.

(4) Every quarter, the company briefs all employees on the status of information security development, advocating for colleagues to work together to maintain a secure operational environment.

(5) Report the effectiveness of information security management and the direction of information security strategy to the board of directors annually.



2. Information security strategy

To ensure the security of our information and communication operations and prevent internal and external disturbances and threats, our company has established an information and communication security policy. We follow the PDCA cycle and adopt the Cybersecurity Framework 2.0 (CSF) developed by the National Institute of Standards and Technology (NIST) in the United States. We have defined various security implementation tasks in the areas of security governance, security detection, defense in depth, and recovery and response, to ensure the confidentiality, integrity, availability, and legality of our information and communication operations. Our management is committed to maintaining information security and continuously improving the quality of information security and digital resilience to protect the rights of our customers.

3. Specific Implementation Direction for Information Security

(1) Through regular internal education and practical exercises, we aim to enhance employees' awareness of information security.

(2) External Service Provider Security Management: To protect the company's rights and information security, establish a pre-assessment mechanism for external vendors and sign a Non-Disclosure Agreement (NDA) to safeguard the company's confidential information and prevent unauthorized use or disclosure.

(3) Information Device and Information Environment Access Management: The construction of fire control and environmental control systems in the information room, real-time video surveillance systems, and access control measures ensure the safety of the information room environment. The endpoint access control system (Network Access Control) has been implemented to actively block unauthorized devices and equipment, ensuring the security of the internal network operating environment.

(4) Permission Management: Following the principle of least privilege in a zero-trust approach, all permission requests must go through an approval process. Permissions for sensitive data require additional approval from the supervising department. Privileged account permissions are managed through delegation. We implement an automated mechanism to control the expiration of account permissions and conduct periodic audits to ensure the sensitivity and effectiveness of account permissions.

(5) Constructing a cybersecurity joint defense: In addition to joining real-time notification networks for vulnerabilities and threat intelligence from various cybersecurity product vendors, we have also joined the TWCERT/CC (Taiwan Computer Emergency Response Team/Coordination Center) joint defense organization. This allows us to receive the latest international threat intelligence promptly. Furthermore, we have collaborated with leading cybersecurity firms to establish a Security Operations Center (SOC), integrating real-time intelligence and monitoring network activity. This ensures vulnerabilities are patched

immediately and threats are handled promptly. Additionally, we conduct monthly reports on the findings from the SOC monitoring, continuously refining our management measures to ensure overall operational security.

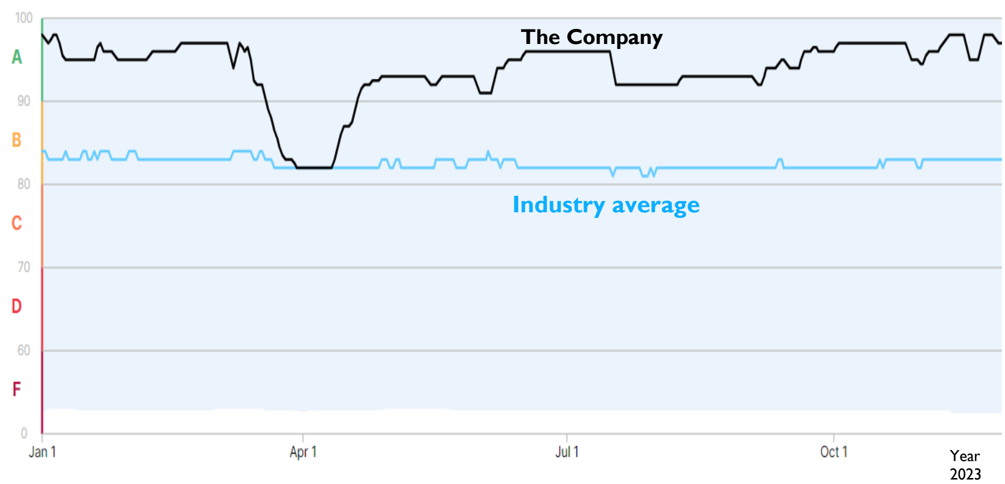
(6) Continuous Exposure Management: The company has implemented internal endpoint antivirus protection systems, threat detection and response services (MDR), and host threat vulnerability scanning systems. Regularly perform the following risk management tracking tasks.

a. Through the antivirus system and MDR, real-time abnormal monitoring and detection are achieved.

b. Every week, a vulnerability scan is conducted on all terminal hosts, and an aggregated report is automatically generated for patching and tracking purposes.

c. Every month, perform operating system security patch updates or real-time updates for major zero-day vulnerabilities, and track the completion rate of endpoint updates.

d. In addition to implementing internal environmental safety measures, the Company has also implemented a third-party information security monitoring and assessment system for continuous monitoring. Every week, the system automatically generates the latest information security ratings and industry benchmarks, allowing for immediate remediation of potential risks. As a result, the Company's average score for the entire year is rated higher than the industry average, achieving a level A rating.



(7) Business Continuity Plan (BCP): Conduct Business Impact Analysis (BIA) for information system operations, implement hierarchical management for information services, develop and implement information backup and disaster recovery simulation exercises to ensure continuous operations; this year, conduct disaster recovery drills for key systems and document the results, achieving a completion rate of 100%.

4. Resources for investing in information and communication security management

Information security is an important issue for the company's operations. The corresponding information security management matters and resource allocation are as follows:

(1) Dedicated personnel: the Computer Information Department has a dedicated security supervisor and security personnel responsible for the company's information security planning and various technology implementations. The Chief of the Information Department supervises and oversees the progress and execution of all security-related tasks.

(2) Education and Training: The investment and completion status of various training programs in the current year are as follows:

a. For new employees, the completion rate of the new employee cybersecurity training upon joining the company is 100%.

b. (This year, more than 10 pieces of cybersecurity-related knowledge or protection promotion have been released, conveying important regulations on cybersecurity management and operational safety.)

c. Conduct a Social Engineering Test for all employees, provide additional cybersecurity training for non-compliant personnel, and have major violators submit a Security Improvement Program for approval by their supervisors. This year, a total of four executions were carried out, with a completion rate of 100% for both training and review.

d. This year, we have conducted and completed one comprehensive cybersecurity training for all employees, aiming to deepen their awareness of information security. In addition, the cybersecurity personnel have also completed one professional training session and produced two technical awareness documents for information professionals, further enhancing our cybersecurity capabilities.

(3) Customer satisfaction: No major cybersecurity incidents, no complaints regarding customer data loss.

(4) Preparation for certification: We have embarked on the implementation of ISO 27001:2022, focusing on strengthening our information security system, technology, and compliance.

5. Information Security Continuity Plan

The Company is committed to continuously strengthening the information operation environment security to ensure customer rights. We have developed a comprehensive information security development blueprint for the short, medium, and long term. In the future, we will continue to implement a zero-trust network security access framework for remote work, system cloudification and cloud security implementation, privileged account management, and ISO 27001-2022 adoption. We will also proactively address external threats and continuously introduce tools or solutions that effectively enhance or strengthen the information security operation environment.

6. Specify the losses, potential impacts, and response measures due to major information security incidents in the most recent year and up to the date of the annual report publication. If it is not possible to reasonably estimate, the reason should be stated.

No major information security incidents occurred in the most recent year and up to the publication date of the annual report.

Other risks and analysis and evaluation matters of the subsidiaries AEWIN Technologies Co., Ltd. and ACE PILLAR Co., Ltd. were set out in the Company's 2023 Annual Report.

7. Impact of changes to technology (including information security risks) and industry on the Company's financial affairs and countermeasures

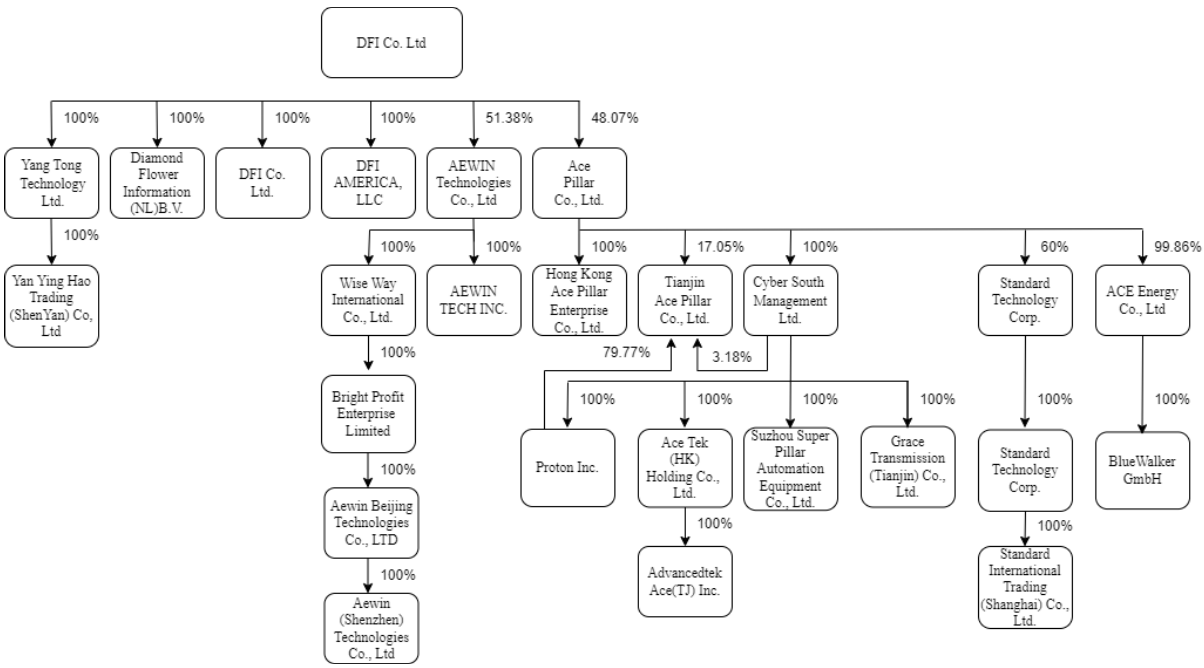
The Company actively utilizes the conveniences brought by technological advancements to implement internal digital transformation, enhancing the overall timeliness, accuracy, and effectiveness of operations. Furthermore, we examine the potential information and communication security risks inherent in various technologies. Therefore, we actively promote information and communication security-related policies, implement information and communication security protection and related response management, and regularly assess information and communication security risks. We also conduct information and communication security education and training, and formulate relevant operational guidelines for information and communication security. The Company strictly implements information and communication security risk management, and through continuous risk management and technological innovation, we are committed to achieving robust digital transformation and long-term competitive advantages.

VIII. Other Important Matters: None

Special Notes

I. Related Information on Affiliated Companies

(I) Organizational Chart of Affiliated Companies



Note: AEWIN Technologies Co., Ltd. was acquired in March 2019.
ACE PILLAR CO., LTD. was acquired in October 2019.
Subsidiary ACE PILLAR acquired STC Technology Co., Ltd. in March 2022 and BlueWalker GmbH in April 2022.
On July 1, 2022, we acquired 100% equity of Dashing Energy, a subsidiary of Qisda Corp., through a cash acquisition.
The transaction is a reorganization under joint control and should be recognized from the beginning.
The organizational chart information of the related companies listed above is as of December 31, 2023.

(II) Summary of organization of the affiliated enterprises

1. Development history of each affiliated company

    (1) DFI Inc. (parent company) is a listed company incorporated in 1981, has engaged in manufacturing and sale of computer motherboards since 1997, and has entered design, manufacturing and sale of industrial computers since 2002.

    (2) Diamond Flower Information (NL) B.V. is the former subsidiary of Diamond Flower Service (NL) B.V. On Dec. 28, 2011, the above two companies were merged, and the later was the surviving company, and was renamed as Diamond Flower Information (NL) B.V.

    (3) DFI Co.,Ltd. Originally established by DFI shareholders in 2004, DFI primarily focuses on developing the market for industrial computers in Japan. DFI acquired 100% of the shares from this shareholder in October 2006.

    (4) DFI-ITOX,LLC is a subsidiary that engages in industrial computer marketing in the United States. The Company previously held 34.23% of equity in DFI-ITOX,LLC , and fully repurchased the rest of shares in December 2007, holding 100% of shares. Renamed as DFI AMERICA, LLC. in May 2019.

    (5) Yan Tong Technology Ltd. is a new investment company added in February 2008, and is mainly to integrate the subsidiary investments.

    (6) Yan Ying Hao Trading (Shenzhen) Co., Ltd. is a sub-subsidiary founded and established in August 2014, and is mainly a sales outlet in China.

    (7) AEWIN Technologies Co., Ltd. was acquired in March 2019.

    (8) ACE PILLAR CO., LTD. was acquired in October 2019.

2. Details of relationship between the companies controlled by the affiliated enterprises and the subsidiary company

Company Name	Controlled (subsidiary)	Controlled (subsidiary)	Business activities and division of labor of the affiliated enterprises
Diamond Flower Information (NL)B.V.	Subsidiary company	Control by holding shares	Assistance in development of the industrial computer market in Europe
DFI Co.,Ltd.	Subsidiary company	Control by holding shares	Assistance in development of the industrial computer market in Japan
DFI AMERICA, LLC.	Subsidiary company	Control by holding shares	Assistance in development of the industrial computer market in the United States
Yan Tong Technology Ltd.	Subsidiary company	Control by holding shares	Consolidation of the parent company's investments
Yan Ying Hao Trading (Shenzhen) Co., Ltd	Subsidiary company	Control by holding shares	Assistance in development of the industrial computer market in Mainland China
AEWIN Technologies Co., Ltd.	Subsidiary company	Control by holding shares	Cybersecurity Marketplace
ACE PILLAR CO., LTD.	Subsidiary company	Control by holding shares	Factory automation

Note: Details of the affiliates of the Company's subsidiaries AEWIN Technologies Co., Ltd. and ACE PILLAR Co., Ltd. is set out in the company's 2023 Annual Report.

3. Basic information on affiliated companies

Company Name	Date of establishment	Address:	Paid-in capital	Main Business or Production Items
Diamond Flower Information (NL)B.V.	2000.10.24	Klompenmakerstraat 89, 3194 DD Rotterdam Hoogvliet, The Netherlands	1,632	Sales of industrial computers
DFI Co.,Ltd.	2002.07.01	5F Dai2 Denpa Bldg. 2-14-10 Sotokanda Chiyoda-ku, Tokyo, 101-0021, Japan	88,430	Sales of industrial computers
DFI AMERICA, LLC.	1987.12.01	197 Route 18 South , STE 108 East Brunswick, NJ 08816, U.S.A.	77,176	Sales of industrial computers
Yan Tong Technology Ltd.	2002.04.25	3rd Floor, Standard Chartered Tower, 19 Cybercity, Ebene, Republic of Mauritius	107,198	Reinvestments
Yan Ying Hao Trading (Shenzhen) Co., Ltd	2014.06.04	Room 1819, 18F, Hongyu Building, Longguan Road, Shidouling,Yucui Community, Longhua Street, Longhua District, Shenzhen	15,393	Sales of industrial computers
AEWIN Technologies Co., Ltd.	2000.10.24	10F, No. 97, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City	591,231	Design, manufacturing and sale of industrial computers
ACE PILLAR CO., LTD.	1984.03.31	12F, No.558, Zhongyuan Rd, Xinzhuang District, New Taipei City	1,122,505	Sales and purchase of transmission mechanical components

Note: Details of the affiliates of the Company's subsidiaries AEWIN Technologies Co., Ltd. and ACE PILLAR Co., Ltd. is set out in the company's 2023 Annual Report.

(III) Presumed entities under control or subsidiary relationships with the same shareholder information: None.

(IV) Industries covered by the business operations of affiliates (explain the division of labor between them):

1. Purpose of establishing Diamond Flower Information (NL) B.V.: To set up a sales base for industrial computers in Europe.
2. DFI Co., Ltd. was established for the purpose of establishing a sales office for industrial computers in Japan.
3. DFI America, LLC. was established for the purpose of establishing a sales office for industrial computers in the United States.
4. Yan Tong Technology Ltd. was established for the purpose of integrating the parent company's reinvestment.
5. Yan Ying Hao Trading (Shenzhen) Co., Ltd. was established for the purpose of selling industrial computers in China.
6. AEWIN Technologies Co., Ltd. was acquired for the purpose of enabling the Company to enter the cybersecurity market, and grasp the future development opportunities of the cybersecurity market by combining the resources of both parties.

7. ACE PILLAR CO., LTD. was acquired for the purpose of expanding the market share of Embedded in factory automation, integrate the Group's investments in ICT, and realize the value and market position of the Group in IT+OT future digital transformation services.

(V) Information on Directors, Supervisors, and General Managers of Related Companies

2024.03.31; Unit: Shares

Company Name	Job Title	Name or Representative	Shares held (Note 1)	
			Number of shares	Shareholding ratio
Diamond Flower Information (NL) B.V.	Directors	COO of DFI Inc. Legal Representative: Chia-Hung Su, Li-Min Huang	12.001	100%
DFI Co.,Ltd.	Directors Supervisors	COO of DFI Inc. Legal Representative: Chia-Hung Su, Li-Min Huang Legal Representative: Ya-Chun Huang	6,200	100%
DFI AMERICA, LLC.	Directors	COO of DFI Inc. Legal Representative: Chia-Hung Su, Li-Min Huang	1,209,000	100%
Yan Tong Technology Ltd	Directors	COO of DFI Inc. Legal Representative: Chia-Hung Su, Li-Min Huang	3,500,000	100%
Yan Ying Hao Trading (Shenzhen) Co., Ltd	Directors Supervisor President	Yan Tong Technology Ltd. Legal Representative: Han-Chung Hsu Legal Representative: Chia-Hung Su, Li-Min Huang Han-Chung Hsu		
AEWIN Technologies Co., Ltd. (Note)	Directors President	COO of DFI Inc. Legal Representative: Wen-Hsing Tseng, Chih-Ying Tien; Li-Min Huang, Chia-Hung Su, Chang-An Lin The legal representative of Qi Xin (Stock) Company: His-Kuang Fan. Independent Directors: Bo-Feng Lin, Rong-Gui Jiang, Jian-Wei Chen Chang-An Lin	30,376,000	51.38%
ACE PILLAR CO., LTD. (Note)	Directors President	COO of DFI Inc. Legal Representative: Wen-Hsing Tseng, Chia-Hung Su Li-Min Huang, Chih-Cheng Lin, Chang- Chien Li Representative of Hanyu Investment Corporation: Hui-Ling Yang Independent Directors: Sheng-Fa Yeh , Chi-Hang Yang, Liang-Yu Li Chang- Chien Li	53,958,069	48.07%

Note: Details of the affiliates of the Company's subsidiaries AEWIN Technologies Co., Ltd. and ACE PILLAR Co., Ltd. is set out in the company's 2023 Annual Report.

(VI) Overview of Operations of Related Companies

2023.12.31; Unit: NT$1000

Company Name	Capital amount	Total assets	Total Liabilities	Net Asset Value	Operating revenue	Operating Profit	Profit and Loss Statement (After Tax)	Earnings per share (NTD) (After tax)
Diamond Flower Information (NL) B.V.	1,632	227,479	63,888	163,591	680,204	55,431	38,956	3,246.06
DFI Co.,Ltd.	88,430	169,068	23,896	145,172	406,577	49,084	36,325	5,858.82
DFI America, LLC.	77,176	351,217	85,828	265,389	818,204	15,747	22,661	18.74
Yang Tong Technology Ltd.	107,198	98,637	50	98,587	74,742	(31,413)	(30,147)	(8.61)
Yan Tong Infotech (Dongguan) Co., Ltd (Note 4)	-	-	-	-	-	-49	-6,898	N/A
Yan Ying Hao Trading (Shenzhen) Co., Ltd	15,393	40,763	21,883	18,880	74,742	(31,079)	(30,156)	N/A
AEWIN Technologies Co., Ltd. (Note 1, 5)	591,231	2,429,149	1,173,122	1,256,027	1,969,419	58,021	26,616	0.45
ACE PILLAR CO., LTD. (Note 2, 5)	1,122,505	2,956,032	891,774	2,064,258	3,051,803	(13,473)	(17,080)	(0.19)
Brainstorm Corporation (Note 3)	422,825	1,750,935	992,668	758,267	4,501,191	30,585	17,662	26.6

Note 1: The company was merged into affiliates on March 4, 2019. As of December 31, 2023, the shareholding was 51.38%.

Note 2: The company was merged into affiliates on October 1, 2019. As of December 31, 2023, the shareholding was 48.07%.

Note 3: The company was merged into affiliates on May 1, 2021 and sold it to MetaTech Digital (Inc.) on October 2, 2023.

Note 4: The company was liquidated in August 2023 and completed deregistration in October 2023.

Note 5: Details of the affiliates of the Company's subsidiaries AEWIN Technologies Co., Ltd. and ACE PILLAR Co., Ltd. is set out in the company's 2023 Annual Report.

II. Private placement of the securities during the most recent fiscal year and up to the date of publication of the annual year: None.

III. Recent fiscal year and up to the date of the annual report, the situation of subsidiaries holding or disposing of the company's stock: None.

IV. Additional explanatory information as required: None.

V. Matters under Sub-paragraph 2, Paragraph 2, Article 36 of the Securities and Exchange Act with significant influence on the shareholders' equity or the securities price during the most recent fiscal year and up to the date of publication of the annual report: None.

Statement of Declaration

The entities of the Company that are required to be included in the consolidated financial statements of associates as of and for the year ended December 31, 2023 (from January 1 to December 31, 2023), under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those included in the consolidated financial statements of parent company and its subsidiary prepared in conformity with the International Financial Reporting Standard 10 endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the consolidated financial statements of associates is included in the consolidated financial statements of parent company and its subsidiary. Consequently, we do not prepare a separate set of consolidated financial statements of associates.

Hereby declare,

Company Name: DFI Inc.

Chairman of the Board of Directors: Chi-Hong, Chen

Date: March 4, 2024

Independent Auditors' Report

The Board of Directions and Shareholders DFI Inc.:

Audit Opinion

We have audited the accompanying consolidated balance sheet as of December 31, 2023 and the restated consolidated balance sheet as of December 31, 2022 of DFI Inc. and its subsidiaries (hereinafter collectively the "Group"), which comprise the consolidated income statement, consolidated statement of changes in equity, and consolidated statement of cash flow from January 1 to December 31, 2023 and 2022, as well as the notes to the consolidated financial report (including the summary of significant accounting policies).

In our opinion which based on our audit results and the other certified public accountants' audit reports (please refer to the paragraph of other matter), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and their restated consolidated financial position as of December 31, 2022, as well as their consolidated financial performance and their consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for opinion

We conducted audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards of the Republic of China. 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 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 our audit results and other Certified Public Accountants' audit reports, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's consolidated financial reports for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters that we judge should be communicated in the audit reports are stated as follows:

I. Goodwill impairment assessment

For accounting policies related to impairment of non-financial assets, please refer to Note IV (XIV) of the consolidated financial statements; for description of the uncertainty of accounting estimates and assumptions of impairment assessment of goodwill, please refer to Note V (II) of the consolidated financial statements; for description of impairment test of goodwill, please refer to Note VI (XII) of the consolidated financial statements.

Key audit matters are stated as follows:

The goodwill of the Group arising from business combinations should be tested for impairment annually, or whenever there is an indication of impairment. As the assessment of the recoverable amount of cash-generating unit to which goodwill belongs involves a number of assumptions and estimates by management, the goodwill impairment assessment is one of the important assessment matters for us to perform the audit of the consolidated financial report of the Group.

The audit procedures to process for the above:

Our main audit procedures for the above key audit matters include obtaining a goodwill impairment assessment test form self-assessed by the management; evaluating the basis of estimates and key assumptions used by the management to measure the recoverable amount, including reasonableness of discount rates, expected revenue growth rates, and future cash flow forecast, etc.; processing sensitivity analysis for key assumptions, and checking whether the Group has properly disclosed relevant information on goodwill impairment assessment.

Other Matters

Among the subsidiaries listed in the Group's consolidated financial statements, partial subsidiary's financial statements were not audited by us but by other Certified Public Accountants. Therefore, our opinions expressed in the consolidated financial statements regarding the amounts of that partial subsidiary are according to other Certified Public Accountants' audit reports. That subsidiary's total assets as of December 31, 2023 and 2022 amounted to NT$318,292 thousand and NT$415,871 thousand (same as below), respectively, accounting for 3.50% and 3.16% of the consolidated total assets, and its net operating revenue was NT$807,207 thousand and NT$920,196 thousand for the periods from January 1 to December 31, 2023 and 2022, respectively, accounting for 8.79% and 8.37% of the consolidated net operating revenue.

DFI Inc. has prepared the financial statements for parent company only for 2023 and 2022 on which we have individually issued an audit report with unqualified opinion plus other matter paragraph and an audit report with unqualified opinion plus emphasis of matter and other matter paragraph for reference.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed and issued by the Financial

Supervisory Commission, and maintaining necessary internal controls related to the preparation of consolidated financial statements to ensure that the consolidated financial statements are free from material misstatement due to fraud or error.

In preparing the consolidated financial reports, the management is responsible for assessing the Group's ability to continue as a going concern, disclosure of related matters, and the use of 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 Audit Committee) are responsible for overseeing the financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement in the consolidated financial statements. Misstatements can arise from fraud or error. If the individual amounts or sums that the material misstatement involved may be reasonably expected to affect the financial decisions of users of the consolidated financial statements, such misstatement will be considered material.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also perform the following tasks:

I. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those assessed risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

II. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

IV. Based on the audit evidence obtained, conclude on the appropriateness of management's use of the going concern basis of accounting and, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty to such events or conditions exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, when such disclosures are inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

V. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the related notes, and whether the consolidated financial statements present fairly the underlying transactions and events.

VI. Obtain sufficient and appropriate audit evidence of the financial information of the Group's constituents so as to express opinions on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our opinion to the Group.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that might be considered to affect our independence, and where applicable, related safeguards.

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

KPMG Taiwan

CPA:

Assurance Document Number Approved by : Securities Authority	(88) Taiwan-Finance-Securities-VI-18311 Financial-Supervisory-Securities-Audit-1060005191

March 4, 2024

Notes to Reader

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China. The independent auditors' audit report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and financial statements, the Chinese version shall prevail.

DFI Inc. and its subsidiaries

Consolidated Balance Sheet

December 31, 2023 and 2022 and January 1, 2022

Unit: In Thousands of New Taiwan Dollars

		2023.12.31		2022.12.31(Revised)		2022.1.1(Revised)	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:						
1100	Cash and cash equivalents (Note VI (I))	$ 1,490,285	16	1,690,474	13	1,549,815	13
1110	Financial assets at fair value through profit or loss - current (Note VI (II))	45,465	-	27,458	-	28,528	-
1136	Financial assets at amortized cost - current (Note VI (IV) and VIII)	2,709	-	9,557	-	19,708	-
1141	Contract assets - current (Note VI (XXI))	812	-	-	-	-	-
1170	Net of notes receivable and accounts receivable (Notes VI (V), (XXI), and VIII)	1,867,543	21	2,611,791	20	2,604,256	21
1180	Accounts receivable - related parties (Notes VI (V), (XXI), and VII)	71,753	1	272,306	2	182,138	1
1200	Other receivables (Notes VI (V) and VII)	12,071	-	56,945	-	32,159	-
130X	Inventories (Note VI (VI))	1,893,457	21	3,816,596	29	3,583,295	29
1410	Prepayments	80,260	1	125,313	1	133,749	1
1460	Non-current assets held for sale (Notes VI (VII) and (IX))	-	-	-	-	312,601	3
1470	Other current assets	5,903	-	17,970	-	16,227	-
	Total current assets	5,470,258	60	8,628,410	65	8,462,476	68
	Non-current assets:						
1517	Financial assets at fair value through other comprehensive income - non-current (Note VI (III))	86,714	1	71,064	1	42,547	-
1535	Financial assets at amortized cost - non-current (Note VI (IV))	3,211	-	3,212	-	-	-
1600	Property, plant and equipment (Notes VI (VII), (IX), VII, and VIII)	2,548,819	28	2,793,096	21	2,477,339	20
1755	Right-of-use assets (Notes VI (VII), (X), and VII)	276,658	3	355,617	3	267,778	2
1760	Net of investment properties (Note VI (XI))	115,735	1	-	-	-	-
1780	Intangible assets (Notes VI (VIII), (XII) and VII)	445,502	5	1,121,027	9	974,453	8
1840	Deferred income tax assets (Note VI (XVIII))	110,681	1	156,243	1	106,790	1
1990	Other non-current assets (Notes VI (XVII))	44,027	1	45,912	-	90,492	1
	Total non-current assets	3,631,347	40	4,546,171	35	3,959,399	32
	Total assets	$ 9,101,605	100	13,174,581	100	12,421,875	100

(Continued on the next page)

DFI Inc. and its subsidiaries

Consolidated Balance Sheets (Continued)

December 31, 2023 and 2022 and January 1, 2022

Unit: In Thousands of New Taiwan Dollars

		2023.12.31		2022.12.31(Revised)		2022.1.1(Revised)	
	Liabilities and equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities:						
2100	Short-term borrowings (Notes VI (XIII) and VIII)	$ 1,079,645	12	1,886,020	14	1,311,304	11
2120	Financial liabilities at fair value through profit or loss - current (Note VI (II))	3,365	-	5,020	-	821	-
2130	Contract liabilities - current (Note VI (XXI))	115,375	1	205,241	2	194,558	1
2170	Notes and accounts payable	952,772	10	1,996,670	15	2,218,331	18
2180	Accounts payable - related parties (Note VII)	20,891	-	117,185	1	63,053	-
2200	Other payables (Note VII)	433,562	5	576,411	4	562,316	5
2230	Current income tax liabilities	160,348	2	234,692	2	86,768	1
2250	Provisions - current (Note VI (XVI))	41,764	1	51,236	-	46,247	-
2280	Lease liabilities - current (Note VI (XV) and VII)	69,614	1	86,451	1	75,933	1
2322	Long-term borrowings - current portion (Notes VI (XIV) and VIII)	-	-	653	-	20,000	-
2399	Other current liabilities	32,162	-	31,136	-	18,633	-
	Total current liabilities	2,909,498	32	5,190,715	39	4,597,964	37
	Non-current liabilities:						
2540	Long-term borrowings (Notes VI (XIV) and VIII)	800,000	9	1,550,000	12	1,730,000	14
2570	Deferred income tax liabilities (Note VI (XVIII))	211,603	2	336,209	3	343,603	3
2580	Lease liabilities - non-current (Note VI (XV) and VII)	178,493	2	241,693	2	181,441	1
2640	Net defined benefit liabilities - non-current (Note VI (XVII))	19,129	-	31,174	-	40,584	-
	Total non-current liabilities	1,209,225	13	2,159,076	17	2,295,628	18
	Total liabilities	4,118,723	45	7,349,791	56	6,893,592	55
	Equity attributable to the owners of the parent company (Note VI (VIII) and (XIX)):						
3110	Share capital - ordinary shares	1,144,889	13	1,144,889	9	1,144,889	9
3200	Capital surplus	629,767	7	608,586	5	655,744	6
3300	Retained earnings	1,443,171	16	1,531,997	11	1,371,470	11
3400	Other equity	(55,791)	(1)	(38,041)	(1)	(114,824)	(1)
	Total equity attributable to owners of parent company	3,162,036	35	3,247,431	24	3,057,279	25
35XX	**Former owner of business combination under common control**	-	-	-	-	20,310	-
36XX	**Non-controlling interests (Note VI (VIII) and (XIX))**	1,820,846	20	2,577,359	20	2,450,694	20
	Total equity	4,982,882	55	5,824,790	44	5,528,283	45
	Total liabilities and equity	$ 9,101,605	100	13,174,581	100	12,421,875	100

(Please refer to notes to consolidated financial statements)

Chairman: Chi-Hong, Chen President: Chia-Hung, Su Accounting Supervisor: Li-Min, Huang

DFI Inc. and its subsidiaries

Consolidated Statements of Comprehensive Income

January 1 to December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

		2023		2022	
		Amount	%	Amount	%
4000	**Net operating revenue (Notes VI (XXI), VII and XIV)**	$ 9,184,172	100	10,991,887	100
5000	**Operating costs (Notes VI (VI), (IX), (X), (XII), (XV), (XVI), (XVII), (XXII), VII and XII)**	(6,749,159)	(73)	(8,249,758)	(75)
	Gross profit	2,435,013	27	2,742,129	25
	Operating expenses (Notes VI (V), (IX), (X), (XI), (XII), (XV), (XVII), (XXII), VII and XII):				
6100	Selling and marketing expenses	(953,343)	(11)	(961,301)	(9)
6200	General and administrative expenses	(487,964)	(5)	(463,276)	(4)
6300	Research and development expenses	(460,534)	(5)	(462,335)	(4)
6450	Expected credit impairment loss (gain on reversal)	11,614	-	(15,511)	-
6000	**Total operating expenses**	(1,890,227)	(21)	(1,902,423)	(17)
	Net operating income	544,786	6	839,706	8
	Non-operating income and expenses (Notes VI (VII), (XV), (XVII), (XXIII) and VII)				
7100	Interest income	13,358	-	5,786	-
7010	Other income	59,006	1	32,055	-
7020	Other gain and loss	(50,726)	-	40,128	-
7050	Finance costs	(59,140)	(1)	(53,890)	-
	Total non-operating income and expenses	(37,502)	-	24,079	-
7900	**Profit before tax**	507,284	6	863,785	8
7950	**Less: Income tax expense (Note VI (XVIII))**	(140,346)	(2)	(188,226)	(2)
8000	**Net profit for the period from continued operating units**	366,938	4	675,559	6
8100	**Net loss from discontinued operations (Note XII)**	(16,494)	-	(78,559)	(1)
8200	**Net profit for the period**	350,444	4	597,000	5
	Other comprehensive income (Note VI (XVIII) and (XIX)):				
8310	**Items that will not be reclassified to profit or loss**				
8311	Remeasurement of defined benefit plans	9,150	-	(2,814)	-
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	15,650	-	10,984	-
8349	Income tax relating to items that will not be reclassified	(1,830)	-	563	-
		22,970	-	8,733	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translating the financial statements of foreign operations	26,544	-	127,086	1
8399	Income tax relating to items that may be reclassified	-	-	-	-
		26,544	-	127,086	1
	Other comprehensive income for the period	49,514	-	135,819	1
8500	**Total comprehensive income for the period**	**$ 399,958**	**4**	**732,819**	**6**
	Net profit in current period attributable to:				
8610	Owners of the parent company	$ 361,685	4	528,230	4
8615	Former owner of business combination under common control	-	-	3,394	-
8620	Non-controlling interests	(11,241)	-	65,376	1
		$ 350,444	**4**	**597,000**	**5**
	Total comprehensive income (loss) attributable to:				
8710	Owners of the parent company	$ 388,016	4	603,957	5
8715	Former owner of business combination under common control	-	-	3,394	-
8720	Non-controlling interests	11,942	-	125,468	1
		$ 399,958	**4**	**732,819**	**6**
	Earnings per share (Unit: In New Taiwan Dollars, Note VI (XX)):				
9750	**Basic earnings per share**				
	Net profit from continuing operations	$	3.21		4.85
	Net loss from discontinued operations		(0.05)		(0.24)
		$	**3.16**		**4.61**
9850	**Diluted earnings per share**				
	Net profit from continuing operations	$	3.19		4.82
	Net loss from discontinued operations		(0.05)		(0.24)
		$	**3.14**		**4.58**

(Please refer to notes to consolidated financial statements)

Chairman: Chi-Hong, Chen **President: Chia-Hung, Su** **Accounting Supervisor: Li-Min, Huang**

DFI Inc. and its subsidiaries

Consolidated Statements of Changes in Equity

January 1 to December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

	Equity attributable to owners of parent company												
			Retained earnings				Other equity items						
	Share capital - Ordinary shares	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Total	Exchange differences on translating the financial statements of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Total	Total equity attributable to owners of the parent company	Former owner's equity under common control	Non-controlling interests	Total equity
Balance as of January 1, 2022 (Restated)	$ 1,144,889	655,744	825,764	74,607	471,099	1,371,470	(134,871)	20,047	(114,824)	3,057,279	20,310	2,450,694	5,528,283
Net profit for the period	-	-	-	-	528,230	528,230	-	-	-	528,230	3,394	65,376	597,000
Other comprehensive income for the period	-	-	-	-	(1,056)	(1,056)	65,556	11,227	76,783	75,727	-	60,092	135,819
Total comprehensive income for the period	-	-	-	-	527,174	527,174	65,556	11,227	76,783	603,957	3,394	125,468	732,819
Profit distribution:													
Legal reserve	-	-	61,568	-	(61,568)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	40,215	(40,215)	-	-	-	-	-	-	-	-
Cash dividends for ordinary shares	-	-	-	-	(366,364)	(366,364)	-	-	-	(366,364)	-	-	(366,364)
Cash dividends distributed by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(69,711)	(69,711)
Cash dividend distributed from capital surplus	-	(45,796)	-	-	-	-	-	-	-	(45,796)	-	-	(45,796)
Differences between the actual price for acquisition or disposal of the subsidiaries and their carrying amount	-	-	-	-	(283)	(283)	-	-	-	(283)	-	(5,157)	(5,440)
Restructuring of organization under joint control	-	(1,371)	-	-	-	-	-	-	-	(1,371)	(23,704)	(1,485)	(26,560)
Changes in ownership interests in subsidiaries	-	5	-	-	-	-	-	-	-	5	-	235	240
Disposition of employee stock ownership trust inflows	-	4	-	-	-	-	-	-	-	4	-	-	4
Non-controlling interests adjustments	-	-	-	-	-	-	-	-	-	-	-	(2,060)	(2,060)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	79,375	79,375
Balance as of December 31, 2022	1,144,889	608,586	887,332	114,822	529,843	1,531,997	(69,315)	31,274	(38,041)	3,247,431	-	2,577,359	5,824,790
Net profit for the period	-	-	-	-	361,685	361,685	-	-	-	361,685	-	(11,241)	350,444
Other comprehensive income for the period	-	-	-	-	7,444	7,444	8,353	10,534	18,887	26,331	-	23,183	49,514
Total comprehensive income for the period	-	-	-	-	369,129	369,129	8,353	10,534	18,887	388,016	-	11,942	399,958
Amend 2022 legal reserve provision	-	-	(15,964)	-	15,964	-	-	-	-	-	-	-	-
Profit distribution:													
Legal reserve	-	-	52,689	-	(52,689)	-	-	-	-	-	-	-	-
Special reserve reversal	-	-	-	(76,782)	76,782	-	-	-	-	-	-	-	-
Cash dividends for ordinary shares	-	-	-	-	(457,955)	(457,955)	-	-	-	(457,955)	-	-	(457,955)
Cash dividends distributed by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(52,145)	(52,145)
Disposition of employee stock ownership trust inflows	-	143	-	-	-	-	-	-	-	143	-	-	143
Disposal of subsidiaries	-	20,999	-	-	-	-	(36,637)	-	(36,637)	(15,638)	-	(716,362)	(732,000)
Changes in ownership interests in subsidiaries	-	39	-	-	-	-	-	-	-	39	-	52	91
Balance as of December 31, 2022	**$ 1,144,889**	**629,767**	**924,057**	**38,040**	**481,074**	**1,443,171**	**(97,599)**	**41,808**	**(55,791)**	**3,162,036**	**-**	**1,820,846**	**4,982,882**

(Please refer to notes to consolidated financial statements)

Chairman: Chi-Hong, Chen **President: Chia-Hung, Su** **Accounting Supervisor: Li-Min, Huang**

DFI Inc. and its subsidiaries

Consolidated Statements of Cash Flows

January 1 to December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

		2023	2022
Cash flows from operating activities:			
Net profit before tax from continued operating units	$	507,284	863,785
Net loss before tax from discontinued operations		(17,333)	(104,318)
Net profit before tax for the period		489,951	759,467
Adjustment item:			
Adjustments for			
Depreciation expenses		228,188	217,978
Amortization expenses		82,524	101,348
Expected credit impairment loss (gain on reversal)		(11,006)	16,310
Evaluation losses of financial assets measured at fair value through profit or loss		1,586	72
Interest expense		61,036	61,348
Interest income		(13,358)	(5,786)
Dividend income		(6,845)	(3,941)
Gain on disposal of property, plant and equipment		(5,646)	(156)
Relisting expenses of property, plant and equipment		-	235
Gain on disposal of non-current assets held for sale		-	(14,624)
Loss on liquidation of subsidiary		4,943	391
Gain on lease amendment		(68)	(1,280)
Total revenue, expense and loss items		341,354	371,895
Changes in assets/liabilities related to operating activities:			
Net changes in assets related to operating activities:			
Financial assets mandatorily classified as at fair value through profit or loss		(19,593)	998
Contract assets		(812)	-
Notes and accounts receivable		297,234	113,341
Accounts receivable - related parties		158,274	(74,833)
Other receivables		26,382	(23,774)
Inventories		963,146	(48,085)
Prepayments		30,380	15,135
Other current assets		(594)	1,531
Other operating assets		2,316	-
Total net changes in assets related to operating activities		1,456,733	(15,687)
Net changes in liabilities related to operating activities:			
Financial liabilities held for trading		(1,655)	4,199
Contract liabilities		(90,765)	(2,010)
Notes and accounts payable		(108,535)	(320,175)
Accounts payable - related parties		(96,294)	54,132
Other payables		(130,935)	(49,072)
Provision for liabilities		(9,472)	4,989
Other current liabilities		5,052	12,327
Net defined benefit liabilities		(2,968)	(15,164)
Other non-current liabilities		-	(827)
Total net changes in liabilities related to operating activities		(435,572)	(311,601)
Total net changes in assets and liabilities related to operating activities		1,021,161	(327,288)
Total adjustment items		1,362,515	44,607
Cash inflows from operations		1,852,466	804,074
Interest received		13,129	5,430
Interest paid		(61,708)	(58,658)
Income tax paid		(229,993)	(128,825)
Net cash inflows from operating activities		1,573,894	622,021

(Continued on the next page)

(Please refer to notes to consolidated financial statements)

Chairman: Chi-Hong, Chen **President: Chia-Hung, Su** **Accounting Supervisor: Li-Min, Huang**

DFI Inc. and its subsidiaries

Consolidated Statements of Cash Flows (Continued from the previous page)

January 1 to December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

	2023	2022
Cash flows from investing activities:		
Purchase of financial assets at amortized cost	-	(10)
Proceeds from sale of financial assets at amortized cost	6,848	28,343
Purchase of financial assets at fair value through other comprehensive income	-	(16,098)
Acquisition of subsidiaries (less cash obtained)	-	(141,309)
Disposal of subsidiaries	369,085	-
Proceeds from disposal of non-current assets held for sale	-	46,401
Purchase of property, plant and equipment	(24,487)	(178,614)
Proceeds from disposal of property, plant and equipment	6,217	349
Decrease in refundable deposits	814	2,899
Purchase of intangible assets	(8,901)	(48,155)
Decrease (increase) in other non-current assets	(2,151)	11,225
Dividends received	6,845	3,941
Net cash inflows (outflows) from investing activities	354,270	(291,028)
Cash flows from financing activities:		
Increase in short-term borrowings	5,947,869	7,312,311
Decrease in short-term borrowings	(6,749,423)	(6,877,426)
Long-term borrowings	1,100,000	1,450,432
Repayments of long-term borrowings	(1,850,675)	(1,650,565)
Repayment of lease principal	(89,055)	(80,493)
Cash dividends distributed	(457,955)	(412,160)
Acquisition of partial equity interests in subsidiaries	-	(5,440)
Changes in non-controlling interests	(52,145)	(69,471)
Disposition of employee stock ownership trust inflows	234	4
Net cash outflows from financing activities	(2,151,150)	(332,808)
Effect of changes in exchange rate	22,797	142,474
Increase (decrease) in cash and cash equivalents for the current period	(200,189)	140,659
Cash and cash equivalents at the beginning of the period	1,690,474	1,549,815
Cash and cash equivalents at the end of the period	$ 1,490,285	1,690,474

(Please refer to notes to consolidated financial statements)

Chairman: Chi-Hong, Chen President: Chia-Hung, Su Accounting Supervisor: Li-Min, Huang

DFI Inc. and its subsidiaries
Notes to Consolidated Financial Statements
For the years ended December 31, 2023 and 2022
(The amount shall be dominated in thousands of NT$, unless otherwise specified)

I. Company History

On July 14, 1981, DFI Inc. (the “Company”) was established and registered under the approval from the Ministry of Economic Affairs, having the registered address of 10F, No. 97, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City. The Company and its subsidiaries (hereafter collectively referred to as the “Group”) are principally engaged in the manufacturing and sales of board cards and computer components for industrial computers, sales and services of intelligent solution-related products.

II. Date and Procedures for Approval of Financial Statements

The consolidated financial statements were approved and issued by the Board of Directors on March 4, 2024.

III. Application of Newly Issued and Revised Standards and Interpretations

(I) Effect of adopting new and amended standards and interpretations endorsed by the Financial Supervisory Commission (FSC)

As of January 1, 2023, the Group began to apply the following newly revised International Financial Reporting Standards (IFRS), with the impacts explained as follows:

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

   The amended provisions narrow the scope of the recognition exemption. When the initial recognition of the transaction generates an equal amount of taxable and deductible temporary differences, the recognition exemption is no longer applicable, and an equal amount of deferred income tax assets and deferred income tax liabilities should be recognized. This accounting change resulted in an increase in deferred income tax assets and deferred income tax liabilities of NT$27,934 thousand and NT$27,934 thousand, respectively, as of January 1, 2022 ; and an increase in deferred income tax assets and deferred income tax liabilities of NT$30,261 thousand and NT$30,261 thousand, respectively, as of December 31, 2022.

   If the Group handled in accordance with the previous accounting policy in 2023, the deferred income tax assets and deferred income tax liabilities as of December 31, 2023 would be decreased by NT$11,823 thousand and NT$11,790 thousand, respectively, and would result in an increase in income tax expense of NT$33 thousand in 2023.

2. Others

   As of January 1, 2023, the following newly amended standards also came into effect, however, which has not had a significant impact on the consolidated financial statements:

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

   Since May 23, 2023, the Group began to apply the Amendments to IAS 12 "International Tax Reform - Pillar Two Model Rules," with no material impact on the consolidated financial statements.

(II) Impact of not yet adopting IFRSs endorsed by the FSC

The Group assessed that the application of the following newly revised IFRSs, effective January 1, 2024, would not have a material impact on the consolidated financial statements.

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

(III) New and amended standards and interpretations not yet endorsed by the FSC

The Group expects that the following newly issued and amended standards that have not been endorsed by the FSC yet will not deliver 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” and IFRS 17
- Amendments to IAS 21 "Lack of Exchangeability"

IV. Summary of Significant Accounting Policies

The significant accounting policies adopted in the consolidated financial statements are summarized below. The following accounting policies have been applied consistently to all periods presented in the consolidated financial statements.

(I) Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("Regulations") and International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), IFRIC Interpretations, and SIC Interpretations issued by the FSC ("IFRSs"), which have been endorsed by the FSC and put into effect.

(II) Basis of preparation

1. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following significant balance sheet items:

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

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

(3) Net defined benefit liabilities (or assets), which are measured at the present value of the defined benefit obligation less the fair value of pension fund assets.

2. Functional and presentation currencies

Each entity of the Group uses the currency of the primary economic environment in which it operates as its functional currency. The consolidated financial statements of the Company are presented in the New Taiwan dollars, the functional currency of the Company. All financial information denominated in New Taiwan dollars are expressed in thousands of NT$, unless otherwise specified.

3. Restructuring of organization under joint control

The transaction of the Group's acquisition of 100% equity in ACE Energy Co., Ltd., a subsidiary of the parent company, Qisda Corporation, in accordance with the Accounting Research and Development Foundation's Letter (2012) J.M.Z. No. 301 and the IFRS 3 Q&A set "Doubts about the Accounting for Business Combinations under Common Control" dated October 26, 2018 was an organizational reorganization under common control. The Group deems that the acquisition occurred during the earliest comparable period expressed in the financial statements or on the date of establishment of the common control, whichever the later, and restated the comparative information accordingly. The above assets and liabilities acquired under common control are recognized on the basis of the carrying amount in the consolidated financial statements of the controlling shareholder.

In preparing the consolidated balance sheet, the equity under common control prior to acquisition is classified as "Equity attributable to former owner of business combination under common control"; In preparing the consolidated statement of comprehensive income, the profit or loss belong to former controlling shareholders record as "net profit (loss) attributable to former owner of business combination under common control."

(III) Basis of consolidation

1. Principles for preparation of consolidated financial statements

The preparation entity of the consolidated financial statements includes the Company and the entities (i.e., subsidiaries) controlled by the Company. When the Company is exposed to, or has rights to, variable compensation resulting from participation in an investee, and has the ability to influence such compensation through its power over the investee, the Company controls the entity.

From the date of acquisition of control of the subsidiary, its financial statements are included in the consolidated financial statements until the date of loss of control. Internal transactions, balances and any unrealized gain or loss of the Group are eliminated in the preparation of the consolidated financial statements. The total consolidated income or loss of the subsidiaries is attributable separately to the owner and non-controlling interest of the Company, even if the non-controlling interest becomes a loss balance as a result.

The financial statements of the subsidiaries have been adjusted to bring their accounting policies in line with those used by the Company.

Where the change in the Group's ownership interest in the subsidiary does not result in the loss of control, it shall be treated as an equity transaction with the owner. The difference between the adjustment of non-controlling interests and the fair value of consideration paid or collected shall be directly recognized in equity attributable to the owners of the Company.

When the Group loses control of a subsidiary, the disposal gain or loss is the difference between: (1) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost, and (2) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group's accounting treatment for all amounts recognized in other comprehensive income related to the subsidiary is consistent with the basis required when the Group directly disposing of assets or liabilities associated with the subsidiary. The remaining investment in a subsidiary is recognized at fair value at the date of loss of control, either as a financial asset initially measured at fair value through other comprehensive income or as the cost recognized initially of an investment in an associate.

When the Group loses control of a subsidiary, the assets (including goodwill) and liabilities of the former subsidiary, as well as non-controlling interests, are de-recognized from the consolidated financial statements at their carrying amounts as of the date control is lost. The remaining investment in the former subsidiary is remeasured at fair value as of the date control is lost. The disposal gain or loss is the difference between: (1) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost, and (2) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The accounting treatment for all amounts recognized in other comprehensive income related to the subsidiary is consistent with the basis required when the Group directly disposing of assets or liabilities associated with the subsidiary.

2. Subsidiaries included in the consolidated financial statements

			Comprehensive shareholding %		
Name of investor company	**Name of subsidiary**	**Nature of business**	**2023.12.31**	**2022.12.31**	**Description**
The Company	DFI AMERICA, LLC	Sales of industrial computer cards	100.00%	100.00%	
The Company	DFI Co., Ltd.	Sales of industrial computer cards	100.00%	100.00%	
The Company	Yan Tong Technology Ltd. (Yan Tong)	Investment business	100.00%	100.00%	
The Company	Diamond Flower Information (NL) B.V.	Sales of industrial computer cards	100.00%	100.00%	
The Company	Brainstorm Corporation (Brainstorm)	Wholesale and retail of computer and peripheral devices	-	35.09%	Note 1
Yan Tong	Yan Tong Infotech (Dongguan) Co., Ltd.)	Manufacturing and sales of mainboard, board cards, host computer, electronic parts and components	-	100.00%	Note 2
Yan Tong	Yan Ying Hao Trading (Shenzhen) Co., Ltd.	Wholesale, import and export of mainboard, board cards, host computer, electronic parts and components	100.00%	100.00%	
The Company	AEWIN Technologies Co., Ltd. (AEWIN)	Design, manufacture and sale of industrial computer mainboards and related products	51.38%	51.38%	-
AEWIN	Wise Way	Investment business	51.38%	51.38%	-
AEWIN	Aewin Tech Inc.	Wholesale of computer and peripheral equipment and software	51.38%	51.38%	-
Wise Way	Bright Profit	Investment business	51.38%	51.38%	-
Bright Profit	Aewin Beijing Technologies Co., Ltd. (Beijing AEWIN)	Wholesale of computer and peripheral equipment and software	51.38%	51.38%	-
Beijing AEWIN	Aewin (Shenzhen)Technologies Co., Ltd.	Wholesale of computer and peripheral equipment and software	51.38%	51.38%	-
The Company	Ace Pillar Co., Ltd. (Ace Pillar)	Automated control and testing, processing, sales, repair, and mechanical and electrical integration of industrial transmission systems	48.07%	48.07%	-
Ace Pillar	Cyber South Management Ltd. (Cyber South)	Holding Company	48.07%	48.07%	-
Ace Pillar	Hong Kong Ace Pillar Enterprise Company Limited (Hong Kong ACE Pillar)	Trade of transmission mechanical components	48.07%	48.07%	-
Ace Pillar/ Proton/ Cyber South	Tianjin Ace Pillar Co., Ltd. (Tianjin Ace Pillar)	Trade of transmission mechanical components	48.07%	48.07%	-
Cyber South	Proton Inc.(Proton)	Holding Company	48.07%	48.07%	-
Cyber South	Ace Tek (HK) Holding Co., Ltd. (Ace Tek)	Holding Company	48.07%	48.07%	-
Ace Tek	ADVANCEDTEK ACE (TJ) INC. (ACEAD)	Electronic system integration	48.07%	48.07%	-

Name of investor company	Name of subsidiary	Nature of business	Comprehensive shareholding % 2023.12.31	Comprehensive shareholding % 2022.12.31	Description
Cyber South	Suzhou Super Pillar Automation Equipment Co., Ltd. (Suzhou Super Pillar)	Processing and technical services of mechanical transmission and control products	48.07%	48.07%	-
Cyber South	Grace Transmission (Tianjin) Co., Ltd. (Tianjin Jinhao)	Manufacturing and processing of mechanical transmission products	48.07%	48.07%	-
Ace Pillar	ACE Energy Co., Ltd. (ACE Energy)	Energy technical services	48.00%	48.00%	
ACE Energy	BlueWalker GmbH (BWA)	Trading and services of energy management products	48.00%	48.00%	Note 4
Ace Pillar	Standard Technology Corporation (Standard Co.)	Trading of semiconductor optoelectronic equipment and consumables and equipment maintenance services	28.84%	28.84%	Note 3
Standard Co.	Standard Technology Corp. (STCBVI)	Holding Company	28.84%	28.84%	Note 3
STCBVI	Standard International Trading (Shanghai) Co., Ltd. (Shanghai Standard)	Trading of semiconductor optoelectronic equipment and consumables and equipment maintenance services	28.84%	28.84%	Note 3

Note1: As stated in Note VI (VIII), on October 2, 2023, the Company divested its 35.09% equity stake in Brainstorm to Metaage Corporation, a subsidiary of Qisda Corporation, resulting in the loss of control over Brainstorm.

Note2: Yan Tong has been fully liquidated in August, 2023 and deregistration has been completed in November, 2023.

Note3: As stated in Note VI (VIII), Ace Pillar acquired 60% equity in Standard Technology Corp. and its subsidiaries on March 1, 2022 and gained control since then.

Note4: As described in Note VI (VIII), Ace Pillar acquired 100% equity in Blue Walker GmbH on April 1, 2022, and subsequently, on December 1, 2022, the organizational structure was adjusted and ACE Energy acquired 100% equity of BWA from Ace Pillar.

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

(IV) Foreign currency

1. Foreign currency transactions

Foreign currency transactions are translated into functional currencies at the exchange rates prevailing on the dates of transactions. At the end of each subsequent reporting period (hereinafter referred to as the “reporting date”), monetary items denominated in foreign currencies are translated into the functional currency using the exchange rates prevailing on that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currency at the exchange rates prevailing on the date of measurement of the fair value, while non-monetary items measured at historical cost in foreign currencies are translated at the exchange rates prevailing on the date of the transaction.

Translation differences arising from foreign currency translations are generally recognized in profit or loss, except for equity instruments designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

2. Foreign operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency of the consolidated financial statements at the exchange rates prevailing on the reporting date; income and expense items are translated into the presentation currency of the consolidated financial statements at the average exchange rates for the period, with the resulting exchange differences recognized in other comprehensive income.

When the disposal of a foreign operating entity results in a loss of control, joint control or significant influence, the cumulative translation differences related to the foreign operating entity are reclassified to profit or loss. When the disposal includes a subsidiary of a foreign operating entity, the related cumulative translation differences are re-attributed to non-controlling interests on a pro rata basis. When the disposal component includes investments in associates or joint ventures of foreign operating entities, the related cumulative translation differences are reclassified proportionately to profit or loss.

When there is no plan to settle a monetary receivable or payable from a foreign operation and it is not likely to be settled in the foreseeable future, the resulting foreign currency translation gain or loss is recognized in other comprehensive income as part of the net investment in the foreign operation.

(V) Criteria for classifying assets and liabilities as current or non-current

Assets that meet one of the following criteria are classified as current assets, while all other assets that are not current assets are classified as non-current assets:

1. The asset is expected to be realized in the normal course of business or is intended to be sold or consumed;
2. The asset is held primarily for trading purposes;
3. The asset is expected to be realized within twelve months after the reporting period; or
4. The asset is cash or cash equivalents, unless the asset is otherwise restricted from being exchanged or used to settle a liability at least twelve months after the reporting period.

Liabilities are classified as current liabilities if one of the following conditions is met, and all other liabilities that are not current liabilities are classified as non-current liabilities:

1. The liability is expected to be settled in the normal course of business;
2. The liability is held primarily for trading purposes;
3. The liability is due for settlement within twelve months after the reporting period; or
4. The liability does not have an unconditional right to defer settlement for at least twelve months after the reporting period. The terms of the liabilities do not affect the classification of the liabilities that may be settled by issuing equity instruments at the option of the counter-parties.

(VI) Cash and cash equivalents

Cash includes cash on hand, checking deposits and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible into fixed amounts of cash and subject to an insignificant risk of changes in value. Time deposits that meet the above definition and are held to meet short-term cash commitments rather than for investment or other purposes are reported as cash equivalents.

(VII) Financial instruments

Accounts receivable and debt securities issued are initially recognized as they are incurred. All other financial assets and liabilities are initially recognized when the Group becomes a party to the contractual provisions of the financial instruments. Financial assets not measured at fair value through profit or loss (excluding accounts receivable that do not include significant financial components) or financial liabilities initially measured at fair value plus directly attributable transaction costs related to the acquisition or issuance. Accounts receivable that do not include significant financial components are originally measured at transaction prices.

1. Financial assets

Financial assets at initial recognition are classified as: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss. Purchase or sale of financial assets in accordance with transaction practices is subject to accounting treatment on the transaction date.

The Group only reclassifies all affected financial assets from the first day of the next reporting period when it changes its business model for managing financial assets.

(1) Financial assets measured at amortized cost

Financial assets that simultaneously meet the following conditions and are not designated as measured at fair value through profit or loss are measured at amortized cost:

- The financial asset is held under a business model for the purpose of receiving contractual cash flows.
- The contractual terms of the financial asset generate cash flow on a specific date, which is entirely the interest on the payment of principal and outstanding principal amounts.

After initial recognition, these financial assets are measured using the effective interest rate method at amortized cost less impairment losses. Interest income, foreign currency exchange gain or loss, and impairment losses are recognized in profit or loss. When de-recognized, gain or loss is included in profit or loss.

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

When a debt instrument investment simultaneously meets the following conditions and is not designated as measured at fair value through profit or loss, it is measured at fair value through other comprehensive income:

- The financial asset is held under a business model for the purpose of receiving contractual cash flows and selling.
- The contractual terms of the financial asset generate cash flow on a specific date, which is entirely the interest on the payment of principal and outstanding principal amounts.

Upon initial recognition, the Group may make an irrevocable option to report subsequent changes in the fair value of equity instrument investments not held for trading in other comprehensive income. The above selections were made on a tool by tool basis.

Debt instrument investments are subsequently measured at fair value. Interest income, foreign currency exchange gain or loss, and impairment losses calculated using the effective interest method are recognized in profit or loss, while the remaining net profits or losses are recognized in other comprehensive income. Upon derecognition, the accumulated amount of other comprehensive income under equity is reclassified to profit or loss.

Equity instrument investments are subsequently measured at fair value. Dividend income (unless it clearly represents the recovery of some investment costs) is recognized in profit or loss. The remaining net profits or losses are recognized as other comprehensive income. When derecognized, the accumulated other comprehensive income under equity is reclassified to retained earnings, not to profit or loss. Dividend income from equity investments is recognized on the date on which the Group is entitled to receive dividends (usually the ex-dividend date).

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

Financial assets that are not measured at amortized cost or at fair value through other comprehensive income as described above are measured at fair value through profit or loss, including derivative financial assets. At the time of initial recognition, in order to eliminate or significantly reduce accounting mismatch, the Group may irrevocably designate financial assets that meet the criteria for measurement at amortized cost or fair value through other comprehensive income as financial assets measured at fair value through profit or loss.

These assets are subsequently measured at fair value, and the net gains or losses (including any dividends and interest income) arising from remeasurement are recognized as profit or loss.

(4) Impairment of financial assets

The Group recognizes an allowance for expected credit losses on financial assets measured at amortized cost, including cash and equivalents, financial assets measured at amortized cost, notes and accounts receivable, other receivables, and refundable deposits.

The following financial assets are measured as allowance losses based on the expected amount of credit losses over a twelve-month period, while the remaining financial assets are measured based on the expected amount of credit losses during their lifetime:

- The credit risk of bank deposits (i.e., the risk of default during the expected lifetime of a financial instrument) has not significantly increased since the initial recognition.

The allowance for losses on accounts receivable is measured by the expected amount of credit losses during the period of existence.

The expected credit loss during the expected lifetime of a financial instrument refers to the expected credit loss caused by all possible default events during the expected lifetime of the financial instrument. "12 month expected credit loss" refers to the expected credit loss caused by a possible default event of a financial instrument within 12 months after the reporting date (or a shorter period, if the expected lifetime of the financial instrument is less than 12 months).

The longest period over which expected credit losses are measured is the longest contract period to which the Group is exposed to credit risk.

In determining whether the credit risk has significantly increased since the initial recognition, the Group considers reasonable and verifiable information (available without excessive cost or investment), including qualitative and quantitative information, and analysis based on the historical experience, credit evaluation, and forward-looking information of the Group.

The expected credit loss is a weighted estimate of the probability of credit loss during the expected lifetime of a financial instrument. Credit losses are measured at the present value of all cash shortfalls, which is the difference between the cash flows that the Group can receive under the contract and the cash flows that the Group expects to receive. Expected credit losses are discounted at the effective interest rate of the financial assets.

Allowance for losses on financial assets measured at amortized cost is deducted from the carrying amount of the assets.

When the Group does not have a reasonable expectation of recovering all or part of a financial asset, the total carrying amount of the financial asset is directly reduced. The Group analyzes the timing and amount of write-offs individually on the basis of whether recovery is reasonably expected. The Group does not expect any material reversal of the amount written off. However, financial assets that have been written off are still enforceable in order to comply with the Group's procedures for recovering overdue amounts.

(5) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset cease, or when the financial asset has been transferred and substantially all the risks and rewards of ownership of the asset have been transferred to other enterprises, or when substantially all the risks and rewards of ownership of the asset have neither been transferred nor retained and control of the financial asset has not been retained.

If the Group enters into a transaction to transfer a financial asset, the financial asset is continuously recognized in the balance sheet if all or substantially all the risks and rewards of ownership of the transferred asset are retained.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

The debt and equity instruments issued by the Group are classified as financial liabilities or equity according to the substance of the contractual agreement and the definition of financial liabilities and equity instruments.

(2) Equity transactions

An equity instrument is any contract that recognizes the Company's remaining interest in an asset less all of its liabilities. Equity instruments issued by the Group shall be recognized at the amount equal to the consideration acquired less the direct costs of issuance.

(3) Treasury stock

Upon repurchase of equity instruments recognized by the Company, the consideration paid, including directly attributable costs, is recognized as a reduction of equity. Shares repurchased are classified as treasury stock. The amount received from subsequent sales or reissues of treasury stock is recognized as an increase in equity and the residual or deficit arising from the transaction is recognized as capital surplus or retained earnings (if capital surplus is not sufficient to offset it).

(4) Financial liabilities

Financial liabilities are classified as being measured at amortized cost or at fair value through profit or loss. Financial liabilities are classified as being measured at fair value through profit or loss if they are held for trading, derivative instruments or designated at initial recognition. Financial liabilities measured at fair value through profit or loss are measured at fair value, and the related net gain or loss, including any interest expense, are recognized in profit or loss.

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

(5) Derecognition of financial liabilities

The Group derecognizes financial liabilities when the contractual obligations are fulfilled, canceled or expired. When the terms of a financial liability are modified and the cash flows of the modified liability are materially different, the original financial liability is derecognized and the new financial liability is recognized at fair value based on the modified terms. When a financial liability is derecognized, the difference between the carrying amount and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

3. Offsetting financial assets and liabilities

Financial assets and financial liabilities are offset and presented in the balance sheet on a net basis only when the Group has a legally enforceable right to do so and intends to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

4. Derivative financial instruments

The Group holds derivative financial instruments to hedge the risk of foreign currency exposure. Derivatives are initially recognized at fair value, with transaction costs recognized in profit or loss; subsequently, they are measured at fair value, with gains or losses arising from remeasurement recognized directly in profit or loss. When its fair value is positive, the derivative is recognized as a financial asset; when its fair value is negative, the derivative is recognized as a financial liability.

(VIII) Inventories

Inventories are measured at the lower of cost or net realizable value. Inventories include acquisition, production or processing costs and other costs incurred in bringing them to the place and condition in which they are available for use and are measured using the weighted-average method. Fixed manufacturing costs are allocated to finished goods and work in process based on the higher of normal production capacity or actual production of the production equipment, while variable manufacturing costs are allocated on the basis of actual production. Net realizable value is the estimated selling price under normal operations less estimated costs of completion and selling expenses required to complete the sale.

(IX) Non-current assets held for sale and discontinued operations

1. Non-current assets or disposal groups consisting of assets and liabilities are classified as non-current assets held for sale when their carrying amount is expected to be recovered principally through sale rather than through continuing use. Non-current assets or disposal groups that meet this classification must be available for immediate sale in their current condition and it is highly probable that the sale will be completed within one year. The components of the asset or disposal group are remeasured in accordance with the accounting policies of the Group prior to their original classification as non-current assets held for sale. After classification as a non-current asset held for sale, it is measured at the lower of its carrying amount or fair value less costs to sell. The impairment loss of any disposal group is first allocated to goodwill and then to the remaining assets and liabilities on a pro rata basis, except that the loss is not allocated to assets that are not within the scope of IAS 36, Impairment of Assets, which continue to be measured in accordance with the accounting policies of the Group. Impairment losses recognized for items originally classified as held for sale and gain or loss arising from subsequent remeasurement are recognized in profit or loss. However, the gains on recovery cannot exceed the cumulative impairment loss that has been recognized.

   When intangible assets and property, plant and equipment are classified as non-current assets held for sale, they are no longer depreciated or amortized. In addition, the equity method is discontinued when the investments recognized using the equity method are classified as non-current assets held for sale.

2. Discontinued operations

   The term discontinued operations refers to the components of the Group that have been disposed of or are held for sale, and:

   (1) Represents a separate major line of business or geographical area of operations,
   (2) It constitutes a part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations
   (3) It is a subsidiary acquired exclusively for the purpose of resale.

   Operating units are classified as discontinued operations when they are disposed of or when they meet the criteria for being held for sale at an earlier point in time.

(X) Property, plant and equipment

1. Recognition and measurement

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

   If the significant components of property, plant and equipment have different useful lives, they are treated as separate items (major components) of property, plant and equipment.

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

2. Subsequent costs

   Subsequent expenditures are capitalized only when it is probable that future economic benefits will flow to the Group.

3. Depreciation

   Depreciation is calculated on the basis of the cost of an asset less its residual value and is recognized in profit or loss over the estimated useful life of each component using the straight-line method. Except for land, which is not subject to depreciation, the estimated useful lives of others are as follows: machinery and equipment: 2-10 years; office and other equipment: 2-10 years. In addition, buildings and structures are depreciated over the estimated useful lives of their major components: Main buildings and subsidiary structures have a useful life ranging from 5 to 54 years, while other subsidiary mechanical and electrical equipment and engineering systems have a useful life ranging from 3 to 10 years.

   The depreciation method, useful lives and residual values are reviewed at each reporting date, and the effects of any changes in estimates are deferred and adjusted.

4. When the purpose of use of the property for owner-occupied is changed to investment property, the property is reclassified as investment property based on the book value when the purpose of use is changed.

(XI) Investment property

Investment property refers to property held to earn rentals or for capital appreciation, or both. Investment property is measured at cost when initially recognized, and subsequently measured at cost less accumulated depreciation and less accumulated impairment losses. The depreciation method, useful life, and residual values shall be complied with the regulations on property, plant, and equipment. Costs include expenses directly attributable to the acquisition of investment property and any directly attributable costs of bringing investment property ready for use and capitalized borrowing costs.

Gains or losses on the disposal of the investment property (calculated as the difference between the net disposal price and the carrying amount of the item) are recognized in profit or loss.

Rental income arising from investment property is recognized on a straight-line basis over the lease period. The incentives for leasing are recognized as an adjustment to lease income during the lease period.

When the purpose of use of investment property is changed and reclassified as property, plant, and equipment, the book value at the time of change of the purpose of use shall be used for reclassification.

(XII) Leases

The Group assesses whether a contract is or comprises a lease at the inception date of the contract. A contract is or comprises a lease if it transfers control over the use of an identified asset for a period of time in exchange for consideration.

1. Lessees

The Group recognizes a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is measured initially at cost, which includes the original measurement of the lease liability, adjusted for any lease payments made on or before the commencement date of the lease, plus the original direct costs incurred and the estimated costs to disassemble, remove and restore the subject asset to its location or to the subject asset, less any lease incentives received.

Right-of-use assets are subsequently depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the Group periodically assesses whether a right-of-use asset is impaired and addresses any impairment loss incurred, and adjusts the right-of-use asset when the lease liability is remeasured.

Lease liabilities are measured initially at the present value of the lease payments outstanding at the inception date of the lease. If the implicit rate of the lease is readily determinable, the discount rate is that rate; If it is not readily determinable, the Group's incremental borrowing rate is used. In general, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of lease liabilities include:

(1) Fixed payments, including substantial fixed payments;
(2) Variable lease payments that depend on an index or rate, using the index or rate at the inception date of the lease as the original measurement;
(3) The amount of the residual value guarantee expected to be paid; and
(4) The exercise price or penalty to be paid if it is reasonably certain that the option to purchase or the option to terminate the lease will be exercised.

Lease liabilities are subsequently accrued for using the effective interest method and are remeasured when the following occurs:

(1) There is a change in future lease payments as a result of a change in the index or rate used to determine lease payments;
(2) There is a change in the amount of the residual value guarantee expected to be paid;
(3) There is a change in the evaluation of the purchase option on the subject asset;
(4) There is a change in the estimate of whether to exercise the option to extend or terminate the lease, resulting in a change in the evaluation of the lease term;

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

When a lease liability is remeasured as a result of changes in the index or rate used to determine lease payments, changes in the residual value guarantee amount and changes in the evaluation of the purchase, extension or termination option as described above, the carrying amount of the right-of-use asset is adjusted accordingly and the remaining remeasurement amount is recognized in profit or loss when the carrying amount of the right-of-use asset is reduced to zero.

For lease modifications that reduce the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between the carrying amount and the remeasurement amount of the lease liability is recognized in profit or loss.

The Group presents right-of-use assets and lease liabilities that do not meet the definition of investment property as separate line items in the balance sheet.

For short-term leases and leases of low-value underlying assets, the Group chooses not to recognize right-of-use assets and lease liabilities, and instead recognizes the related lease payments as expenses on a straight-line basis over the lease term.

2. Lessors

Transactions in which the Group is the lessor are classified as finance leases on the inception date of the lease based on whether the lease contracts transfer substantially all the risks and rewards incidental to the ownership of the subject assets, and otherwise are classified as operating leases. In its evaluation, the Group considers specific indicators, including whether the lease period covers a significant portion of the economic life of the subject asset.

If the Group is a sublessor, it treats the head lease and the sublease transaction separately and assesses the classification of the sublease transaction using the right-of-use assets arising from the head lease. If a head lease is a short-term lease and the recognition exemption applies, the sublease transaction should be classified as an operating lease.

For operating leases, the Group recognizes the lease payments received as rental income over the lease term on a straight-line basis.

(XIII) Intangible assets

1. Goodwill

Goodwill arising from the acquisition of a subsidiary is recognized as an intangible asset. Please refer to Note IV (XVI) for the original measurement of goodwill recognition. Goodwill is not amortized and is measured at cost less accumulated impairment.

2. Other intangible assets

The trademark rights and customer relationships obtained through the merger are valued at fair value as of the acquisition date; Other intangible assets are initially recognized at cost and subsequently measured by subtracting accumulated amortization and impairment losses from the cost. Amortization is provided on a straight-line basis over the following estimated useful lives and is recognized in profit or loss: purchased software, 1 to 5years; trademark rights, 10 years; and customer relationships, 4 to 11 years.

The Group reviews the residual value, useful life and amortization method of intangible assets at each reporting date, and makes appropriate adjustments when necessary.

(XIV) Impairment of non-financial assets

The Group assesses at each reporting date whether there is any indication that the carrying amount of non-financial assets (other than inventories, deferred income tax assets and assets for employee benefits) may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. Goodwill is tested for impairment annually or whenever there is an indication of impairment.

The purpose of the impairment test is to identify a group of assets as the smallest identifiable group of assets for which a significant portion of the cash inflows are separate from other individual assets or groups of assets. Goodwill acquired on a business combination is allocated to each cash-generating unit or group of cash-generating units that is expected to benefit from the combined effect.

The recoverable amount is the higher of the fair value of the individual asset or cash-generating unit, less costs to dispose, and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognized if the recoverable amount of an individual asset or cash-generating unit is less than its carrying amount. The impairment loss is recognized immediately in profit or loss and reduces the carrying amount of the goodwill amortized for the cash-generating unit first, and then reduces the carrying amount of each asset in proportion to the carrying amount of the other assets in the unit.

The impairment loss on goodwill is not subject to reversal. Non-financial assets other than goodwill are reversed only to the extent that the carrying amount of the asset, net of depreciation or amortization, would have been determined had no impairment loss been recognized in prior years.

(XV) Provision for liabilities

Provisions for liabilities are recognized when the Group has a present obligation as a result of a past event, it is probable that an outflow of economic resources from the Group will be required to settle the obligation in the future, and the amount of the obligation can be reliably estimated.

The provision for product warranty liability is recognized when the product is sold. The provision for this liability is measured based on historical warranty information and all probable outcomes weighted by their respective probabilities.

(XVI) Business combinations

The Group uses the acquisition method of accounting to account for business combinations. Goodwill is measured at the fair value of the consideration transferred at the acquisition date, including the amount attributable to any non-controlling interest in the acquiree, less the net amount of the identifiable assets acquired and liabilities assumed (which is generally the fair value). If the resulting balance is negative, the Group reassesses whether all assets acquired and liabilities assumed have been properly recognized before recognizing the benefit of the bargain purchase in profit or loss.

Transaction costs associated with a business combination are recognized as expenses of the combining company as soon as they are incurred, except when they relate to the issuance of debt or equity instruments.

The non-controlling interests in the acquiree that are presently owned and whose holders are entitled to a proportionate share of the net assets of the business at the time of liquidation are measured, at the option of the Group, on a transaction-by-transaction basis, at either the acquisition date fair value or at the present ownership instrument's proportionate share of the recognized amount of the acquiree's identifiable net assets. Other non-controlling interests are measured at their fair values at the acquisition date or on other bases prescribed by IFRSs recognized by the FSC.

In a business combination entered into in stages, the Group remeasures its previously held interest in the acquiree at its acquisition-date fair value, and any resulting gain or loss is recognized in profit or loss. Changes in the value of the acquiree's interest that were recognized in other comprehensive income before the acquisition date should be treated in the same manner as if the Group had directly disposed of its previously held interest, and if it is appropriate to reclassify the interest to profit or loss upon disposal, the amount is reclassified to profit or loss.

If the original accounting for a business combination is not completed before the reporting date of the combination transaction, the Group reports the outstanding accounting items at provisional amounts and makes retroactive adjustments or recognizes additional assets or liabilities during the measurement period to reflect new information obtained during the measurement period about facts and circumstances existing at the acquisition date. The measurement period does not exceed one year from the date of acquisition.

(XVII) Revenue recognition

Revenue is measured at the consideration to which the Group is expected to be entitled as a result of the transfer of goods or services. The Group recognizes revenue when control of goods or services is transferred to customers to satisfy performance obligations. The Group explains the main revenue items as follows:

1. Sales of goods

   The Group recognizes revenue when control of goods is transferred to customers. Transfer of control of goods means that the goods has been delivered to the customer, the customer is able to determine the sales channel and price of the product, and there are no outstanding obligations that would affect the customer's acceptance of the goods. Delivery occurs when the product is delivered to a specific location, the risk of obsolescence and loss has been transferred to the customer, the customer has accepted the product in accordance with the terms of the transaction, and the Group has objective evidence that all acceptance conditions have been met at a certain point in time.

   The Group has a refund obligation for defective products sold and has recognized a provision for warranty liability for this obligation.

   The Group recognizes accounts receivable upon delivery of goods because the Group has the unconditional right to receive the consideration at that point in time.

2. Labor income

   The Group recognizes revenue related to the provision of services in enterprise energy engineering design and construction contracts during the financial reporting period. Revenue recognition for performance obligations that are gradually fulfilled over time is determined by the proportion of services actually provided as of the reporting date, relative to the total services.

3. Financial components

   The Group does not adjust the time value of money of the transaction price because the time interval between the expected transfer of goods to customers and the payment of goods or services by customers does not exceed one year.

(XVIII) Employee benefits

1. Defined contribution plans

   The contribution obligation of the defined contribution pension plan is recognized as employee benefit expense in profit or loss during the period in which the employees render service.

2. Defined benefit plans

   The net obligation under the defined benefit pension plan is calculated as the discounted value of the future benefit amounts to be earned by each plan for each employee's current or prior service, less the fair value of any plan assets. The discount rate is based on the market yield rate at the reporting date for government bonds with maturity dates approximating the term of the Group's net obligation and denominated in the same currency as the expected benefit payments. The net obligation of the defined benefit plans is actuarially determined annually by a qualified actuary using the projected unit benefit method.

When benefits under a plan are improved, the related expense is recognized immediately in profit or loss for the portion of the benefit increase attributable to employees' past service.

The remeasurement of the net defined benefit liability (asset) consists of (1) actuarial gain or loss; (2)compensation on plan assets, excluding the amount included in net interest on the net defined benefit liability (asset); and (3) any change in the asset ceiling effect, excluding the amount included in net interest on the net defined benefit liability (asset). The remeasurement of the net defined benefit liability (asset) is recognized in other comprehensive income and is transferred to other equity in the current period.

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

3. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are recognized as an expense when the related services are rendered. The amount expected to be paid under short-term cash bonus or dividend plans is recognized as a liability when the Group has a present legal or constructive obligation to pay as a result of past services rendered by employees and the obligation can be reliably estimated.

(XIX) Income taxes

Income tax expense includes current and deferred income taxes. Current and deferred income taxes are recognized in profit or loss, except when they relate to business combinations, items recognized directly in equity or other comprehensive income.

The Group determines that the supplemental tax it should pay under the Pillar Two of the global minimum tax regulations falls within the scope of IAS 12 "Income Taxes" and has applied the temporary mandatory exemption from deferred income tax accounting for the supplemental tax, with the actual occurrence of the supplemental tax recognized as current income tax.

Current income taxes include estimated income taxes payable or refunds receivable based on current year's taxable income (loss) and any adjustments to prior years' income taxes payable or refunds receivable. The amount reflects the best estimate of the amount expected to be paid or received, measured at the statutory tax rate at the reporting date or the tax rate of substantive legislation, after reflecting uncertainties, if any, related to income taxes.

Deferred income taxes are recognized for temporary differences between the carrying amounts of assets and liabilities at the reporting date and their tax bases. Temporary differences arising from the following situations are not recognized as deferred income tax:

1. Assets or liabilities that are not part of the original recognition of a business combination transaction and at the time of the transaction (i) do not affect the accounting profit or taxable income (loss), and (ii) do not generate equal taxable and deductible temporary differences;
2. Temporary differences arising from investments in subsidiaries, associates and joint ventures where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and
3. Taxable temporary differences arising from the original recognition of goodwill.

Deferred income tax assets are recognized for unused tax losses and unused tax credits in subsequent periods, together with deductible temporary differences, to the extent that it is probable that future taxable income will be available for use. Deferred income tax assets are reassessed at each reporting date and reduced to the extent that it is not probable that the related income tax benefit will be realized; or reversed the original reduction to the extent that it becomes probable that sufficient taxable income will be available.

Deferred income taxes are measured at the tax rates that are expected to apply to the reversal of temporary differences, based on the statutory tax rate at the reporting date or the tax rate of substantive legislation, and reflecting uncertainties, if any, related to income taxes.

The Group shall offset deferred income tax assets and deferred income tax liabilities only if the following conditions are met at the same time:

1. There is a legally enforceable right to offset current income tax assets and current income tax liabilities; and
2. The deferred income tax assets and deferred income tax liabilities relate to one of the following taxable entities that are subject to income tax by the same taxing authority:
   (1) The same taxable entity; or
   (2) Different taxable entities, provided that each entity intends to settle current income tax liabilities and assets on a net basis, or to realize assets and settle liabilities simultaneously, in each future period in which significant amounts of deferred income tax assets are expected to be recovered and deferred income tax liabilities are expected to be settled.

(XX) Earnings per share

The Group presents basic and diluted earnings per share attributable to equity holders of the Company's common stock. Basic earnings per share of the Group is calculated by dividing the profit or loss attributable to the holders of the Company's common stock by the weighted-average number of common shares outstanding during the period. Diluted earnings per share is calculated by adjusting the profit or loss attributable to equity holders of the Company's common stock and the weighted-average number of common shares outstanding, respectively, for the effect of all potentially dilutive common shares. The potential diluted common stock of the Group is the employee compensation that may be issued in stock.

(XXI) Segment information

Operating segments are units of the Group that engage in operating activities that may generate revenues and expenses, including revenues and expenses related to intercompany transactions with other components of the Group. The operating results of all operating divisions are reviewed regularly by the Group's chief operating decision maker to make decisions about the allocation of resources to the division and to evaluate its performance. Separate financial information is available for each operating segment.

V. Major Sources of Uncertainty in Significant Accounting Judgments, Estimates and Assumptions

When preparing the consolidated financial statements, the management shall make judgments, estimates and assumptions, which will affect the adoption of accounting policies and the reported amounts of assets, liabilities, incomes and expenses. Actual results may differ from estimates.

The management has continuously reviewed the estimates and basic assumptions, and changes in accounting estimate are recognized in the period of change and in the future periods affected.

The uncertainties in the following assumptions and estimates have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities in the next fiscal year, and the relevant information is as follows:

(I) Valuation of inventories

Inventories are measured at the lower of cost or net realizable value. The Group assesses the amount of inventories that are normally worn out, obsolete or have no marketable value at the reporting date and reduces the cost of inventories to net realizable value. This inventory valuation is primarily based on estimates of product demand in specific periods in the future and is subject to significant changes due to rapid changes in the industry. Please refer to Note VI (VI) for the valuation of inventories.

(II) Goodwill impairment assessment

The process of assessing goodwill impairment relies on the Group's subjective judgment, which includes identifying cash-generating units, allocating goodwill to the relevant cash-generating units, and determining the recoverable amount of the relevant cash-generating units. Any changes in economic conditions or corporate strategy may cause significant changes in the results of the assessment.

VI. Description of Significant Accounting Items

(I) Cash and cash equivalents

	2023.12.31	2022.12.31
Cash on hand and petty cash	$ 489	589
Demand deposits and check deposits	1,418,296	1,689,885
Time deposits with original maturity date within three months	71,500	-
	$ 1,490,285	1,690,474

(II) Financial instruments at fair value through profit or loss - current

		2023.12.31	2022.12.31
Financial assets mandatorily measured at fair value through profit or loss:			
Non-hedging derivative instruments:			
Forward foreign exchange contracts	$	706	1,353
Foreign exchange swap contracts		20,274	34
		20,980	1,387
Non-derivative financial assets:			
Fund beneficiary certificates		24,485	26,071
	$	45,465	27,458

		2023.12.31	2022.12.31
Financial liabilities held for trading:			
Derivative financial instruments:			
Forward foreign exchange contracts	$	3,365	1,106
Foreign exchange swap contracts		-	3,914
	$	3,365	5,020

Please refer to Note VI (XXIII) Non-operating income and expenses for the amount recognized in profit or loss measured at fair value.

The Group engages in derivative financial instruments to hedge the exposure to exchange rate risk arising from operating activities, which are reported as financial assets or liabilities at fair value through profit or loss because hedge accounting is not applied. The details of the derivative financial instruments not yet matured as of the reporting date are as follows:

1. Forward foreign exchange contracts

2023.12.31

Currency	Contract amount (in thousands of NTD)	Maturity period
Buy JPY/Sell USD	USD 1,020	2024.01
Buy USD/Sell RMB	RMB 110,526	2024.01
Buy USD/Sell RMB	USD 1,616	2024.01
Buy RMB/Sell USD	USD 2,780	2024.01
Buy NTD/Sell USD	USD 500	2024.01
Buy USD/Sell EUR	USD 310	2024.01
Buy EUR/Sell USD	USD 1,322	2024.01

2022.12.31

Currency	Contract amount (in thousands of NTD)	Maturity period
Buy JPY/Sell USD	USD 916	2023.01
Buy USD/Sell RMB	RMB 146,756	2023.01
Buy RMB/Sell USD	USD 2,800	2023.01
Buy NTD /Sell USD	USD 6,660	2023.01
Buy USD/Sell EUR	USD 800	2023.01
Buy EUR/Sell USD	USD 1,100	2023.01

2. Foreign exchange SWAP contracts

2023.12.31

Currency	Contract amount (in thousands of NTD)	Maturity period
Swap in NTD /swap out USD	USD 33,590	2024.01
Swap in NTD /swap out RMB	RMB 42,000	2024.01

2022.12.31

Currency	Contract amount (in thousands of NTD)	Maturity period
Swap in NTD /swap out USD	USD 30,630	2023.01
Swap in NTD /swap out RMB	RMB 47,000	2023.01

(III) Financial assets at fair value through other comprehensive income - non-current

	2023.12.31	2022.12.31
Equity instruments measured at fair value through other comprehensive income:		
Stocks of domestic over-the-counter (OTC) companies	$ 77,314	68,840
Foreign unlisted (OTC) stocks	9,400	2,224
	$ 86,714	**71,064**

The Group holds such equity instrument investments for the strategic investment purpose, instead of trading purpose. Therefore, they have been designated as measured at fair value through other comprehensive income.

The Group did not dispose of the above-mentioned strategic investments in 2023 and 2022, and the gain or loss accumulated during those periods were not transferred within equity.

(IV) Financial assets measured at amortized cost

	2023.12.31	2022.12.31
Financial assets measured at amortized cost - current:		
Pledged certificate of deposit	$ 2,709	2,325
Time deposits with original maturity date over 3 months	-	7,232
	$ 2,709	9,557
Financial assets measured at amortized cost - non-current:		
Corporate bonds	$ 3,211	3,212

The Group assesses that the above assets are held for the purpose of collecting contractual cash flows and that the cash flows of these financial assets are solely payments of principal and interest on the principal amount outstanding, and, therefore, they are recorded as financial assets measured at amortized cost.

Please refer to Note VIII for details of the aforesaid financial assets pledged as collateral by the Group.

(V) Notes and accounts receivable and other receivables

	2023.12.31	2022.12.31
Notes receivable	$ 293,881	336,104
Accounts receivable	1,600,109	2,343,503
Accounts receivable - related parties	71,753	272,306
Less: loss allowance	(26,447)	(67,816)
	$ 1,939,296	2,884,097
Other receivables	$ 11,888	56,389
Other receivables - related parties	183	556
	$ 12,071	56,945

The Group uses a simplified approach to estimate expected credit losses for all accounts receivable, which is measured using the lifetime expected credit losses and includes forward-looking information. The expected credit losses of the Group's accounts receivable are analyzed as follows:

	2023.12.31		
	Carrying amount of accounts receivable	Expected credit loss rate	Allowance for expected credit losses for the duration of the period
Not overdue	$ 1,370,161	0~1.01%	2,241
1-30days overdue	183,563	0~17.06%	2,572
31-60days overdue	20,303	0~35.53%	2,478
61-90days overdue	4,828	0~62.76%	821
Overdue for more than 90 days	21,254	0~100%	18,335
	$ 1,600,109		26,447

	2022.12.31		
	Carrying amount of accounts receivable	Expected credit loss rate	Allowance for expected credit losses for the duration of the period
Not overdue	$ 2,042,659	0~3.95%	1,321
1-30days overdue	196,504	0~17.78%	3,368
31-60days overdue	26,676	0~38.69%	2,342
61-90days overdue	13,545	0~74.92%	2,184
Overdue for more than 90 days	64,119	0~100%	58,601
	$ 2,343,503		67,816

As of December 31, 2023 and 2022, notes receivable - non-related parties and accounts receivable - related parties have been assessed by the Group that there was no expected credit loss, and the analysis is as follows:

	2023.12.31	2022.12.31
Not overdue	$ 361,316	585,641
1-30days overdue	1,136	22,769
31-60days overdue	3,182	-
	$ 365,634	608,410

The statements of changes in the allowance for losses of the Group's notes and accounts receivable (including related parties) are listed as follows:

	2023	2022
Beginning balance	$ 67,816	32,235
Recognition (reversal) of impairment losses for discontinued operations	608	799
Recognition (reversal) of impairment losses for the period	(11,614)	15,511
Impact from initial consolidation of subsidiary	-	3,143
Unrecoverable amount written off for current year	(2)	(7,793)
Disposal of subsidiaries	(5,500)	-
Estimated insurance claims on accounts receivable	(25,079)	23,434
Foreign exchange gains or losses	218	487
Ending balance	$ 26,447	67,816

Please refer to Note VIII for details of the notes receivable used by the Group to provide pledge guarantees.

(VI) Inventories

	2023.12.31	2022.12.31
Raw materials	$ 574,377	1,737,449
Work in progress	136,807	228,553
Finished goods and commodities	1,019,874	1,490,591
Goods in transit	77,510	235,442
Outsourced processed goods	84,889	124,561
	$ 1,893,457	3,816,596

The inventory-related expenses and losses recognized as the operating cost in the current period are detailed as follows:

	2023	2022
Cost of inventory sold	$ 10,569,775	12,820,141
Loss on decline in value of inventories	91,869	40,815
Inventory scrap loss and shrinkage	21,928	46,698
Subtotal	10,683,572	12,907,654
Less: Cost of inventories of discontinued operations (Note XII)	(3,995,648)	(4,657,896)
	$ 6,687,924	8,249,758

The above inventory price loss was due to the write-down of inventories to net realizable value at the end of the period, thus recognized as loss on inventories.

(VII) Non-current assets held for sale

On May 21, 2021, the consolidated subsidiary Ace Pillar adopted a resolution by the Board of Directors to sell the land and property in Sanchong District. Therefore, the carrying value of such property was transferred to the non-current assets held for sale, amounting to NT$73,452 thousand. Some of the aforementioned assets have been sold in January and June 2022 with a net sale price of NT$46,401 thousand with a carrying amount of NT$31,777 thousand for the assets sold and the gains on disposal were NT$14,624 thousand.

On December 23, 2021, the consolidated subsidiary Tianjin Ace Pillar adopted a resolution by the Board of Directors to sell the plant and construction site use rights in Tianjin Ace Pillar Pilot Free Trade Zone. Therefore, such property was transferred to non-current assets held for sale.

At the end of 2022, the management authority assessed that due to the impact of COVID-19 and the overall external economic environment, the above assets no longer meet the conditions for being classified as assets held for sale, so the total amount of these assets of NT$346,592 thousand was reclassified under the property, plant, equipment, and right-of-use assets.

(VIII) Subsidiaries and non-controlling interests

1. Disposal of subsidiary Brainstorm Corporation (Brainstorm)

   In October 2023, the Company sold its entire equity stake in Brainstorm to Metaage Corporation (Metaage), a subsidiary of Qisda Corporation (Qisda), resulting in the loss of control over Brainstorm. As both the Company and Metaage are subsidiaries of Qisda, the transaction was an organizational restructuring under joint control. The difference between the consideration received by the Company and the book value of the net assets of Brainstorm, amounting to NT$20,999 thousand, was recorded as capital surplus and was not recognized as profit or loss. Relevant details are as follows:

Consideration received:		
Cash		$ 530,075
The carrying amount of identifiable net assets of Brainstorm upon disposal:		
Cash and cash equivalents	$ 160,990	
Net accounts receivable (including related parties)	518,925	
Inventories	957,328	
Prepayments and other current assets	24,918	
Property, plant and equipment	17,569	
Right-of-use assets	24,815	
Intangible assets	603,387	
Other non-current assets	27,676	
Short-term borrowings	(29)	
Accounts payable	(935,363)	
Other payables and other current liabilities	(19,382)	
Lease liabilities - current	(20,650)	
Lease liabilities - non-current	(5,317)	
Deferred income tax liabilities	(98,265)	
	1,256,602	
Non-controlling interests	(716,362)	
Exchange differences on translations by foreign operations	(36,637)	
Income tax on disposal of equity	5,473	509,076
Credit to capital surplus		**$ 20,999**

2. Acquisition of subsidiaries - Standard Technology Corporation and its subsidiaries

   (1) Consideration transferred for acquisition of the subsidiary

   On March 1, 2022 (the acquisition date), Ace Pillar, the consolidated subsidiary, acquired 4,680 thousand ordinary shares of Standard Technology Corporation (Standard Co.) for a cash consideration of NT$187,000 thousand and acquired a 60% equity interest, thereby obtaining control over this company and has included Standard Co. and its subsidiaries in the consolidated entities since the acquisition date. Standard Co. and its subsidiaries are principally engaged in the trading of semiconductor optoelectronic equipment and consumables and equipment maintenance services. Standard Co. was acquired by the Group for the purpose of optimizing the layout of the semiconductor business, expanding its business and providing customers with comprehensive products and services.

(2) Identifiable net assets acquired and goodwill recognized

The fair values of the identifiable assets acquired and liabilities assumed of Standard Co. and its subsidiaries on March 1, 2022 (acquisition date) and the goodwill recognized as a result of the acquisition are as follows:

Transfer consideration:		
Cash		$ 187,000
Add: Non-controlling interests (measured by the proportion of non-controlling interests in the fair value of net identifiable assets)		79,375
Less: fair value of net identifiable assets acquired:		
Cash and cash equivalents	$ 164,493	
Notes and accounts receivable, net	124,853	
Other receivables	1,012	
Inventories	112,226	
Prepayments and other current assets	5,738	
Financial assets measured at amortized cost (including current and non-current)	21,127	
Financial assets at fair value through other comprehensive income - non-current	1,434	
Property, plant and equipment	2,841	
Right-of-use assets	5,521	
Intangible assets - computer software	1,039	
Intangible assets - client relationship	92,585	
Deferred income tax assets	2,235	
Other non-current assets	699	
Short-term borrowings	(122,161)	
Accounts payable	(65,200)	
Other payables (including dividends payable)	(75,849)	
Current income tax liabilities	(5,969)	
Contract liabilities - current	(12,069)	
Other current liabilities	(176)	
Lease liabilities (including current and non-current)	(5,464)	
Deferred income tax liabilities	(44,806)	
Other non-current liabilities	(5,671)	198,438
Goodwill		**$ 67,937**

During the measurement period, the Group continuously reviewed the above matters and adjusted the above intangible assets - customer relationships and non-controlling interests decreased by NT$18,509 thousand and NT$5,475 thousand, respectively, other net liabilities decreased by NT$4,822 thousand, resulting in an increase in goodwill by NT$8,212 thousand in 2022.

(3) Intangible assets

The above customer relationships are amortized on a straight-line basis over 10.84 years based on the expected future economic benefits period.

Goodwill mainly comes from the profitability of Standard Co., the comprehensive effect of merger, future market development, and the value of its human resources team, with no expected income tax effect.

3. Acquisition of subsidiary - BlueWalker GmbH

(1) Consideration transferred for acquisition of the subsidiary

On April 1, 2022 (the acquisition date), the consolidated subsidiary Ace Pillar acquired 100% equity of BlueWalker GmbH (hereinafter referred to as BWA) with cash of NT$127,200 thousand (EUR4,000 thousand), thereby obtaining control over the company and incorporating it into the Group from the acquisition date. BWA is primarily engaged in the trading and services of energy management products. The Group acquired BWA mainly to enhance product diversification and expand product sales regions for the purpose of improving overall economic efficiency.

(2) Identifiable net assets acquired and goodwill recognized

The fair values of the identifiable assets acquired and liabilities assumed of BWA on April 1, 2022 (acquisition date) and the goodwill recognized as a result of the acquisition are as follows:

Transfer consideration:		
Cash		$ 127,200
Less: fair value of net identifiable assets acquired:		
Cash and cash equivalents	$ 34,958	
Notes and accounts receivable, net	27,389	
Inventories	72,990	
Prepayments and other current assets	2,746	
Property, plant and equipment	636	
Intangible assets - computer software	18	
Intangible assets - client relationship	12,151	
Intangible assets - trademark	12,822	
Other non-current assets	1,273	
Accounts payable	(33,314)	
Other payables	(14,545)	

Transfer consideration:		
Current income tax liabilities	(1,036)	
Contract liabilities - current	(624)	
Other current liabilities	(311)	
Long-term borrowings due within one year	(249)	
Long-term borrowings	(601)	
Deferred income tax liabilities	(4,994)	
Other non-current liabilities	(805)	108,504
Goodwill		$ 18,696

During the measurement period, the Group continued to review the above matters and adjusted the decrease in intangible assets - customer relationships by NT$4,285 thousand and deferred income tax liabilities by NT$857 thousand in 2022, resulting in an increase in goodwill by NT$3,428 thousand.

(3) Intangible assets

The above customer relationships and trademark rights are amortized on a straight-line basis over a projected future economic benefit period of 9.75 years and 10 years, respectively.

Goodwill mainly comes from BWA's profitability, the synergy of the merger, future development in market and value of its human resource team. It is expected to have no income tax effect.

4. Acquisition of subsidiary - ACE Energy Co., Ltd. (ACE Energy)

(1) Consideration transferred for acquisition of the subsidiary

The consolidated subsidiary, Ace Pillar, paid NT$26,560 thousand in cash to Darly Venture, Inc., Darly2 Venture, Inc., and Darly Consulting Corporation, subsidiaries of Qisda Corporation, the parent company of the Group, on July 1, 2022 (acquisition date), and paid NT$5,440 thousand to AU Optronics Corporation, a related party of the Group, to acquire a total of 10,000 thousand ordinary shares of ACE Energy, accounting for 100% of the equity, thereby gaining control of the company. ACE Energy is principally engaged in energy technology services. The Group's acquisition of ACE Energy is mainly to respond to its long-term operational development and leverage its synergy.

(2) Net assets acquired

The carrying amount of the assets acquired and liabilities assumed of ACE Energy acquired by Ace Pillar on July 1, 2022 are detailed as follows:

Transfer consideration:		
Cash		$ 32,000
Less: book value of net assets acquired:		
Cash and cash equivalents	$ 24,856	
Financial assets at amortized cost - current	6,000	
Notes and accounts receivable, net	17,355	
Prepayments and other current assets	2,389	
Property, plant and equipment	3,748	
Other non-current assets	793	
Accounts payable	(5,727)	
Other payables	(12,312)	
Contract liabilities - current	(6,029)	
Other current liabilities	(1,062)	
Lease liabilities - current	(1,452)	28,559
Debit capital surplus and retained earnings		$ 3,441

As the merger is a group restructuring under joint control, the transfer consideration paid by Ace Pillar exceeds the amount of the carrying amount of the aforementioned Qisda subsidiary's investment in ACE Energy. The Company reduced capital surplus amounted to NT$1,371 thousand, and reduced non-controlling interest amounted to NT$1,485 thousand in proportion to its shareholding.

5. Subsidiaries with material non-controlling interests

The non-controlling interests of subsidiaries that are material to the Group are as follows:

Name of subsidiary	Primary business premises/country of incorporation	Proportion of non-controlling interests in ownership interests	
		2023.12.31	2022.12.31
Ace Pillar	Taiwan	51.93%	51.93%
AEWIN	Taiwan	48.62%	48.62%
Brainstorm	USA	-	64.91%

The summarized financial information of the above subsidiaries is stated as follows, prepared in accordance with IFRS endorsed by the FSC and reflecting adjustments made by the Group to the fair value and differences in accounting policies on the acquisition date, and the financial information is the amount before elimination of intercompany transactions within the Group:

(1) Summarized financial information of Ace Pillar:

	2023.12.31	2022.12.31
Current assets	$ 2,018,389	2,359,687
Non-current assets	1,138,904	1,172,156
Current liabilities	(734,736)	(955,535)
Non-current liabilities	(168,605)	(238,230)
Net assets	$ 2,253,952	2,338,078
Carrying amount of non-controlling interests at end of period	$ 1,212,476	1,253,258

	2023	2022
Net operating income	$ 3,051,803	3,762,421
Net profit (loss) for the period	$ (27,955)	78,883
Other comprehensive income	(137)	21,256
Total comprehensive income	$ (28,092)	100,139
Net profit (loss) for the period attributable to non-controlling interests	$ (12,658)	46,521
Total comprehensive income attributable to non-controlling interests	$ (11,688)	57,885

	2023	2022
Cash flows from operating activities	$ 184,562	(1,331)
Cash flows from investing activities	(2,664)	(90,978)
Cash flows from financing activities	(220,981)	(12,931)
Effect of changes in exchange rate	(5,169)	20,201
Increase (decrease) in cash and cash equivalents	$ (44,252)	(85,039)
Dividends paid to non-controlling interests	$ (29,147)	(52,463)

(2) Summarized financial information of AEWIN

	2023.12.31	2022.12.31
Current assets	$ 1,412,560	1,884,646
Non-current assets	1,016,617	1,077,127
Current liabilities	(748,210)	(1,234,006)
Non-current liabilities	(424,971)	(446,924)
Net assets	$ 1,255,996	1,280,843
Ending balance of non-controlling interests at book value	$ 608,370	620,453

	2023	2022
Operating revenue	$ 1,969,419	2,463,236
Net profit for the period	$ 24,940	143,686
Other comprehensive income	(2,488)	1,634
Total comprehensive income	$ 22,452	145,320
Net profit for the period attributable to non-controlling interests	$ 12,124	69,848
Total comprehensive income attributable to non-controlling interests	$ 10,914	70,642

	2023	2022
Cash flows from operating activities	$ 183,036	305,371
Cash flows from investing activities	(12,776)	(73,031)
Cash flows from financing activities	(301,303)	(46,291)
Effect of changes in exchange rate	(2,872)	5,027
Increase (decrease) in cash and cash equivalents	$ (133,915)	191,076
Dividends paid to non-controlling interests	$ (22,998)	(17,248)

(3) Summarized financial information of Brainstorm:

	2022.12.31
Current assets	$ 1,412,116
Non-current assets	738,434
Current liabilities	(788,169)
Non-current liabilities	(125,366)
Net assets	$ 1,237,015
Carrying amount of non-controlling interests at end of period	$ 703,648

	January to September 2023	2022
Net operating revenue	$ 4,501,191	5,197,642
Net loss for the period	$ (16,494)	(78,559)
Net loss for the period attributable to non-controlling interests	$ (10,707)	(50,993)

Please refer to Note XII (II) for cash flow information.

(IX) Property, plant and equipment

	Land	Buildings	Machinery equipment	Office equipment	Other equipment	Unfinished construction	Total
Costs:							
Balance as of January 1, 2023	$ 962,980	1,715,650	507,204	82,012	466,706	816	3,735,368
Addition	-	3,035	5,081	6,203	12,750	2,431	29,500
Disposal	-	-	(102,133)	(10,763)	(108,437)	-	(221,333)
Derecognition of subsidiary (Note VI (VIII))	-	-	(7,887)	(5,225)	(19,604)	-	(32,716)
Reclassification	(91,754)	(42,001)	1,937	-	2,665	(3,247)	(132,400)
Effect of changes in exchange rate	-	(5,571)	382	(54)	(155)	-	(5,398)
Balance as of December 31, 2023	$ 871,226	1,671,113	404,584	72,173	353,925	-	3,373,021
Balance as of January 1, 2022	$ 932,159	1,411,272	483,635	65,225	371,456	23,649	3,287,396
Corporate mergers and acquisitions (Note VI (VIII))	-	-	22	9,554	5,826	-	15,402
Addition	-	52,116	22,418	11,215	61,020	32,358	179,127
Disposal	-	-	(5,633)	(6,429)	(9,173)	-	(21,235)
Reclassification for the period	30,821	247,967	6,188	1,494	33,854	(55,380)	264,944
Effect of changes in exchange rate	-	4,295	574	953	3,723	189	9,734
Balance as of December 31, 2022	$ 962,980	1,715,650	507,204	82,012	466,706	816	3,735,368
Accumulated depreciation and impairment loss:							
Balance as of January 1, 2023	$ -	300,796	337,443	59,729	244,304	-	942,272
Depreciation	-	49,127	40,363	7,003	40,201	-	136,694
Disposal	-	-	(102,133)	(10,530)	(108,099)	-	(220,762)
Derecognition of subsidiary (Note VI (VIII))	-	-	(4,202)	(1,149)	(9,796)	-	(15,147)
Reclassification	-	(17,233)	-	-	-	-	(17,233)
Effect of changes in exchange rate	-	(1,616)	198	(199)	(5)	-	(1,622)
Balance as of December 31, 2023	$ -	331,074	271,669	54,854	166,605	-	824,202
Balance as of January 1, 2022	$ -	248,703	300,302	50,864	210,188	-	810,057
Corporate mergers and acquisitions (Note VI (VIII))	-	-	22	7,630	4,273	-	11,925
Depreciation	-	42,708	42,470	6,776	36,308	-	128,262
Disposal	-	-	(5,655)	(6,359)	(9,028)	-	(21,042)
Reclassification	-	6,398	46	-	(46)	-	6,398
Effect of changes in exchange rate	-	2,987	258	818	2,609	-	6,672
Balance as of December 31, 2022	$ -	300,796	337,443	59,729	244,304	-	942,272
Book value:							
December 31, 2023	$ 871,226	1,340,039	132,915	17,319	187,320	-	2,548,819
December 31, 2022	$ 962,980	1,414,854	169,761	22,283	222,402	816	2,793,096

Please refer to Note VIII for property, plant and equipment pledged as collaterals for long-term borrowings.

(X) Right-of-use assets

	Land	Buildings	Transportation equipment	Total
Cost of right-of-use assets:				
Balance as of January 1, 2023	$ 49,689	440,544	9,495	499,728
Addition	-	35,062	3,344	38,406
Derecognition of subsidiary (Note VI (VIII))	-	(67,841)	(7,801)	(75,642)
Decrease and lease amendment	-	(40,933)	(2,780)	(43,713)
Effect of changes in exchange rate	(950)	(208)	335	(823)
Balance as of December 31, 2023	**$ 48,739**	**366,624**	**2,593**	**417,956**
Balance as of January 1, 2022	$ 21,238	339,968	9,044	370,250
Corporate mergers and acquisitions (Note VI (VIII))	-	6,237	443	6,680
Addition	-	171,631	-	171,631
Decrease	-	(87,521)	(663)	(88,184)
Reclassification from non-current assets held for sale	27,075	-	-	27,075
Effect of changes in exchange rate	1,376	10,229	671	12,276
Balance as of December 31, 2022	**$ 49,689**	**440,544**	**9,495**	**499,728**
Accumulated depreciation of right-of-use assets:				
Balance as of January 1, 2023	$ 5,282	132,773	6,056	144,111
Depreciation	1,513	85,317	3,167	89,997
Derecognition of subsidiary (Note VI (VIII))	-	(44,713)	(6,114)	(50,827)
Decrease and lease amendment	-	(40,498)	(2,133)	(42,631)
Effect of changes in exchange rate	(766)	1,136	278	648
Balance as of December 31, 2023	**$ 6,029**	**134,015**	**1,254**	**141,298**
Balance as of January 1, 2022	$ 2,138	97,888	2,446	102,472
Corporate mergers and acquisitions (Note VI (VIII))	-	1,132	27	1,159
Depreciation	560	85,527	3,629	89,716
Decrease	-	(56,661)	(276)	(56,937)
Reclassification from non-current assets held for sale	1,712	-	-	1,712
Effect of changes in exchange rate	872	4,887	230	5,989
Balance as of December 31, 2022	**$ 5,282**	**132,773**	**6,056**	**144,111**
Book value:				
December 31, 2023	**$ 42,710**	**232,609**	**1,339**	**276,658**
December 31, 2022	**$ 44,407**	**307,771**	**3,439**	**355,617**

(XI) Investment property

Investment properties of the Group are detailed as follows:

	Land	Buildings	Total
Costs:			
Balance as of January 1, 2023	$ -	-	-
Transfer from property, plant and equipment	91,754	42,711	134,465
Balance as of December 31, 2023	**$ 91,754**	**42,711**	**134,465**
Accumulated depreciation and impairment loss:			
Balance as of January 1, 2023	$ -	-	-
Transfer from property, plant and equipment	-	17,233	17,233
Depreciation for the current period	-	1,497	1,497
Balance as of December 31, 2023	**$ -**	**18,730**	**18,730**
Carrying amount:			
December 31, 2023	**$ 91,754**	**23,981**	**115,735**
Fair value:			
December 31, 2023			**$ 169,348**

Investment property is a commercial office building that is subleased to others. The fair value of investment property is evaluated based on the market evidence of similar property transaction prices in the same region by the management, and the input value used in the fair value evaluation technology belongs to level 3.

(XII) Intangible assets

	Goodwill	Trademark	Client relationship	Computer software	Total
Costs:					
Balance as of January 1, 2023	$ 446,272	582,091	211,435	141,019	1,380,817
Separate acquisition	-	-	-	8,901	8,901
Derecognition of subsidiary (Note VI (VIII))	(152,979)	(569,268)	-	(31,428)	(753,675)
Disposal	-	-	-	(1,340)	(1,340)
Reclassification for the period	-	-	-	600	600
Effects of changes in exchange rate	-	-	-	1,496	1,496
Balance as of December 31, 2023	$ 293,293	12,823	211,435	119,248	636,799
Balance as of January 1, 2022	$ 349,846	562,692	129,493	90,061	1,132,092
Corporate mergers and acquisitions (Note VI (VIII))	86,633	12,822	104,736	2,535	206,726
Business combinations adjusted during the measurement period	9,793	6,577	(22,794)	-	(6,424)
Separate acquisition	-	-	-	48,155	48,155
Disposal	-	-	-	(725)	(725)
Effects of changes in exchange rate	-	-	-	993	993
Balance as of December 31, 2022	$ 446,272	582,091	211,435	141,019	1,380,817
Accumulated amortization:					
Balance as of January 1, 2023	$ -	95,840	77,892	86,058	259,790
Amortization	-	43,978	16,936	21,610	82,524
Derecognition of subsidiary (Note VI (VIII))	-	(137,573)	-	(12,715)	(150,288)
Disposal	-	-	-	(1,340)	(1,340)
Effects of changes in exchange rate	-	-	-	611	611
Balance as of December 31, 2023	$ -	2,245	94,828	94,224	191,297
Balance as of January 1, 2022	$ -	37,513	51,820	68,306	157,639
Corporate mergers and acquisitions (Note VI (VIII))	-	-	-	1,478	1,478
Amortization	-	58,327	26,072	16,949	101,348
Disposal	-	-	-	(725)	(725)
Effects of changes in exchange rate	-	-	-	50	50
Balance as of December 31, 2022	$ -	95,840	77,892	86,058	259,790
Book value:					
Balance as of December 31, 2023	$ 293,293	10,578	116,607	25,024	445,502
Balance as of December 31, 2022	$ 446,272	486,251	133,543	54,961	1,121,027

1. The amortization expenses for intangible assets for the years ended December 31, 2023 and 2022 are reported in the following line items in the consolidated statements of comprehensive income:

	2023	2022
Operating costs	$ 4,011	2,348
Operating expenses	78,513	99,000
	$ 82,524	101,348

2. Impairment test of goodwill

As of December 31, 2023 and 2022, the goodwill generated by the merger and acquisition of the Group was allocated to the following cash generating units (or groups of cash generating units) expected to benefit from the comprehensive effects of the merger:

	2023.12.31	2022.12.31
DFI AMERICA, LLC	$ 177,874	177,874
Brainstorm Corporation	-	152,979
Standard Technology Corporation	76,149	76,149
Other cash generating units with non-significant goodwill amortized	39,270	39,270
	$ 293,293	446,272

The above cash generating units are the smallest units under the management's supervision of investment returns on goodwill assets. According to the results of goodwill impairment test conducted by the Group, the recoverable amounts as of December 31, 2023 and 2022 were both higher than their carrying value, so there is no need to recognize impairment losses. The recoverable amounts of the cash generating units are determined based on value in use, with key assumptions as follows:

	2023.12.31	2022.12.31
DFI AMERICA, LLC：		
Operating revenue growth rate	(0.8%)~5%	(3)%~4.47%
Discount rate	11.85%	11.61%
Brainstorm Corporation：		
Operating revenue growth rate	-	(6.39)%~23.2%
Discount rate	-	13.35%
Standard Technology Corporation:		
Operating revenue growth rate	14.68%~27.9%	5.78%~15%
Discount rate	10.67%	12.92%

(1) The estimated future cash flow used is a five-year financial budget estimated by the management based on future operating plans. Cash flows over five years are

extrapolated using an annual growth rate of 0-2%.

(2) The discount rate for determining the value in use is based on the weighted average cost of capital as the estimation basis.

(XIII) Short-term borrowings

	2023.12.31	2022.12.31
Unsecured bank loans	$ 998,741	1,774,218
Secured bank loans	80,904	111,802
	$ 1,079,645	1,886,020
Unused lines of credit	$ 5,834,216	5,584,243
Range of interest rate	0.95%~3.90%	1.50%~7.00%

Please refer to Note VIII for details of the situation where the Group pledged assets as collaterals for bank loan line.

(XIV) Long-term borrowings

	2023.12.31	2022.12.31
Unsecured bank loans	$ 600,000	1,300,653
Secured bank loans	200,000	250,000
Less: portion due within one year	-	(653)
	$ 800,000	1,550,000
Unused lines of credit	$ 1,800,000	100,000
Year of maturity	2025~2026	2023~2024
Range of interest rate	1.79%~2.05%	1.72%~5.83%

Please refer to Note VIII for details of the situation where the Group pledged assets as collaterals for bank loan line.

(XV) Lease liabilities

The carrying amount of the lease liabilities of the Group is as follows:

	2023.12.31	2022.12.31
Current	$ 69,614	86,451
Non-current	$ 178,493	241,693

Please refer to Note (XXIV) Liquidity Risk for the maturity analysis of lease liabilities.

The amounts recognized in profit or loss are as follows:

	2023	2022
Interest expense on lease liabilities	$ 6,724	6,437
Interest expense on lease liabilities for discontinued operations	$ 289	496
Short-term leases expenses and lease expenses of low-value assets	$ 25,005	33,224
Short-term leases expenses and lease expenses of low-value assets for discontinued operations	$ 5,284	6,658
COVID-19-related rent concessions (recognized as a decrease in lease expense)	$ (3,450)	(4,574)

The amounts recognized in the cash flow statement are as follows:

	2023	2022
Total cash outflow for leases	$ 122,907	122,734

Important lease terms:

1. Lease of land, buildings and structures

   The Group has leased land, buildings and structures as the office premise, warehouse and plant. The lease period of the land use right is 50 years, and the lease periods of the office premise, warehouse and plant are usually 2 to 10 years. Some leases include the options to extend the original lease contract by the same period when the lease period expires.

2. Other leases

   The Group has leased the transport equipment with a lease period of 1 to 3 years. In addition, certain of the Group's leases for offices and office equipment and other assets are short-term leases or leases of low-value assets, and the Group has selected to apply the provision of exemption from recognition and not recognized them as relevant right-of-use assets and lease liabilities.

(XVI) Provisions - product warranty

	2023	2022
Balance as of January 1	$ 51,236	46,247
Provisions increase for the period	10,176	15,296
Provisions reverse for the period	(19,648)	(10,307)
Balance as of December 31	$ 41,764	51,236

The warranty provisions for products of the Group is mainly related to the industrial computer board cards and systems, and the warranty provision is estimated based on the historical warranty data of similar products.

(XVII) Employee benefits

1. Defined benefit plans

   The adjustments of the present value of defined benefit obligations of the Company and its domestic subsidiaries and the fair value of plan assets are as follows:

	2023.12.31	2022.12.31
Present value of defined benefit obligation	$ 87,225	104,756
Fair value of plan assets	(70,039)	(75,452)
	$ 17,186	29,304
Net defined benefit assets (recorded as other non-current assets)	$ (1,943)	(1,870)
Net defined benefit liabilities	$ 19,129	31,174

The defined benefit plans of the Company and its domestic subsidiaries are allocated to the special account for labor pension reserves of the Bank of Taiwan. The pension payment for each employee subject to the Labor Standards Act is calculated based on the base obtained through service years and the average salary for the six months prior to retirement.

(1) Composition of plan assets

The pension funds allocated by the Company and its domestic subsidiaries in accordance with the Labor Standards Act are administrated by the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as "BLF"). In accordance with the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund," the minimum income for the annual final distribution of the funds shall not be lower than the income calculated based on the two-year fixed deposit rate of the local bank.

As of December 31, 2023 and 2022, the balances in the special accounts for labor pension reserves of the Company and its domestic subsidiaries in the Bank of Taiwan were NT$70,039 thousand and NT$75,452 thousand, respectively. Information on the use of labor pension fund assets, including fund returns and fund asset allocation, can be found on the website of the BLF.

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

	2023	2022
Defined benefit obligations as of January 1	$ 104,756	97,925
Effects of business mergers and acquisitions	-	29,692
Current service cost and interest	1,724	939
Remeasurement of net defined benefit liabilities (assets)		
— Effects of changes in demographic assumptions	76	127
— Actuarial gain or loss arising from experience adjustments	(10,817)	6,994
— Actuarial gain or loss arising from changes in financial assumptions	1,925	904
Plans and benefits paid by the Company	(10,439)	(5,011)
Gain or loss on settlement	-	(26,814)
Defined benefit obligations as of December 31	$ 87,225	104,756

(3) Changes in fair value of plan assets

	2023	2022
Fair value of plan assets as of January 1	$ 75,452	61,943
Effects of business mergers and acquisitions	-	24,021
Interest income	1,160	500
Remeasurement of net defined benefit liabilities (assets)		

	2023	2022
— Compensation of plan assets (excluding current interest)	334	5,211
Amount contributed to the plan	3,532	9,911
Benefits paid under the plan	(10,439)	(2,002)
Gain or loss on settlement	-	(24,132)
Fair value of plan assets as of December 31	$ 70,039	75,452

(4) Change in asset ceiling effects

The Group did not have defined benefit plan asset ceiling effects in the years 2023 and 2022.

(5) Expenses recognized as profit or loss

	2023	2022
Service costs for the current period	$ 156	327
Net interest on net defined benefit liabilities (assets)	408	112
Gain on settlement	-	(2,682)
	$ 564	(2,243)
Operating costs	$ 376	439
Operating expenses	188	-
Other gains	-	(2,682)
	$ 564	(2,243)

(6) Actuarial assumptions

The significant actuarial assumptions used by the Group at the reporting date to determine the present value of the defined benefit obligations are as follows:

	2023.12.31	2022.12.31
Discount rate	1.25%	1.5%
Future salary increases	2.00%~3.250%	2.00%~3.250%

The Group expects to make a contribution of NT$3,509 thousand to the defined benefit plan within one year after the reporting date of the fiscal year 2023. The weighted average duration of the defined benefit plan is 8.6 to 9.1 years.

(7) Sensitivity analysis

The effect of changes in the main actuarial assumptions used on the present value of defined benefit obligations is as follows:

	Effect on defined benefit obligations	
	Increase by 0.25%	Decrease by 0.25%
December 31, 2023		
Discount rate	$ (1,926)	1,994
Future salary increases	1,924	(1,869)
December 31, 2022		

	Effect on defined benefit obligations	
	Increase by 0.25%	Decrease by 0.25%
Discount rate	(2,414)	2,500
Future salary increases	2,418	(2,347)

The sensitivity analysis described above is based on analyzing the impact of changes in a single assumption while other assumptions remain unchanged. In practice, many changes in assumptions may be linked. The sensitivity analysis is consistent with the method used to calculate the net defined benefit liabilities on the balance sheet date. The methods and assumptions used in preparing the sensitivity analysis in this period are the same as those used in the previous period.

2. Defined contribution plans

The defined contribution plan of the Company and its domestic subsidiaries is made in accordance with the Labor Pension Act at a contribution rate of 6% of the monthly salary of the laborers to the individual pension account of the Bureau of Labor Insurance (BLI). There is no statutory or presumptive obligation to pay additional amount after the Company and its domestic subsidiaries have contributed a fixed amount under these plans. Foreign subsidiaries contribute their pensions in accordance with local laws and regulations.

The pension expenses under the defined contribution pension measures of the Group in 2023 and 2022 were NT$66,622 thousand and NT$63,001 thousand, respectively.

(XVIII) Income taxes

1. Income tax expenses

The income tax expenses of the Group are detailed as follows:

	2023	2022
Current income tax expense	$ 153,144	265,366
Prior period adjustment of current income tax	(15,654)	(5,458)
Surtax on unappropriated earnings	10,697	2,333
Current income tax expense	148,187	262,241
Deferred income tax benefits	(8,680)	(99,774)
	139,507	162,467
Less: Income tax benefits for discontinued operations	839	25,759
Income tax expense for continuing operations	**$ 140,346**	**188,226**

The details of income tax expenses (benefits) recognized by the Group under other comprehensive income in 2023 and 2022 are as follows:

	2023	2022
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plans	$ 1,830	(563)

The reconciliation of income tax expenses and income before tax of the Group was as follows:

	2023	2022
Net profit before tax from continued operating units	$ 507,284	863,785
Income tax at the Company's domestic tax rate	$ 101,457	172,757
Effects of tax rate differences in foreign jurisdictions	11,418	11,460
Exemption from business income tax on land exchanges	-	(4,188)
Prior period adjustment of income tax	(15,654)	(5,458)
Non-deductible expenses	3,379	8,291
Value-added tax on land	-	169
Changes in unrecognized temporary differences and loss deductions	22,890	11,788
Surtax on unappropriated earnings	10,697	2,333
Tax exemption for domestic investment income	(9,898)	(28,512)
Others	16,057	19,586
	$ 140,346	188,226

2. Deferred income tax assets and liabilities

(1) Unrecognized deferred income tax assets

	2023.12.31	2022.12.31
loss carryforward	$ 95,283	82,858

The Group has assessed that it is not likely to have sufficient taxable income available in the future to utilize the loss carryforwards, so it has not recognized relevant deferred income tax assets. As of December 31, 2023, the Group's loss carryforwards not recognized as deferred income tax assets and their tax deduction periods are as follows:

Losses not yet deducted	The last year for which a deduction was allowed
$ 126,076	For the year ended December 31, 2024
61,014	For the year ended December 31, 2025
56,845	For the year ended December 31, 2026
59,004	For the year ended December 31, 2027
77,673	For the year ended December 31, 2028
14,200	For the year ended December 31, 2029
1,604	For the year ended December 31, 2030
$ 396,416	

(2) Unrecognized deferred income tax liabilities

	2023.12.31	2022.12.31
Profit from investment in subsidiaries	$ 14,122	10,191

Deferred income tax liabilities have not been recognized for taxable temporary differences associated with investments in subsidiaries because the Group can control the timing of the reversal of the temporary differences and is confident that the temporary differences will not reverse in the foreseeable future.

(3) Deferred income tax assets and liabilities recognized

The changes in deferred tax assets and liabilities are as follows:

Deferred income tax assets:

	Allowance for inventory loss	Provision for liabilities	Defined benefit plans	Loss on investments in subsidiaries	Others	Total
January 1, 2023	$ 27,827	10,247	5,462	34,361	78,346	156,243
Recognized in profit or loss	12,453	(1,894)	216	(9,469)	(18,680)	(17,374)
Recognized in other comprehensive income	-	-	(1,830)	-	-	(1,830)
Derecognition of subsidiary	-	-	-	-	(26,697)	(26,697)
Effect of changes in exchange rate	-	-	-	-	339	339
December 31, 2023	**$ 40,280**	**8,353**	**3,848**	**24,892**	**33,308**	**110,681**
January 1, 2022	$ 20,857	9,249	7,460	12,693	56,531	106,790
Recognized in profit or loss	6,333	998	(3,694)	21,668	20,506	45,811
Recognized in other comprehensive income	-	-	563	-	-	563
Resulting from business mergers	637	-	1,133	-	465	2,235
Effect of changes in exchange rate	-	-	-	-	844	844
December 31, 2022	**$ 27,827**	**10,247**	**5,462**	**34,361**	**78,346**	**156,243**

Deferred income tax liabilities:

	Profit from investment in subsidiaries	Others	Total
January 1, 2023	$ 172,479	163,730	336,209
Recognized in profit or loss	(4,545)	(21,509)	(26,054)
Derecognition of subsidiary	-	(98,265)	(98,265)
Effect of changes in exchange rate	-	(287)	(287)
December 31, 2023	$ 167,934	43,669	211,603
January 1, 2022	$ 190,545	153,058	343,603
Recognized in profit or loss	(44,354)	(9,609)	(53,963)
Resulting from business mergers	26,288	20,268	46,556
Effect of changes in exchange rate	-	13	13
December 31, 2022	$ 172,479	163,730	336,209

3. Circumstances of income tax approval

   The Company’s profit-seeking enterprise income tax has been approved by the tax authority to the year of 2021.

(XIX) Capital and other equities

1. Share capital - Ordinary shares

   As on December 31, 2023 and 2022, the total authorized capital of the Company was NT$1,772,000 thousand, which was divided into 177,200 thousand shares at NT$10 per share. The number of issued shares were both 114,489 thousand shares. The reserved capital for issuance of stock options to employees in the authorized share capital is 20,000 thousand shares.

2. Capital surplus

   The Company's capital surplus balance is analyzed as follows:

	2023.12.31	2022.12.31
Share premium	$ 599,203	578,204
Recognized changes in percentage of ownership interests in subsidiaries	6,006	5,967
Gain on asset disposal	808	808
Others	23,750	23,607
	$ 629,767	608,586

Pursuant to the provisions of the Company Act, the capital surplus shall be first used to recover the loss before it is distributed as the realized capital surplus to the shareholders based on their respective shareholding ratios in the form of new shares or cash. If the aforementioned is done in cash, is authorized to be resolved by the Board of Directors and reported to the Shareholders’ Meeting. The realized capital surplus as termed in the preceding sentence includes the proceeds from the shares issued at a premium over the face value and the income from the acceptance of donations. Pursuant to the provision of Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the capital surplus shall be accrued out of the capital, and the total amount accrued every year shall be no higher than ten percent of the paid-in capital.

3. Retained earnings and dividend policy

Under the provision of the Articles of Association of the Company, if there are any earnings in the final settlement, it shall first accrue the tax, make up the accumulated loss, and then set aside 10% as the legal surplus reserve, except when the legal surplus reserve has reached the paid-in capital of the Company. If there are any earnings after the special surplus reserve is set aside or reversed in accordance with the law, the Board of Directors shall formulate the earnings distribution proposal together with the accumulated unappropriated earnings and submit them to the Shareholders' Meeting for dividend distribution. The Board of Directors is authorized to make a resolution to distribute and report to the Shareholders’ Meeting if the earnings distribution shall be in the form of cash dividends.

According to the Articles of Association of the Company, due to the fierce competition in the industry, the volatile environment, and the stable growth stage of the Company's life cycle, to effectively master the Company's future investment opportunities, working capital needs, and long-term financial planning, and to meet shareholders' cash inflow needs, the Board of Directors formulates the earnings distribution proposal should take into account the general distribution level of the relevant industry and adopt a balanced dividend policy, and distribute according to the principle of prudence. If the Company's annual final settlement has earnings of 2% of the capital, the dividend distribution should not be less than 10% of the distributable earnings for the year, and the proportion of cash dividends paid each year should not be less than 10% of the total of cash and stock dividends paid for the year.

(1) Legal reserve

Pursuant to the provision of the Company Act, when the Company makes no loss, it may, by resolution of the Shareholders' Meeting, distribute the legal surplus reserve in the form of new shares or in cash to the extent that such legal reserve exceeds 25% of the total paid-in capital. If the aforementioned is done in cash, is authorized to be resolved by the Board of Directors and reported to the Shareholders' Meeting.

(2) Special reserve

Under the regulations issued by the Financial Supervisory Commission, when distributing the distributable earnings, for the net deductibles of other shareholders' equity incurred in the current year, the Company shall accrue the special surplus reserve in the same amount out of the amount of current after-tax net income added to the current unappropriated earnings, including items other than current after-tax net income and the unappropriated earnings in the previous period, and for the deductibles of other shareholders' equity accumulated in the previous period, the Company shall not distribute the special surplus reserve in the same amount accrued out of the unappropriated earnings in the previous period. If deductibles of other shareholders' equity are reversed in future, the reversed portion may be distributed as earnings.

4. Distribution of earnings

On March 2, 2023, and March 3, 2022, the Board of Directors of the Company resolved the amount of cash dividends and cash distributions from capital reserves in the earnings distribution proposal for the years ended December 31, 2022, and 2021, respectively. And on May 31, 2023, and June 17, 2022, the annual shareholders' meeting resolved the other earnings distribution proposal for the years ended December 31, 2022 and 2021, respectively. The relevant distribution amounts were as follows:

	2022		**2021**	
	Dividend per share (NT$)	**Amount**	**Dividend per share (NT$)**	**Amount**
Legal reserve		$ 52,689		61,568
Special reserve (reversal)		$ (76,782)		40,215
Dividends distributed to owners of common stock:				
Cash dividends	**4.0**	457,955	**3.2**	366,364
Cash distribution from capital surplus	-	-	**0.4**	45,796

In addition, on May 31, 2023, the annual shareholders' meeting resolved to amend the amount of the legal reserve in the earnings distribution proposal for the year ended in 2021, reversing the legal reserve of NT$15,964 thousand.

On March 4, 2024, the Board of Directors resolved the cash dividend amount in the earnings distribution proposal for the year ended in 2023.

	2023	
	Dividend per share (NT$)	Amount
Cash dividends	$ 3.0	343,467

The information regarding the earnings distribution can be found on the MOPS (Market Observation Post System).

5. Other equities (net amount after tax)

	Exchange differences on translating the financial statements of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Total
Balance as of January 1, 2023	$ (69,315)	31,274	(38,041)
Exchange difference from conversion of net assets of foreign operating organizations	8,353	-	8,353
Disposal of subsidiaries through organizational restructuring	(36,637)	-	(36,637)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	10,534	10,534
Balance as of December 31, 2023	$ (97,599)	41,808	(55,791)
Balance as of January 1, 2022	$ (134,871)	20,047	(114,824)
Exchange difference from conversion of net assets of foreign operating organizations	65,556	-	65,556
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	11,227	11,227
Balance as of December 31, 2022	$ (69,315)	31,274	(38,041)

6. Non-controlling interests (net amount after tax)

	2023	2022
Beginning balance	$ 2,577,359	2,450,694
Shares attributable to non-controlling interests:		
Net profit (loss) for the period	(11,241)	65,376
Exchange differences on translating the financial statements of foreign operations	18,191	61,530
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	5,116	(242)
Remeasurement of defined benefit plans	(155)	(1,495)
Income taxes related to other comprehensive income	31	299
Non-controlling interests adjustments	-	(2,060)
Cash dividends distributed by subsidiaries to non-controlling interests	(52,145)	(69,711)

	2023	2022
Increase in non-controlling interests in subsidiaries acquired	-	79,375
Changes in ownership interests in subsidiaries	52	235
Acquisition of additional equity in subsidiaries	-	(5,157)
Organizational restructuring to acquire or dispose of subsidiaries	(716,362)	(1,485)
Ending balance	$ 1,820,846	2,577,359

(XX) Earnings per share

1. Basic earnings per share

	2023			2022		
	Continued operating unit	Discontinued operations	Total	Continued operating unit	Discontinued operations	Total
Net profit attributable to ordinary shareholders of the Company	$ 367,472	(5,787)	361,685	555,796	(27,566)	528,230
Weighted average number of outstanding ordinary shares (in thousands of shares)	114,489	114,489		114,489	114,489	
Basic earnings (loss) per share (NT$)	$ 3.21	(0.05)	3.16	4.85	(0.24)	4.61

2. Diluted earnings (loss) per share (NT$)

	2023			2022		
	Continued operating unit	Discontinued operations	Total	Continued operating unit	Discontinued operations	Total
Net profit attributable to ordinary shareholders of the Company	$ 367,472	(5,787)	361,685	555,796	(27,566)	528,230
Weighted average number of outstanding ordinary shares (in thousands of shares)	114,489	114,489		114,489	114,489	
Effects of potential ordinary shares with dilution effect (in thousands of shares):						
Effects of employee stock compensation	646	646		960	960	
Weighted average number of outstanding ordinary shares (after adjusting for the dilutive effect of potential ordinary shares) (in thousands of shares)	115,135	115,135		115,449	115,449	
Diluted earnings (loss) per share (NT$)	$ 3.19	(0.05)	3.14	4.82	(0.24)	4.58

(XXI) Revenue from customer contracts

1. Breakdown of revenue

		2023	2022
Main products and services:			
Industrial computer board cards and systems	$	5,708,560	6,635,957
Industrial automation control		2,061,288	2,837,995
Others		1,414,324	1,517,935
	$	9,184,172	10,991,887

2. Balance of contracts

		2023.12.31	2022.12.31	2022.1.1
Notes and accounts receivable (including related parties)	$	1,965,743	2,951,913	2,818,629
Less: loss allowance		(26,447)	(67,816)	(32,235)
	$	1,939,296	2,884,097	2,786,394
Contract assets	$	812	-	-
Contract liabilities	$	115,375	205,241	194,558

For the disclosure of notes receivable, accounts receivable (including related parties) and their impairments, please see Note VI (V) for details.

The contract assets and liabilities mainly come from the difference between the time point of satisfying the performance obligation when the Group transfers goods to a customer and the time point of the customer's payment. The beginning balances of contract liabilities as of January 1, 2023 and 2022 were recognized as income of NT$135,646 thousand and NT$160,715 thousand, respectively, for the years ended December 31, 2023 and 2022.

(XXII) Compensation of employees and directors

In accordance with the Articles of Association, the Company shall set aside at least 5-20% of the earnings, if any, in the year as compensation to the employees and no greater than 1% as compensation to directors. But if the Company still has an accumulated loss, a certain amount should be reserved in advance for offsetting. The beneficiaries of the aforesaid employees' compensation, if distributed in stock or in cash, shall include the employees of the controlled companies or affiliates of the Company who meet certain conditions.

For the years ended December 31, 2023 and 2022, the estimated employee compensations of the Company were NT$35,191 thousand and NT$47,852 thousand, respectively, and the estimated director compensations were NT$3,744 thousand and NT$5,091 thousand, respectively, which were estimated based on the Company's pre-tax net income before deducting the compensations for employees and directors multiplied by the Company's proposed distribution rate of compensations for employees and directors for each period, and were reported as operating costs or operating expenses for each such period. If the actually distributed amount of next year is different from the estimate, the difference will be treated as an accounting estimate change and listed in the profit and loss of next year. The amounts of compensations for employees and directors of the Company as of March 4, 2024 and March 2, 2023, as resolved by the Board of Directors, are not different from the amounts estimated in the Company's consolidated financial statements for the fiscal years 2023 and 2022, and were paid entirely in cash. The relevant information can be found at the MOPS.

(XXIII) Non-operating income and expenses

1. Interest income

	2023	2022
Interest on bank deposit	$ 12,341	4,881
Interest income from financial assets measured at amortized cost	342	90
Interest on finance leases	80	279
Interest on deposits	21	2
Interest on financial assets at fair value through profit or loss	574	534
	$ 13,358	**5,786**

2. Other income

	2023	2022
Rental income	$ 8,127	6,481
Dividend income	6,845	3,941
Others	44,034	33,298
Subtotal	59,006	43,720
Less: Other income from discontinued operations	-	(11,665)
Other income from continuing operations	**$ 59,006**	**32,055**

3. Other gain and loss

	2023	2022
Gain on disposal of property, plant and equipment	$ 5,646	156
Loss on liquidation of subsidiary	(4,943)	(391)
Gain on disposal of non-current assets held for sale (Note VI (VII))	-	14,624
Net gain (loss) on foreign exchange	(6,259)	85,446
Loss on financial instruments at fair value through profit or loss	(47,356)	(55,354)
Other expenditures (gains)	(1,141)	(4,365)
Subtotal	(54,053)	40,116

	2023	2022
Less: Other expenses of discontinued operations	3,327	12
Other gains (losses) from continuing operations	$ (50,726)	40,128

4. Finance costs

	2023	2022
Bank interest expenses	$ 54,023	54,415
Financial expenses on lease liabilities	7,013	6,933
Subtotal	61,036	61,348
Less: Finance costs of discontinued operations	(1,896)	(7,458)
Finance costs of continuing operations	$ 59,140	53,890

(XXIV) Financial instruments

1. Types of financial instruments

(1) Financial assets

	2023.12.31	2022.12.31
Financial assets at fair value through profit or loss - current	$ 45,465	27,458
Financial assets at fair value through other comprehensive income - non-current	86,714	71,064
Financial assets measured at amortized cost:		
Cash and cash equivalents	1,490,285	1,690,474
Financial assets at amortized cost - current	2,709	9,557
Notes receivable, accounts receivable, and other receivables (including related parties)	1,951,367	2,941,042
Financial assets measured at amortized cost - non-current	3,211	3,212
Refundable deposits (reported in other non-current assets)	30,848	32,641
Subtotal	3,478,420	4,676,926
Total	$ 3,610,599	4,775,448

(2) Financial liabilities

	2023.12.31	2022.12.31
Financial liabilities at fair value through profit or loss - current	$ 3,365	5,020
Financial liabilities measured at amortized cost:		
Short-term borrowings	1,079,645	1,886,020
Notes payable, accounts payable and other payables (including related parties)	1,407,225	2,690,266
Long-term borrowings (including the part due within one year)	800,000	1,550,653
Lease liabilities (including current and non-current)	248,107	328,144
Subtotal	3,534,977	6,455,083
Total	**$ 3,538,342**	**6,460,103**

2. Fair value

(1) Financial instruments not measured at fair value

The management of the Group believes that the carrying amounts of the financial assets and liabilities of the Group classified as amortized cost in the consolidated financial statements are close to their fair value.

(2) Financial instruments measured at fair value

The Group’s financial assets/liabilities measured at fair value through profit and loss and the financial assets measured at fair value through other comprehensive income are measured at fair value on the basis of repeatability. The following table provides relevant analysis of the financial instruments measured at fair value after initial recognition and classifies these assets into levels 1 to 3 based on the observable extent of fair value. Different fair value levels are defined as follows:

A. Level 1: Open quotation of the same asset or liability in the active market (without adjustment).

B. Level 2: The input parameter of the asset or liability is directly observable (namely price) or indirectly observable (namely, inferred from price), except for the open quotations included in level 1.

C. Level 3: The input parameters of assets or liabilities are not based on observable market data (non-observable parameters).

	2023.12.31			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
Derivative financial instruments - Forward foreign exchange contracts	$ -	706	-	706
Derivative financial instruments - foreign exchange swaps contracts	-	20,274	-	20,274
Fund beneficial interest certificates	24,485	-	-	24,485
	$ 24,485	20,980	-	45,465
Financial assets at fair value through other comprehensive income:				
Domestic Over-the-Counter stocks	$ 77,314	-	-	77,314
Foreign unlisted stocks	-	-	9,400	9,400
	$ 77,314	-	9,400	86,714
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments - Forward foreign exchange contracts	$ -	3,365	-	3,365

	2022.12.31			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
Derivative financial instruments - Forward foreign exchange contracts	$ -	1,353	-	1,353
Derivative financial instruments - Foreign exchange swaps contracts	-	34	-	34
Fund beneficial interest certificates	26,071	-	-	26,071
	$ 26,071	1,387	-	27,458
Financial assets at fair value through other comprehensive income:				

	2022.12.31			
	Fair value			
	Level 1	Level 2	Level 3	Total
Domestic Over-the-Counter stocks	$ 68,840	-	-	68,840
Foreign unlisted stocks	-	-	2,224	2,224
	$ 68,840	-	2,224	71,064
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments - Forward foreign exchange contracts	$ -	1,106	-	1,106
Derivative financial instruments - Foreign exchange swaps contracts	-	3,914	-	3,914
	$ -	5,020	-	5,020

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

A. Non-derivative financial instruments

If there is an open quotation for the financial instrument in the active market, the open quotation in the active market shall be the fair value.

Except for financial instruments with active markets, fair values of the other financial instruments are obtained with valuation techniques or counterparty quotations. Evaluation technique-based fair value may be calculated by referring to the current fair value of other financial instruments with similar substantial conditions and characteristics, or discounted cash flow or other evaluation techniques, including market information application mode available on the reporting date.

The fair values of the financial instruments held by the Group are presented in terms of type and attribute as follows:

TWSE/TPEx listed stocks and fund beneficiary certificates have standard terms and conditions and are traded in active markets, and their fair values are determined in accordance with market quotations.

The Group employs the asset approach to estimate fair values of unlisted stocks without active market and infers their fair values based on the estimation of factors such as the net worth, operational status, and total market value of individual assets and liabilities covered by the evaluated company.

B. Derivative financial instruments

They are valuated with the valuation model generally accepted by market participants. Forward foreign exchange contracts and foreign exchange swap contracts are usually valuated in line with the current forward exchange rate.

(4) Transfer between fair value levels

There were no transfers of fair value levels of any financial asset and financial liability for the years ended in 2023 and 2022.

(5) Detailed statement on changes in level 3

Financial assets at fair value through other comprehensive income:

		2023	2022
Beginning balance	$	2,224	1,288
Impact from initial consolidation of subsidiary		-	1,434
Changes recognized in other comprehensive incomes in current period		7,176	(498)
Ending balance	**$**	**9,400**	**2,224**

(XXV) Financial risk management

The Group is exposed to credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and equity instrument price risk) as a result of its business activities. This note presents the Group's policies and procedures for measuring and managing each of these risks and the quantitative disclosure of the risks.

The Group's Board of Directors is responsible for developing and controlling the Group's risk management policy. The risk management policy is established to identify and analyze the risks faced by the Group, set appropriate risk limits and controls, and monitor compliance with the risks and risk limits. Risk management policies and systems are periodically reviewed to reflect changes in market conditions and the operations of the Group.

The financial management department of the Group monitors and manages the financial risks related to the operations of the Group through internal risk reports.

1. Credit risk

Credit risk refers to the risk of financial losses incurred by the Group due to the failure of counterparties to perform contractual obligations with respect to financial assets, mainly arising from cash and equivalents, derivative instrument transactions, accounts receivable from customers, and other receivables. The carrying value of financial assets of the Group represents the maximum credit exposure amount.

The transaction counterparties of cash and cash equivalents of the Group and the beneficiary certificates of the fund held by the Group are all financial institutions with good credit and therefore should not generate significant credit risk.

The policies adopted by the Group are to only conduct transactions with reputed counterparties, and to obtain sufficient collateral under necessary circumstances to reduce the risk of financial losses due to delinquency. The Group conducts transactions with enterprises whose ratings is equivalent to or higher than investment level. The information is provided by independent rating agencies. If such information is not available, the Group will use other publicly available financial information and transaction records of each other to rate major clients. The Group continuously monitors credit exposure and the credit ratings of its counterparties, and distributes the total transaction amount to qualified customers with credit ratings. It controls credit exposure through counterparty credit limit limits reviewed and approved by the risk management unit annually, and also reduces possible losses through insurance.

To mitigate the credit risk, the management of the Group appoints a team solely responsible for determination of credit lines, credit approvals and other monitoring procedures to ensure that appropriate action has been taken for the collection of overdue receivables. In addition, the Group will review the recoverable amount of the receivables one by one on the balance sheet date to ensure that the unrecoverable receivables have been recognized with appropriate impairment loss. Accordingly, the management of the Group believes that the Group's credit risk is significantly reduced.

The Group had no centralized accounts receivable balances as of December 31, 2023 and 2022.

2. Liquidity risk

Liquidity risk refers to the risk that the Group cannot deliver cash or other financial assets to settle financial liabilities and fails to fulfill relevant obligations. The Group manages and maintains sufficient cash positions to support operations and mitigate the impact of cash flow fluctuations. The management of the Group monitors the use of bank facility and ensures compliance with the terms of the loan contract.

The following table shows the contractual maturity date of financial liabilities, including the impact of estimated interest, and prepared at the undiscounted cash flow.

	Contractual cash flows	Within 1 year	1-2 years	2-5 years	5 years and above
December 31, 2023					
Non-derivative financial liabilities:					
Short-term borrowings (floating rates)	$ 1,082,748	1,082,748	-	-	-
Long-term borrowings (floating rates)	836,271	15,016	44,855	776,400	-
Notes payable, accounts payable and other payables (including related parties, with no interest)	1,407,225	1,407,225	-	-	-
Lease liabilities	259,553	74,745	92,617	61,275	30,916
Subtotal	3,585,797	2,579,734	137,472	837,675	30,916
Derivative financial instruments:					
Forward foreign exchange contracts - gross delivery					
Outflow	711,685	711,685	-	-	-
Inflow	(709,026)	(709,026)	-	-	-
Foreign exchange swap contracts - gross delivery					
Outflow	1,211,632	1,211,632	-	-	-
Inflow	(1,231,906)	(1,231,906)	-	-	-
Subtotal	(17,615)	(17,615)	-	-	-
Total	$ 3,568,182	2,562,119	137,472	837,675	30,916
December 31, 2022					
Non-derivative financial liabilities:					
Short-term borrowings (floating rates)	$ 1,895,352	1,895,352	-	-	-
Long-term borrowings (floating rates)	1,576,485	31,155	1,545,330	-	-
Notes payable, accounts payable and other payables (including related parties, with no interest)	2,690,266	2,690,266	-	-	-
Lease liabilities	345,324	92,984	77,718	128,867	45,755
Subtotal	6,507,427	4,709,757	1,623,048	128,867	45,755
Derivative financial instruments:					
Forward foreign exchange contracts - gross delivery					
Outflow	1,024,820	1,024,820	-	-	-
Inflow	(1,025,067)	(1,025,067)	-	-	-
Foreign exchange SWAP contracts - gross delivery					
Outflow	1,147,274	1,147,274	-	-	-
Inflow	(1,143,394)	(1,143,394)	-	-	-
Subtotal	3,633	3,633	-	-	-
Total	$ 6,511,060	4,713,390	1,623,048	128,867	45,755

The Group doesn’t expect the time point of the cash flow under the maturity date analysis will come much earlier or the actual amount will be substantially different.

3. Market risk

Market risk is the risk that earnings of the Group or the value of the financial instruments held will be affected by changes in market prices, such as exchange rates, interest rates and prices of equity instruments. The goal of market risk management is to control the degree of exposure to market risk within an acceptable range, and to optimize investment returns.

(1) Exchange rate risk

The Group is exposed to exchange rate fluctuation risks arising from sales and purchase transactions denominated in non-functional currencies, and the main currencies involved in these transactions are USD, RMB and JPY. The management of exchange rate risk in the Group is to use forward foreign exchange contracts and foreign exchange swap contracts to manage exchange rate risk within the scope permitted by policy.

The exchange rate risk of the Group arises primarily from the receivables and payables of the Group dominated in non-functional currencies that are outstanding at the balance sheet date. The carrying value of significant monetary assets and liabilities not denominated in functional currency (including monetary items denominated in non-functional currencies that have been written off in the consolidated financial statements) of the Group at the reporting date and their sensitivity to changes in foreign currencies are analyzed as follows (monetary unit: In thousands of NT$):

	2023.12.31				
	Foreign currency	**Exchange rate**	**NT$**	**Exchange rate fluctuation**	**Profit and loss influence (before tax)**
Financial assets					
Monetary items					
USD (Note 1)	$ 51,794	30.7500	1,592,652	1%	15,927
USD (Note 2)	3,399	7.0912	104,534	1%	1,045
RMB	42,033	4.3364	182,270	1%	1,823
JPY	10,085	0.2175	2,193	1%	22
Financial liabilities					
Monetary items					
USD (Note 1)	13,898	30.7500	427,373	1%	4,274
USD (Note 2)	17,986	7.0912	553,055	1%	5,531
JPY	33,129	0.2175	7,206	1%	72

	2022.12.31				
	Foreign currency	**Exchange rate**	**NT$**	**Exchange rate fluctuation**	**Profit and loss influence (before tax)**
Financial assets					
Monetary items					
USD (Note 1)	$ 83,777	30.7300	2,574,467	1%	25,745
USD (Note 2)	5,293	6.9750	162,660	1%	1,627
RMB	47,649	4.4057	209,927	1%	2,099
JPY	35,611	0.2330	8,297	1%	83
Financial liabilities					
Monetary items					
USD (Note 1)	37,432	30.7300	1,150,278	1%	11,503
USD (Note 2)	24,608	6.9750	756,188	1%	7,562
JPY	44,051	0.2330	10,264	1%	103

Note1: Exchange rate between USD and NTD.

Note2: Exchange rate between USD and RMB.

Due to the wide variety of functional currencies of the Group, the exchange gain or loss of monetary items are disclosed through consolidation. Please refer to Note VI (XXIII) for details of foreign currency exchange (loss) gain (including realized and unrealized) for the years 2023 and 2022.

(2) Interest rate risk

The bank borrowings of the Group are based on a floating rate basis. The measures taken by the Group to address the risk of interest rate changes mainly include regularly assessing the borrowing interest rate of banks, maintaining good relationship with financial institutions to achieve lower financing costs, and strengthening working capital management to reduce the dependence on bank borrowings and the risk of interest rate changes.

The interest rate exposure of financial liabilities of the Group is described in the liquidity risk management section of this Note. The following sensitivity analysis is based on the interest rate exposure of non-derivative instruments at the reporting date. For floating rate liabilities, the analysis assumes that the amount of liabilities outstanding at the reporting date is outstanding throughout the year. The rate of change used by the Group to report interest rates to the main management is an increase or decrease of 1% in annual interest rates, which also represents the management's assessment of the reasonable and possible range of changes in interest rates.

If the annual interest rate on bank borrowings of the Group increases/decreases by 1%, and all other variables remain unchanged, based on the estimated balance of bank borrowings of the Group as of December 31, 2023 and 2022, the net profit before tax of the Group for the years 2023 and 2022 will decrease/increase by NT$18,796 thousand and NT$34,367 thousand, respectively.

(3) Other market price risks

The Group is exposed to the risk of price changes of equity instruments arising from the equity securities investment measured at fair value. The Group manages and monitors the investment performance on a fair value basis.

The sensitivity analysis of the price risk of equity instruments is based on the changes in fair value as at the reporting date. If the price of equity instruments increases/decreases by 1%, based on the estimated balance of equity securities investments held by the Group as of December 31, 2023 and 2022, the amount of other comprehensive income for the years 2023 and 2022 will increase/decrease by NT$867 thousand and NT$711 thousand, respectively.

(XXVI) Capital management

The Group conducts capital management to ensure that each enterprise of the group would continue as a going concern by optimizing debt and equity balances in order to maximize shareholders' returns.

The Group's capital structure consists of its net debt, which is borrowings less cash and cash equivalent, and equity attributable to the owners of the Company, which is share capital, capital surplus, retained earnings and other equity items.

The Group is not subject to other external capital requirements.

The Group's key management annually reviews the group's capital structure, and the content of the review includes costs of various capital and related risks. According to the key management's suggestions, the Group will balance the overall capital structure through the payment of dividends, issuance of new shares, and buy-back of shares.

The way of capital management of the Group did not change in 2023 and 2022.

(XXVII) Non-cash transactions in investing and financing activities

1. Please refer to Note VI (X) for the right-of-use assets acquired by the Group through lease.

2. The liabilities from financing activities are reconciled in the following table:

	2023.1.1	Cash flows	Non-cash change: Effects of disposal of subsidiaries	Non-cash change: Increase or decrease in lease liabilities	Exchange rate changes	2023.12.31
Short-term borrowings	$ 1,886,020	(801,554)	(29)	-	(4,792)	1,079,645
Long-term borrowings (including the part due within one year)	1,550,653	(750,675)	-	-	22	800,000
Lease liabilities	328,144	(89,055)	(25,967)	37,156	(2,171)	248,107
Total liabilities from financing activities	$ 3,764,817	(1,641,284)	(25,996)	37,156	(6,941)	2,127,752

	2022.1.1	Cash flows	Non-cash change: Impact from initial consolidation of subsidiary	Non-cash change: Increase or decrease in lease liabilities	Exchange rate changes	2022.12.31
Short-term borrowings	$ 1,311,304	434,885	122,161	-	17,670	1,886,020
Long-term borrowings (including the part due within one year)	1,750,000	(200,133)	792	-	(6)	1,550,653
Lease liabilities	257,374	(80,493)	5,464	139,104	6,695	328,144
Total liabilities from financing activities	$ 3,318,678	154,259	128,417	139,104	24,359	3,764,817

VII. Related Party Transactions

(I) Parent company and ultimate controller

Qisda Corporation (Qisda) is the ultimate controller of the parent company and affiliated group of the Company, directly or indirectly holding 55.09% of the Company's outstanding ordinary shares. Qisda has prepared consolidated financial reports for public use.

(II) Names and relationships of related parties

The related parties who had transactions with the Group during the reporting period covered by this consolidated financial report are as follows:

Name of related party	Relationship with the Group
Qisda Corporation (Qisda)	Parent company of the Company
Other related parties:	
Partner Tech Corp.	Subsidiaries directly or indirectly held by Qisda
Partner Tech Asia Pacific	Subsidiaries directly or indirectly held by Qisda
Alpha Networks Inc.	Subsidiaries directly or indirectly held by Qisda
BenQ Materials Corp.	Subsidiaries directly or indirectly held by Qisda

Name of related party	Relationship with the Group
BenQ Asia Pacific Corp.	Subsidiaries directly or indirectly held by Qisda
BenQ AB DentCare Corporation	Subsidiaries directly or indirectly held by Qisda
BenQ Healthcare Corporation	Subsidiaries directly or indirectly held by Qisda
Metaguru Corporation	Subsidiaries directly or indirectly held by Qisda
BenQ Guru Software Co., Ltd.	Subsidiaries directly or indirectly held by Qisda
BenQ Corporation	Subsidiaries directly or indirectly held by Qisda
BenQ Co., Ltd (BQC)	Directly/indirectly controlled subsidiary of Qisda (Note 1)
BenQ Technology (Shanghai) Co., Ltd.	Subsidiaries directly or indirectly held by Qisda
BenQ Intelligent Technology (Shanghai) Co., Ltd.	Subsidiaries directly or indirectly held by Qisda
DIVA Laboratories, Ltd.	Subsidiaries directly or indirectly held by Qisda
Suzhou BenQ Hospital Co., Ltd.	Subsidiaries directly or indirectly held by Qisda
BenQ America Corp.	Subsidiaries directly or indirectly held by Qisda
Simula Technology Inc.	Subsidiaries directly or indirectly held by Qisda
Golden Spirit Co., Ltd.	Subsidiaries directly or indirectly held by Qisda
Data Image Corporation	Subsidiaries directly or indirectly held by Qisda
Action Star Technology Co., Ltd.	Subsidiaries directly or indirectly held by Qisda
Metaage Corporation	Subsidiaries directly or indirectly held by Qisda
AdvancedTEK International Corp.	Subsidiaries directly or indirectly held by Qisda
Global Intelligence Network Co., Ltd.	Subsidiaries directly or indirectly held by Qisda
Concord Medical Co., Ltd.	Subsidiaries directly or indirectly held by Qisda
Webest Solution Corporation	Subsidiaries directly or indirectly held by Qisda
Qisda Optronics (Suzhou) Co., Ltd.	Subsidiaries directly or indirectly held by Qisda
Qisda (Suzhou) Co., Ltd.	Subsidiaries directly or indirectly held by Qisda
Darly Venture, lnc.	Subsidiaries directly or indirectly held by Qisda
Darly2 Venture, lnc.	Subsidiaries directly or indirectly held

Name of related party	Relationship with the Group
	by Qisda
Darly Consulting Corporation	Subsidiaries directly or indirectly held by Qisda
AUO Corporation (AUO)	Company valuing Qisda under equity approach
AUO (Xiamen) Co., Ltd.	Subsidiaries directly or indirectly held by AUO
AUO Digitech Taiwan Inc.	Subsidiaries directly or indirectly held by AUO
AUO Display Plus Corp.	Subsidiaries directly or indirectly held by AUO
AUO Crystal Corp.	Subsidiaries directly or indirectly held by AUO
Darwin Precisions Corporation	Subsidiaries directly or indirectly held by AUO
Darwin Precisions (Xiamen) Corporation	Subsidiaries directly or indirectly held by AUO
AFPD Pte., Ltd	Subsidiaries directly or indirectly held by AUO
Visco Vision Inc.	Associates of Qisda
Darfon Electronics Corporation (Darfon)	Associates of Qisda
TD HiTech Energy Inc.	Subsidiaries directly or indirectly held by Darfon
Unictron Technologies Corporation	Subsidiaries directly or indirectly held by Darfon
BenQ Foundation	Substantial related party of Qisda
Suzhou BenQ Foundation	Substantial related party of Qisda
Everlasting Digital ESG Co., Ltd.	Associates of Metaage
Aewin Korea Technologies Co., Ltd.	Substantive related party of AEWIN
Giantech Corp.	Substantial related party of Brainstorm
Dolica Corporation	Substantial related party of Brainstorm

Note1: BenQ Corporation has disposed of 100% equity interest in BenQ Co., Ltd (BQC) on September 30, 2022, so it is no longer a related party of the Group since that date.

(III) Material transactions with related party

1. Net operating income

The material sales amount of the Group to the related parties is as follows:

	2023	2022
Parent company	$ 113,563	125,408
Other related parties	278,473	445,329
	$ 392,036	570,737

Sales of the Group to related parties involve customary products made to order based on the customer demand, so the price is determined by both parties through negotiation.

The credit term for related parties is 60 to 120 days after shipment for receipt of payment, and 30 to 120 days for non-related parties.

2. Purchases

The purchase amount of the Group from the related parties is as follows:

	2023	2022
Parent company	$ 219,251	656,098
Other related parties	13,935	16,281
	$ 233,186	672,379

The purchases from related parties by the Group are customized products tailored to the requirements of the order, and, therefore, the selling price is mutually agreed. The credit term for related parties is 60 to 90 days after shipment, and for non-related parties is 30 to 105 days after monthly settlement.

3. Leases

The Group has leased plants and offices from the parent company and other related parties respectively and signed the lease contracts based on the rent prices in the adjacent areas. The increase in right-of-use assets in 2022 totaled NT$664 thousand.

The Group has recognized interest expenses of NT$1,215 thousand and NT$1,427 thousand for the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023 and 2022, the balances of related lease liabilities were NT$100,331 thousand and NT$114,094 thousand, respectively.

4. Property transactions

Category of related party	Item	2023	2022
Other related parties	Property, plant and equipment	-	334
Parent company	Intangible assets	578	-
Other related parties	Intangible assets	$ -	3,841
		$ 578	4,175

5. Acquisition of subsidiaries

Ace Pillar, the consolidated subsidiary, acquired 100% equity in ACE Energy from Darly Venture, Inc., Darly2 Venture, Corp., Darly Consulting Corporation and AUO Corporation at a total price of NT$32,000 thousand on July 1, 2022, and the full payment of the above relevant price has been made.

6. Disposal of subsidiaries

   As stated in Note VI (VIII), the Group has sold all its shares in the subsidiary Brainstorm to Metaage Corporation for a total price of NT$530,075 thousand. The payment mentioned above has been received in full.

7. Operating costs, expenses, and other income

   The operating costs and expenses incurred by the Group due to the provision of product processing and management services by related parties, as well as other income generated by other transactions, are detailed below:

Item	Category of related party	2023	2022
Operating costs	Parent company	$ 20,625	19,137
	Other related parties	17,436	16,143
Operating expenses	Parent company	4,553	5,829
	Other related parties	21,043	23,696
Other income	Parent company	720	238
	Other related parties	6,635	5,439

8. Receivables from related parties

   Details of the receivables from related parties of the Group are as follows:

Item	Category of related party	2023.12.31	2022.12.31
Accounts receivable - related parties	Parent company	$ 18,538	147,835
	Other related parties	53,215	124,471
		71,753	272,306
Other receivables	Parent company	163	55
	Other related parties	20	501
		183	556
		$ 71,936	272,862

   The Group provides some of the raw materials to the parent company for manufacturing, while the completed semi-finished products are sold back to the Group for processing and assembly. The Group did not recognize the amount of raw materials provided to the parent company as operating income. Furthermore, the accounts receivable and payable arising from the sale of raw materials and the purchase of semi-finished products above were not collected and paid on a net basis; therefore, they were not expressed as mutual offset.

9. Payables to related parties

The payables of the Group to related parties are detailed as follows:

Item	Category of related party		2023.12.31	2022.12.31
Accounts payable - related parties	Parent company	$	19,747	115,348
	Other related parties		1,144	1,837
			20,891	117,185
Other payables	Parent company		5,657	4,298
	Other related parties		3,181	3,711
			8,838	8,009
Lease liabilities - current	Parent company		13,919	13,763
Lease liabilities - non-current	Parent company		86,412	100,331
			100,331	114,094
		$	**130,060**	**239,288**

(IV) Compensation of main managerial officers

		2023	2022
Short-term employee benefits	$	39,969	47,017

VIII. Pledged Assets

The details of the book-entry values of the asset pledged as collateral provided by the Group are detailed as follows:

Asset name	Subject matter of pledge guarantee		2023.12.31	2022.12.31
Pledged certificate of deposit	Performance bond for release before tax to customs house	$	2,709	2,325
Notes receivable	Bank loan guarantee		80,903	11,802
Property, plant and equipment	Bank loan guarantee		446,422	454,165
Property, plant and equipment	Performance guarantee for purchases		24,146	29,979
		$	**554,180**	**498,271**

The aforesaid pledged time deposits are presented under the financial assets measured at amortized cost - current.

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments: None.

X. Significant disaster losses: None.

XI. Significant Events after the Balance Sheet Date: None.

XII. Miscellaneous

(I) The employee benefits, depreciation and amortization expenses are summarized by function as follows:

By Function / By Nature	2023			2022		
	Attributable to operating cost	Attributable to operating expenses	Total	Attributable to operating cost	Attributable to operating expenses	Total
Employee benefits expenses						
Salary expense	257,359	1,131,565	1,388,924	317,230	1,229,853	1,547,083
Labor and health insurance expenses	27,332	113,589	140,921	26,415	109,736	136,151
Pension expense	12,838	54,348	67,186	12,620	50,820	63,440
Other employee benefit expenses	21,074	58,317	79,391	19,231	41,108	60,339
Depreciation expenses	94,851	133,337	228,188	91,449	126,529	217,978
Amortization expenses	4,011	78,513	82,524	2,348	99,000	101,348

(II) Discontinued operations:

The Group disposed of its subsidiary, Brainstorm, and its computer components business division in October 2023, in order to streamline focus on core business and enhance competitiveness. Since the division was not classified as a discontinued operation as of December 31, 2022, the comprehensive income statement for the prior period is restated to present the discontinued operation separately from continuing operations.

The net profit attributable to the owners of the parent company from continuing and discontinued operations is detailed in Note VI (XX).

The operating results and cash inflows (outflows) of the discontinued operations are as follows:

	2023	2022
Operating profit or loss after tax from the discontinued operations:		
Operating revenue	$ 4,501,191	5,197,642
Operating costs	(3,995,648)	(4,657,896)
Gross Profit	505,543	539,746
Operating expenses	(517,653)	(648,259)
Operating loss before tax from the discontinued operations	(12,110)	(108,513)
Non-operating income and expenses before tax from the discontinued operations	(5,223)	4,194
Income tax benefits	839	25,760
Losses from discontinued operations	$ (16,494)	(78,559)
Cash flow from discontinued operations:		
Cash flows from operating activities	$ 208,582	90,349
Cash flows from investing activities	(2,684)	(29,410)
Cash flows from financing activities	(106,173)	(75,084)
Effect of changes in exchange rate	7,569	6,237
Net cash inflow (outflow)	$ 107,294	(7,908)

XIII. Supplementary Disclosures

(I) Information on Significant Transactions:

1. Loan of funds to others: please refer to Table 1.
2. Endorsement and guarantee for others: None.
3. Marketable securities held at the end of the period (excluding the investments in subsidiaries, associates and equity interests in joint ventures): please refer to Table 2.
4. The cumulative purchase or sale of the same securities amounted to NT$300 million or 20% and above of the paid-in capital: please refer to Table 3.
5. The amount of property acquired reached NT$300 million or 20% and above of the paid-in capital: None.
6. The amount of property disposal reached NT$300 million or 20% and above of the paid-in capital: None.
7. The amount of purchases or sales with related parties reached NT$100 million or 20% and above of the paid-in capital: please refer to Table 4.
8. Receivables from related parties reached NT$ 100 million or 20% and above of paid-in capital: please refer to Table 5.
9. Engaged in derivative products transactions: please refer to Note VI (II).
10. Business relationship and important transactions between the parent company and the subsidiaries: please refer to Table 6.

(II) Reinvestment and related information: please refer to Table 7.

(III) Investment information in Mainland China: please refer to Table 8.

(IV) Information on major shareholders:

Unit: Shares

Shares / Name of major shareholder	Number of shares held	Shareholding ratio
Qisda Corporation	51,609,986	45.08%
Gordias Investments Limited of British Virgin Islands Merchant	15,734,441	13.74%
Darly2 Venture, lnc.	9,175,109	8.01%
Hyllus Investments Limited of British Virgin Islands Merchant	8,559,818	7.47%

Note: This table displays the information of the shareholders who have delivered a total of more than 5% of the ordinary shares (including treasury stocks) of the Company without physical share registration until the final working day every quarter, as calculated by the central clearing company. The share capital indicated in the financial report of the Company may be different from the actual number of shares delivered without physical registration as a result of different preparation and calculation bases.

XIV. Segment information

(I) General information

The Group originally had three reporting segments. After disposing of the subsidiary Brainstorm in October 2023, the "Computer Components" reporting segment was reduced and restated segment information for the year ended December 31, 2022. For details of the segment information of the Computer Components segment, please refer to Note XII (II).

The Group's chief operating decision maker reviews the internal management reports of each strategic business unit at least quarterly. The operations of each reportable segment of the Group are summarized as follows:

1. Board Cards & Systems Division: Engaged in the research and development, manufacturing and sales of boards and motherboards for industrial computers.
2. Industrial Automation Control Division: Engaged in testing, processing, trading, repairing and electromechanical integration of automation control and industrial transmission systems.

(II) Reportable segment profit or loss, assets and liabilities, and their measurement basis and reconciliation information

Information and adjustments of the Group's operating segments are as follows:

	2023				
	Board cards and system segment	**Industrial automation control segment**	**Others**	**Adjustment and elimination**	**Total**
Revenue from external clients	$ 6,138,140	2,075,570	970,462	-	9,184,172
Inter-departmental income	10,841	113	5,770	(16,724)	-
Total income	$ 6,148,981	2,075,683	976,232	(16,724)	9,184,172
Reportable department profit or loss	$ 567,774	(78,280)	52,492	2,800	544,786

	2022				
	Board cards and system segment	**Industrial automation control segment**	**Others**	**Adjustment and elimination**	**Total**
Revenue from external clients	$ 7,229,470	2,864,206	898,211	-	10,991,887
Inter-departmental income	24,018	1,809	-	(25,827)	-
Total income	$ 7,253,488	2,866,015	898,211	(25,827)	10,991,887
Reportable department profit or loss	$ 752,300	12,801	71,800	2,805	839,706

(III) Geographical information

The geographical information of the Group is as follows, with revenues classified based on the geographical location of customers and non-current assets classified based on the geographical location of assets.

By geographical location	**2023**	**2022**
Revenue from external clients:		
Asia	$ 5,103,501	6,598,814
America	1,834,819	1,980,878
Europe	2,143,050	2,291,723
Other regions	102,802	120,472
	$ 9,184,172	**10,991,887**

By geographical location	**2023.12.31**	**2022.12.31**
Non-current assets:		
Asia	$ 3,158,338	3,339,842
America	195,429	184,732
Europe	44,184	49,801
	$ 3,397,951	**3,574,375**

The above non-current assets do not include financial instruments, deferred income tax assets and pension benefits assets.

(IV) Sales to major customers

For the years ended December 31, 2023 and 2022, the Group did not have any single customer that amounted to more than 10% of the consolidated net sales revenue.

DFI Inc. and its subsidiaries

Loan of funds to others

From January 1 to December 31, 2023

Table 1

Unit: In Thousands of New Taiwan Dollars

No.	Financing company	Loan recipient	Transaction item	Related party	Maximum amount in current period	Ending balance	Amount actually drawn in current period	Range of interest rate	Nature of financing	Business transaction amounts	Reason for short-term financing	Allowance for bad debts recognized	Collateral		Financing limits for each borrowing company	Total financing limits
													Name	Value		
1	AEWIN	Beijing AEWIN	Other receivables-related parties	Yes	249,699	200,885	200,885	-	1	286,858	Business interaction	-	-	-	251,205	502,411
2	Ace Pillar	Tianjin ACE Pillar	Other receivables-related parties	Yes	354,504	195,138	151,774	-	2	-	Operating capital turnover	-	-	-	393,775	787,550
2	Ace Pillar	Suzhou Super Pillar	Other receivables-related parties	Yes	173,212	86,728	30,355	-	2	-	Operating capital turnover	-	-	-	393,775	787,550
3	Cyber South	Tianjin ACE Pillar	Other receivables-related parties	Yes	22,698	21,525	21,525	-	2	-	Operating capital turnover	-	-	-	537,147	537,147
4	Proton	Tianjin ACE Pillar	Other receivables-related parties	Yes	12,970	12,300	12,300	-	2	-	Operating capital turnover	-	-	-	417,001	417,001

Note1: The limits of funds lent by AEWIN to all others and to each individual were 40% and 20%, respectively, of the net value of the company's most recent financial statements.

Note2: The limits of funds lent by Ace Pillar to all others and to each individual were 40% and 20%, respectively, of the net value of the company's most recent financial statements.

Note3: The limits of funds lent by Cyber South to all others and to each individual were 10% and 5%, respectively, of the net value of the company's most recent financial statements. When lending funds to foreign subsidiaries that the parent company directly or indirectly holds 100% of the voting shares based on need for financing, the limit of all loans and each loan was 100% of the net value.

Note4: The limits of funds lent by Proton to all others and to each individual were 10% and 5%, respectively, of the net value of the company's most recent financial statements. When lending funds to foreign subsidiaries that the parent company directly or indirectly holds 100% of the voting shares based on need for financing, the limit of all loans and each loan was 100% of the net value.

Note5: "1" for those with the nature for financing arising from business transaction; "2" for those with short-term financing needs.

Note6: The loans and transactions between the Company and its subsidiaries have been offset in the preparation of consolidated financial statements.

DFI Inc. and its subsidiaries

Marketable securities held at the end of the period (excluding the investments in subsidiaries, associates and joint ventures)
Balance as of December 31, 2023

Table 2

Unit: In Thousands of New Taiwan Dollar/ In thousands of foreign currency/ In thousands of shares/ In thousands of units

Company held	Type and name of marketable securities	Relationship with the issuer of marketable securities	Accounts	End of period				Maximum shareholding during the period		Remarks
				Number of shares/units	Carrying amount	Shareholding ratio	Fair value	Number of shares/units	Shareholding ratio	
The Company	Beneficiary certificate: Cathay No.1 REIT	-	Financial assets at fair value through profit or loss - current	1,442	24,485	-	24,485	1,442	-	-
The Company	Stock: APLEX Technology Inc.	-	Financial assets at fair value through other comprehensive income - non-current	1,487	77,314	4.01%	77,314	1,487	4.01%	-
AEWIN	Stock: AEWIN KOREA TECHNOLOGIES CO., LTD.	Substantial related party	Financial assets at fair value through other comprehensive income - non-current	10	745	16.67%	745	10	16.67%	-
AEWIN	Stock: Authentrend Technology Inc.	-	Financial assets at fair value through profit or loss - non-current	300	(Note)	1.42%	-	300	1.42%	-
Standard Co.	Stock: Intelligent Fluids GmbH	-	Financial assets at fair value through other comprehensive income - non-current	27	(Note)	1.71%	-	27	1.71%	-
Standard Co.	Stock: COMPITEK CORP. PTE. LTD. (CPL)	-	Financial assets at fair value through other comprehensive income - non-current	36	8,655	6.28%	8,655	36	6.28%	-
STCBVI	Bonds: Biogen Inc.	-	Financial assets measured at amortized cost - non-current	USD 100	3,211	-	3,211	USD 100	-	-

Note: All of the above have been provisioned for impairment.

DFI Inc. and its subsidiaries
The cumulative purchase or sale of the same securities amounted to NT$300 million or 20% and above of the paid-in capital
From January 1 to December 31, 2023

Table 3

Unit: In Thousands of New Taiwan Dollar/ In thousands of shares

Companies involved in buying and selling	Type and name of marketable securities	Accounts	Counterparty	Relationship	Beginning of the period		Purchase		Sell				End of period	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Carrying cost (Note 1)	Gain or loss on disposal (Note 2)	Number of shares	Amount
The Company	Stock - Brainstorm Corporation	Investments accounted for under the equity method	Metaage Corporation	Other related parties	233	533,367			233	530,075	540,240	20,999	-	-

Note1: The balance after adjusting for the current period's profit and loss and other related adjustments recognized using the equity method.
Note2: The transaction represents a reorganization of an organization under joint control, with disposal gains and losses reported in the capital surplus.

DFI Inc. and its subsidiaries
The amount of purchases or sales with related parties reached NT$100 million or 20% and above of the paid-in capital
From January 1 to December 31, 2023

Table 4 Unit: In Thousands of New Taiwan Dollars

Purchaser/Seller	Name of counterparty	Relationship	Transaction status				Situation and reason for difference between the trading terms and those of the general trading		Notes and accounts receivable (payable)		Remarks
			Purchases (Sales)	Amount	Proportion to total purchase (sales)	Credit period	Unit price	Credit period	Balance	Proportion to total notes and accounts receivable (payable)	
DFI AMERICA, LLC.	The Company	Parent company and subsidiary	Purchases	614,226	95.74%	60-90 days to collect	-	-	(24,883)	99.81%	Note 1
The Company	DFI AMERICA, LLC.	Parent company and subsidiary	(Sales)	(614,226)	15.32%	60-90 days to collect	-	-	-	5.68%	Note 1
Diamond Flower Information (NL) B.V.	The Company	Parent company and subsidiary	Purchases	496,642	100.00%	60-90 days to collect	-	-	(16,905)	100.00%	Note 1
The Company	Diamond Flower Information (NL) B.V.	Parent company and subsidiary	(Sales)	(496,642)	12.39%	60-90 days to collect	-	-	16,905	3.86%	Note 1
DFI Co., Ltd.	The Company	Parent company and subsidiary	Purchases	324,308	100.00%	60-90 days to collect	-	-	(6,736)	87.83%	Note 1
The Company	DFI Co., Ltd.	Parent company and subsidiary	(Sales)	(324,308)	8.09%	60-90 days to collect	-	-	6,736	1.54%	Note 1
AEWIN	The Company	Parent company and subsidiary	Purchases	320,249	25.68%	Payment term of 90days	-	-	(33,315)	11.63%	Note 1
The Company	AEWIN	Parent company and subsidiary	(Sales)	(320,249)	7.99%	Payment term of 90days	-	-	33,315	7.61%	Note 1
Qisda	The Company	Parent company and subsidiary	Purchases	103,390	0.14%	60-90 days to collect	-	-	(11,885)	0.04%	Note 1
The Company	Qisda	Parent company and subsidiary	(Sales)	(103,390)	2.58%	60-90 days to collect	-	-	11,885	2.71%	Note 1
The Company	AEWIN	Parent company and subsidiary	Purchases	108,525	4.69%	Payment term of 60 days	-	-	-	0.00%	Note 1
AEWIN	The Company	Parent company and subsidiary	(Sales)	(108,525)	5.51%	Payment term of 60 days	-	-	-	0.00%	Note 1
The Company	Qisda	Parent company and subsidiary	Purchases	187,561	8.11%	60-90 days to collect	-	-	(10,296)	2.89%	Note 1
Qisda	The Company	Parent company and subsidiary	(Sales)	(187,561)	0.24%	60-90 days to collect	-	-	10,296	0.04%	Note 1
AEWIN	Beijing AEWIN	Parent company and subsidiary	(Sales)	(286,858)	20.80%	150 days after shipment	-	-	275,316	61.17%	Note 1
AEWIN	Aewin Tech Inc.	Parent company and subsidiary	(Sales)	(187,442)	13.59%	120 days after shipment	-	-	92,440	20.54%	Note 1
AEWIN	The Company	Parent company and subsidiary	Purchases	-(Note 2)	0.00%	Payment term of 90days	-	-	-	0.00%	Note 1
Beijing AEWIN	AEWIN	Parent company and subsidiary	Purchases	286,858	47.25%	150 days after shipment	-	-	(275,316)	47.18%	Note 1
Aewin Tech Inc.	AEWIN	Parent company and subsidiary	Purchases	187,442	100.00%	120 days after shipment	-	-	(92,440)	100.00%	Note 1

Note1: The above transactions have been offset when preparing the consolidated financial report.
Note2: The amount of sales of raw materials after deducting the post-processing repurchased portion.

DFI Inc. and its subsidiaries
Receivables from related parties reached NT$100 million or 20% and above of paid-in capital
Balance as of December 31, 2023

Table 5

Unit: In Thousands of New Taiwan Dollars

Company with receivables	Name of counterparty	Relationship	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Recovery amount of receivables from related parties after the balance sheet date	Allowance for bad debts recognized
					Amount	Treatment		
AEWIN	Beijing AEWIN	Parent company and subsidiary	275,316	0.72	101,493	Strengthen collection	-	-
AEWIN	Beijing AEWIN	Parent company and subsidiary	200,885	-	-		34,164	-
Ace Pillar	Tianjin ACE Pillar	Parent company and subsidiary	151,774	-	-		-	-

(Note) The aforesaid transactions had been offset when the consolidated financial statements were prepared.

DFI Inc. and its subsidiaries
Business relationship and significant transactions between the parent company and the subsidiaries
From January 1 to December 31, 2023

Table 6 — Unit: In Thousands of New Taiwan Dollars

No. (Note 1)	Name of trader	Counterparty	Relationship with trader (Note 2)	Transaction situation			
				Account	Amount	Transaction terms	Proportion to consolidated revenue or asset (Note 7)
0	The Company	DFI AMERICA, LLC.	1	(Sales)	(614,226)	60-90 days to collect	6.69%
0	The Company	Diamond Flower Information (NL) B.V.	1	(Sales)	(496,642)	60-90 days to collect	5.41%
0	The Company	DFI Co., Ltd.	1	(Sales)	(324,308)	60-90 days to collect	3.53%
0	The Company	AEWIN	1	(Sales)	(320,249)	Payment term of 90days	3.49%
1	AEWIN	Beijing AEWIN	3	(Sales)	(286,858)	(Note 5)	3.12%
1	AEWIN	Beijing AEWIN	3	Accounts receivable	275,316	(Note 5)	3.02%
1	AEWIN	Beijing AEWIN	3	Other receivables	200,885	(Note 5)	2.21%
1	AEWIN	Aewin Tech Inc.	3	(Sales)	(187,442)	(Note 6)	2.04%
2	AEWIN	Aewin Tech Inc.	3	Accounts receivable	92,440	(Note 6)	1.02%
2	Ace Pillar	Tianjin ACE Pillar	3	Other receivables - borrowings	151,774	One year	1.67%

Note1: The number should be filled in as follows:
1. 0 stands for the parent company.
2. The subsidiaries are numbered with Arabic numbers starting with 1.

Note2: The types of relationships with traders are indicated as follows:
1. Parent company - subsidiary.
2. Subsidiary - parent company.
3. Subsidiary - subsidiary.

Note3: The business relationship and important transactions between the parent and subsidiaries only disclose sales of goods and accounts receivable, and corresponding purchase and accounts payable are omitted here.

Note4: It is calculated by dividing the transaction amount by the consolidated operating income or total consolidated assets.

Note5: 150 days after shipment and subject to extension according to market conditions.

Note6: 120 days after shipment and subject to extension according to market conditions.

Note7: With respect to the business relationships and important transactions between parent and subsidiary companies, only information regarding those accounting for 1%or more of the consolidated revenue or assets are disclosed.

DFI Inc. and its subsidiaries

Reinvestment and related information
From January 1 to December 31, 2023

Table 7

Unit: In thousands of New Taiwan Dollars/ In thousands of shares

Name of investor company	Name of investee	Location	Primary business	Original investment amount		Ending shareholding			Maximum shareholding during the period		Profit (loss) of the investee for the period	Investment profit (loss) recognized for the period	Remarks (Note 2)
				End of current period	End of last year	Number of shares	Ratio	Carrying amount	Number of shares	Shareholding ratio			
The Company	DFI AMERICA, LLC.	USA	Sales of industrial computer cards	254,683	254,683	1,209	100%	410,339	1,209	100%	22,661	22,661	Subsidiary of the Company
The Company	Yan Tong	Mauritius	General investment business	107,198	107,198	3,500	100%	90,358	3,500	100%	(30,147)	(30,100)	Subsidiary of the Company
The Company	DFI Co., Ltd	Japan	Sales of industrial computer cards	104,489	104,489	6	100%	146,913	6	100%	36,325	36,325	Subsidiary of the Company
The Company	Diamond Flower Information (NL) B.V.	Netherlands	Sales of industrial computer cards	35,219	35,219	12	100%	147,819	12	100%	38,956	38,956	Subsidiary of the Company
The Company	AEWIN	Taiwan	Design, manufacturing and sale of industrial computer mainboards and related products	564,191	564,191	30,376	51.38%	642,461	30,376	51.38%	26,616	12,816	Subsidiary of the Company
The Company	Ace Pillar	Taiwan	Automated control and testing, processing, sales, repair, and mechanical and electrical integration of industrial transmission systems	1,301,359	1,301,359	53,958	48.07%	1,040,700	53,958	48.07%	(20,946)	(15,296)	Subsidiary of the Company
The Company	Brainstorm	USA	Wholesale and retail of computer and peripheral devices	501,582	501,582	-	-	-	233	0.00%	-	(5,788)	Subsidiary of the Company
AEWIN	Wise Way	Anguilla	Investment business	46,129	46,129	1,500	100%	99,601	1,500	100%	(39,600)	(Note 1)	Subsidiary indirectly controlled by the Company
AEWIN	Aewin Tech Inc.	USA	Wholesale of computer and peripheral equipment and software	77,791	77,791	2,560	100%	14,992	2,560	100%	(3,070)	(Note 1)	Subsidiary indirectly controlled by the Company
Wise Way	Bright Profit	Hong Kong	Investment business	46,129	46,129	1,500	100%	146,275	1,500	100%	(39,601)	(Note 1)	Subsidiary indirectly controlled by the Company
Ace Pillar	Cyber South	Samoa	Holding Company	107,041	107,041	4,669	100%	537,147	4,669	100%	(36,131)	(Note 1)	Subsidiary indirectly controlled by the Company
Ace Pillar	Hong Kong ACE Pillar	Hong Kong	Trade of transmission mechanical components	5,120	5,120	1,200	100%	4,714	1,200	100%	(1,320)	(Note 1)	Subsidiary indirectly controlled by the Company
Cyber South	Proton	Samoa	Holding Company	527,665	527,665	17,744	100%	417,001	17,744	100%	(36,653)	(Note 1)	Subsidiary indirectly controlled by the Company
Cyber South	Ace Tek	Hong Kong	Holding Company	4,938	4,938	150	100%	2,595	150	100%	457	(Note 1)	Subsidiary indirectly controlled by the Company
Ace Pillar	Standard Co.	Taiwan	Trading of semiconductor optoelectronic equipment and consumables and equipment maintenance services	187,000	187,000	6,084	60%	218,794	6,084	60%	15,044	(Note 1)	Subsidiary indirectly controlled by the Company
Standard Co.	Standard Technology Corp.	BVI	Holding Company	21,727	21,727	600	100%	111,374	600	100%	14,578	(Note 1)	Subsidiary indirectly controlled by the Company
Ace Pillar	ACE Energy	Taiwan	Energy technical services	166,760	166,760	4,993	99.86%	204,487	4,993	99.86%	25,114	(Note 1)	Subsidiary indirectly controlled by the Company
ACE Energy	BlueWalker GmbH	Germany	Trading and services of energy management products	138,804	138,804	(Note 3)	100%	170,924	(Note 3)	100%	24,094	(Note 1)	Subsidiary indirectly controlled by the Company

Note1: The profit or loss of the investee company has been included in its investor, so to avoid confusion, it will not be expressed separately here.
Note2: The subsidiaries directly and indirectly controlled by the Company in the above table have been written off when preparing the consolidated financial report.
Note3: It is a limited liability company, so there is no number of shares.

DFI Inc. and its subsidiaries
Investment information in mainland China
From January 1 to December 31, 2023

Table 8

1. Information on reinvestment in Mainland China:

Unit: In thousands of New Taiwan Dollar/In thousands of foreign currency

Investee in mainland China	Primary business	Paid-in capital	Investment method	Accumulated amount of investment remitted out of Taiwan at the beginning of the period	Remitted or repatriated amount of investment for the period		Accumulated investment amount remitted from Taiwan at the end of current period	Current profit (loss) of the investee in the period	Shareholding ratio of direct or indirect investment of the Company	Maximum shareholding during the period		Recognition in the current period	Ending carrying value of investment	Repatriated investment income as of the end of the period
					Remitted	Repatriated				Number of shares	Shareholding ratio	Investment gains and losses		
Yan Tong Infotech (Dongguan) Co., Ltd.	Manufacturing and sales of mainboard, board cards, host computer, electronic parts and components	-	(Note 1)	-	-	-	-	6,898	0%	(Note 2)	100%	6,898 (Note 3)	(Note 6)	97,179
Yan Ying Hao Trading (Shenzhen) Co. Ltd.	Wholesale, import and export of mainboard, board cards, host computer, electronic parts and components	13,840 (USD 500)	(Note 1)	- (USD -)	-	-	- (USD -)	(30,156)	100%	(Note 2)	100%	(30,156) (Note 3)	18,880	-
Beijing AEWIN	Business of wholesaling computers and their peripheral equipment and software	46,129 (USD 1,500)	(Note 1)	46,129 (USD 1,500)	-	-	46,129 (USD 1,500)	(39,601)	100%	(Note 2)	100%	(39,601) (Note 3)	146,269	-
Aewin (Shenzhen)	Business of wholesaling computers and their peripheral equipment and software	15,265 (USD 3,500)	(Note 5)	-	-	-	-	1,415 (RMB 320)	100%	(Note 2)	100%	1,415 (RMB 320) (Note 3)	(741) (RMB (171))	-
Tianjin ACE Pillar	Trade of transmission mechanical components	1,085,383 (RMB 35,297)	(Note 1)	59,963 (USD 1,950)	-	-	59,963 (USD 1,950)	(43,543)	100%	(Note 2)	100%	(43,543) (Note 3)	493,717	125,533
Tianjin Jinhao	Manufacturing and processing of mechanical transmission products	7,242 (RMB 1,670)	(Note 1)	4,920 (USD 160)	-	-	4,920 (USD 160)	2	100%	(Note 2)	100%	2 (USD 0.4) (Note 3)	4,099 (USD 133)	-
Quansheng Information	Electronic system integration	9,225 (USD 300)	(Note 1)	4,613 (USD 150)	-	-	4,613 (USD 150)	456	100%	(Note 2)	100%	456 (USD 15) (Note 3)	2,568 (USD 84)	-
Suzhou Super Pillar	Processing and technical services of mechanical transmission and control products	44,588 (USD 1,450)	(Note 1)	- (Note 4)	-	-	- (Note 4)	1,461	100%	(Note 2)	100%	1,461 (USD 49) (Note 3)	107,603 (USD 3,499)	-
Shanghai Standard	Trading of semiconductor optoelectronic equipment and consumables and equipment maintenance services	14,760 (USD 480)	(Note 1)	14,760 (USD 480)	-	-	14,760 (USD 480)	14,473	100%	(Note 2)	100%	14,473 (Note 3)	107,939	134,972

Note1: Reinvest in the companies in Mainland China through companies established in third regions.
Note2: It is a limited liability company, so there is no number of shares data.
Note3: It is recognized in line with the financial report prepared by the investee and audited by the CPA of the parent company in Taiwan.
Note4: It was reinvested and established by Cyber South.
Note5: It is a Mainland China-based company reinvested by Beijing AEWIN.
Note6: Yan Tong has been fully liquidated in August, 2023 and deregistration has been completed in November, 2023.

2. Limit of investment in Mainland China:

Name of investor company	The cumulative amount of investment remitted from Taiwan to the Mainland China at the end of the current period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Upper Limit on Investment in Mainland China regulated by the Investment Commission of the Ministry of Economic Affairs (Note 2)
DFI	0 (Note 1)	64,114 (Note 3 and Note 4) (USD 2,085)	2,989,729
AEWIN	46,129 (USD 1,500)	61,500 (USD 2,000)	753,616
Ace Pillar	157,409 (USD 5,119)	157,409 (USD 5,119)	1,238,555
Standard Co.	14,760 (USD 480)	14,760 (USD 480)	113,103

Note1: It refers to the amount actually remitted by the Company and approved by the Investment Commission, excluding the amount remitted by subsidiaries and approved by the Investment Commission.

Note2: According to the Review Principles for Investment or Technical Cooperation in Mainland China, the accumulated amount of investment in Mainland China shall not exceed 60% of the net value or consolidated net value, whichever the higher.

Note3: The Company's net investment amount after the cancellation of Dongguan Nippon Trading Co., Ltd. approved by the Investment Commission in August 2014.

Note4: Repatriated amount of earnings after the cancellation of Yan Tong Infotech (Dongguan) Co., Ltd. approved by the Investment Commission in February 2017.

3. Material transactions with investees in Mainland China:
Please refer to the statement under the "Information on Significant Transactions" for the direct or indirect material transactions between the Group and the investees in Mainland China from January 1 to December 31, 2023 (these transactions had been written off when the consolidated financial statements were prepared).

Independent Auditors' Report

The Board of Directions and Shareholders DFI Inc.

Audit Opinion

We have audited the accompanying balance sheets of DFI Inc. (hereinafter "the Company") as of December 31, 2023 and 2022, and the statements of income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and the accompanying notes to the parent company only financial statements, which comprise a summary of significant accounting policies.

In our opinion, based on our audits and the audit reports of the other certified public accountants (see Other Matters paragraph), the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the 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 our audit results and other certified public accountants' audit reports, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters that we judge should be communicated in the audit reports are stated as follows:

I. Impairment assessment of goodwill arising from investment in subsidiaries

For accounting policies related to impairment of non-financial assets, please refer to Note IV (XII) of the parent company only financial statements; for description of the uncertainty of accounting estimates and assumptions of impairment assessment of goodwill, please refer to Note V (II) of the parent company only financial statements; for description of impairment test of goodwill, please refer to Note VI (VII) of the parent company only financial statements.

Key audit matters are stated as follows:

The Company’s goodwill arising from acquisition of subsidiaries was included in the book value of the investment accounted for using the equity method in the parent company only financial statements, and the goodwill should be tested for impairment annually, or whenever there is an indication of impairment. Due to assessing the recoverable amount of the cash-generating unit to which goodwill belongs involves a number of management assumptions and estimates, the goodwill impairment assessment is one of the important assessment matters for us to perform the audit of the parent company only financial report of the Company.

The audit procedures to process for the above:

Our audits of the above critical items include obtaining management’s self-assessment of the goodwill impairment test form; evaluating the reasonableness of the bases of estimates and significant assumptions used by management to determine the recoverable amount, including the discount rate, expected rate of growth in revenues, and projections of future cash flows; performing sensitivity analyses of significant assumptions; and reviewing whether the Company has appropriately disclosed information regarding the goodwill impairment assessment.

Other Matters

Some of the investments in subsidiaries under the equity method included in the Company’s parent company only financial statements were not audited by us, but by other certified public accountants. Therefore, our opinion, insofar as it relates to the amounts included in the financial statements of the subsidiaries, is based on the audit reports of the other certified public accountants. The investment in this subsidiary recognized under the equity method amounted to NTD 410,339 thousand and NTD 382,317 thousand as of December 31, 2023 and 2022, respectively, representing 8.02% and 5.52% of total assets. The share of profit or loss of subsidiaries recognized under the equity method from January 1 to December 31, 2023 and 2022 were NTD 22,661 thousand and NTD 20,781 thousand, respectively, which accounted for 4.92% and 3.30% of income before tax, respectively.

Responsibility of the Management and the Governance Units for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statement that are free from material misstatement, whether due to fraud or error.

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

DFI Inc.’s governance unit (including the Audit Committee) is responsible for overseeing the financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. If the individual amounts or sums that the material misstatement involved may be reasonably expected to affect the financial decision making of users of the parent company only financial statements, such misstatement will be considered material.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

I. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

II. 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 DFI Inc.'s internal control.

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

IV. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the DFI Inc.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause DFI Inc. to cease to continue as a going concern.

V. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the related notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

VI. Obtained sufficient and appropriate audit proof of the financial information of the investee company accounted for using the equity method in order to express an opinion on the financial statements. We are responsible for directing, supervising, and performing the audit and for forming an opinion on the financial statements of DFI Inc.

We communicate with governance unit about the scope and timing of planned audit and significant audit findings, including significant deficiencies in internal control identified in the course of the audit.

We also provide the governance unit with a statement of independence from the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, which is followed by those who are subject to the independence requirements of the firm to which we belong, and we communicate with the governance unit about all relationships and other matters (including relevant safeguards) that might be perceived as affecting the independence of the accountant.

From the matters communicated with the governance unit, we determine the key audit matters of the Company's parent company only financial statements for the year ended December 31, 2023. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Taiwan

CPA:

Assurance Document Number Approved by : Securities Regulator	(88) Taiwan-Finance-Securities-VI-18311 Financial-Supervisory-Securities-Audit-1060005191

March 4, 2024

Notes to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China. The independent auditors' audit report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and financial statements, the Chinese version shall prevail.

DFI Inc.

Balance Sheets

As of December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

	Assets	2023.12.31 Amount	%	2022.12.31 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note VI (I))	$ 443,832	9	452,905	7
1110	Financial assets at fair value through profit or loss - current (Note VI (II))	32,617	1	26,995	-
1136	Financial assets at amortized cost - current (Notes VI (IV) & VIII)	1,500	-	1,500	-
1170	Net of notes receivable and accounts receivable (Notes VI (V) & (XIX))	291,998	6	452,413	7
1180	Accounts receivable from related parties (Notes VI (V), (XIX) & VII)	145,921	3	672,077	10
1200	Other receivables (Notes VI (V) & VII)	8,201	-	31,162	-
130X	Inventories (Note VI (VI))	437,094	8	972,940	14
1410	Prepayments	23,253	-	20,341	-
1470	Other current assets	302	-	1,281	-
	Total current assets	1,384,718	27	2,631,614	38
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income - non-current (Note VI (III))	77,314	2	68,840	1
1550	Investment under equity approach (Note VI (VII))	2,478,590	48	2,975,611	43
1600	Property, plant and equipment (Notes VI (VIII) & VII)	1,003,301	20	1,061,807	15
1755	Right-of-use assets (Notes VI (IX) & VII)	102,953	2	121,799	2
1780	Intangible assets (Notes (X) & VII)	9,244	-	12,655	-
1840	Deferred income tax assets (Note VI (XVI))	53,930	1	55,827	1
1990	Other non-current assets	4,525	-	2,520	-
	Total non-current assets	3,729,857	73	4,299,059	62
	Total assets	**$ 5,114,575**	**100**	**6,930,673**	**100**

(Please read the accompanying notes to the parent company only financial statements)

Chairman: Chi-Hong, Chen **President: Chia-Hung, Su** **Accounting Supervisor: Li-Min, Huang**

DFI Inc.

Balance Sheets (Continued from the previous page)

As of December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

		2023.12.31		2022.12.31	
	Liabilities and equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (Note VI (XI))	$ 650,000	13	1,055,000	15
2120	Financial liabilities at fair value through profit or loss - current (Note VI (II))	135	-	1,083	-
2130	Contract liabilities - current (Note VI (XIX))	10,732	-	21,708	-
2170	Accounts payable	345,065	7	728,435	11
2180	Accounts payable to related parties (Note VII)	11,600	-	151,096	2
2200	Other payables (Notes VI (XX) & VII)	165,649	3	199,018	3
2230	Current income tax liabilities	87,264	2	122,938	2
2250	Provisions - current (Note VI (XIV))	41,764	1	51,236	1
2280	Lease liabilities - current (Notes VI (XIII) & VII)	18,567	-	18,889	-
2399	Other current liabilities	18,064	-	12,866	-
	Total current liabilities	1,348,840	26	2,362,269	34
	Non-current liabilities:				
2540	Long-term borrowings (Note VI (XII))	400,000	8	1,100,000	16
2570	Deferred income tax liabilities (Note VI (XVI)	95,287	2	81,948	1
2580	Lease liabilities - non-current (Notes VI (XIII) & VII)	89,283	2	107,851	2
2640	Net defined benefit liabilities - non-current (Note (XV))	19,129	-	31,174	-
	Total non-current liabilities	603,699	12	1,320,973	19
	Total liabilities	1,952,539	38	3,683,242	53
	Equity (Notes VI (VII) and (XVII)):				
3110	Share capital - Ordinary shares	1,144,889	23	1,144,889	17
3200	Capital surplus	629,767	12	608,586	9
3300	Retained earnings	1,443,171	28	1,531,997	22
3400	Other equity	(55,791)	(1)	(38,041)	(1)
	Total equity	3,162,036	62	3,247,431	47
	Total liabilities and equity	**$ 5,114,575**	**100**	**6,930,673**	**100**

(Please read the accompanying notes to the parent company only financial statements)

Chairman: Chi-Hong, Chen **President: Chia-Hung, Su** **Accounting Supervisor: Li-Min, Huang**

DFI Inc.

Statement of Comprehensive Income

From January 1 to December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

		2023		2022	
		Amount	**%**	**Amount**	**%**
4000	**Net operating income (Notes VI (XIX) and VII)**	$ 4,009,122	100	5,442,148	100
5000	**Operating costs (Notes VI (VI), (VIII), (IX), (X), (XIII), (XIV), (XV), (XX), VII and XII)**	(3,058,894)	(77)	(4,366,454)	(80)
	Gross profit	950,228	23	1,075,694	20
5910	Gain on realized (unrealized) sales	24,604	1	(60,265)	(1)
	Gross profit	974,832	24	1,015,429	19
	Operating expenses (Notes VI (V), (VIII), (IX), (X), (XIII), (XV), (XX), VII and XII):				
6100	Selling and marketing expenses	(177,845)	(4)	(180,818)	(4)
6200	General and administrative expenses	(119,192)	(3)	(122,476)	(2)
6300	Research and development expenses	(271,658)	(7)	(278,529)	(5)
6450	Expected credit (impairment loss) gain on reversal	877	-	(1,798)	-
6000	**Total operating expenses**	(567,818)	(14)	(583,621)	(11)
	Net operating income	407,014	10	431,808	8
	Non-operating income and expenses (Notes (XIII), (XXI) and VII)				
7100	Interest income	7,564	-	2,236	-
7010	Other income	35,164	1	29,039	1
7020	Other gains and losses	(17,837)	-	15,920	-
7050	Finance costs	(31,114)	(1)	(27,177)	-
7070	Shares of profit (loss) of subsidiaries accounted for using the equity method	59,574	1	177,345	3
	Total non-operating income and expenses	53,351	1	197,363	4
7900	**Income before tax**	460,365	11	629,171	12
7950	**Less: Income tax expense (Note VI (XVI))**	(98,680)	(2)	(97,547)	(2)
8200	**Net income for the period**	361,685	9	531,624	10
	Other comprehensive income (Notes VI (XVI) and (XVII)):				
8310	**Items that will not be reclassified to profit or loss**				
8311	Remeasurement of defined benefit plans	9,469	-	260	-
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	8,474	-	11,483	-
8330	Shares of other comprehensive income of subsidiaries accounted for using the equity method	1,929	-	(1,520)	-
8349	Income tax relating to items that will not be reclassified	(1,894)	-	(52)	-
		17,978	-	10,171	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translating the financial statements of foreign operations	8,353	1	65,556	1
8399	Income tax relating to items that may be reclassified	-	-	-	-
		8,353	1	65,556	1
	Other comprehensive income (loss) for the period	26,331	1	75,727	1
8500	**Total comprehensive income (loss) for the period**	**$ 388,016**	**10**	**607,351**	**11**
	Net income in current period attributable to:				
8610	Owners of the parent company	$ 361,685	9	528,230	10
	Former owner of business combination under common control	-	-	3,394	
		$ 361,685	**9**	**531,624**	**10**
	Total comprehensive income (loss) attributable to:				
8710	Owners of the parent company	$ 388,016	10	603,957	11
	Former owner of business combination under common control	-	-	3,394	-
		$ 388,016	**10**	**607,351**	**11**
	Earnings per share (Unit: In New Taiwan Dollars, Note VI (XVIII))				
9750	**Basic earnings per share**	**$**	**3.16**		**4.61**
9850	**Diluted earnings per share**	**$**	**3.14**		**4.58**

(Please read the accompanying notes to the parent company only financial statements)

Chairman: Chi-Hong, Chen **President: Chia-Hung, Su** **Accounting Supervisor: Li-Min, Huang**

DFI Inc.

Statement of Changes in Equity

From January 1 to December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

			Retained earnings				Other equity items				
	Share capital - Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translating the financial statements of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Total	Former owner of business combination under common control	Total equity
Balance as of January 1, 2022 (Restated)	$ 1,144,889	655,744	825,764	74,607	471,099	1,371,470	(134,871)	20,047	(114,824)	20,310	3,077,589
Net income for the period	-	-	-	-	528,230	528,230	-	-	-	3,394	531,624
Other comprehensive income (loss) for the period	-	-	-	-	(1,056)	(1,056)	65,556	11,227	76,783	-	75,727
Total comprehensive income (loss) for the period	-	-	-	-	527,174	527,174	65,556	11,227	76,783	3,394	607,351
Profit distribution:											
Legal reserve	-	-	61,568	-	(61,568)	-	-	-	-	-	-
Special reserve	-	-	-	40,215	(40,215)	-	-	-	-	-	-
Cash dividends for common shares	-	-	-	-	(366,364)	(366,364)	-	-	-	-	(366,364)
Cash dividends distributed from capital surplus	-	(45,796)	-	-	-	-	-	-	-	-	(45,796)
Organizational reorganization under common control	-	(1,371)	-	-	-	-	-	-	-	(23,704)	(25,075)
Changes in percentage of ownership interests in subsidiaries	-	5	-	-	-	-	-	-	-	-	5
Differences between the actual price for acquisition or disposal of the subsidiaries and their carrying amount	-	-	-	-	(283)	(283)	-	-	-	-	(283)
Disposal of unearned funds of employee stock ownership trust	-	4	-	-	-	-	-	-	-	-	4
Balance as of December 31, 2022	1,144,889	608,586	887,332	114,822	529,843	1,531,997	(69,315)	31,274	(38,041)	-	3,247,431
Net income for the period	-	-	-	-	361,685	361,685	-	-	-	-	361,685
Other comprehensive income (loss) for the period	-	-	-	-	7,444	7,444	8,353	10,534	18,887	-	26,331
Total comprehensive income (loss) for the period	-	-	-	-	369,129	369,129	8,353	10,534	18,887	-	388,016
Revision of the legal reserve provision for 2022	-	-	(15,964)	-	15,964	-	-	-	-	-	-
Profit distribution:											
Legal reserve	-	-	52,689	-	(52,689)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(76,782)	76,782	-	-	-	-	-	-
Cash dividends for common shares	-	-	-	-	(457,955)	(457,955)	-	-	-	-	(457,955)
Changes in percentage of ownership interests in subsidiaries	-	39	-	-	-	-	-	-	-	-	39
Disposal of subsidiaries	-	20,999	-	-	-	-	(36,637)	-	(36,637)	-	(15,638)
Disposal of unearned funds of employee stock ownership trust	-	143	-	-	-	-	-	-	-	-	143
Balance as of December 31, 2023	**$ 1,144,889**	**629,767**	**924,057**	**38,040**	**481,074**	**1,443,171**	**(97,599)**	**41,808**	**(55,791)**	**-**	**3,162,036**

(Please read the accompanying notes to the parent company only financial statements)

Chairman: Chi-Hong, Chen **President: Chia-Hung, Su** **Accounting Supervisor: Li-Min, Huang**

DFI Inc.

Statements of Cash Flows

From January 1 to December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

	2023	2022
Cash flows from operating activities:		
Income before tax for the period	$ 460,365	629,171
Adjustment item:		
Adjustments to reconcile profit (loss)		
Depreciation expense	88,167	82,094
Amortization expense	6,142	5,409
Expected credit impairment loss (gain on reversal)	(877)	1,798
Evaluation losses of financial assets measured at fair value through gains and losses	1,586	72
Interest expense	31,114	27,177
Interest income	(7,564)	(2,236)
Dividend income	(5,849)	(2,997)
Shares of profit of subsidiaries accounted for using the equity method	(59,574)	(177,345)
Gain on disposal of property, plant and equipment	(5,704)	-
Relisting expenses of property, plant and equipment	-	235
Unrealized (realized) gain on sales	(24,604)	60,265
Total revenue, expense and loss items	22,837	(5,528)
Changes in assets/liabilities related to business activities:		
Net changes in assets related to operating activities:		
Financial assets mandatorily classified as at fair value through profit or loss:	(7,208)	70
Notes and accounts receivable	161,292	(209,942)
Accounts receivable from related parties	526,156	(289,846)
Other receivables	22,960	(8,470)
Inventories	535,846	132,009
Prepayments	(2,912)	10,278
Other current assets	979	(690)
Total net changes in assets related to operating activities	1,237,113	(366,591)
Net change in liabilities related to operating activities:		
Financial liabilities held for trading:	(948)	1,018
Contract liabilities	(10,976)	(15,021)
Accounts payable	(383,370)	34,351
Accounts payable from related parties	(139,496)	61,198
Other payables	(34,043)	(43,096)
Provision for liabilities	(9,472)	4,989
Other current liabilities	5,198	8,376
Net defined benefit liabilities	(2,576)	(9,150)
Total net changes in liabilities related to business activities	(575,683)	42,665
Total net changes in assets and liabilities related to operating activities	661,430	(323,926)
Total adjustment items	684,267	(329,454)
Cash generated from operations	1,144,632	299,717
Interest received	7,565	2,236
Interest paid	(31,476)	(26,425)
Income tax paid	(126,485)	(26,555)
Net cash generated from operating activities	994,236	248,973

(Continued on the next page)

(Please read the accompanying notes to the parent company only financial statements)

Chairman: Chi-Hong, Chen President: Chia-Hung, Su Accounting Supervisor: Li-Min, Huang

DFI Inc.

Statements of Cash Flows (Continued from the previous page)

From January 1 to December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

	2023	2022
Cash flows from investing activities:		
Purchase of financial assets at fair value through other comprehensive income	-	(16,098)
Disposal of long-term equity investments accounted for under the equity method	530,075	-
Refund of share capital due to capital decrease of subsidiaries accounted for using the equity method	-	80,063
Purchase of property, plant and equipment	(9,875)	(70,722)
Proceeds from disposal of property, plant and equipment	5,800	-
Increase in refundable deposits	-	(892)
Decrease in refundable deposits	143	-
Purchase of intangible assets	(2,731)	(7,542)
Decrease (increase) in other non-current assets	(2,148)	3,026
Dividends received	57,129	248,227
Net cash generated from investment activities	578,393	236,062
Cash flows from financing activities:		
Increase in short-term borrowings	4,270,000	4,985,000
Decrease in short-term borrowings	(4,675,000)	(4,630,000)
Proceeds from long-term borrowings	900,000	1,000,000
Repayments of long-term borrowings	(1,600,000)	(1,200,000)
Repayment of the principal portion of lease	(18,890)	(15,840)
Cash dividends distributed	(457,955)	(412,160)
Disposal of unearned funds of employee stock ownership trust	143	4
Net cash used in financing activities	(1,581,702)	(272,996)
Increase (decrease) in cash and cash equivalents for the current period	(9,073)	212,039
Cash and cash equivalents at the beginning of the period	452,905	240,866
Cash and cash equivalents at the end of the period	$ 443,832	452,905

(Please read the accompanying notes to the parent company only financial statements)

Chairman: Chi-Hong, Chen President: Chia-Hung, Su Accounting Supervisor: Li-Min, Huang

DFI Inc.
Notes to Parent Company Only Financial Statements
For the years ended December 31, 2023 and 2022
(The amount shall be dominated in thousands of New Taiwan dollars, unless otherwise specified)

I. Company History

On July 14, 1981, DFI Inc. (the "Company") was established and registered under the approval from the Ministry of Economic Affairs, having the registered address of 10F, No. 97, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City. The Company is principally engaged in the manufacturing and sales of boards and computer components for industrial computers.

II. Date and Procedures of Authorization of Financial Statements

The accompanying parent company only financial statements were approved and issued by the board of directors on March 4, 2024.

III. Application of Newly Issued and Revised Standards and Interpretations

(I) Effect of adopting new and amended standards and interpretations endorsed by the Financial Supervisory Commission (FSC)

As of January 1, 2023, the Company began to apply the following newly revised International Financial Reporting Standards (IFRS), which has not had a significant impact on the parent company only financial statements.

- Amendments to IAS 1, "Disclosure of Accounting Policies".
- Amendments to IAS 8, "Definition of Accounting Estimates".
- Amendments to IAS 12, "Deferred Income Taxes on Assets and Liabilities Arising from a Single Transaction".

As of May 23, 2023, the Company began to apply the following newly revised International Financial Reporting Standards (IFRS), which has not had a significant impact on the parent company only financial statements.

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

(II) Impact of not yet adopting IFRSs endorsed by the FSC

Based on the Company's assessment, the adoption of the following newly revised IFRSs effective from January 1, 2024 will not have a significant impact on the parent company only financial statements.

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

(III) New and amended standards and interpretations not yet endorsed by the FSC

The Company expects that the following newly issued and amended standards that have not been endorsed by the FSC yet will not deliver a material impact on the parent company only financial statements.

- Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture".
- Amendments to IFRS 17, "Insurance Contracts" and IFRS 17.
- Amendments to IAS 21, "Lack of Exchangeability".

IV. Summary of Significant Accounting Policies

The significant accounting policies adopted in the parent company only financial statements are summarized below. The following accounting policies have been applied consistently to all periods presented in the parent company only financial statements.

(I) Statement of compliance

These accompanying financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of preparation

1. Basis of measurement

The parent company only financial statements have been prepared on the historical cost basis, except for the following significant balance sheet items.

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

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

(3) Net defined benefit liabilities, which are measured at the present value of the defined benefit obligation less the fair value of pension fund assets.

2. Functional and presentation currencies

The functional currency of the Company is the currency of the primary economic environment in which the Company operates. The accompanying parent company only financial statements of the Company are presented in the Company’s functional currency, New Taiwan dollar. All financial information dominated in New Taiwan dollars shall be dominated in thousands of NTD, unless otherwise specified.

3. Organizational reorganization under common control

The transaction of the acquisition of 100% equity in ACE Energy Co., Ltd., a subsidiary of the Company’s parent company, Qisda Corporation, by Ace Pillar Co., Ltd., a subsidiary of the Company, in accordance with the Accounting Research and Development Foundation’s Letter (101) J.M.Z. No. 301 and the IFRS 3 Q&A set "Doubts about the Accounting for Business Combinations under Common Control" dated October 26, 2018 was an organizational reorganization under common control.

The Company deems that the acquisition occurred during the earliest comparable period expressed in the financial statements or on the date of establishment of the common control, whichever the later, and restated the comparative information accordingly. The above assets and liabilities acquired under common control are recognized on the basis of the carrying amount in the parent company only financial statements of the controlling shareholder. In preparing the balance sheet, the equity under common control prior to acquisition is classified as "attributable to former owner of business combination under common control". In preparing the comprehensive income statement, the profit or loss belong to former controlling shareholders record as "net profit (loss) attributable to former owner of business combination under common control".

(III) Foreign currency

1. Foreign currency transactions

Foreign currency transactions are translated into functional currencies at the exchange rates prevailing on the dates of transactions. At the end of each subsequent reporting period (hereinafter referred to as the “reporting date”), monetary items denominated in foreign currencies are translated into the functional currency using the exchange rates prevailing on that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currency at the exchange rates prevailing on the date of measurement of the fair value, while non-monetary items measured at historical cost in foreign currencies are translated at the exchange rates prevailing on the date of the transaction.

Translation differences arising from foreign currency translations are generally recognized in profit or loss, except for equity instruments designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

2. Foreign operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency of the parent company only financial statements at the exchange rates prevailing on the reporting date; income and expense items are translated into the presentation currency of the parent company only financial statements at the average exchange rates for the period, with the resulting exchange differences recognized in other comprehensive income.

When the disposal of a foreign operating entity results in a loss of control, joint control or significant influence, the cumulative translation differences related to the foreign operating entity are reclassified to profit or loss. When the disposal includes a subsidiary of a foreign operating entity, the related cumulative translation differences are re-attributed to non-controlling interests on a pro rata basis. When the disposal component includes investments in affiliates or joint ventures of foreign operating entities, the related cumulative translation differences are reclassified proportionately to profit or loss.

When there is no plan to settle a monetary receivable or payable from a foreign operation and it is not likely to be settled in the foreseeable future, the resulting foreign currency translation gain or loss is recognized in other comprehensive income as part of the net investment in the foreign operation.

(IV) Criteria for classifying assets and liabilities as current or non-current

Assets that meet one of the following criteria are classified as current assets, while all other assets that are not current assets are classified as non-current assets:

1. The asset is expected to be realized in the normal course of business or is intended to be sold or consumed;
2. The asset is held primarily for trading purposes;
3. The asset is expected to be realized within twelve months after the reporting period; or
4. The asset is cash or cash equivalents, unless the asset is otherwise restricted from being exchanged or used to settle a liability at least twelve months after the reporting period.

Liabilities are classified as current liabilities and all other liabilities that are not current liabilities are classified as non-current liabilities if one of the following conditions is met:

1. The liability is expected to be settled in the normal course of business;
2. The liability is held primarily for trading purposes;
3. The liability is due for settlement within twelve months after the reporting period; or
4. The liability does not have an unconditional right to defer settlement for at least twelve months after the reporting period. The terms of the liabilities do not affect the classification of the liabilities that may be settled by issuing equity instruments at the option of the counter-parties.

(V) Cash and cash equivalents

Cash includes cash on hand, checking deposits and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible into fixed amounts of cash and subject to an insignificant risk of changes in value. Time deposits that meet the above definition and are held to meet short-term cash commitments rather than for investment or other purposes are reported as cash equivalents.

(VI) Financial instruments

Accounts receivable and debt securities issued are recognized as they are incurred. All other financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instruments. Financial assets (excluding accounts receivable that do not include significant financial components) or financial liabilities measured at fair value through profit or loss were originally measured at fair value plus transaction costs directly attributable to the acquisition or issuance. Accounts receivable that do not include significant financial components are originally measured at transaction prices.

1. Financial assets

Financial assets at the time of initial recognition is classified as follows: Financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss. Purchase or sale of financial assets in accordance with transaction practices is subject to accounting treatment on the transaction date.

The Company only reclassifies all affected financial assets from the first day of the next reporting period when it changes its business model for managing financial assets.

(1) Financial assets measured at amortized cost

Financial assets that simultaneously meet the following conditions and are not designated as measured at fair value through profit or loss are measured at amortized cost:

- The financial asset is held under a business model for the purpose of receiving contractual cash flows.
- The contractual terms of the financial asset generate cash flow on a specific date, which is entirely the interest on the payment of principal and outstanding principal amounts.

After initial recognition, these financial assets are measured using the effective interest rate method at amortized cost less impairment losses. Interest income, foreign currency exchange gain or loss, and impairment losses are recognized in profit or loss. When de-recognized, profit or loss is included in profit or loss.

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

When a debt instrument investment simultaneously meets the following conditions and is not designated as measured at fair value through profit or loss, it is measured at fair value through other comprehensive income:

- The financial asset is held under a business model for the purpose of receiving contractual cash flows and selling.
- The contractual terms of the financial asset generate cash flow on a specific date, which is entirely the interest on the payment of principal and

outstanding principal amounts.

Upon initial recognition, the Company may make an irrevocable option to report subsequent changes in the fair value of equity instrument investments not held for trading in other comprehensive income. The above selections were made on a tool by tool basis.

Debt instrument investments are subsequently measured at fair value. Interest income, foreign currency exchange gain or loss, and impairment losses calculated using the effective interest method are recognized in profit or loss, while the remaining net profits or losses are recognized in other comprehensive income. Upon derecognition, the accumulated amount of other comprehensive income under equity is reclassified to profit or loss.

Equity instrument investments are subsequently measured at fair value. Dividend income (unless it clearly represents the recovery of some investment costs) is recognized as profit or loss, and the remaining net profits or losses are recognized as other comprehensive income. When derecognized, the accumulated other comprehensive income under equity are reclassified to retained earnings, not to profit or loss. Dividend income from equity investments is recognized on the date on which the Company is entitled to receive dividends (usually the ex-dividend date).

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

Financial assets that are not measured at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss, including derivative financial assets. At the time of initial recognition, in order to eliminate or significantly reduce accounting mismatch, the Company may irrevocably designate financial assets that meet the criteria for measurement at amortized cost or fair value through other comprehensive income as financial assets measured at fair value through profit or loss.

These assets are subsequently measured at fair value, and the net gains or losses (including any dividends and interest income) arising from remeasurement are recognized as profit or loss.

(4) Impairment of financial assets

The Company recognizes an allowance for expected credit losses on financial assets measured at amortized cost, including cash and equivalents, financial assets measured at amortized cost, notes and accounts receivable, other receivables, and deposits.

The following financial assets are measured as allowance losses based on the expected amount of credit losses over a twelve-month period, while the remaining financial assets are measured based on the expected amount of credit losses during their lifetime:

- The credit risk of bank deposits (i.e., the risk of default during the expected lifetime of a financial instrument) has not significantly increased since the initial recognition.

The allowance for losses on accounts receivable is measured by the expected amount of credit losses during the period of existence.

The expected credit loss during the expected lifetime of a financial instrument refers to the expected credit loss caused by all possible default events during the expected lifetime of the financial instrument. "Twelve month expected credit loss" refers to the expected credit loss caused by a possible default event of a financial instrument within twelve months after the reporting date (or a shorter period, if the expected duration of the financial instrument is less than twelve months).

The maximum period for measuring expected credit losses is the longest contractual period during which the Company is exposed to credit risk.

In determining whether the credit risk has significantly increased since the initial recognition, the Company considers reasonable and verifiable information (available without excessive cost or investment), including qualitative and quantitative information, and analysis based on the historical experience, credit evaluation, and forward-looking information of the Company.

The expected credit loss is a weighted estimate of the probability of credit loss during the expected lifetime of a financial instrument. Credit losses are measured at the present value of all cash shortfalls, which is the difference between the cash flows that the Company can receive under the contract and the cash flows that the Company expects to receive. Expected credit losses are discounted at the effective interest rate of the financial assets.

Allowance for losses on financial assets measured at amortized cost is deducted from the carrying amount of the assets.

When the Company does not have a reasonable expectation of recovering all or part of a financial asset, the total carrying amount of the financial asset is directly reduced. The Company analyzes the timing and amount of write-offs individually on the basis of whether recovery is reasonably expected. The Company does not expect any material reversal of the amount written off. However, financial assets that have been written off are still enforceable in order to comply with the Company's procedures for recovering overdue amounts.

(5) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset cease, or when the financial asset has been transferred and substantially all the risks and rewards of ownership of the asset have been transferred to other enterprises, or when substantially all the risks and rewards of ownership of the asset have neither been transferred nor retained and control of the financial asset has not been retained.

If the Company enters into a transaction to transfer a financial asset, the financial asset is continuously recognized in the balance sheet if all or substantially all the risks and rewards of ownership of the transferred asset are retained.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

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

(2) Equity transactions

An equity instrument is any contract that recognizes the Company's remaining interest in an asset less all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received less the cost of direct issuance.

(3) Treasury stock

Upon repurchase of equity instruments recognized by the Company, the consideration paid, including directly attributable costs, is recognized as a reduction of equity. Shares repurchased are classified as treasury stock. On subsequent sales or reissues of treasury stock, the amount received is recognized as an increase in equity and the residual or deficit arising from the transaction is recognized as capital surplus or retained earnings (if capital surplus is not sufficient to offset it).

(4) Financial liabilities

Financial liabilities are classified as being measured at amortized cost or at fair value through profit or loss. Financial liabilities are classified as being measured at fair value through profit or loss if they are held for trading, derivative instruments or designated at initial recognition. Financial liabilities measured at fair value through profit or loss are measured at fair value, and the related net gain or loss, including any interest expense, are recognized in profit or loss.

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

(5) Derecognition of financial liabilities

The Company derecognizes financial liabilities when the contractual obligations are fulfilled, canceled or expired. When the terms of a financial liability are modified and the cash flows of the modified liability are materially different, the original financial liability is derecognized and the new financial liability is recognized at fair value based on the modified terms. When a financial liability is derecognized, the difference between the carrying amount and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and presented in the balance sheet on a net basis only when the Company has a legally enforceable right to do so and intends to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

3. Derivative financial instruments

The Company holds derivative financial instruments to hedge the risk of foreign currency exposure. Derivatives are initially recognized at fair value, with transaction costs recognized in profit or loss; subsequently, they are measured at fair value, with gains or losses arising from remeasurement recognized directly in profit or loss. When its fair value is positive, the derivative is recognized as a financial asset; when its fair value is negative, the derivative is recognized as a financial liability.

(VII) Inventories

Inventories are measured at the lower of cost or net realizable value. Inventories include acquisition, production or processing costs and other costs incurred in bringing them to the place and condition in which they are available for use and are measured using the weighted-average method. Fixed manufacturing costs are allocated to finished goods and work in process based on the higher of normal production capacity or actual production of the production equipment, while variable manufacturing costs are allocated on the basis of actual production. Net realizable value is the estimated selling price under normal operations less estimated costs of completion and selling expenses required to complete the sale.

(VIII) Investment in subsidiaries

In the preparation of the parent company only financial statements, the Company adopts the equity method to evaluate the investee companies under its control. The carrying amount of an investment in a subsidiary includes goodwill recognized at the time of the original investment, less any accumulated impairment loss, which is recognized as a decrease in carrying amount of investment. Under the equity method, the current gains or losses and other composite gains or losses of the financial statements shall be the same as the share of the current gains or losses and other composite gains or losses attributable to the owners of the parent company in the financial statements prepared on a consolidated basis. Equity attributable to the owners of financial statements should be the same as the equity attributable to the owners of the parent company in the financial statements prepared on a consolidated basis.

Where the change in the Company's ownership interest in the subsidiary does not result in the loss of control, it shall be treated as an equity transaction with the owner.

(IX) Property, plant and equipment

1. Recognition and measurement

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

If the significant components of property, plant and equipment have different useful lives, they are treated as separate items (major components) of property, plant and equipment.

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

2. Subsequent costs

Subsequent expenditures are capitalized only when it is probable that future economic benefits will flow to the Company.

3. Depreciation

Depreciation is calculated on the basis of the cost of an asset less its residual value and is recognized in profit or loss over the estimated useful life of each component using the straight-line method. Except for land, which is not subject to depreciation, the estimated useful lives of the remaining components are. Machinery equipment: 3 to 10 years; office and other equipment: 2 to 10 years. In addition, buildings and structures are depreciated over their estimated useful lives based on their significant components: 20 to 50 years for main and auxiliary buildings, and 3 to 10 years for other auxiliary electrical and mechanical equipment and engineering systems.

The depreciation method, useful lives and residual values are reviewed at each reporting date, and the effects of any changes in estimates are deferred and adjusted.

(X) Lease

The Company assesses whether a contract is or comprises a lease at the inception date of the contract. A contract is or comprises a lease if it transfers control over the use of an identified asset for a period of time in exchange for consideration.

1. Lessees

The Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is measured initially at cost, which includes the original measurement of the lease liability, adjusted for any lease payments made on or before the commencement date of the lease, plus the original direct costs incurred and the estimated costs to disassemble, remove and restore the subject asset to its location or to the subject asset, less any lease incentives received. The lease payments are added to the original direct costs incurred and the estimated costs of dismantling, removing and restoring the subject asset to its location or to the subject asset, less any incentives received.

Right-of-use assets are subsequently depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the Company periodically assesses whether a right-of-use asset is impaired and addresses any impairment loss incurred, and adjusts the right-of-use asset when the lease liability is remeasured.

Lease liabilities are measured initially at the present value of the lease payments outstanding at the inception date of the lease. If the implied interest rate of the lease is readily determinable, the discount rate is that rate; if it is not readily determinable, the Company's incremental borrowing rate is used. In general, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of lease liabilities include:

(1) Fixed payments, including real fixed payments:

(2) Variable lease payments that depend on an index or rate, using the index or rate at the inception date of the lease as the original measure:

(3) The amount of the residual value guarantee expected to be paid; and

(4) The exercise price or penalty to be paid if it is reasonably certain that the option to purchase or the option to terminate the lease will be exercised.

Lease liabilities are subsequently accrued for using the effective interest method and are remeasured when the following occurs:

(1) There is a change in future lease payments as a result of a change in the index or rate used to determine lease payments;

(2) There is a change in the amount of the residual value guarantee expected to be paid.

(3) There is a change in the evaluation of the purchase option on the subject asset; and

(4) There is a change in the estimate of whether to exercise the option to extend or terminate the lease, resulting in a change in the evaluation of the lease term;

(5) There is a change in the subject matter, scope or other terms of the lease.

When a lease liability is remeasured as a result of changes in the index or rate used to determine lease payments, changes in the residual value guarantee amount and changes in the evaluation of the purchase, extension or termination option as described above, the carrying amount of the right-of-use asset is adjusted accordingly and the remaining remeasurement amount is recognized in profit or loss when the carrying amount of the right-of-use asset is reduced to zero.

For lease modifications that reduce the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between the carrying amount and the remeasurement amount of the lease liability is recognized in profit or loss.

The Company presents right-of-use assets and lease liabilities that do not meet the definition of investment property as separate line items in the balance sheet.

For short-term leases and leases of low-value underlying assets, the Company chooses not to recognize right-of-use assets and lease liabilities, and instead recognizes the related lease payments as expenses on a straight-line basis over the lease term.

2. Lessors

Transactions in which the Company is the lessor are classified as finance leases on the inception date of the lease based on whether the lease contracts transfer substantially all the risks and rewards incidental to the ownership of the subject assets, and otherwise are classified as operating leases. In its evaluation, the Company considers specific indicators, including whether the lease period covers a significant portion of the economic life of the subject asset.

If the Company is the lessor of a sublease, it treats the main lease and the sublease transaction separately and assesses the classification of the sublease transaction using the right-of-use assets arising from the main lease. If a master lease is a short-term lease and the recognition exemption applies, the sublease transaction should be classified as an operating lease.

For operating leases, the Company recognizes the lease payments received as rental income over the lease term on a straight-line basis.

(XI) Intangible assets

The Company's acquisition of purchased software is measured at cost less accumulated amortization and accumulated impairment. Amortization is provided on a straight-line basis over the estimated useful lives of 3 to 5 years and is recognized in profit or loss.

The Company reviews the residual value, useful life and amortization method of intangible assets at each reporting date, and makes appropriate adjustments when necessary.

(XII) Impairment of non-financial assets

The Company assesses at each reporting date whether there is any indication that the carrying amount of non-financial assets (other than inventories and deferred income tax assets) may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. Goodwill is tested for impairment annually or whenever there is an indication of impairment.

The purpose of the impairment test is to identify a group of assets as the smallest identifiable group of assets for which a significant portion of the cash inflows are separate from other individual assets or groups of assets. Goodwill acquired on a business combination is allocated to each cash-generating unit or group of cash-generating units that is expected to benefit from the combined effect.

The recoverable amount is the higher of the fair value of the individual asset or cash-generating unit, less costs to dispose, and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognized if the recoverable amount of an individual asset or cash-generating unit is less than its carrying amount. The impairment loss is recognized immediately in profit or loss and reduces the carrying amount of the goodwill amortized for the cash-generating unit first, and then reduces the carrying amount of each asset in proportion to the carrying amount of the other assets in the unit.

The impairment loss on goodwill is not subject to reversal. Non-financial assets other than goodwill are reversed only to the extent that the carrying amount of the asset, net of depreciation or amortization, would have been determined had no impairment loss been recognized in prior years.

(XIII) Provision for liabilities

Provisions for liabilities are recognized when the Company has a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation in the future, and the amount of the obligation can be reliably estimated.

The provision for product warranty liability is recognized when the product is sold. The provision for this liability is measured based on historical warranty information and all probable outcomes weighted by their respective probabilities.

(XIV) Revenue recognition

Revenue is measured at the consideration to which the Group is expected to be entitled as a result of the transfer of goods or services. The Company recognizes revenue when control of goods or services is transferred to customers to satisfy performance obligations. The Company explains the main revenue items as follows:

1. Sales of goods

   The Company recognizes revenue when control of the goods is transferred to customers. Transfer of control of goods means that the goods has been delivered to the customer, the customer is able to determine the sales channel and price of the product, and there are no outstanding obligations that would affect the customer's acceptance of the goods. Delivery occurs when the product is delivered to a specific location, the risk of obsolescence and loss has been transferred to the customer, the customer has accepted the product in accordance with the terms of the transaction, and the Company has objective evidence that all acceptance conditions have been met.

   The Company has a refund obligation for defective products sold and has recognized a provision for warranty liability for this obligation.

   The Company recognizes accounts receivable upon delivery of goods because the Company has the unconditional right to receive the consideration at that point in time.

2. Financial components

   The Company does not adjust the time value of money of the transaction price because the time interval between the expected transfer of goods to customers and the payment of goods or services by customers does not exceed one year.

(XV) Employee benefits

1. Defined contribution plans

   The contribution obligation of the defined contribution pension plan is recognized as employee benefit expense in profit or loss during the period in which the employees render service.

2. Defined benefit plans

   The net obligation under the defined benefit pension plan is calculated as the discounted value of the future benefit amounts to be earned by each plan for each employee's current or prior service, less the fair value of any plan assets. The discount rate is based on the market yield rate at the reporting date for government bonds with maturity dates approximating the term of the Company's net obligation and denominated in the same currency as the expected benefit payments. The net obligation of the defined benefit plans is actuarially determined annually by a qualified actuary using the projected unit benefit method.

When benefits under a plan are improved, the related expense is recognized immediately in profit or loss for the portion of the benefit increase attributable to employees' past service.

The remeasurement of the net defined benefit obligation (asset) consists of (1) actuarial gain or loss; (2) compensation on plan assets, excluding the amount included in net interest on the net defined benefit obligation (asset); and (3) any change in the asset ceiling effect, excluding the amount included in net interest on the net defined benefit obligation (asset). The remeasurement of the net defined benefit liability (asset) is recognized in other comprehensive income and is transferred to other equity in the current period.

The Company recognizes a gain or loss on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The curtailment or settlement gain or loss includes the change in the fair value of any plan assets and the change in the present value of the defined benefit obligation.

3. Short-term employee benefits

   Short-term employee benefit obligations are measured on an undiscounted basis and are recognized as an expense when the related services are rendered. The amount expected to be paid under short-term cash bonus or dividend plans is recognized as a liability when the Company has a present legal or constructive obligation to pay for the services rendered by employees and the obligation can be reliably estimated.

(XVI) Income tax

Income tax expense includes current and deferred income taxes. Current and deferred income taxes are recognized in profit or loss, except when they relate to business combinations, items recognized directly in equity or other comprehensive income.

The Company has determined that its supplemental taxes payable under the Global Minimum Tax (Pillar Two) regulation fall within the scope of IAS 12, "Income Taxes" and has applied a temporary mandatory exemption from deferred income tax accounting related to the supplemental taxes, with the actual incurrence of the supplemental taxes being recognized as current income taxes.

Current income taxes include estimated income taxes payable or refunds receivable based on current year's taxable income (loss) and any adjustments to prior years' income taxes payable or refunds receivable. The amount reflects the best estimate of the amount expected to be paid or received, measured at the statutory tax rate at the reporting date or the tax rate of substantive legislation, after reflecting uncertainties, if any, related to income taxes.

Deferred income taxes are recognized on temporary differences between the carrying amounts of assets and liabilities at the reporting date and their tax bases. Deferred income tax is not recognized for temporary differences arising from:

1. Assets or liabilities that are not part of a business combination and are recognized

initially in a transaction that (i) at the time of the transaction do not affect the accounting profit or taxable income (loss) and (ii) do not result in an equal number of taxable and deductible temporary differences;

2. Temporary differences arising from investments in subsidiaries, affiliates and joint ventures where the timing of the reversal of the temporary differences is controlled by the Company and it is probable that the temporary differences will not reverse in the foreseeable future; and
3. Taxable temporary differences arising from the original recognition of goodwill.

Deferred income tax assets are recognized for unused tax losses and unused tax credits in subsequent periods, together with deductible temporary differences, to the extent that it is probable that future taxable income will be available for use. Deferred income tax assets are reassessed at each reporting date and reduced to the extent that it is not probable that the related income tax benefit will be realized or to the extent that it becomes probable that sufficient taxable income will be available to allow the reversal of the original reduction.

Deferred income taxes are measured at the tax rates that are expected to apply to the reversal of temporary differences, based on the statutory tax rate at the reporting date or the tax rate of substantive legislation, and reflecting uncertainties, if any, related to income taxes.

The Company shall offset deferred income tax assets and deferred income tax liabilities only if the following conditions are met at the same time:

1. There is a legally enforceable right to offset current income tax assets and current income tax liabilities; and
2. The deferred income tax assets and deferred income tax liabilities relate to one of the following taxable entities that are subject to income tax by the same taxing authority:
   (1) the same taxable entity; or
   (2) different taxable entities, provided that each entity intends to settle current income tax liabilities and assets on a net basis, or to realize assets and settle liabilities simultaneously, in each future period in which significant amounts of deferred income tax assets are expected to be recovered and deferred income tax liabilities are expected to be settled.

(XVII) Business combinations

The Company uses the acquisition method of accounting to account for the combined subsidiaries. Goodwill is measured at the fair value of the consideration transferred at the acquisition date, including the amount attributable to any non-controlling interest in the acquiree, less the net amount of the identifiable assets acquired and liabilities assumed, which is generally the fair value. If the resulting balance is negative, the Company reassesses whether all assets acquired and liabilities assumed have been properly recognized before recognizing the benefit of the bargain purchase in profit or loss.

Transaction costs associated with a business combination are recognized as expenses of the combining company as soon as they are incurred, except when they relate to the issuance of debt or equity instruments.

The non-controlling interests in the acquiree that are presently owned and whose holders are entitled to a proportionate share of the net assets of the business at the time of liquidation are measured, at the option of the Company, on a transaction-by-transaction basis, at either the acquisition date fair value or at the present ownership instrument's proportionate share of the recognized amount of the acquiree's identifiable net assets. Other non-controlling interests are measured at their fair values at the acquisition date or on other bases in accordance with IFRSs recognized by the FSC.

If the original accounting for a business combination is not completed before the reporting date of the combination transaction, the Company reports the outstanding accounting items at provisional amounts and makes retroactive adjustments or recognizes additional assets or liabilities during the measurement period to reflect new information obtained during the measurement period about facts and circumstances existing at the acquisition date. The measurement period does not exceed one year from the date of acquisition.

In a business combination entered into in stages, the Company remeasures its previously held interest in the acquiree at its acquisition-date fair value, and any resulting gain or loss is recognized in profit or loss. Changes in the value of the acquiree's interest that were recognized in other comprehensive income before the acquisition date should be treated in the same manner as if the Company had directly disposed of its previously held interest, and if it is appropriate to reclassify the interest to profit or loss upon disposal, the amount is reclassified to profit or loss.

(XVIII) Earnings per share

The Company presents basic and diluted earnings per share attributable to equity holders of the Company's common stock. Basic earnings per share of the Company is calculated by dividing the profit or loss attributable to the holders of the Company's common stock by the weighted-average number of common shares outstanding during the period. Diluted earnings per share is calculated by adjusting the profit or loss attributable to equity holders of the Company's common stock and the weighted-average number of common shares outstanding, respectively, for the effect of all potentially dilutive common shares. The potential diluted common stock of the Company is the employee compensation that may be issued in stock.

(XIX) Segment information

The Company has disclosed segment information in the consolidated financial statements and therefore does not disclose segment information in the parent company only financial statements.

V. Major Sources of Uncertainty in Significant Accounting Judgments, Estimates and Assumptions

When preparing the parent company only financial statements, the management shall make judgments, estimates and assumptions, which will affect the adoption of accounting policies and the reported amounts of assets, liabilities, incomes and expenses. Actual results may differ from estimates.

The management has continuously reviewed the estimates and basic assumptions, and changes in accounting estimate are recognized in the period of change and in the future periods affected.

The uncertainty in the following assumptions and estimates, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is described below:

(I) Valuation of inventories

Inventories are measured at the lower of cost or net realizable value. The Company assesses the amount of inventories that are normally worn out, obsolete or have no marketable value at the reporting date and reduces the cost of inventories to net realizable value. This inventory valuation is primarily based on estimates of product demand in specific periods in the future and is subject to significant changes due to rapid changes in the industry. Please refer to Note VI (VI) for the valuation of inventories.

(II) Impairment assessment of goodwill arising from investment in subsidiaries

The carrying amount of the invested subsidiary includes the goodwill identified at the time of the original investment. The process of assessing goodwill impairment relies on the Company's subjective judgment, which includes identifying cash-generating units, allocating goodwill to the relevant cash-generating units, and determining the recoverable amount of the relevant cash-generating units. Any changes in economic conditions or corporate strategy may cause significant changes in the results of the assessment.

VI. Description of Significant Accounting Items

(I) Cash and cash equivalents

		2023.12.31	2022.12.31
Cash on hand and petty cash	$	92	35
Demand deposits and check deposits		443,740	452,870
	$	**443,832**	**452,905**

(II) Financial instruments at fair value through profit or loss - current

		2023.12.31	2022.12.31
Financial assets mandatorily classified as at fair value through profit or loss:			
Non-hedging derivative instruments:			
Forward foreign exchange contracts	$	247	913
Foreign exchange SWAP contracts		7,885	11
Subtotal		8,132	924
Non-derivative financial assets:			
Fund beneficiary certificates		24,485	26,071
	$	**32,617**	**26,995**
Financial liabilities held for trading:			
Derivative financial instruments:			
Forward foreign exchange contracts	$	135	66
Foreign exchange SWAP contracts		-	1,017
Subtotal	**$**	**135**	**1,083**

Please refer to Note VI (XXI) for the amount recognized in profit or loss measured at fair value.

The Company engages in derivative financial instruments to hedge the exposure to exchange rate risk arising from operating activities, which are reported as financial assets or liabilities at fair value through profit or loss because hedge accounting is not applied. The details of the outstanding derivative financial instruments as of the reporting date is as follows:

1. Forward foreign exchange contracts

2023.12.31

Currency	Contractual amount (In thousands of NTD)	Maturity period
Buy USD/Sell RMB	USD 616	2024.01
Buy JPY/Sell USD	USD 1,020	2024.01
Buy EUR/Sell USD	USD 1,322	2024.01

2022.12.31

Currency	Contractual amount (In thousands of NTD)	Maturity period
Buy EUR/Sell USD	USD 1,100	2023.01
Buy JPY/Sell USD	USD 916	2023.01
Buy NTD/Sell USD	USD 4,360	2023.01
Buy RMB/Sell USD	USD 450	2023.01

2. Foreign exchange SWAP contracts

2023.12.31		
Currency	**Contractual amount (In thousands of NTD)**	**Maturity period**
Swap in NTD/Swap out USD	USD 14,490	2024.01

2022.12.31		
Currency	**Contractual amount (In thousands of NTD)**	**Maturity period**
Swap in NTD/Swap out USD	USD 13,330	2023.01

(III) Financial assets at fair value through other comprehensive income - non-current

	2023.12.31	2022.12.31
Equity instruments measured at fair value through other comprehensive income:		
Stocks of domestic listed (OTC) companies	$ 77,314	68,840

The Company holds such equity instrument investments for the strategic investment purpose, instead of trading purpose. Therefore, they have been designated as measured at fair value through other consolidated profit or loss.

The Company did not dispose of the above-mentioned strategic investments in 2023 and 2022, and the gain or loss accumulated during those periods were not transferred to equity.

(IV) Financial assets carried at amortized cost - current

	2023.12.31	2022.12.31
Pledged certificate of deposit	$ 1,500	1,500

Please refer to Note VIII for details of the aforesaid financial assets used by the Company to provide guarantees.

(V) Accounts receivable and other receivables

		2023.12.31	2022.12.31
Accounts receivable	$	292,919	454,211
Accounts receivable from related parties		145,921	672,077
Less: Allowance for loss		(921)	(1,798)
	$	437,919	1,124,490
Other receivables	$	5,333	26,976
Other receivables from related parties		2,868	4,186
	$	8,201	31,162

The Company uses a simplified approach to estimate expected credit losses for all accounts receivable, which is measured using expected credit losses for the duration of the period, and has included forward-looking information. The expected credit losses of the Company's accounts receivable were analyzed as follows:

	2023.12.31			
		Book-entry amounts of accounts receivable	Weighted average expected credit loss rate	Allowance for expected credit losses for the duration of the period
Not overdue	$	247,149	0%	-
1-30 days overdue		35,751	0.46%	163
31-60 days overdue		7,761	1.72%	133
61-90 days overdue		1,864	12.38%	231
Overdue more than 90 days		394	100%	394
	$	292,919		921

	2022.12.31			
		Book-entry amounts of accounts receivable	Weighted average expected credit loss rate	Allowance for expected credit losses for the duration of the period
Not overdue	$	362,894	0%	-
1-30 days overdue		81,155	1.14%	923
31-60 days overdue		10,159	8.58%	872
Overdue more than 90 days		3	100%	3
	$	454,211		1,798

Accounts receivable - related parties at December 31, 2023 and 2022 are expected to have no expected credit losses as evaluated by the Company and are analyzed as follows:

	2023.12.31	2022.12.31
Not overdue	$ 115,753	621,143
1-30 days overdue	4,918	46,678
31-60 days overdue	9,222	4,256
61-90 days overdue	16,028	-
	$ 145,921	**672,077**

The statement of changes in the allowance for losses of the Company's accounts receivable is listed as follows:

	2023	2022
Beginning balance	$ 1,798	-
(Reversal) of impairment loss for the period	(877)	1,798
Ending balance	**$ 921**	**1,798**

(VI) Inventories

	2023.12.31	2022.12.31
Raw materials	$ 234,201	624,958
Work in progress	86,607	172,219
Manufactured goods and commodities	101,688	150,194
Goods in transit	10,491	23,906
Outsourced processing products	4,107	1,663
	$ 437,094	**972,940**

The inventory-related expenses and losses recognized in the operating cost in the current period are detailed as follow:

	2023	2022
Cost of inventory sold	$ 3,015,606	4,318,781
Inventory price loss	43,402	24,080
Loss for inventory obsolescence	19,835	24,992
Gain on physical inventory	(10,477)	(1,399)
	$ 3,068,366	**4,366,454**

The above inventory price loss was due to the write-down of inventories to net realizable value at the end of the period, thus recognized as loss on inventories.

(VII) Investments accounted for using the equity method

Investments of the Company under equity method at reporting date are listed below:

	2023.12.31	2022.12.31
Subsidiaries	$ 2,478,590	2,975,611

1. Disposal of subsidiary - Brainstorm Corporation (Brainstorm)

   In October 2023, the Company disposed of its entire equity interest in Brainstorm to Metaage Corporation (Metaage), a subsidiary of Qisda Corporation (Qisda), resulting in the loss of control of Brainstorm. This transaction was a reorganization of an organization under common control as both the Company and Metaage are subsidiaries of Qisda. The difference between the disposal price of NTD 530,075 thousand and the carrying value of the Company's investment in Brainstorm, amounting to NTD 20,999 thousand, was reported in capital surplus and was not recognized in profit or loss.
2. On July 1, 2022, Ace Pillar Co., Ltd., a subsidiary of the Company, acquired 100% equity of ACE Energy Co., Ltd. from the subsidiary and other related parties of Qisda Corporation, the parent company of the Company, through a cash acquisition. The aforementioned transaction is an organizational restructuring under common control and should be deemed to have been acquired from the beginning. For information on other subsidiaries, please refer to the consolidated financial report for the year ended December 31, 2023.
3. Impairment test of goodwill

   If the investment cost for the Company to acquire a subsidiary exceeds the amount of the net fair value of its share of the identifiable assets and liabilities in the investee on the acquisition date, it shall be listed as goodwill; if the goodwill is impaired, it shall be regarded as a decrease in the carrying value of the investment accounted for using the equity method in the parent company only financial statements. As of December 31, 2023 and 2022, goodwill obtained through mergers and acquisitions was allocated to the following cash generating units (or groups of cash generating units) expected to benefit from the comprehensive effects of the merger:

	2023.12.31	2022.12.31
DFI AMERICA, LLC.	$ 177,874	177,874
Brainstorm	-	152,979
Standard Technology Corporation	76,149	76,149
Other cash generating units with non-significant goodwill amortized	39,270	39,270
	$ 293,293	446,272

The above cash generating units are the smallest units under the management's supervision of investment returns on goodwill containing assets. According to the results of goodwill impairment testing conducted by the Company, the recoverable amount as of December 31, 2023 and 2022 was higher than its carrying value, so there is no need to recognize impairment losses. The recoverable amount of the cash generating units are determined based on value in use, with key assumptions as follows: The key assumptions used to estimate value in use are as follows:

	2023.12.31	**2022.12.31**
DFI America, LLC.:		
Operating revenue growth rate	(0.8%)~5%	(3%)~4.47%
Discount rate	11.85%	11.61%

	2023.12.31	**2022.12.31**
Brainstorm:		
Operating revenue growth rate	-	(6.39)%~23.2%
Discount rate	-	13.35%
Standard Co.		
Operating revenue growth rate	14.68%~27.9%	5.78%~15%
Discount rate	10.67%	12.92%

(1) The estimated future cash flow used is a five-year financial budget estimated by the management based on future operating plans. Cash flows over five years are extrapolated using an annual growth rate of 2%.

(2) The discount rate for determining the value in use is based on the weighted average cost of capital as the estimation basis.

(VIII) Property, plant and equipment

	Land	Houses and buildings	Machinery equipment	Office equipment	Other equipment	Unfinished construction	Total
Costs:							
Balance as of January 1, 2023	$ 436,303	404,290	337,229	20,417	182,671	-	1,380,910
Addition	-	-	1,183	2,020	7,708	-	10,911
Disposal	-	-	(13,757)	(165)	(1,803)	-	(15,725)
Balance as of December 31, 2023	**$ 436,303**	**404,290**	**324,655**	**22,272**	**188,576**	**-**	**1,376,096**
Balance as of January 1, 2022	$ 436,303	394,208	319,630	19,724	145,801	7,290	1,322,956
Addition	-	2,270	21,015	693	31,975	5,878	61,831
Disposal	-	-	(3,341)	-	(301)	-	(3,642)
Reclassification	-	7,812	(75)	-	5,196	(13,168)	(235)
Balance as of December 31, 2022	**$ 436,303**	**404,290**	**337,229**	**20,417**	**182,671**	**-**	**1,380,910**
Accumulated depreciation:							
Balance as of January 1, 2023	$ -	88,534	175,615	13,379	41,575	-	319,103
Depreciation	-	10,517	35,322	2,732	20,750	-	69,321
Disposal	-	-	(13,757)	(69)	(1,803)	-	(15,629)
Balance as of December 31, 2023	**$ -**	**99,051**	**197,180**	**16,042**	**60,522**	**-**	**372,795**
Balance as of January 1, 2022	$ -	78,186	145,811	10,156	22,428	-	256,581
Depreciation	-	10,348	33,145	3,223	19,448	-	66,164
Disposal	-	-	(3,341)	-	(301)	-	(3,642)
Balance as of December 31, 2022	**$ -**	**88,534**	**175,615**	**13,379**	**41,575**	**-**	**319,103**
Book value:							
December 31, 2023	**$ 436,303**	**305,239**	**127,475**	**6,230**	**128,054**	**-**	**1,003,301**
December 31, 2022	**$ 436,303**	**315,756**	**161,614**	**7,038**	**141,096**	**-**	**1,061,807**

(IX) Right-of-use assets

		Buildings
Cost of right-of-use assets:		
Balance as of January 1, 2023	$	151,367
Decrease		(1,604)
Balance as of December 31, 2023	**$**	**149,763**
Balance as of January 1, 2022	$	137,092
Addition		14,275
Balance as of December 31, 2022	**$**	**151,367**
Accumulated depreciation of right-of-use assets:		
Balance as of January 1, 2023	$	29,568
Depreciation		18,846
Decrease		(1,604)
Balance as of December 31, 2023	**$**	**46,810**
Balance as of January 1, 2022	$	13,638
Depreciation		15,930
Balance as of December 31, 2022	**$**	**29,568**
Book value:		
December 31, 2023	**$**	**102,953**
December 31, 2022	**$**	**121,799**

(X) Intangible assets

	Computer software
Costs:	
Balance as of January 1, 2023	$ 70,848
Separate acquisition	2,731
Balance as of December 31, 2023	**$ 73,579**
Balance as of January 1, 2022	$ 63,306
Separate acquisition	7,542
Balance as of December 31, 2022	**$ 70,848**
Accumulated amortization:	
Balance as of January 1, 2023	$ 58,193
Amortization	6,142
Balance as of December 31, 2023	**$ 64,335**
Balance as of January 1, 2022	$ 52,784
Amortization	5,409
Balance as of December 31, 2022	**$ 58,193**
Book value:	
Balance as of December 31, 2023	**$ 9,244**
Balance as of December 31, 2022	**$ 12,655**

The amortization charges for intangible assets for the years ended December 31, 2023 and 2022 are reported sequentially in the comprehensive income statement as follows:

	2023	2022
Operating costs	$ 3,488	1,859
Operating expenses	2,654	3,550
	$ 6,142	**5,409**

(XI) Short-term borrowings

	2023.12.31	2022.12.31
Unsecured bank loans	**$ 650,000**	**1,055,000**
Unused lines of credit	**$ 2,650,000**	**2,005,000**
Range of interest rate	**1.70%~1.76%**	**1.69%~1.96%**

(XII) Long-term borrowings

	2023.12.31	2022.12.31
Unsecured bank loans	**$ 400,000**	**1,100,000**
Unused lines of credit	**$ 1,300,000**	**-**
Year of maturity	**2026**	**2024**
Range of interest rate	**1.79%**	**1.90%~1.95%**

(XIII) Lease liabilities

The book amount of the lease liabilities of the Company is as follows:

	2023.12.31	2022.12.31
Current:	$ 18,567	18,889
Non-current:	$ 89,283	107,851

Please refer to Note VI (XXIII) Financial Risk Management for the maturity analysis of lease liabilities.

The amounts recognized as profit and loss are as follows:

	2023	2022
Interest expense on lease liabilities	$ 1,350	1,432
Short-term leases expenses and lease expenses of low-value assets	$ 539	6,606

The amounts recognized in the cash flow statement are as follows:

	2023	2022
Total cash outflow for leases	$ 20,779	23,878

Important lease clauses:

1. Lease of houses and buildings

   Regarding the houses and buildings leased by the Company as office premises, warehouses and plants, the lease terms are approximately three to ten years, some of which include the option to extend for the same period as the original contract at the end of the lease term.

2. Other lease

   The leases under which the Company leases office equipment are short-term leases or leases of low-value assets, and the Company has selected to apply the exemption from the recognition requirement and not recognize the related right-of-use assets and lease liabilities.

(XIV) Provisions for liabilities - Product warranty

	2023	2022
Balance as of January 1	$ 51,236	46,247
Provision increases for the period	10,176	15,296
Provision reverses for the period	(19,648)	(10,307)
Balance as of December 31	$ 41,764	51,236

The warranty provisions for products of the Company is mainly related to the sales of industrial computer boards and systems, and the warranty reserve is estimated based on the historical warranty data of similar products.

(XV) Employee benefits

1. Defined benefit plans

The adjustment when the present value of the Company's defined benefit obligation is greater than the fair value of the plan assets is as follows:

	2023.12.31	2022.12.31
Present value of defined benefit obligation	$ 74,844	92,955
Fair value of plan assets	(55,715)	(61,781)
Net defined benefit liabilities	**$ 19,129**	**31,174**

The defined benefit plans of the Company are allocated to the special account for labor pension reserves of the Bank of Taiwan. The pension payment for each employee subject to the Labor Standards Act is calculated based on the base obtained through service years and the average salary for the six months prior to retirement.

(1) Composition of plan assets

The pension funds allocated by the Company in accordance with the Labor Standards Act are administrated by the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as “BLF”). In accordance with the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", the minimum income for the annual final distribution of the funds shall not be lower than the income calculated based on the two-year fixed deposit rate of the local bank.

As of December 31, 2023 and 2022, the balances in the special accounts for labor pension reserves of the Company in the Bank of Taiwan were NTD 55,715 thousand and NTD 61,781 thousand, respectively. Information on the use of labor pension fund assets, including fund returns and fund asset allocation, can be found on the website of the BLF.

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

	2023	2022
Defined benefit obligations as of January 1	$ 92,955	90,202
Current service cost and interest	1,550	760
Remeasurement of net defined benefit liabilities (assets)		
— Actuarial gain or loss arising from experience adjustments	(10,895)	2,145
— Actuarial gain or loss arising from changes in financial assumptions	1,673	1,850
Benefits paid under the plan	(10,439)	(2,002)
Defined benefit obligations as of December 31	**$ 74,844**	**92,955**

(3) Changes in fair value of plan assets

	2023	2022
Fair value of plan assets as of January 1	$ 61,781	49,618
Interest income	956	321
Remeasurement of net defined benefit liabilities (assets)		
Compensation of plan assets (excluding current interest)	247	4,255
Amount contributed to the plan	3,170	9,589
Benefits paid under the plan	(10,439)	(2,002)
Fair value of plan assets as of December 31	**$ 55,715**	**61,781**

(4) Change in asset ceiling effects

The Company did not have defined benefit plan asset ceiling effects in the years 2023 and 2022.

(5) Expenses recognized as profit or loss

	2023	2022
Service costs for the current period	$ 156	196
Net interest on net defined benefit liabilities (assets)	438	243
	$ 594	**439**
Operating costs	**$ 594**	**439**

(6) Actuarial assumptions

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

	2023.12.31	2022.12.31
Discount rate	1.250%	1.500%
Future salary increases	3.25%	3.25%

The Company expects to make a contribution of NTD 3,134 thousand to the defined benefit plan within one year after the reporting date of the fiscal year 2023. The weighted average duration of the defined benefit plan is 9.1 years.

(7) Sensitivity analysis

The effect of changes in the main actuarial assumptions used on the present value of defined benefit obligations is as follows:

	Effect on defined benefit obligations	
	Increase by 0.25%	**Decrease by 0.25%**
December 31, 2023		
Discount rate	$ (1,673)	1,732
Future salary increases	1,669	(1,621)
December 31, 2022		
Discount rate	(2,164)	2,241
Future salary increases	2,165	(2,102)

The sensitivity analysis described above is based on analyzing the impact of changes in a single assumption while other assumptions remain unchanged. In practice, many hypothetical changes may be sequential. The sensitivity analysis is consistent with the method used to calculate the net defined benefit liabilities on the balance sheet date. The method and assumptions used to prepare the sensitivity analysis in the current period are the same as in the previous period.

2. Defined contribution plans

The defined contribution plan of the Company is made in accordance with the provisions of the Labor Pension Act at a contribution rate of 6% of the monthly salary of the laborers to the individual pension account of the Bureau of Labor Insurance (BLI). There is no statutory or presumptive obligation to pay additional amount after the Company has made a defined contribution under these plans.

The pension expenses under the defined pension contribution measures of the Company in 2023 and 2022 were NTD 22,177 thousand and NTD 21,156 thousand, respectively.

(XVI) Income tax

1. Income tax expenses

The income tax expenses of the Company are detailed as follows:

	2023	**2022**
Current income tax expense		
Current income tax	$ 82,507	140,951
Prior period adjustment of current income tax	2,831	(4,140)
Current income tax expense	85,338	136,811
Deferred income tax expenses (benefits)	13,342	(39,264)
	$ 98,680	**97,547**

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

	2023	2022
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plans	$ (1,894)	(52)

The reconciliation of income tax expenses and income before tax was as follows:

	2023	2022
Income before tax	$ 460,365	629,171
Income tax at the Company's domestic tax rate	$ 92,073	125,834
Loss (gain) on domestic investment recognized under equity method	496	(21,240)
Prior period adjustment of income tax	2,831	(4,140)
Other tax-exempt income	(1,170)	(599)
Surtax on unappropriated earnings	4,666	729
Others	(216)	(3,037)
	$ 98,680	97,547

2. Deferred income tax assets and liabilities

(1) Deferred income tax assets and liabilities recognized

The changes in deferred tax assets and liabilities are as follows:

Deferred income tax assets:

	Allowance for inventory loss	Provision for liabilities	Net defined benefit liabilities	Unrealized gross profit on sales between affiliated companies	Others	Total
January 1, 2023	$ 17,425	10,247	5,417	18,952	3,786	55,827
(Debit) Credit income statement	8,680	(1,894)	(515)	(4,921)	(1,353)	(3)
(Debit) Credit to other comprehensive income	-	-	(1,894)	-	-	(1,894)
December 31, 2023	$ 26,105	8,353	3,008	14,031	2,433	53,930
January 1, 2022	$ 12,624	9,249	7,299	6,900	3,098	39,170
(Debit) Credit income statement	4,801	998	(1,830)	12,052	688	16,709
(Debit) Credit to other comprehensive income	-	-	(52)	-	-	(52)
December 31, 2022	$ 17,425	10,247	5,417	18,952	3,786	55,827

Deferred income tax liabilities:

	Temporary differences related to investment in subsidiaries	Difference between finance and taxes from fixed assets	Others	Total
January 1, 2023	$ 80,985	794	169	81,948
(Debit) Credit income statement	12,007	(98)	1,430	13,339
December 31, 2023	**$ 92,992**	**696**	**1,599**	**95,287**
January 1, 2022	$ 102,445	1,872	186	104,503
(Debit) Credit income statement	(21,460)	(1,078)	(17)	(22,555)
December 31, 2022	**$ 80,985**	**794**	**169**	**81,948**

3. The Company’s profit-seeking enterprise income tax has been approved by the tax authority to the year of 2021.

(XVII) Capital and other equities

1. Share capital - Ordinary shares

   As on December 31, 2023 and 2022, the total authorized capital of the Company was NTD 1,772,000 thousand, which was divided into 177,200 thousand shares at NTD 10 per share. The number of issued shares were both 114,489 thousand shares. The share capital reserved for the issuance of the exercise of employee share options was 20,000 thousand shares.

2. Capital surplus

   The Company's capital surplus balance is analyzed as follows:

	2023.12.31	2022.12.31
Share premium	$ 599,203	578,204
Recognized changes in percentage of ownership interests in subsidiaries	6,006	5,967
Gain on asset disposal	808	808
Others	23,750	23,607
	$ 629,767	**608,586**

   In accordance with the Company Act, the capital surplus must first be used to cover deficits before new shares or cash can be issued in proportion to the shareholders' original shares. If the foregoing is paid in cash, the board of directors shall be authorized to make a resolution and report to the shareholders' meeting. The realized capital surplus as termed in the preceding sentence includes the proceeds from the shares issued at a premium over the face value and the income from the acceptance of donations. Pursuant to the provision of the processing standard for negotiable securities offering and issuance by issuers, the capital surplus shall be accrued out of the capital, and the total amount accrued every year shall be no higher than ten percent of the paid-in capital.

3. Retained earnings and dividend policy

Pursuant to the provision of Articles of Association of the Company, if there is any surplus in the final accounts, it shall first accrue the tax, recover the accumulated loss and then set aside 10% as the legal surplus reserve, except when the legal surplus reserve has reached the paid-in capital of the Company. If there is any surplus after the special surplus reserve is set aside or reversed in accordance with the law, the Board of Directors shall make the profit distribution plan for the surplus together with the accumulated undistributed profit and submit it to the Shareholders' Meeting for dividend distribution. The Board of Directors is authorized to make a resolution to distribute and report to the Shareholders' Meeting if the earnings distribution shall be in the form of cash dividends.

Pursuant to the provisions of the Articles of Association of the Company, the profit distribution plan made by the Board of Directors shall consider the general dividend level in the industry, adopt the balanced dividend policy and follow the principle of prudence in distribution. If a surplus totaling up to 2% of capital is recorded in the annual final accounts of the Company, the amount of dividends distributed shall be no lower than 10% of the distributable earnings for the year, and the amount of annual cash dividend distributed shall be no lower than 10% of the total amount of cash and stock dividends distributed for the year.

(1) Legal reserve

Pursuant to the provision of the Company Act, when the Company makes no loss, the Company shall distribute the legal surplus reserve in the form of new shares or in cash to the extent that such legal reserve exceeds 25% of the total paid-in capital. The Board of Directors is authorized to make a resolution to distribute and report to the Shareholders' Meeting if which as mentioned in the preceding paragraph shall be in the form of cash.

(2) Special reserve

In accordance with the regulations of the FSC, when the Company distributes distributable earnings, the amount of the net decrease in other shareholders' equity recorded in the current year shall be added to the current year's net income from the current year's net income plus the amount of items other than the current year's net income from the current year's net income, and a special reserve of the same amount shall be set aside from the prior period's unappropriated earnings, and the special reserve of the same amount shall be set aside from the prior period's unappropriated earnings if it represents a decrease in other shareholders' equity from prior period's accumulation. The special reserve of the same amount from the prior period's unappropriated earnings is not available for distribution. If the amount of other shareholders' equity is reversed, the reversed portion of the special reserve may be distributed.

4. Distribution of earnings

On March 2, 2023 and March 3, 2022, the Company's Board of Directors resolved the amount of cash dividends and cash released from capital surplus for the years 2022 and 2021, respectively, and on May 31, 2023 and June 17, 2022, the Company's regular shareholders' meetings resolved the amount of other appropriations of earnings for 2022 and 2021, and the related appropriations are as follows:

	2022		**2021**	
	Dividend per share (NTD)	**Amount**	**Dividend per share (NTD)**	**Amount**
Legal reserve		$ 52,689		61,568
Special reserve (reversal)		$ (76,782)		40,215
Dividends distributed to owners of common stock:				
Cash dividends	**4.0**	457,955	**3.2**	366,364
Distribution of cash from capital surplus	-	-	**0.4**	45,796

In addition, on May 31, 2023, the Company's shareholders resolved to revise the amount of legal reserve set aside for the appropriation of the 2021 earnings by revolving the legal reserve of NTD 15,964 thousand.

On March 4, 2024, the Board of Directors resolved to distribute the following cash dividends from the 2023 earnings:

	2023	
	Dividend per share (NTD)	**Amount**
Dividends distributed to owners of common stock:		
Cash dividends	**$ 3.0**	343,467

The information regarding the profit distribution can be found on the MOPS (Market Observation Post System).

5. Other equities (net amount after tax)

	Exchange differences on translating the financial statements of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Total
Balance as of January 1, 2023	$ (69,315)	31,274	(38,041)
Exchange difference from conversion of net assets of foreign operating organizations	8,353	-	8,353
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	8,474	8,474
Share of other comprehensive income of the subsidiary recognized using the equity method	-	2,060	2,060
Disposal of subsidiaries	(36,637)	-	(36,637)
Balance as of December 31, 2023	$ (97,599)	41,808	(55,791)
Balance as of January 1, 2022	$ (134,871)	20,047	(114,824)
Exchange difference from conversion of net assets of foreign operating organizations	65,556	-	65,556
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	11,483	11,483
Share of other comprehensive income of the subsidiary recognized using the equity method	-	(256)	(256)
Balance as of December 31, 2022	$ (69,315)	31,274	(38,041)

(XVIII) Earnings per share

1. Basic earnings per share

	2023	2022
Net profit attributable to ordinary shareholders of the Company	$ 361,685	528,230
Weighted average number of outstanding ordinary shares (in thousands of shares)	114,489	114,489
Basic earnings per share (NTD)	$ 3.16	4.61

2. Diluted earnings per share

	2023	2022
Net profit attributable to ordinary shareholders of the Company	$ 361,685	528,230
Weighted average number of outstanding ordinary shares (in thousands of shares)	114,489	114,489
Effects of potential ordinary shares with dilution effect (in thousands of shares):		
Effects of employee stock compensation	646	960
Weighted average number of outstanding ordinary shares (after adjusting the number of dilution potential common shares) (in thousands of shares)	115,135	115,449
Diluted earnings per share (NTD)	$ 3.14	4.58

(XIX) Revenue from customer contracts

1. Breakdown of revenue

		2023	2022
Main products and services:			
Industrial computer cards and systems	$	3,682,270	5,047,091
Others		326,852	395,057
	$	4,009,122	5,442,148

2. Balance of contracts

		2023.12.31	2022.12.31	2022.1.1
Notes and accounts receivable (including related parties)	$	438,840	1,126,288	626,500
Less: Allowance for loss		(921)	(1,798)	-
	$	437,919	1,124,490	626,500
Contract liabilities	$	10,732	21,708	36,729

For the disclosure of notes receivable, accounts receivable (including related parties) and their impairments, please see Note VI (V) for details.

The contract liabilities mainly come from the difference between the time point of satisfying the performance obligation when the Company transfers goods to a customer and the time point of the customer's payment. The beginning balances of contract liabilities as of January 1, 2023 and 2022 were recognized as income of NTD 18,633 thousand and NTD 34,667 thousand, respectively, for the years ended December 31, 2023 and 2022.

(XX) Compensation of employees and directors

In accordance with the Articles of Association: The Company shall set aside at least 5-20% of the earnings, if any, in the year as compensation to the employees and no greater than 1% as compensation to directors. But if the Company still has an accumulated loss, it shall reserve the recovery amount in advance. The beneficiaries of the aforesaid employees' compensation, if distributed in stock or in cash, shall include the employees of the controlled companies or affiliates of the Company who meet certain conditions.

For the years ended December 31, 2023 and 2022, the estimated employee compensations of the Company were NTD 35,191 thousand and NTD 47,852 thousand, respectively, and the estimated director compensations were NTD 3,744 thousand and NTD 5,091 thousand, respectively, which were estimated based on the Company's pre-tax net income before deducting the compensations for employees and directors multiplied by the Company's proposed distribution rate of compensations for employees and directors for each period, and were reported as operating costs or operating expenses for each such period. If the actually distributed amount of next year is different from the estimate, the difference will be treated as an accounting estimate change and listed in the profit and loss of next year.

The amounts of compensations for employees and directors of the Company as of March

4, 2024 and March 2, 2023, as determined by the Board of Directors, are not different from the amounts estimated in the Company's parent company only financial statements for the fiscal years 2023 and 2022, and are paid entirely in cash. The relevant information can be found at the MOPS.

(XXI) Non-operating income and expense

1. Interest income

	2023	2022
Interest on bank deposit	$ 6,728	1,689
Interest income from financial assets measured at amortized cost	245	12
Interest on deposits	17	1
Interest income from financial assets at fair value through profit or loss	574	534
	$ 7,564	2,236

2. Other income

	2023	2022
Rental income	$ 5,427	5,427
Dividend income	5,849	2,997
Others	23,888	20,615
	$ 35,164	29,039

3. Other gains and losses

	2023	2022
Gain on disposal of property, plant and equipment	5,704	-
Net gain on foreign exchange	10,108	50,985
Net (loss) gain on financial instruments at fair value through profit or loss	(34,484)	(31,720)
Other expenditures	835	(3,345)
	$ (17,837)	15,920

4. Finance costs

	2023	2022
Bank interest expenses	$ 29,764	25,745
Financial expenses on lease liabilities	1,350	1,432
	$ 31,114	27,177

(XXII) Financial instruments

1. Types of financial instruments

(1) Financial assets

	2023.12.31	**2022.12.31**
Financial assets at fair value through profit or loss - current	32,617	26,995
Financial assets at fair value through other comprehensive income - non-current	77,314	68,840
Financial assets measured at amortized cost:		
Cash and cash equivalents	443,832	452,905
Financial assets carried at amortized cost - current	1,500	1,500
Notes receivable, account receivables, and other receivables (including related parties)	446,120	1,155,652
Refundable deposits (reported in other non-current assets)	891	1,034
Subtotal	892,343	1,611,091
Total	$ 1,002,274	1,706,926

(2) Financial liabilities

	2023.12.31	**2022.12.31**
Financial liabilities at fair value through profit or loss:		
Held-for-trading	$ 135	1,083
Financial liabilities measured by amortized cost:		
Short-term borrowings	650,000	1,055,000
Notes payable, accounts payable and other payables (including related parties)	522,314	1,078,549
Long-term borrowings	400,000	1,100,000
Lease liabilities (including current and non-current)	107,850	126,740
Subtotal	1,680,164	3,360,289
Total	$ 1,680,299	3,361,372

2. Fair value
   (1) Financial instruments not measured at fair value
   The management of the Company believes that the carrying amounts of the financial assets and liabilities of the Company classified as amortized cost in the parent company only financial statements are close to their fair value.
   (2) Financial instruments measured at fair value
   The Company's financial assets/liabilities measured by fair value through profit and loss and the financial assets measured by fair value through other comprehensive profit and loss are measured by fair value on the basis of repeatability. The following table provides relevant analysis of the financial instruments measured by fair value after initial recognition and classifies these assets into levels 1 to 3 based on the observable extent of fair value. Different fair value levels are defined as follows:
   A. Level 1: Open quotation of the same asset or liability in the active market (without adjustment).
   B. Level 2: The input parameter of the asset or liability is directly observable (namely price) or indirectly observable (namely, inferred from price), except for the open quotations included in level 1.
   C. Level 3: The input parameters of assets or liabilities are not based on observable market data (non-observable parameters).

	2023.12.31			
	Fair value			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss:				
Derivative financial instruments - Forward foreign exchange contracts	$ -	247	-	247
Derivative financial instruments - Foreign exchange swaps contract	-	7,885	-	7,885
Fund beneficiary certificates	24,485	-	-	24,485
	$ 24,485	**8,132**	**-**	**32,617**
Financial assets at fair value through other comprehensive income:				
Domestic listed stocks	**$ 77,314**	**-**	**-**	**77,314**
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments - Forward foreign exchange contract	$ -	135	-	135
Subtotal	**$ -**	**135**	**-**	**135**

	2022.12.31			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
Derivative financial instruments - Forward foreign exchange contracts	$ -	913	-	913
Derivative financial instruments - Foreign exchange swaps contract	-	11	-	11
Fund beneficiary certificates	26,071	-	-	26,071
	$ 26,071	924	-	26,995
Financial assets at fair value through other comprehensive income:				
Domestic listed stocks	$ 68,840	-	-	68,840
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments - Forward foreign exchange contract	$ -	66	-	66
Derivative financial instruments - Foreign exchange swaps contract	-	1,017	-	1,017
Subtotal	$ -	1,083	-	1,083

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

A. Non-derivative financial instruments

If there is an open quotation for the financial instrument in the active market, the open quotation in the active market shall be the fair value.

Except for financial instruments with active markets, fair values of the other financial instruments are obtained with valuation techniques or counterparty quotations. Evaluation technique-based fair value may be calculated by referring to the current fair value of other financial instruments with similar substantial conditions and characteristics, or discounted cash flow or other evaluation techniques, including market information application mode available on the reporting date.

TWSE/TPEx listed stocks and fund beneficiary certificates have standard terms and conditions and are traded in active markets, and their fair values are determined in accordance with market quotations.

B. Derivative financial instruments

They are valuated with the valuation model generally accepted by market participants. Forward foreign exchange contracts and foreign exchange swaps contracts are usually valuated in line with the current forward exchange rate.

(4) Transfer between fair value levels

There were no transfers of fair value levels of any financial asset and financial liability for the years ended 2023 and 2022.

(XXIII) Financial risk management

The Company is exposed to credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and equity instrument price risk) as a result of its business activities. This Note presents the Company's policies and procedures for measuring and managing each of these risks and the quantitative disclosure of the risks.

The Company's Board of Directors is responsible for developing and controlling the Company's risk management policy. The risk management policy is established to identify and analyze the risks faced by the Company, set appropriate risk limits and controls, and monitor compliance with the risks and risk limits. Risk management policies and systems are periodically reviewed to reflect changes in market conditions and the operations of the Company.

The financial management department of the Company monitors and manages the financial risks related to the operations of the Company through internal risk reports.

1. Credit risk

Credit risk refers to the risk of financial losses incurred by the Company due to the failure of counterparties to perform contractual obligations with respect to financial assets, mainly arising from financial assets such as cash and equivalents, derivative instrument transactions, accounts receivable from customers, and other receivables. The carrying value of financial assets of the Company represents the maximum exposure amount.

The transaction counterparties of cash and cash equivalents of the Company and the beneficiary certificates of the fund held by the Company are all financial institutions with good credit and therefore should not generate significant credit risk.

The policies adopted by the Company are to only conduct transactions with reputed counterparties, and to obtain sufficient collateral under necessary circumstances to reduce the risk of financial losses. The Company conducts transactions with enterprises whose ratings is equivalent to or higher than investment level. The information is provided by independent rating agencies. If such information is not available, the Company will use other publicly available financial information and transaction records of each other to rate major clients. The Company continuously monitors credit exposure and the credit ratings of its counterparties, and distributes the total transaction amount to qualified customers with credit ratings. It controls credit exposure through counterparty credit limit limits reviewed and approved by the risk management unit annually, and also reduces possible losses through insurance.

To mitigate the credit risk, the management of the Company appoints a team solely responsible for determination of credit lines, credit approvals and other monitoring procedures to ensure that appropriate action has been taken for the collection of overdue receivables. In addition, the Company will review the recoverable amount of the receivables one by one on the balance sheet date to ensure that the unrecoverable receivables have been recognized with appropriate impairment loss. Accordingly, the management of the Company believes that the Company's credit risk is significantly reduced.

The Company does not significantly concentrate on transactions with a single external customer; therefore, there is no concentration of credit risk on accounts receivable.

2. Liquidity risk

Liquidity risk refers to the risk that the Company cannot deliver cash or other financial assets to settle financial liabilities and fails to fulfill relevant obligations. The Company manages and maintains sufficient cash positions to support operations and mitigate the impact of cash flow fluctuations. The management of the Company monitors the use of bank facility and ensures compliance with the terms of the loan contract.

The following table shows the contractual maturity dates of financial liabilities, including the impact of estimated interest, based on the earliest date on which the Company may be required to repay and using undiscounted cash flow.

	Contractual cash flows	Within 1 year	1-2 years	2-5 years	5 years and above
December 31, 2023					
Non-derivative financial liabilities:					
Short-term borrowings (floating rates)	$ 651,689	651,689	-	-	-
Long-term borrowings (floating rates)	419,304	7,175	7,175	404,954	-
Notes payable, accounts payable and other payables (including related parties)	522,314	522,314	-	-	-
Lease liabilities	111,972	19,697	18,078	43,282	30,915
Subtotal	1,705,279	1,200,875	25,253	448,236	30,915
Derivative financial instruments:					
Forward foreign exchange contracts - gross delivery					
Outflow	90,933	90,933	-	-	-
Inflow	(91,045)	(91,045)	-	-	-
Foreign exchange SWAP contracts - gross delivery					
Outflow	444,313	444,313	-	-	-
Inflow	(452,198)	(452,198)	-	-	-
Total	(7,997)	(7,997)	-	-	-

	Contractual cash flows	Within 1 year	1-2 years	2-5 years	5 years and above
	$ 1,697,282	1,192,878	25,253	448,236	30,915
December 31, 2022					
Non-derivative financial liabilities:					
Short-term borrowings (floating rates)	$ 1,058,294	1,058,294	-	-	-
Long-term borrowings (floating rates)	1,123,329	21,100	1,102,229	-	-
Notes payable, accounts payable and other payables (including related parties)	1,078,549	1,078,549	-	-	-
Lease liabilities	132,213	20,240	18,056	48,162	45,755
Subtotal	3,392,385	2,178,183	1,120,285	48,162	45,755
Derivative financial instruments:					
Forward foreign exchange contracts - gross delivery					
Outflow	209,344	209,344	-	-	-
Inflow	(210,191)	(210,191)	-	-	-
Foreign exchange SWAP contracts - gross delivery					
Outflow	409,131	409,131	-	-	-
Inflow	(408,125)	(408,125)	-	-	-
Subtotal	159	159	-	-	-
Total	$ 3,392,544	2,178,342	1,120,285	48,162	45,755

The Company doesn't expect the time point of the cash flow under the maturity date analysis will come much earlier or the actual amount will be substantially different.

3. Market risk

Market risk refers to the risk that changes in market prices, such as exchange rates, interest rates and the price of equity instruments, and may affect the earnings of the Company or the value of the financial instruments it holds. The goal of market risk management is to control the degree of exposure to market risk within an acceptable range, and to optimize investment returns.

(1) Exchange rate risk

The Company is exposed to the risk of exchange rate fluctuations arising from sales and purchase transactions denominated in non-functional currencies, which are primarily denominated in USD. The management of exchange rate risk of the Company involves using forward foreign exchange contracts and foreign exchange contracts to manage exchange rate risk to the extent permitted by policy.

The exchange rate risk of the Company mainly stems from the USD-denominated receivables and payables that are still outstanding at the balance sheet date. The sensitivity analysis of the carrying values of significant monetary assets and liabilities that are not denominated in functional currencies and their related foreign currency movements on the reporting date is as follows in thousands of NTD:

	2023.12.31				
	Foreign currency	**Exchange rate**	**NTD**	**Changes in exchange rates**	**Profit and loss influence (before tax)**
Financial assets					
Monetary items					
USD	$ 19,937	30.7500	613,066	1%	6,131
Financial liabilities					
Monetary items					
USD	7,664	30.7500	235,654	1%	2,357

	2022.12.31				
	Foreign currency	**Exchange rate**	**NTD**	**Changes in exchange rates**	**Profit and loss influence (before tax)**
Financial assets					
Monetary items					
USD	$ 42,014	30.7300	1,291,087	1%	12,911
Financial liabilities					
Monetary items					
USD	20,558	30.7300	631,755	1%	6,318

Due to the wide variety of monetary items of the Company, the exchange gain or loss of monetary items are disclosed through consolidation. Please refer to Note VI (XXI) for details of foreign currency exchange (loss) gain (including realized and unrealized) for the years 2023 and 2022.

(2) Interest rate risk

The bank borrowings of the Company are based on a floating rate basis. The measures taken by the Company to address the risk of interest rate changes mainly include regularly assessing the borrowing interest rate of banks, maintaining good relationship with financial institutions to achieve lower financing costs, and strengthening working capital management to reduce the dependence on bank borrowings and the risk of interest rate changes.

The interest rate exposure of financial liabilities of the Company is described in the liquidity risk management section of this Note. The following sensitivity analysis is based on the interest rate exposure of non-derivative instruments at the reporting date. For floating rate liabilities, the analysis assumes that the amount of liabilities outstanding at the reporting date is outstanding throughout the year. The rate of change used by the Company to report interest rates to the main management is an increase or decrease of 1% in annual interest rates, which also represents the management's assessment of the reasonable and possible range of changes in interest rates.

If the annual interest rate on bank borrowings of the Company increases/decreases by 1%, and all other variables remain unchanged, based on the estimated balance of bank borrowings of the Company as of December 31, 2023 and 2022, the income before tax of the Company for the years 2023 and 2022 will increase/decrease by NTD 10,500 thousand and NTD 21,550 thousand, respectively.

(3) Other market price risks

The stocks on the TWSE and the TPEx held by the Company are exposed to risk of price changes in equity securities market. The Company manages and monitors the investment performance on a fair value basis.

The sensitivity analysis on price risk of holding stocks on the TWSE and TPEx is based on the changes in fair value as at the reporting date. If the price of equity instruments increases/decreases by 1%, the amount of other comprehensive income for the years 2023 and 2022 will increase/decrease by NTD 773 thousand and NTD 688 thousand, respectively.

(XXIV) Capital management

The Company manages its capitalization to ensure that the Company will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of the net debt (i.e., borrowings less cash and cash equivalents) and equity (i.e., capital stock, capital surplus, retained earnings and other equity items) of the Company. The Company is not subject to other external capital requirements.

The Company's key management annually reviews the Company's capital structure, and the content of the review includes costs of various capital and related risks. According to the key management's suggestions, the Company will balance the overall capital structure through the payment of dividends, issuance of new shares, and buy-back of shares.

The way of capital management of the Company did not change in 2023 and 2022.

(XXV) Investment and financing activities not in cash

1. Please refer to Note VI (IX) for the right-of-use assets acquired by the Company through lease.

2. The liabilities from financing activities are reconciled in the following table:

	2023.1.1	Cash flows	Non-cash change: Increase in lease liabilities	Non-cash change: Decrease in lease liabilities	2023.12.31
Short-term borrowings	$ 1,055,000	(405,000)	-	-	650,000
Long-term borrowings	1,100,000	(700,000)	-	-	400,000
Lease liabilities	126,740	(18,890)	-	-	107,850
Total liabilities from financing activities	$ 2,281,740	(1,123,890)	-	-	1,157,850

	2022.1.1	Cash flows	Non-cash change: Increase in lease liabilities	Non-cash change: Decrease in lease liabilities	2022.12.31
Short-term borrowings	$ 700,000	355,000	-	-	1,055,000
Long-term borrowings	1,300,000	(200,000)	-	-	1,100,000
Lease liabilities	128,305	(15,840)	14,275	-	126,740
Total liabilities from financing activities	$ 2,128,305	139,160	14,275	-	2,281,740

VII. Related Party Transactions

(I) Parent company and ultimate controller

Qisda Corporation is the ultimate controller of the parent company and affiliated group of the Company, directly or indirectly holding 55.09% of the Company's outstanding ordinary shares. Qisda has prepared consolidated financial reports for public use.

(II) Names and relationships of related parties

During the period covered by the parent company only financial statements, the Company's parent company, subsidiaries, and other related parties that have transactions with the Company are as follows:

Notes to Parent Company Only Financial Statements of DFI Inc. (Continued)

Name of related party	Relationship with the Company
Qisda Corporation (Qisda)	Parent company of the Company
DFI AMERICA, LLC（DFI USA)	Subsidiary directly or indirectly held by the Company
DFI Co., Ltd.	Subsidiary directly or indirectly held by the Company
Yan Tong Technology Ltd.	Subsidiary directly or indirectly held by the Company
Diamond Flower Information (NL) B.V. (DFI BV)	Subsidiary directly or indirectly held by the Company
Brainstorm Corporation (Brainstorm)	Subsidiary directly or indirectly held by the Company / Subsidiary directly or indirectly held by Qisda (Note 1)
Yan Tong Infotech (Dongguan) Co., Ltd.	Subsidiary directly or indirectly held by the Company (Note 2)
Yan Ying Hao Trading (Shenzhen) Co., Ltd.	Subsidiary directly or indirectly held by the Company
AEWIN Technologies Co., Ltd. (AEWIN)	Subsidiary directly or indirectly held by the Company
Aewin Beijing Technologies Co., Ltd.	Subsidiary directly or indirectly held by the Company
WISE WAY	Subsidiary directly or indirectly held by the Company
BRIGHT PROFT	Subsidiary directly or indirectly held by the Company
Aewin (Shenzhen) Technologies Co., Ltd.	Subsidiary directly or indirectly held by the Company
Ace Pillar Co., Ltd.	Subsidiary directly or indirectly held by the Company
Tianjin Ace Pillar Co., Ltd.	Subsidiary directly or indirectly held by the Company
ACE Energy Co., Ltd.	Subsidiary directly or indirectly held by the Company (Please refer to Note VI (VII))
Cyber South Management Ltd. (Cyber)	Subsidiary directly or indirectly held by the Company
Hong Kong Ace Pillar Enterprise Company Limited (Hong Kong Ace Pillar)	Subsidiary directly or indirectly held by the Company
Suzhou Super Pillar Automation Equipment Co., Ltd. (Suzhou Super Pillar)	Subsidiary directly or indirectly held by the Company
Proton Inc. (Proton)	Subsidiary directly or indirectly held by the Company
Ace Tek (HK) Holding Co., Ltd. (ACE Tek)	Subsidiary directly or indirectly held by the Company
Grace Transmission (Tianjin) Co., Ltd. (Grace Transmission)	Subsidiary directly or indirectly held by the Company
ADVANCEDTEK ACE(TJ) INC.	Subsidiary directly or indirectly held by the Company

Name of related party	Relationship with the Company
Xuchang Ace AI Equipment Co., Ltd. (Xuchang Ace)	Subsidiary directly or indirectly held by the Company
Standard Technology Corporation (Standard Co.)	Subsidiary directly or indirectly held by the Company
Standard International Trading (Shanghai) Co., Ltd. (Shanghai Standard)	Subsidiary directly or indirectly held by the Company
Standard Technology Corp. (STCBVI)	Subsidiary directly or indirectly held by the Company
Blue Walker GmbH (BWA)	Subsidiary directly or indirectly held by the Company
Other related parties:	
Partner Technology Co., Ltd.	Subsidiary directly or indirectly held by Qisda
Partner Tech Asia Pacific Corporation	Subsidiary directly or indirectly held by Qisda
Alpha Networks Inc.	Subsidiary directly or indirectly held by Qisda
BenQ Asia Pacific Corporation	Subsidiary directly or indirectly held by Qisda
BenQ Healthcare Corporation	Subsidiary directly or indirectly held by Qisda
BenQ Corporation	Subsidiary directly or indirectly held by Qisda
Simula Technology Inc.	Subsidiary directly or indirectly held by Qisda
Golden Spirit Co., Ltd.	Subsidiary directly or indirectly held by Qisda
Data Image Corporation	Subsidiary directly or indirectly held by Qisda
Metaage Corporation (Metaage)	Subsidiary directly or indirectly held by Qisda
AdvancedTEK International Corp.	Subsidiary directly or indirectly held by Qisda
DIVA Laboratories, Ltd.	Subsidiary directly or indirectly held by Qisda
Metaguru Corporation	Subsidiary directly or indirectly held by Qisda
Concord Medical Co., Ltd.	Subsidiary directly or indirectly held by Qisda
Webest Solution Corporation	Subsidiary directly or indirectly held by Qisda
Global Intelligence Network Co., Ltd.	Subsidiary directly or indirectly held by Qisda
Action Star Technology Co., Ltd.	Subsidiary directly or indirectly held by Qisda
Qisda Optronics (Suzhou) Co., Ltd.	Subsidiary directly or indirectly held by Qisda
Qisda (Suzhou) Co., Ltd.	Subsidiary directly or indirectly held

Name of related party	Relationship with the Company
	by Qisda
BenQ Foundation	Substantive related party of Qisda
AU Optronics Corporation (AUO)	Company valuing Qisda under equity approach
AUO Digitech Taiwan Inc.	Subsidiary directly or indirectly held by AUO
Darwin Precisions Corporation	Subsidiary directly or indirectly held by AUO
AFPD Pte., Ltd	Subsidiary directly or indirectly held by AUO
AUO Display Plus Corp.	Subsidiary directly or indirectly held by AUO
Everlasting Digital ESG Co., Ltd.	Related enterprise of Metaage
Darfon Electronics Corporation (Darfon)	Related enterprise of Qisda
Unictron Technologies Corporation	Subsidiary directly or indirectly held by Darfon

Note 1: On October 2, 2023, the Company sold Brainstorm to Metaage, a subsidiary of Qisda.

Note 2: The liquidation was completed in August 2023 and the deregistration was completed in November 2023.

(III) Material transactions with related party

1. Net operating income

The material sales amount of the Company to the related parties is as follows:

	2023	2022
Parent company	$ 103,390	82,056
Subsidiary - DFI USA	614,226	863,502
Subsidiary - DFI BV	496,642	613,421
Subsidiary - DFI Co., Ltd.	324,308	251,518
Subsidiary - AEWIN	320,249	808,108
Other subsidiaries	54,472	232,544
Other related parties	112,396	266,331
	$ 2,025,683	**3,117,480**

Sales of the Company to related parties involve customary products made to order based on the customer demand, so the price is determined by both parties through negotiation. The credit period for related parties is 60-120 days after shipment, while for non related parties, it is 30-120 days.

2. Purchases

The purchase amount of the Company from the related parties is as follows:

		2023	2022
Parent company	$	187,561	560,220
Subsidiaries		120,956	377,684
Other related parties		12,625	14,218
	$	321,142	952,122

The purchases from related parties by the Company are customized products tailored to the requirements of the order, and, therefore, the selling price is mutually agreed. The payment period for related parties is 60-90 days after the arrival of the goods, while for non-related parties, it is 30-120 days after the monthly settlement.

3. Lease

The Company has leased plants and offices from the parent company and signed the lease contracts based on the rent prices in the adjacent areas.

The Company recognized interest expense of NTD 1,206 thousand and NTD 1,358 thousand in 2023 and 2022, respectively. As of December 31, 2023 and 2022, the balances of related lease liabilities were NTD 99,849 thousand and NTD 113,483 thousand, respectively.

4. Property transactions

Acquisition of assets:

Category of related party	Item		2023	2022
Subsidiaries	Property, plant and equipment	$	5,770	-
Other related parties	Property, plant and equipment		-	334
Parent company	Intangible assets		578	-
Subsidiaries	Intangible assets		-	2,750
Other related parties	Intangible assets		-	2,100
		$	6,348	5,184

5. Sale of subsidiary equity

On October 2, 2023, the Company sold all the shares of Brainstorm, a subsidiary of the Company, to Metaage Corporation for a total consideration of NTD 530,075 thousand, which was received in full.

6. Operating costs, expenses, and other income

The operating costs and expenses incurred by the Company due to the provision of product processing and management services by related parties, as well as other income generated by other transactions, are detailed below:

Item	Category of related party	2023	2022
Operating costs	Parent company	$ 20,550	17,465
	Subsidiaries	930	87
	Other related parties	958	8,803
Operating expenses	Parent company	2,657	3,768
	Subsidiaries	601	-
	Other related parties	7,454	9,623
Other income	Parent company	720	238
	Subsidiaries	10,144	8,069
	Other related parties	6,635	5,438

7. Receivables from related parties

Details of the receivables from related parties of the Company are as follows:

Item	Category of related party	2023.12.31	2022.12.31
Accounts receivable from related parties	Parent company	$ 11,885	112,190
	Subsidiaries:		
	DFI-USA	24,883	143,030
	AEWIN	33,315	205,300
	Others	43,793	124,821
	Other related parties	32,045	86,736
		145,921	672,077
Other receivables	Parent company	163	55
	Subsidiaries:		
	AEWIN	1,219	2,930
	Others	1,466	700
	Other related parties	20	501
		2,868	4,186
		$ 148,789	**676,263**

The Company provides some of the raw materials to the parent company for manufacturing, while the completed semi-finished products are sold back to the Company for processing and assembly. To prevent repeated calculation of the purchases and sales above, the Company did not recognize the amount of raw materials provided to the parent company as operating income. Furthermore, the accounts receivable and payable arising from the sale of raw materials and the purchase of semi-finished products above were not collected and paid on a net basis; therefore, they were not expressed as mutual offset.

8. Accounts payable to related parties

The payables of the Company to related parties are detailed as follows:

Item	Category of related party	2023.12.31	2022.12.31
Accounts payable	Parent company	$ 10,296	77,471
	Subsidiaries	160	71,812
	Other related parties	1,144	1,813
		11,600	151,096
Other payables	Parent company	5,322	3,436
	Subsidiaries	606	280
	Other related parties	1,493	897
		7,421	4,613
Lease liabilities - current	Parent company	13,788	13,634
Lease liabilities - non-current	Parent company	86,061	99,849
		99,849	113,483
		$ 118,870	**269,192**

(IV) Compensation of main managerial officers

	2023	2022
Short-term employee benefits	**$ 35,034**	**41,846**

VIII. Pledged Assets

The details of the book-entry values of the asset pledged as collateral provided by the Company are detailed as follows:

Asset name	Subject matter of pledge guarantee	2023.12.31	2022.12.31
Pledged certificate of deposit	Performance bond for release before tax to customs house	**$ 1,500**	**1,500**

The aforesaid bank deposits are presented under the financial assets measured at amortized cost.

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments: None.

X. Significant Disaster Losses: None.

XI. Significant Events after the Balance Sheet Date: None.

XII. Miscellaneous

The employee benefits, depreciation and amortization expenses are summarized by function as follows:

By Function / By Nature	2023			2022		
	Attributable to operating cost	Attributable to operating expenses	Total	Attributable to operating cost	Attributable to operating expenses	Total
Employee benefits expenses						
Salary expense	195,659	331,368	527,027	236,741	340,796	577,537
Labor and health insurance expenses	20,327	28,237	48,564	19,751	27,317	47,068
Pension expense	7,051	15,720	22,771	7,016	14,579	21,595
Compensation of directors	-	21,974	21,974	-	23,480	23,480
Other employee benefit expenses	14,928	15,373	30,301	12,214	12,050	24,264
Depreciation expense	68,407	19,760	88,167	61,026	21,068	82,094
Amortization expense	3,488	2,654	6,142	1,859	3,550	5,409

Additional information on the number of employees and employee welfare expenses of the Company is as follows:

	2023	2022
Number of employees	655	641
Number of directors not concurrently employed	6	6
Average employee benefit expense	$ 969	1,056
Average employee salary expense	$ 812	910
Average employee salary expense adjustment	(10.77)%	6.68%
Supervisors' compensation	$ -	-

The Company's salary and award policies (for directors, managerial officers, and employees) are as follows:

The compensation of directors of the Company includes the remuneration and award of directors. According to the Articles of Association, if any profit is made, no more than 1% shall be set aside for directors' remuneration. Award shall be proposed by the Human Resources Department in consideration of the competitive environment and operational risks, and shall be evaluated in accordance with the Company's management rules and bonus plan and submitted to the Board of Directors for approval. The compensation composition of the Company's managerial officers and employees consists of fixed wages and variable bonuses, with fixed wages being the basic remuneration of employees and variable bonuses being linked to the Company's operational performance and achievement of strategic goals. The bonus policy shall be proposed by the Human Resources Department in accordance with the Company's salary and award management rules and bonus plan, and shall be submitted to the Board of Directors for approval.

XIII. Supplementary Disclosures

(I) Information on Significant Transactions:

1. Loan of funds to others: Please refer to Table 1.
2. Endorsement and guarantee for others: None.
3. Marketable securities held at the end of the period (excluding the investments in subsidiaries, related enterprises and equity joint ventures): Please refer to Table 2.
4. The cumulative purchase or sale of the same securities amounted to NTD 300 million or 20% and above of the paid-in capital: Please refer to Table 3.
5. The amount of property acquired reached NTD 300 million or 20% and above of the paid-in capital: None.
6. The amount of property disposal reached NTD 300 million or 20% and above of the paid-in capital: None.
7. The amount of purchases or sales with related parties reached NTD 100 million or 20% and above of the paid-in capital: Please refer to Table 4.
8. Receivables from related parties reached NTD 100 million or 20% and above of paid-in capital: Please refer to Table 5.
9. Engaged in derivative products transactions: Please refer to Note VI (II).

(II) Reinvestment and related information: Please refer to Table 6.

(III) Information on investments in mainland China: Please refer to Table 7.

(IV) Information on major shareholders:

Unit: Share

Shares / Name of major shareholder	Number of shares held	Shareholding ratio
Qisda Corporation	51,609,986	45.08%
Gordias Investments Limited of British Virgin Islands Merchant	15,734,441	13.74%
Darly2 Venture, lnc.	9,175,109	8.01%
Hyllus Investments Limited of British Virgin Islands Merchant	8,559,818	7.47%

Note: This table displays the information of the shareholders who have delivered a total of more than 5% of the ordinary shares (including treasury stocks) of the Company without physical share registration until the final working day every quarter, as calculated by the central clearing company. The share capital indicated in the financial report of the Company may be different from the actual number of shares delivered without physical registration as a result of different preparation and calculation bases.

XIV. Segment information

Please refer to the consolidated financial statements for the year ended December 31, 2023.

DFI Inc.
Loan of funds to others
From January 1 to December 31, 2023

Table 1

Unit: In thousands of New Taiwan Dollars

No.	Financing Company	Loan recipient	Transaction item	Related party	Maximum amount in current period	Ending balance	Amount actually drawn in current period	Range of interest rate	Nature for financing	Business transaction amounts	Reason for short-term financing	Allowance for bad debts recognized	Collateral		Financing limits for each borrowing company	Total financing limits
													Name	Value		
1	AEWIN	Beijing AEWIN	Other receivables from related parties	Yes	249,699	200,885	200,885	-	1	286,858	Business interaction	-	-	-	251,205	502,411
2	Ace Pillar	Tianjin Ace Pillar	Other receivables from related parties	Yes	354,504	195,138	151,774	-	2	-	Operating capital fund	-	-	-	393,775	787,550
2	Ace Pillar	Suzhou Super Pillar	Other receivables from related parties	Yes	173,212	86,728	30,355	-	2	-	Operating capital fund	-	-	-	393,775	787,550
3	Cyber South	Tianjin Ace Pillar	Other receivables from related parties	Yes	22,698	21,525	21,525	-	2	-	Operating capital fund	-	-	-	537,147	537,147
4	Proton	Tianjin Ace Pillar	Other receivables from related parties	Yes	12,970	12,300	12,300	-	2	-	Operating capital fund	-	-	-	417,001	417,001

Note 1: The limits of funds lent by AEWIN to all others and to each individual object were 40% and 20%, respectively, of the net value of the company's most recent financial statements.

Note 2: The limits of funds lent by Ace Pillar to all others and to each individual object were 40% and 20%, respectively, of the net value of the company's most recent financial statements.

Note 3: The limits of funds lent by Cyber South to all others and to each individual object were 10% and 5%, respectively, of the net value of the company's most recent financial statements. When lending funds to foreign subsidiaries that the parent company directly or indirectly holds 100% of the voting shares based on need for financing, the limit of all loans and each loan was 100% of the net value.

Note 4: The limits of funds lent by Proton to all others and to each individual object were 10% and 5%, respectively, of the net value of the company's most recent financial statements. When lending funds to foreign subsidiaries that the parent company directly or indirectly holds 100% of the voting shares based on need for financing, the limit of all loans and each loan was 100% of the net value.

Note 5: “1” for those with the nature for financing arising from business transaction; “2” for those have a need for short-term financing.

Note 6: The transactions of the Company’s loans to subsidiaries had been written off when the consolidated financial statements were prepared.

DFI Inc.
Marketable securities held at the end of the period (excluding the investments in subsidiaries, related enterprises and equity joint ventures)
December 31, 2023

Table 2

Unit: In thousands of New Taiwan Dollar/ In thousands of foreign currency/ In thousands of shares/ In thousands of units

Holder	Type and name of marketable securities	Relationship with the issuer of securities	Item	End of period				Remarks
				Number of shares/units	Carrying amount	Shareholding ratio	Fair value	
The Company	Beneficiary certificates: Cathay No.1 REIT	-	Financial assets at fair value through profit or loss - current	1,442	24,485	-	24,485	-
The Company	Stock: APLEX Technology Inc.	-	Financial assets at fair value through other comprehensive income - non-current	1,487	77,314	4.01%	77,314	-
AEWIN	Stock: AEWIN KOREA TECHNOLOGIES CO., LTD.	Substantial related party	Financial assets at fair value through other comprehensive income - non-current	10	745	16.67%	745	-
AEWIN	Stock: Authentrend Technology Inc.	-	Financial assets at fair value through profit or loss - non-current	300	(Note)	1.42%	-	-
Standard Co.	Stock: Intelligent fluids GmbH	-	Financial assets at fair value through other comprehensive income - non-current	27	(Note)	1.71%	-	-
Standard Co.	Stock: COMPITEK CORP PTE LTD. (CPL)	-	Financial assets at fair value through other comprehensive income - non-current	36	8,655	6.28%	8,655	-
STCBVI	Bonds: Biogen Inc.	-	Financial assets measured at amortized cost - non-current	USD 100	3,211	-	3,211	-

Note: Impairment has been fully provided for.

DFI Inc.
The cumulative purchase or sale of the same securities amounted to NTD 300 million or 20% and above of the paid-in capital
From January 1 to December 31, 2023

Table 3

Unit: In thousands of New Taiwan Dollar/In thousands of shares

Trading company	Type and name of marketable securities	Item	Counterparty	Relationship	Beginning of period		Purchase		Sell				End of period	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book cost (Note 1)	Gain/Loss on disposal (Note 2)	Number of shares	Amount
The Company	Stock - Brainstorm Corporation	Investments accounted for using the equity method	Metaage Corporation	Other related parties	233	533,367			233	530,075	540,240	20,999	-	-

Note 1: The balance was adjusted for the gain or loss recognized under the equity method and other related adjustments.
Note 2: The transaction was a reorganization of organizations under common control and the gain or loss on disposal was reported under capital surplus.

DFI Inc.
The amount of purchases or sales with related parties reached NTD100 million or 20% and above of the paid-in capital
From January 1 to December 31, 2023

Table 4

Unit: In thousands of New Taiwan Dollars

Purchaser/Seller	Name of counterparty	Relationship	Transaction status				Situation and reason for difference between the trading terms and the general trading		Notes and accounts receivable (payable)		Remarks
			Purchase/Sales	Amount	Proportion to total purchase/sales	Credit period	Unit price	Credit period	Balance	Proportion to total notes and accounts receivable (payable)	
DFI AMERICA, LLC.	The Company	Parent company and subsidiary	Purchases	614,226	95.74%	60-90 days to collect	-	-	(24,883)	99.81%	Note 1
The Company	DFI AMERICA, LLC.	Parent company and subsidiary	(Sales)	(614,226)	15.32%	60-90 days to collect	-	-	-	5.68%	Note 1
Diamond Flower Information (NL) B.V.	The Company	Parent company and subsidiary	Purchases	496,642	100.00%	60-90 days to collect	-	-	(16,905)	100.00%	Note 1
The Company	Diamond Flower Information (NL) B.V.	Parent company and subsidiary	(Sales)	(496,642)	12.39%	60-90 days to collect	-	-	16,905	3.86%	Note 1
DFI Co., Ltd.	The Company	Parent company and subsidiary	Purchases	324,308	100.00%	60-90 days to collect	-	-	(6,736)	87.83%	Note 1
The Company	DFI Co., Ltd.	Parent company and subsidiary	(Sales)	(324,308)	8.09%	60-90 days to collect	-	-	6,736	1.54%	Note 1
AEWIN	The Company	Parent company and subsidiary	Purchases	320,249	25.68%	Payment term of 90 days	-	-	(33,315)	11.63%	Note 1
The Company	AEWIN	Parent company and subsidiary	(Sales)	(320,249)	7.99%	Payment term of 90 days	-	-	33,315	7.61%	Note 1
Qisda	The Company	Parent company and subsidiary	Purchases	103,390	0.14%	60-90 days to collect	-	-	(11,885)	0.04%	Note 1
The Company	Qisda	Parent company and subsidiary	(Sales)	(103,390)	2.58%	60-90 days to collect	-	-	11,885	2.71%	Note 1
The Company	AEWIN	Parent company and subsidiary	Purchases	108,525	4.69%	Payment term of 60 days	-	-	-	0.00%	Note 1
AEWIN	The Company	Parent company and subsidiary	(Sales)	(108,525)	5.51%	Payment term of 60 days	-	-	-	0.00%	Note 1
The Company	Qisda	Parent company and subsidiary	Purchases	187,561	8.11%	60-90 days to collect	-	-	(10,296)	2.89%	Note 1
Qisda	The Company	Parent company and subsidiary	(Sales)	(187,561)	0.24%	60-90 days to collect	-	-	10,296	0.04%	Note 1
AEWIN	Beijing AEWIN	Parent company and subsidiary	(Sales)	(286,858)	20.80%	150 days after shipment	-	-	275,316	61.17%	Note 1
AEWIN	Aewin Tech Inc.	Parent company and subsidiary	(Sales)	(187,442)	13.59%	120 days after shipment	-	-	92,440	20.54%	Note 1
AEWIN	The Company	Parent company and subsidiary	Purchases	- (Note 2)	0.00%	Payment term of 90 days	-	-	-	0.00%	Note 1
Beijing AEWIN	AEWIN	Parent company and subsidiary	Purchases	286,858	47.25%	150 days after shipment	-	-	(275,316)	47.18%	Note 1
Aewin Tech Inc.	AEWIN	Parent company and subsidiary	Purchases	187,442	100.00%	120 days after shipment	-	-	(92,440)	100.00%	Note 1

Note 1: The above transactions have been written off when preparing the consolidated financial report.
Note 2: The amount of sales of raw materials after processing and repurchase has been deducted.

DFI Inc.
Receivables from related parties reached NTD 100 million or 20% and above of paid-in capital
December 31, 2023

Table 5

Unit: In thousands of New Taiwan Dollars

Company of receivables	Name of counterparty	Relationship	Balance of receivable from related parties	Turnover rate	Overdue receivables from related parties		Recovery amount of receivables from related parties after the balance sheet date	Allowance for bad debts recognized
					Amount	Treatment		
AEWIN	Beijing AEWIN	Parent company and subsidiary	275,316	0.72	101,493	Strengthen collection	-	-
AEWIN	Beijing AEWIN	Parent company and subsidiary	200,885	-	-		34,164	-
Ace Pillar	Tianjin Ace Pillar	Parent company and subsidiary	151,774	-	-		-	-

Note: The aforesaid transactions had been written off when the consolidated financial statements were prepared.

DFI Inc.

Reinvestment and related information
From January 1 to December 31, 2023

Table 6

Unit: In thousands of New Taiwan Dollars/ In thousands of shares

Investor	Name of investee	Location	Primary business	Original investment amount		Held at end of period			Maximum holding during the period		Profit (loss) of the investee for the period	Investment profit (loss) recognized for the period	Remarks (Note 2)
				End of current period	End of last year	Number of shares	Ratio	Carrying amount	Number of shares	Shareholding ratio			
The Company	DFI AMERICA, LLC.	USA	Sales of industrial computer cards	254,683	254,683	1,209	100%	410,339	1,209	100%	22,661	22,661	Subsidiary of the Company
The Company	Yan Tong	Mauritius	General investment business	107,198	107,198	3,500	100%	90,358	3,500	100%	(30,147)	(30,100)	Subsidiary of the Company
The Company	DFI Co., Ltd	Japan	Sales of industrial computer cards	104,489	104,489	6	100%	146,913	6	100%	36,325	36,325	Subsidiary of the Company
The Company	Diamond Flower Information (NL) B.V.	Netherlands	Sales of industrial computer cards	35,219	35,219	12	100%	147,819	12	100%	38,956	38,956	Subsidiary of the Company
The Company	AEWIN	Taiwan	Design, manufacturing and sale of industrial computer mainboards and related products	564,191	564,191	30,376	51.38%	642,461	30,376	51.38%	26,616	12,816	Subsidiary of the Company
The Company	Ace Pillar	Taiwan	Testing, processing, sales, repairing and electromechanical integration of automation control and industrial transmission systems	1,301,359	1,301,359	53,958	48.07%	1,040,700	53,958	48.07%	(20,946)	(15,296)	Subsidiary of the Company
The Company	Brainstorm	USA	Wholesale and retail of computer and peripheral devices	501,582	501,582	-	-	-	233	0.00%	-	(5,788)	Subsidiary of the Company
AEWIN	Wise Way	Anguilla	Investment business	46,129	46,129	1,500	100%	99,601	1,500	100%	(39,600)	(Note 1)	Subsidiary indirectly controlled by the Company
AEWIN	Aewin Tech Inc.	USA	Wholesale of computer and peripheral equipment and software	77,791	77,791	2,560	100%	14,992	2,560	100%	(3,070)	(Note 1)	Subsidiary indirectly controlled by the Company
Wise Way	Bright Profit	Hong Kong	Investment business	46,129	46,129	1,500	100%	146,275	1,500	100%	(39,601)	(Note 1)	Subsidiary indirectly controlled by the Company
Ace Pillar	Cyber South	Samoa	Holding company	107,041	107,041	4,669	100%	537,147	4,669	100%	(36,131)	(Note 1)	Subsidiary indirectly controlled by the Company
Ace Pillar	Hong Kong ACE Pillar	Hong Kong	Trade of transmission mechanical components	5,120	5,120	1,200	100%	4,714	1,200	100%	(1,320)	(Note 1)	Subsidiary indirectly controlled by the Company
Cyber South	Proton	Samoa	Holding company	527,665	527,665	17,744	100%	417,001	17,744	100%	(36,653)	(Note 1)	Subsidiary indirectly controlled by the Company
Cyber South	Ace Tek	Hong Kong	Holding company	4,938	4,938	150	100%	2,595	150	100%	457	(Note 1)	Subsidiary indirectly controlled by the Company
Ace Pillar	Standard Co.	Taiwan	Trading and equipment maintenance of semiconductor optoelectronic equipment and consumables	187,000	187,000	6,084	60%	218,794	6,084	60%	15,044	(Note 1)	Subsidiary indirectly controlled by the Company
Standard Co.	Standard Technology Corp.	BVI	Holding company	21,727	21,727	600	100%	111,374	600	100%	14,578	(Note 1)	Subsidiary indirectly controlled by the Company
Ace Pillar	ACE Energy	Taiwan	Energy service company	166,760	166,760	4,993	99.86%	204,487	4,993	99.86%	25,114	(Note 1)	Subsidiary indirectly controlled by the Company
ACE Energy	BlueWalker GmbH	Germany	Trading and services of energy management products	138,804	138,804	(Note 3)	100%	170,924	(Note 3)	100%	24,094	(Note 1)	Subsidiary indirectly controlled by the Company

Note 1: The profit or loss of the investee company has been included in its investor, so to avoid confusion, it will not be expressed separately here.
Note 2: The subsidiaries directly and indirectly controlled by the Company in the above table have been written off when preparing the consolidated financial report.
Note 3: It is a limited liability company, so there is no number of shares.

DFI Inc.
Information on Investment in Mainland China
From January 1 to December 31, 2023

Table 7

1. Information on Reinvestment in Mainland China:

Unit: In thousands of New Taiwan dollars/In thousands of foreign currency

Investee in mainland China	Primary business	Paid-in capital	Investment method	Accumulated amount of investment remitted out of Taiwan at the beginning of the period	Remitted or repatriated amount of investment for the period		Accumulated investment amount remitted from Taiwan at the end of current period	Current profit (loss) of the investee in the period	Shareholding ratio of direct or indirect investment of the Company	Investment profit (loss) recognized in the period	Ending carrying value of investment	Repatriated investment income as of the end of the period
					Remitted	Repatriated						
Yan Tong Infotech (Dongguan) Co., Ltd.	Manufacturing and sales of computer cards, board cards, host computer, electronic parts and components	-	(Note 1)	-	-	-	-	6,898	0%	6,898 (Note 2)	(Note 5)	97,179
Yan Ying Hao Trading (Shenzhen) Co., Ltd.	Wholesale, import and export of computer cards, board cards, host computer, electronic parts and components	13,840 (USD 500)	(Note 1)	- (USD -)	-	-	- (USD -)	(30,156)	100%	(30,156) (Note 2)	18,880	-
Beijing AEWIN	Wholesale of computer and peripheral equipment and software	46,129 (USD 1,500)	(Note 1)	46,129 (USD 1,500)	-	-	46,129 (USD 1,500)	(39,601)	100%	(39,601) (Note 2)	146,269	-
Aewin (Shenzhen)	Wholesale of computer and peripheral equipment and software	15,265 (USD 3,500)	(Note 4)	-	-	-	-	1,415 (RMB 320)	100%	1,415 (RMB 320) (Note 2)	(741) (RMB (171))	-
Tianjin Ace Pillar	Trade of transmission mechanical components	1,085,383 (RMB 35,297)	(Note 1)	59,963 (USD 1,950)	-	-	59,963 (USD 1,950)	(43,543)	100%	(43,543) (Note 2)	493,717	125,533
Tianjin Jinhao	Manufacturing and processing of machinery transmission products	7,242 (RMB 1,670)	(Note 1)	4,920 (USD 160)	-	-	4,920 (USD 160)	2	100%	2 (USD 0.4) (Note 2)	4,099 (USD 133)	-
Quansheng Information	Electronic system integration	9,225 (USD 300)	(Note 1)	4,613 (USD 150)	-	-	4,613 (USD 150)	456	100%	456 (USD 15) (Note 2)	2,568 (USD 84)	-
Suzhou Super Pillar	Processing and technical services of mechanical transmission and control products	44,588 (USD 1,450)	(Note 1)	- (Note 4)	-	-	- (Note 4)	1,461	100%	1,461 (USD 49) (Note 2)	107,603 (USD 3,499)	-
Shanghai Standard	Trading of semiconductor photoelectric equipment and consumables	14,760 (USD 480)	(Note 1)	14,760 (USD 480)	-	-	14,760 (USD 480)	14,473	100%	14,473 (Note 2)	107,939	134,972

Note 1: Reinvest in the companies in mainland China through companies established in third regions.
Note 2: It is recognized in line with the financial report prepared by the investee and reviewed by the accountant of the parent company in Taiwan.
Note 3: It was reinvested and established by Cyber South.
Note 4: It is a mainland China-based company reinvested by Beijing AEWIN.
Note 5: Yan Tong Infotech (Dongguan) was liquidated in August 2023 and deregistered in November 2023.

2. Limit of Investment in Mainland China:

Investor	The cumulative amount of investment remitted from Taiwan to the mainland China at the end of the current period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Upper limit on investment in mainland China regulated by the Investment Commission of the Ministry of Economic Affairs (Note 2)
DFI	0 (Note 1)	64,114 (Note 3 and Note 4) (USD 2,085)	2,989,729
AEWIN	46,129 (USD 1,500)	61,500 (USD 2,000)	753,616
Ace Pillar	157,409 (USD 5,119)	157,409 (USD 5,119)	1,238,555
Standard Co.	14,760 (USD 480)	14,760 (USD 480)	113,103

Note 1: It refers to the amount actually remitted by the Company and approved by the Investment Commission, excluding the amount remitted by subsidiaries and approved by the Investment Commission.

Note 2: According to the Review Principles for Investment or Technical Cooperation in Mainland China, the accumulated amount of investment in mainland China shall not exceed 60% of the net value or consolidated net value, whichever the higher.

Note 3: The Company's net investment amount after the cancellation of Dongguan Nippon Trading Co., Ltd. approved by the Investment Commission in August 2014.

Note 4: Repatriated amount of earnings after the cancellation of Yan Tong Infotech (Dongguan) Co., Ltd. approved by the Investment Commission in February 2017.

3. Material Transactions with Investees in Mainland China:
Please refer to the statement under the "Information on Significant Transactions" for the direct or indirect material transactions between the Group and the investees in mainland China from January 1 to December 31, 2023 (these transactions had been written off when the consolidated financial statements were prepared).

DFI Inc.

Statement of cash and cash equivalent

December 31, 2023

Unit: In Thousands of New Taiwan Dollars

Item	Summary		Amount
Petty cash and cash on hand			$ 92
Demand deposits and check deposits			269,984
Foreign currency deposits (Note)	USD:	5,649,000	173,707
	JPY:	2,000	1
	RMB:	11,000	48
			$ 443,832

Note: Foreign currency deposits are translated at the spot exchange rate on December 31, 2023
USD: NTD=1: 30.75
JPY: NTD=1: 0.2175
RMB: NTD=1: 4.3364

DFI Inc.

Statement of accounts receivable

December 31, 2023

Unit: In Thousands of New Taiwan Dollars

Client name	Amount
Client A	$ 75,829
Client B	46,957
Client C	32,695
Client D	15,502
Client E	14,837
Client F	14,733
Others (Note)	92,366
	292,919
Less: Allowance for loss	(921)
	$ 291,998

Note: None has reached 5% of the item.

Statement of other receivables

Item	Summary	Amount	Remarks
Business tax refund receivable		$ 4,856	
Others (all less than 5%)		3,345	
		$ 8,201	

Note: None has reached 5% of the item.

DFI Inc.

Statement of inventories

December 31, 2023

Unit: In Thousands of New Taiwan Dollars

Item	Amount: Book value	Amount: Net realizable value	Remarks
Raw materials	$ 234,201	285,897	
Work in progress	86,607	113,485	
Manufactured goods and commodities	101,688	119,574	
Goods in transit	10,491	10,491	
Outsourced processing products	4,107	4,107	
	$ 437,094	**533,554**	

Statement of prepayments

Item	Amount
Prepaid expenses	$ 16,386
Input tax	6,091
Others (Note)	776
	$ 23,253

Note: None has reached 5% of the item.

DFI Inc.

Statement of changes in financial assets at fair value through other comprehensive income - non-current

From January 1 to December 31, 2023

Unit: In Thousands of New Taiwan Dollars

	Beginning of period		Increase in the period		Decrease in the period		Unrealized gain (loss) on financial assets at fair value through other comprehensive income	End of period			
Name	Number of shares (In thousands of shares)	Fair value	Number of shares (In thousands of shares)	Amount	Number of shares (In thousands of shares)	Amount		Number of shares (In thousands of shares)	Fair value	Guarantee or pledge provided	Remarks
Shares of OTC company - Aplex Technology Inc.	1,487	$ 68,840	-	-	-	-	8,474	1,487	77,314	-	

DFI Inc.

Statement of changes in investments accounted for using equity method

From January 1 to December 31, 2023

Unit: In Thousands of New Taiwan Dollars

Investee	Beginning balance (restated)		Increase in the period		Decrease in the period (Note 2)		Adjustment using the equity method (Note 1)	Ending balance			Market price or net equity		Guarantee or pledge provided
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount		Number of shares	Shareholding ratio	Amount	Unit price (NTD)	Total	
Diamond Flower Information (NL) B.V.	12,001	$ 119,438	-	-	-	-	44,153	12,001	100%	163,591	13,631.44	163,591	None
DFI AMERICA, LLC.	1,209,000	421,187	-	-	-	-	22,077	1,209,000	100%	443,264	219.51	265,390	None
DFI Co., Ltd.	6,200	127,105	-	-	-	-	27,558	6,200	100%	154,663	23,414.90	145,172	None
Yan Tong Technology Ltd.	3,500,000	124,066	-	-	-	-	(25,938)	3,500,000	100%	98,128	28.04	98,128	None
AEWIN	30,376,000	660,389	-	-	-	(24,301)	11,539	30,376,000	51.38%	647,627	51.80	1,573,477 (Note 3)	None
Ace Pillar	53,958,069	1,084,821	-	-	-	(26,979)	(16,367)	53,958,069	48.07%	1,041,475	28.25	1,524,315 (Note 3)	None
Brainstorm	233,000	533,367	-	-	233,000	(540,240)	6,873	-	-	-	-	-	None
Less: Deferred inter-affiliate gains		(94,762)		-		24,604	-			(70,158)			
		$ 2,975,611		-		(566,916)	69,895			2,478,590			

Note 1: Adjustment using the equity method is as follows:

Shares of profit (loss) of subsidiaries accounted for using the equity method	$ 59,574
Adjustment to exchange difference in financial statement translation of foreign operations	8,353
Adjustment to unrealized gain (loss) on financial assets measured at fair value through other comprehensive income	2,060
Adjustment to re-measurement of defined benefit plan	(131)
Changes in percentage of ownership interests in subsidiaries	39
	$ 69,895

Note 2: The decrease includes the sale of Brainstorm of NTD 540,240 thousand and cash dividends received from investees of NTD 51,280 thousand.

Note 3: It reveals the market capitalization of the company.

DFI Inc.

Statement of other non-current assets

December 31, 2023

Unit: In Thousands of New Taiwan Dollars

Item	Amount
Refundable deposits	$ 891
Prepayments for equipment	2,514
Others (Note)	1,120
	$ 4,525

Note: None has reached 5% of the item.

Statement of short-term borrowings

Types of borrowing	Details	Ending balance	Term of contract	Financing facilities	Mortgage or guarantee (with promissory note issued)
Credit borrowings	Mega International Commercial Bank	$ 150,000	2023.03.04-2024.03.03	200,000	None
〃	DBS Bank	300,000	2023.10.31-2024.10.31	300,000	None
〃	Cathay United Bank	100,000	2023.08.24-2024.08.24	500,000	None
〃	Chang Hwa Commercial Bank	100,000	2023.06.01-2024.05.31	300,000	None
		$ 650,000			

Note 1: The annual interest rates of the above short-term borrowings are 1.70%~1.76%.

DFI Inc.

Statement of accounts payable

December 31, 2023

Unit: In Thousands of New Taiwan Dollars

Supplier	Amount
Company A	$ 69,164
Company B	21,263
Company C	20,460
Company D	18,749
Others (Note)	215,429
	$ 345,065

Note: Accounts payable to individual supplier, less than 5% of the item.

Statement of other payables

Item	Amount
Salaries and bonuses payable	$ 68,454
Compensation payable to employees and directors	41,685
Others (Note)	55,510
	$ 165,649

Note: None has reached 5% of the item.

DFI Inc.

Statement of other current liabilities

December 31, 2023

Unit: In Thousands of New Taiwan Dollars

Item	Amount
Temporary received	$ 12,282
Received on behalf of others	5,782
	$ 18,064

Statement of lease liabilities

Item	Lease term	Discount rate	Ending balance
Buildings	2021.1~2031.3	1.1%~1.43%	**$ 107,850**
Current:			
Related party - Qisda			**$ 13,788**
Non-related party			**$ 4,779**
Non-current:			
Related party - Qisda			**$ 86,061**
Non-related party			**$ 3,222**

DFI Inc.

Statement of long-term borrowings

December 31, 2023

Unit: In Thousands of New Taiwan Dollars

Creditor	Summary	Amount of borrowing	Term of contract	Mortgage or pledge
KGI Bank		$ 400,000	2023.08.29-2026.08.29	None

Note: The annual interest rate of the above long-term borrowings is 1.79%.

DFI Inc.
Statement of operating costs
From January 1 to December 31, 2023

Unit: In Thousands of New Taiwan Dollars

Item	Amount
Raw materials:	
Beginning stock	$ 721,326
Plus: Net amount of material purchase in the period	2,095,350
Gain on physical raw materials	10,629
Less: Ending raw materials	357,188
Scrapping of raw materials	8,147
Sale of raw materials	226,763
Raw material requisition and others	2,556
Consumption of raw materials in the period	2,232,651
Direct labor	107,694
Manufacturing expense	264,501
Manufacturing cost	2,604,846
Beginning work in process	172,219
Beginning outsourced products	1,663
Plus: Outsourcing processing fee	42,038
Less: Ending work in process	86,607
Ending outsourced products	4,108
Scrapping of work in process	195
Work in process costs	2,729,856
Beginning finished goods	164,531
Plus: Net purchase amount for the period	53,207
Less: Ending finished goods	119,392
Scrapping of finished goods	11,493
Inventory loss of finished goods	152
Sale of semi-finished goods	19,324
Department requisition and others	25,710
Finished goods cost	2,771,523
Loss for inventory obsolescence	19,835
Gain on physical inventory	(10,477)
Cost of selling raw materials and semi-finished goods	246,087
Inventory price loss	43,402
Warranty cost	(9,472)
Income from scraps	(2,004)
Operating costs	**$ 3,058,894**

DFI Inc.

Statement of selling and marketing expenses

From January 1 to December 31, 2023

Unit: In Thousands of New Taiwan Dollars

Item	Amount
Salary expense	$ 105,522
Insurance expenses	13,044
Other expenses (Note)	59,279
	$ 177,845

Note: None has reached 5% of the item.

Statement of management expenses

Item	Amount
Salary expense	$ 46,061
Depreciation	9,825
Labor cost	9,132
Software program fee	6,084
Other expenses (Note)	48,090
	$ 119,192

Note: None has reached 5% of the item.

DFI Inc.

Statement of research and development expenses

From January 1 to December 31, 2023

Unit: In Thousands of New Taiwan Dollars

Item	Amount
Salary expense	$ 179,785
Research and development testing	17,009
Insurance expenses	16,601
Other expenses (Note)	58,263
	$ 271,658

Note: None has reached 5% of the item.

Please refer to Note VI (II) of the parent company only financial statements for the Statement of Financial Assets and Liabilities Measured at Fair Value Through Profit or Loss - Current

Please refer to Note VI (IV) of the parent company only financial statements for the Statement of Financial Assets Measured at Amortized Cost - Current

Please refer to Note VII of the parent company only financial statements for the Statement of Accounts Receivable - Related Parties

Please refer to Note VI (VIII) of the parent company only financial statements for the Statement of Changes in Property, Plant and Equipment

Please refer to Note VI (VIII) of the parent company only financial statements for the Statement of Changes in Accumulated Depreciation of Property, Plant and Equipment

Please refer to Note VI (IX) of the parent company only financial statements for the Statement of Changes in Right-of-Use Assets

Please refer to Note VI (X) of the parent company only financial statements for the Statement of Changes in Intangible Assets

Please refer to Note VI (XVI) of the parent company only financial statements for the Statement of Deferred Income Tax Assets

Please refer to Note VII of the parent company only financial statements for the Statement of Accounts Payable - Related Parties

Please refer to Note VII of the parent company only financial statements for the Statement of Other Payables - Related Parties

Please refer to Note VI (XIV) of the parent company only financial statements for the Statement of Provisions

Please refer to Note VI (XVI) of the parent company only financial statements for the Statement of Deferred Income Tax Liabilities

Please refer to Note VI (XV) of the parent company only financial statements for the Statement of Net Defined Benefit Liabilities

Please refer to Note VI (XIX) of the parent company only financial statements for the Statement of Operating Revenue

Please refer to Note VI (XXI) of the parent company only financial statements for the Statement of Interest Income, Other Income, Other Gain and Loss and Financial Costs of Non-Operating Income and Expenses