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麗臺科技股份有限公司
Leadtek Research Inc.

2023 ANNUAL REPORT

Printed on Aprial 30, 2024

I. Spokesperson of the Company

Name : Michael Yang
Title: Special Assistant of Chairman
TEL: (02)8226-5800 ext. 201
Email: michaelyang@leadtek.com.tw

Deputy Spokesperson of the Company

Name: Thomas Chen
Title: Senior Finance Manager
TEL: (02)8226-5800 ext. 870
Email: thomas@leadtek.com.tw

II. Addresses and Telephone Number of the Company

Head Office: 18F, No.166, Jian-Yi Road, Zhonghe Dist. New Taipei City, Taiwan
TEL: (02)8226-5800
Plant: 2F, No.4, Alley11, Lane327, Sec.2, Chung-Shan Road, Zhonghe Dist., New Taipei City, Taiwan
TEL: (02)8226-5800

III. Stock Transfer Agent

Name: Taishin Securities Co., Ltd
Address: B1 No.96 Jianguo North Road, Sec. 1, Taipei City, Taiwan
Website: http：//www.tssco.com.tw
TEL: (02)2504-8125

IV. Attesting Certified Public Accountants (CPAs) for the Most Recent Financial Statements

Name: CPA Chien, Szu-Chuan and CPA Kuo, Kuan-Ying
CPA Firm: KPMG
Address: 68F, No.7, Sec.5, Xinyi Road, Taipei City Taiwan
Website: http：//www.kpmg.com.tw
TEL: (02)8101-6666

V. The Name of Any Exchanges Where the Company's Securities are Traded Offshore and the Method by Which to Access Information on the Offshore Securities: None

VI. Company Website: http：//www.leadtek.com.tw

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One. Letter to Shareholders

I. Operation Highlight

The economy was still sluggish in the first half of 2023, but as the COVID-19 epidemic weakened, the world gradually eased lockdowns, and economic activities began to pick up, the economy began to pick up in the second half of the year. The company's operations stabilized and improved in the second half of the year, inventory was gradually reduced, and the company turned a profit in the fourth quarter. The full-year consolidated revenue in 2023 totaled NT$4.276 billion, a decrease of 19% from NT$5.311 billion in 2022. The overall gross profit was NT$628 million , the gross profit margin rose to 15%, and the net operating loss for the year was NT$98.52 million; non-operating expenses were due to interest expenses and foreign currency losses, and the total non-operating expenses were NT$34.28 million; after deducting income tax expenses, the net after-tax attributable to the parent company in 2023 The loss was NT$160 million, and the loss per share was NT$2.53.

The rapid rise of ChatGPT has set off an upsurge in the widespread application of AI. The demand for computing power is huge. NVIDIA has taken the lead in the industry in launching AI system products and graphics cards with super computing power. Leadtek is a partner of NVIDIA in the Asia-Pacific market. Unfortunately, it is less emergy to capture the market in terms of servers and system. Popular AI computing systems have the opportunity to increase revenue in China. However, the Sino-US trade war has restricted the export of the most popular high-end products to China. As a result, the specifications must be lowered, which reduces a lot of business opportunities, and it can only expand sales of mid- to low-end graphics cards to grow its performance. The self-developed AIDMS system (AI Development Management System) has been adopted by manufacturing users in Taiwan. Combining it with the hardware system is expected to achieve great results, and it is expected to be expanded to the international market in the future. NVIDIA's deep learning DLI and Omniverse software are also gradually developing in the Asia-Pacific market and China, and we look forward to achieving good results in software sales in the future. Sales of Zero Client virtual terminals have declined slightly, but the self-developed operating system (Device Management System) has been recognized by customers. In the future, it is expected to increase competitiveness and profits in conjunction with hardware sales.

Medical product oximeter demand has declined after the COVID-19 epidemic, but it is still a major brand in the Taiwan market. New types of continuous blood oxygen monitoring and sleep quality analysis are gradually entering the market. Leadtek brand forehead thermometers have also been widely launched in Taiwan. The newly launched biotechnology product Fullskin Essence 1.1 has been launched and has been well received. It has begun to enter international markets such as Hong Kong and Japan. The newly created health product BtNPN Nanopatch has excellent deep soothing effects and has been widely praised. Experiments have confirmed it has excellent performance in improving human immunity and vitality. When paired with the 8z05 heart rhythm variation analyzer or H2Plus ECG bracelet, it is a very effective health promotion solution and is expected to create great results in the elderly health and long-term care markets.

II. 2024 Annual business plan and development strategy are affected by the external competitive environment, regulatory environment and overall operating environment

Leadtek Research Inc. introduced strategic investments from Ablecom Technology Inc. and Compuware Technology Inc. through private equity in October 2023, and has strong resources in server product chassis, heat dissipation or water cooling systems, power supplies and motherboards; In addition to vigorously selling these products in the market to increase profits, with the help of resources in the workstation computer market that Leadtek is more familiar with, it can be combined with Leadtek game graphics cards or agent NVIDIA workstation graphics cards, and even add Leadtek AI software or NVIDIA AI or Ominiverse software constitutes an excellent overall AI workstation solution for users. It is also expected to gain some market share in the most popular AI computing power server market. From now on, the integration of GPU graphics cards, workstations and servers will be Leadtek's main revenue. I believe that good management will bring long-term and stable growth. As for other product businesses, including big data, game research and development, medical products, biotech products, etc., we plan to gradually separate and become independent in the next few years, and we look forward to achieving good results in various industries.

Leadtek Research Inc.

Lu Kun-Shan, Chairman

Two. Organizational Profile

I. Date of establishment: 24 October 1986

II. Corporate history

Oct. 1986	Established in Taipei City with an authorized capital of NT$6 million to engage mainly with the design of products such as personal computers (PCs), graphics (VGA) cards, and I/O cards and awarded the EGA BIOS copyright.
Sep. 1990	Merged with Leadyang Technologies Co., Ltd. and increased authorized capital to NT$30 million to specialize in the R&D and sales of VGA cards. Launched the LR2140 VGA card ahead of competitors at the end of the year. Relocated to Jiamei Industrial Zone in Zhonghe City, Taipei County (now Zhonghe District, New Taipei City).
Jan. 1994	Established Leadtek Research Inc. USA to strengthen business operations and sales in North America.
May 1997	Applied for public offering and received IPO guidance.
Aug. 1997	Awarded the 6th National Award of Outstanding SMEs and officially launched GPS-related products.
Jun. 1999	Listed on Taipei Exchange for trading.
Jul. 1999	Relocated business headquarters to Far East Century Park in Zhonghe City, Taipei County (now Zhonghe District, New Taipei City).
Sep. 2000	Established Leadtek Research Europe B.V. to strengthen business operations and sales in Europe.

Mar. 2001	Acquired the VoIP product department and assets of Daxi Technology Co., Ltd. to accumulate R&D power in VoIP technology for development into a VoIP communication kingdom.
May 2001	Added two supervisor seats to expand the board of directors to five directors and three supervisors.
Aug. 2001	Acquired the R&D team of Truedox Technology Co., Ltd. to increase the R&D capacity in GPS products.
Sep. 2001	Established subsidiary Leadtek Holding Inc. in the British Virgin Islands. Listed on the Taiwan Stock Exchange for trading.
Mar. 2002	Established subsidiary Leadhope International Inc. to increase domestic marketing channels.
May 2002	Established subsidiary Leadtek (Shanghai) Research Inc. in Shanghai, China, through re-investment by Leadtek Holding Inc. to strengthen business operations marketing in mainland China.
Jan. 2004	Divided the company into three business units: computer, wireless communications, and multimedia communications as deployment for business diversification.
Dec. 2006	Suspended the operations of Leadtek Research Inc. USA and Leadtek Research Europe B.V. to reduce operating costs and centralize resources. Operations were taken over by the parent.
Oct. 2007	Reduced capital by 30% to a paid-in capital of NT$$1,484,004,350 to cover previous losses and strengthen capital structure.

Sep. 2008	Rated as the Rising Star at the Top Taiwan Global Brand survey.
Dec. 2009	Launched the iGuardian GPS and sponsored the real-time route display for Fubon Taipei Marathon.
Dec. 2010	Grand opening of Leadtek Online Shop to celebrate the company's 25th anniversary.
Sep. 2011	Reduced capital by 30% to a paid-in capital of NT$$1,071,746,020 to cover previous losses and strengthen capital structure.
Feb. 2012	Subsidiary Leadhope International Inc. switched services to PC game distribution and engaged in cross-sector integration with Leadtek to manufacture graphics cards for gaming and drawing.
Feb. 2013	Subsidiary Leadhope International Inc established subsidiary Leadhope (H.K.) Limited in Hong Kong to engage in overseas PC game distribution.
Aug. 2013	Increased investments in Wegene Technology, Inc. to gain control over it with 76.05% of its stake to actively engage with the R&D of e-health products.
Mar. 2015	Disposed of the office building of in Zhonghe District,New Taipei City, to revitalize asset use.
Apr. 2015	Introduced DxPatch wearable medical devices and cloud health management service in collaboration with ApoDx Technology, Inc. to provide complete systolic parameters and abnormal heart sound detection results with isometric PCG/ECG detection technology.
Oct. 2016	Revenues increased progressively during the Company's 30th anniversary.

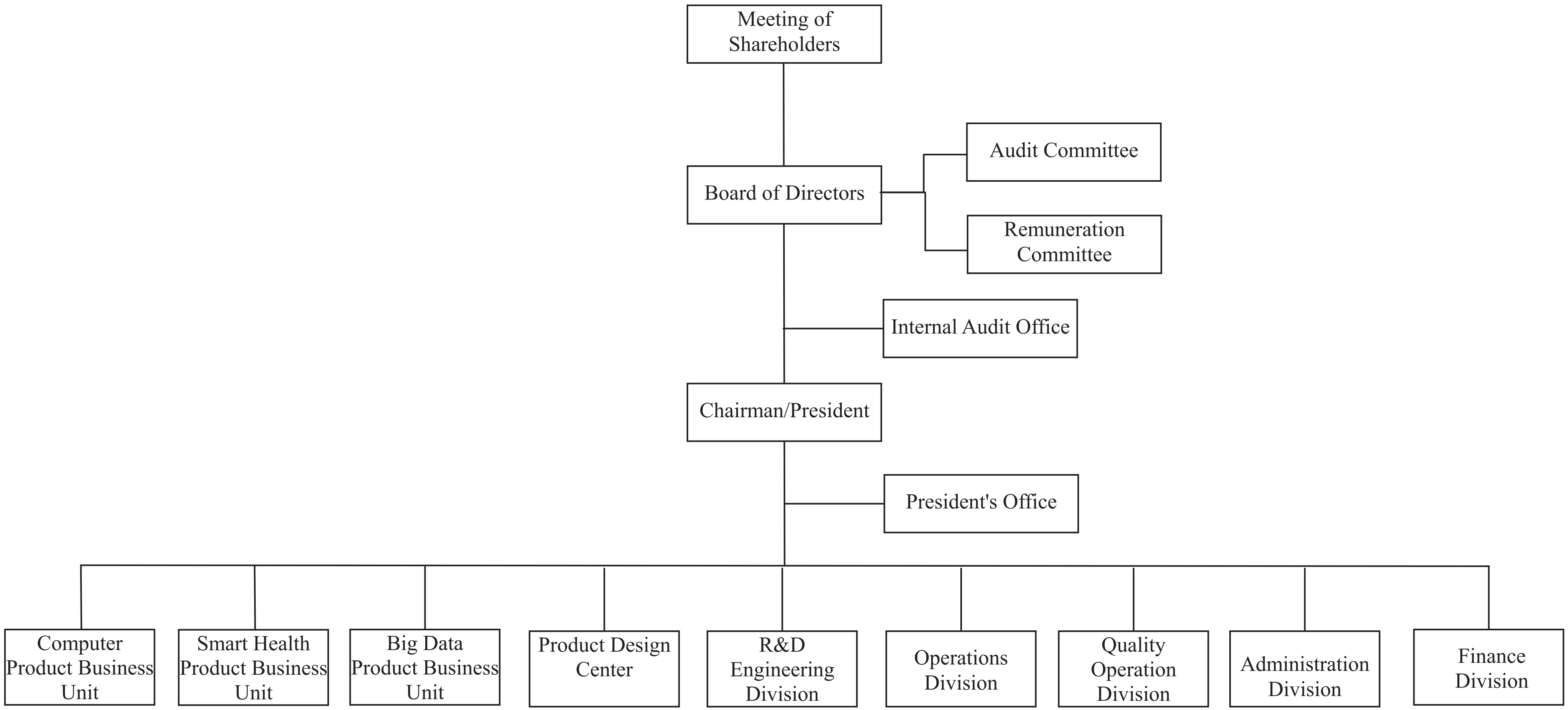
Mar. 2017	Disposed of the office building in Zhonghe District, , New Taipei City, to revitalize asset use.
May. 2017	Subsidiary Leadhope International Inc. became the agent of online game *Kingdom Under Fire 2 Online* and launched it in Hong Kong and Macau.
Aug. 2017	Reduced capital by 50% to a paid-in capital of NT$$535,873,010 to cover previous losses and strengthen capital structure.
May. 2018	Signed the memorandum of understanding (MOU) on the “Taoyuan AIoT Industry-Academia Collaboration Alliance” with Inventec Besta Co., Ltd., a subsidiary of Inventec Corporation, and Chang Gung University to enhance collaboration in biotechnology, biomedicine, information and communication technology, and smart manufacturing through knowledge and practice exchange.
Jan. 2019	Became a deep learning institute (DLI) of NVIDIA and officially launched GPU deep learning courses in Taiwan.
Jan. 2019	World-leading pulse oximeter brand Aivital joined Leadtek.
Jul. 2019	Awarded the “Taiwan i-Sport” certificationof the Sports Administration, Ministry of Education.
Aug. 2019	The Amor Physical and Mental Health Management Platform won the 28th Taiwan Excellence Award.
Aug. 2020	Announced the GPU Docker Management System (GDMS) and GPU AI development software first implemented by the Department of Computer Science

	and Information Engineering, Chang Gung University.
Oct. 2020	The Amor H2 Plus Wearable ECG Recorder won the 29th Taiwan Excellence Award.
Dec. 2021	Workstations passed NVIDIA certification for best performance and reliability, suitable for use use in AI, data science, rendering, and visual design.
Apr. 2022	Workstations passed the certification of ISO 27001 (information security), ISO 27017 (cloud service information security), and ISO 27701 (privacy information) by SGS.
Jun. 2022	Exclusively supplied the metaverse experiential platform to NVIDIA Omniverse Enterprise.
Oct. 2023	Private placement of 25,000,000 shares, introducing 2 strategic investors, “Ablecom Technology Inc.” and “Compuware Technology Inc.”. The capital is increased to NT$839,460,320.

Three. Corporate Governance Report

I. Organization

(I) Organization structure



(II) Scope of services of major departments

Department	Duties and functions
Internal Audit Office	Conduct internal audits, assist personnel of different departments to carry out their jobs and ensure job effectiveness, supervise the fairness of operations, processes, and systems.
President's Office	Determine and implement the direction of the Company's overall operations and shape the Company's market presence. Establish and manage intellectual property rights and take charge of corporate legal affairs. Implement various projects.
Administration Division	Administer matters relating to human resources, education and training, personnel administration, general affairs, and labor safety and health management. Plan and evaluate the Company's overall information equipment and application systems.
Finance Division	Administer the Company's financial and capital analysis, planning, and utilization, receivable management, stock affairs, general accounting, cost accounting, finance statements, and budget planning.
Computer Product Business Unit	Take charge of the sales, marketing, and R&D of the Company's computer products.
Smart Health Product Business Unit	Take charge of the sales, marketing, and R&D of the Company's smart health products.
Big Data Product Business Unit	Take charge of the sales, marketing, and R&D of the Company's big data products.
Product Design Center	Take charge of the appearance design, mechanism development, hardware and software technology of products.
R&D Engineering Division	Take charge of the R&D data and creative development and design of new products.
Operations Division	Administer the Company's ingredient and material procurement and adjust the procurement strategies.

Department	Duties and functions
	Manage the Company's production and stock management and the production and manufacturing of products.
Quality Operation Division	Plan the Company's quality management system. Take charge of the establishment of product quality assurance system and corrective and preventive actions. Plan and implement the analysis, inspection, repair, and service of process nonconforming products and RMA products.

II. Background information of Directors, President, Vice Presidents, Assistant Vice Presidents, and the heads of various departments and branches

(I) Data of directors:

1.Directors and independent directors:

April 14, 2024

Title	Nationality or place of registration	Name	Gender and age	Date elected/ appointed	Term of office	Date first elected	Shareholding when elected		Current shareholding		Shares held by spouse and underage children		Shares held by proxy		Main career (academic) achievements	Concurrent position in the Company and in other companies	Spouse or relatives of second degree or closer acting as directors, supervisors, or department heads			Remarks
							Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relationship	
Chairman	The Republic of China	Lu Kun-Shan	Male 71	2023.06.09	3 years	1993.12.12	222,257	0.26%	222,257	0.26%	60,022	0.07%	-	-	Electronic Engineering, National Taiwan Ocean University	Note 1	-	-	-	
Director	The Republic of China	Ablecom Technology Inc.	NA	2023.12.27	3 years	2023.12.27	16,667,000	19.85%	16,667,000	19.85%	-	-	-	-	National Chia-Yi Industrial Vocational High School	Note 2	Director	Liang JJian-Da	Brother	
The Rep. of Director		Liang Jian-Fa	Male 61				0	0.00%	0	0.00%	-	-								
Director	The Republic of China	Compuware Technology Inc.	NA	2023.12.27	3 years	2023.12.27	8,333,000	9.93%	8,333,000	9.93%	-	-	-	-	Senior High School	Note 3	Director	Liang Jian-Fa	Brother	
The Rep. of Director		Liang Jian-Da	Male 57				0	0.00%	0	0.00%	-	-	-	-						
Independent Director	The Republic of China	Ho Yao-Hung	Male 65	2023.06.09	3 years	2017.06.28	0	0.00%	0	0.00%	-	-	-	-	Master, Industrial and Systems Engineering, Ohio Statement University, USA.	Note 4	-	-	-	
Independent Director	The Republic of China	Shen An-Shih	Male 70	2023.06.09	3 years	2020.06.10	0	0.00%	0	0.00%	-	-	-	-	Master, Statistics, Iowa State University, USA.	-	-	-	-	
Independent Director	The Republic of China	Liu Cheng	Male 64	2023.06.09	3 years	2020.06.10	29,789	0.05%	17,367	0.03%	-	-	-	-	Master, Automatic Control Engineering, Feng Jia University	Note 5	-	-	-	
Independent Director	The Republic of China	Liu Ju-Chi	Male 58	2023.06.09	3 years	2023.06.09	17,367	0.02%	17,367	0.02%	-	-	-	-	Medical Doctor Taipei Medical University	-	-	-	-	

Note 1: President, Leadtek Research Inc.; Chairperson, Leadhope International Inc.; Chairperson, Wegene Technology Inc.; Chairperson, Leadtek Sports, Entertainment, and Media, Inc.; Chairperson, Aiborn Inc.

Note 2: Chairperson, Ablecom Technology Inc.; Chairperson, Ableplus Precision Industry Inc.; Director, Compuware Technology Inc.; Director, Ablecom Technology SDN BHD.

Note 3: Chairperson, Compuware Technology Inc. Chairperson, Compuware (Dongguan) Intelligent Technology Inc.; Director, Ablecom Technology Inc.; Director, Compuware Technology SDN BHD

Note 4: Independent Director, Advanced International Multitech Co., Ltd.; Independent Director, Tainan Enterprise (Cayman) Co., Limited; President, LedTech Electronics Corp.

Note 5: Director, Real Great Food International Company

2.Major shareholders of the institutional shareholders

April 14, 2024

Name of Institutional Shareholders	Major Shareholders
Ablecom Technology Inc.	Globelight International Technology Inc.(11.99%), Liao Chun-Mei(11.72%), Wei Chen International Investment Co. Ltd.(11.13%), Yi Zhan Investment Co., Ltd.(8.94%), Liang Jian-Fa(7.97%), Liang Jian-Kuo(6.52%), Liu Chiu-Chu(5.59%), Liang Jian-Hou(4.87%), Top Investment Inc.(4.32%), Chang Jian-Tsun(4.15%)
Compuware Technology Inc.	Ablecom Technology Inc.(15.00%), Jie Teng Investment Co.,Ltd.(13.85%), Yi Zhan Investment Co., Ltd.(11.35%), Ablestnet Computer Inc.(9.34%), Wei Chen International Investment Co., Ltd.(9.00%), Liao Chu-Mei(8.67%), Liang Jian-Da(6.49%), Liang Jian-Kuo(3.61%), Tsai Chi-Chen(3.53%), Liang Jian-Fa(3.47%)

3.Major shareholders of the Company’s major institutionalshareholders

April 14, 2024

Name of Institutional Shareholders	Major Shareholders
Globelight International Technology Inc.	Liu , Hung-Yi(100%)
Wei Chen International Investment Co. Ltd.	International Business Server Company Limited(100%)
Yi Zhan Investment Co., Ltd.	Liang Jian-Fa(29.50%), Chang Jian-Tsun(29.20%), Liang Chuan-Chieh(10.85%), Liang Chuan-Wei(10.85%), Liang Chuan-Yi(10.85%), Chang Su-Lan(2.50%), Chang Kuo-Shu(2.50%), Chang Kuei-Chih(1.25%), ChangKuoi-Wen(1.25%), Chang Yen-Feng(1.25%)
Top Investment Inc.	Cheng Ching-Yang(48%), Cheng Liang Feng-Chiao(25%), Cheng Kun-Jih(25%), Cheng Chun-Lin(1%). Cheng Chun-Ying(1%)
Jie Teng Investment Co., Ltd.	International Business Server Company Limited(100%)
Ablestnet Computer Inc.	Liang Jian-Da(17%), Chen Fang-Yu(16%), Liang Chia-Yin(22%), Liang Yu-Ching(22%), Liang Hung-Yi(22%)

2. Professional qualifications of directors and independence of independent directors:

Criteria Name Identity		Professional Qualifications and Experience	Status of Independence	Number of public companies in which concurrently serves as an independent director
Chairman	Lu Kun-Shan	With over five years of experience required by the Company's operations and is currently the chairman and CEO of Leadtek. No violation of any part of Article 30 of the *Company Act*.	The Company's independent directors all met the following independence conditions two years before their election and during their term of office: (1) Not an employee of the Company or any of its affiliates. (2) Not a director or supervisor the Company of its affiliates (except for independent directors of the Company or its parent/subsidiaries or any subsidiaries of the same parent appointed in accordance with the *Company Act* or laws of the registered country). (3) Not a natural-person shareholder holding shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total issued shares of the Company or ranking in the top 10 in holdings. (4) Not a spouse, relative within the 2nd degree of kinship, or lineal relative by consanguinity within the 3rd degree of kinship or closer to the officers as stipulated in (1) or persons stipulated in (2) and (3). (5) Not a director, supervisor, or employee of a corporate shareholder directly holding five percent or more of the Company's total issued shares or ranked among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under paragraphs 1 and 2, Article 27, the *Company Act* (except for independent director positions in the Company and its parent/subsidiaries or any subsidiaries of the same parent appointed in accordance with the *Company Act* or laws of the registered country). (6) Not a director, supervisor or employee of any company controlled by the same person holding a majority of the director seats or voting shares of the Company (except for independent director positions in the Company or the parent, subsidiaries or any subsidiaries of the same parent appointed in accordance with the *Company Act*, or laws of the registered country). (7) Not a director, supervisor or employee of any company who is the same person as, or the spouse of, chairman and president or equivalent of the	None
Director	Ablecom Technology Inc. Rep.: Liang, Jian-Fa	With over five years of experience required by the Company's operations and is currently the of chairman Ablecom Technology Inc. No violation of any part of Article 30 of the *Company Act*.		None
Director	Compuware Technology Inc. Rep.: Liang, Jian-Da	With over five years of experience required by the Company's operations and is currently the chairman of Compuware Technology Inc. No violation of any part of Article 30 of the *Company Act*.		None
Independent Director	Ho Yao-Hung	With over five years of experience required by the Company's operations and has been a partner and executive VP of KPMG Advisory Services Co., Ltd. No violation of any part of Article 30 of the *Company Act*.		2

<table>
<tr><th colspan="2">Criteria
Name
Identity</th><th>Professional Qualifications and Experience</th><th>Status of Independence</th><th>Number of public companies in which concurrently serves as an independent director</th></tr>
<tr><td>Independent Director</td><td>Shen An-Shih</td><td>With over five years of experience required by the Company's operations and has been the president of IBMTaiwan. No violation of any part of Article 30 of the Company Act.</td><td rowspan="3">Company (except for independent director positions in the Company or the parent/subsidiaries or any subsidiaries of the same parent appointed in accordance with the Company Act, or laws of the registered country).
(8) Not a director, supervisor, officer, or shareholder holding more than 5% ownership interest in any companies or institutions that have financial or business relationship with the Company (except for specific companies or organizations holding more than 20% but less than 50% of the Company's total issued shares. an independent director of the Company or the parent/subsidiaries or any subsidiaries of the same parent appointed in accordance with the Company Act, or laws of the registered country).
(9) Not a professional individual, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliated company of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliated company of the Company for which the provider in the past 2 years has received cumulative compensation not exceeding NT$500,000, or a spouse thereof, except for a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
(10) Not a spouse or relative within the 2nd degree of kinship or closer to any other directors.
(11) No violation of any part of Article 30 of the Company Act.

Description:
All independent directors comply with all the above requirements.</td><td>None</td></tr>
<tr><td>Independent Director</td><td>Liu Cheng</td><td>With over five years of experience required by the Company's operations and has been the president of VIVOTEK Inc. No violation of any part of Article 30 of the Company Act.</td><td>None</td></tr>
<tr><td>Independent Director</td><td>Liu Ju-Chi</td><td>With over five years of experience required by the Company's operations and is currently the Asssociate Director, Shuang Ho Hospital, Ministry of Health and Welfare.
No violation of any part of Article 30 of the Company Act.</td><td>None</td></tr>
</table>

3. Board diversity:

To diversify policies, strengthen corporate governance, and facilitate the robust development of Board organization and structure, we adopt the candidate nomination system as stipulated in the Articles of Incorporation to nominate directorial candidates. After evaluating the educational attainment and work experience, professional background, integrity, and relevant professional qualifications of candidates and with the approval of the Board by resolution, these candidates will be nominated for election at the Meeting of Shareholders. Except for the chairman, no other Board members are officers of the Company. The composition of the Board is determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs. The policy includes, but not limited to the following:

(1) Basic requirements and values: Gender, age, nationality, and culture.

(2) Professional knowledge and skills: The ability to make judgments about operations, accounting and financial analysis ability, business management ability, crisis management ability, knowledge of the industry, an international market perspective, leadership ability, and decision-making ability.

Name \ Core Diversity		Basic Composition							Professional Background				Professional Knowledge and Skills					
		Nationality	Gender	Employee Status	Age: 51-60 years old	Age: 61-70 years old	Age: 71-80 years old	Service Length of Independent Director (less than 3 years)	Accounting	Industrial	Finance	Technology	Operational judgment ability	Business management ability	Leadership ability	Crisis management ability	Industry knowledge	International market perspectives
Director	Lu Kun-Shan	The Republic of China	Male	✓			✓			✓		✓	✓	✓	✓	✓	✓	✓
Director	Ablecom Technology Inc. Rep:Liang Jian-Fa	The Republic of China	Male			✓				✓		✓	✓	✓	✓	✓	✓	✓
Director	Compuware Technology Inc. Rep:Liang Jian-Da	The Republic of China	Male		✓					✓		✓	✓	✓	✓	✓	✓	✓
Independent Director	Ho Yao-Hung	The Republic of China	Male			✓				✓	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	Shen An-Shih	The Republic of China	Male			✓				✓		✓	✓	✓	✓	✓	✓	✓
Independent Director	Liu Cheng	The Republic of China	Male			✓				✓		✓	✓	✓	✓	✓	✓	✓
Independent Director	Liu Ju-Chi	The Republic of China	Male		✓			✓		✓			✓	✓	✓	✓	✓	✓

4. Independence of independent directors:

Currently, the Board is seated by 7 directors, including 4 directors and 3 independent directors, and the proportion of the latter is 43%. By the end of 2023, all independent directors have met the requirements for independent directors as requested by the Securities and Futures Bureau (SFB) of the Financial Supervisory Commission (FSC). Additionally, no directors or independent directors have violated Article 26-3, paragraphs 3 and 4, *Securities and Exchange Act*.

(II) Data of the president, vice presidents, assistant vice presidents, and heads of departments and branch offices

April 14, 2024 Unit: shares

Title	Nationality	Name	Gender	Date of inauguration	Shareholding		Shares held by spouse and underage children		Shares held by proxy		Main career (academic) achievements	Concurrent positions in other companies	Spouse or relatives of 2nd degree or closer acting as managers			Remarks
					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relationship	
President	The Republic of China	Lu Kun-Shan	Male	1986.10.01	222,257	0.38	60,022	0.07	–	–	Electronic Engineering, National Taiwan Ocean University	Note 1	–	–	–	Note 2
Vice President	The Republic of China	Lee Cheng-Sin	Male	2024.03.01	–	–	–	–	–	–	Electrical Engineering, National Chiao Tung University	–	–	–	–	–
Vice President	The Republic of China	Chou Shih-Wei	Male	2005.01.01	3,324	–	–	–	–	–	Electrical Engineering, Chinese Culture University	–	–	–	–	–
Vice President	The Republic of China	Chuang Chen-Ming	Male	2018.01.16	–	–	–	–	–	–	PhD, Electrical Engineering, National Taiwan University	–	–	–	–	–
Vice President	The Republic of China	Yu Chin-Chang	Male	2016.08.01	–	–	–	–	–	–	Master, Information Science, National Tsing Hua University	–	–	–	–	–
Vice President	The Republic of China	Hsiung Mu-Wen	Male	2016.08.01	–	–	–	–	–	–	Transportation and Logistics Management, National Chiao Tung University	–	–	–	–	–
Vice President	The Republic of China	Yang Chin-Tien	Male	2014.01.01	–	–	–	–	–	–	Master, Computer Science and Information Engineering, Tamkang University	–	–	–	–	–
Vice President	The Republic of China	Wang Chia-Hung	Male	2023.03.01	–	–	–	–	–	–	Master, Information Management Chang Gung University	–	–	–	–	–
Vice President	The Republic of China	Weng Ching-Feng	Male	2023.07.07	–	–	–	–	–	–	Doctor, Physiology University of Maryland	–	–	–	–	–
Vice President	The Republic of China	Chang Shen	Male	2016.11.07	–	–	–	–	–	–	Master, Accounting, National Cheng Chi University	–	–	–	–	–
Vice President	The Republic of China	Yu Chao-Jung	Female	2016.08.01	–	–	–	–	–	–	Master, Applied Chemistry, National Chiao Tung University Master, Law, Soochow University	–	–	–	–	–

Note 1: Chairman, Leadtek Research Inc; Chairperson, Leadhope International Inc.; Chairperson,

Wegene Technology Inc.; Chairperson, Leadtek Sports, Entertainment, and Media, Inc.; Chairperson, Aiborn Inc.

Note 2: Chairman and president of Leadtek. The reasons, fairness, necessity, and counteractions are as follows:

We offer a wide range of products involving different industries. The organization is formed by three business units: Computer Product Business Unit, Smart Health Product Business Unit, and Big Data Product Business Unit. Each business unit (BU) is headed by a vice president (VP) to take charge of all matters of the BU.

Mr. Lu acts as the Company's chairman and president at the same time because of his familiarities with the products of all BUs and great skills in communicating various product-related planning with VPs. In the future, we will actively develop professional managers to take up the president post.

III. Remuneration for directors, supervisors, the president, and vice presidents in the most recent accounting year:

(1) Remuneration for directors

Unit: NTD thousands

Title	Name	Director's remuneration								The sum of A, B, C and D as a percentage of net income		Compensation as company employee								The sum of A, B, C, D, E, F, and G as a percentage of net income		Remuneration from investees other than subsidiaries or the parent company
		Remuneration (A)		Separation Pension (B)		Remuneration for Directors (C)		Pay for Professional Practice (D)				Salaries, bonuses, special allowances etc (E)		Seperation Pension (F)		Employee Compensation (G)						
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
																Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
Chairman	Lu Kun-Shan	1,200	1,200	-	-	-	-	-	-	-0.75%	-0.75%	3,613	3,613	-	-	-	-	-	-	-3.01%	-3.01%	-
Director	Huang Chin-Ming	600	600	-	-	-	-	15	15	-0.39%	-0.39%	-	-	-	-	-	-	-	-	-0.39%	0.39%	-
Director	Hu Chiu-Chiang	600	600	-	-	-	-	9	9	-0.38%	-0.38%	-	-	-	-	-	-	-	-	-0.38%	-0.38%	-
Director	Liu Ke-Chi	300	300	-	-	-	-	6	6	-0.19%	-0.19%	-	-	-	-	-	-	-	-	-0.19%	-0.19%	-
Director	Ablecom Technology Inc. Rep.:Liang Jian-Fa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Director	Compuware Technology Inc. Rep.:Liang Jian-Da	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Independent Director	Ho Yao-Hung	720	720	-	-	-	-	15	15	-0.46%	-0.46%	-	-	-	-	-	-	-	-	-0.46%	-0.46%	-

Independent Director	Shen An-Shih	720	720	-	-	-	-	9	9	0.46%	0.46%	-	-	-	-	-	-	-	-	-0.46%	-0.46%	-
Independent Director	Liu Cheng	720	720	-	-	-	-	12	12	-0.46%	-0.46%	-	-	-	-	-	-	-	-	-0.46%	-0.46%	-
Independent Director	Liu Ju-Chi	360	360	-	-	-	-	0	0	-0.23%	-0.23%	-	-	-	-	-	-	-	-	-0.23%	-0.23%	-

註 1：Huang Chin-Ming and Hu Chiu-Chiang were elected as directors on June 9, 2023, but resigned on December 26, 2023. Ablecom Technology Inc. and Compuware Technology Inc.were elected as new directors by election on December 27, 2023.

註 2：The 12th session directors: Lu Kun-Shan, Huang Ching-Ming, Hu Chiu-Chiang, Liu Ke-Chi, Ho Yao-Hung, Shen An-Shih, and Liu Cheng.(June 10, 2020 ~ June 8, 2023)

註 3：The 13th session directors: Lu Kun-Shan, Huang Ching-Ming(resigned), Hu Chiu-Chiang(resigned), Ablecom Technology Inc. Rep: Liang, Jian-Fa(by election), Compuware Technology Inc. Rep.:Liang, Jian-Da(by election), Ho Yao-Hung, Shen An-Shih, Liu Cheng, and Liu Ju-Chi(June 9, 2023~June 8, 2026)

(II) Remuneration for the president and vice presidents:

Unit: NTD thousands

Title	Name	Salary (A)		Separation pension (B)		Bonuses and special allowances etc (E) (C)		Amount of remuneration for employees (D)				Sum of A, B, C and D as a percentage of net income (%)		Remuneration from investees other than subsidiaries or the parent company
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
President	Lu Kun-Shan	21,578	21,578	898	898	3,774	3,774	-	-	-	-	-16.43%	-16.43%	-
Vice President	Chou Shih-Wei													
Vice President	Chuang Chen-Ming													
Vice President	Yu Chin-Chang													
Vice President	Hsiung Mu-Wen													
Vice President	Yang Chin-Tien													
Vice President	Wang Chia-Hung													
Vice President	Weng Ching-Feng													
Vice President	Chang Shen													
Vice President	Yu Chao-Jung													

Range of remuneration to the President and Vice Presidents	Name of President and Vice Presidents	
	The Company (Note 6)	All companies included in the financial statements (Note 7)
Below NT$ 1,000,000		
NT$ 1,000,000 (inclusive) - 2,000,000 (exclusive)	Weng Ching-Feng	Weng Ching-Feng
NT$ 2,000,000 (inclusive) - 3,500,000 (exclusive)	Chou Shih-Wei, Chuang Chen-Ming, Yu Chin-Chang,Yang Chin-Tien, Hsiung Mu-Wen, Yang Chin-Tien, Wang Chia-Hung, Chang Shen, Yu Chao-Jung	Chou Shih-Wei, Chuang Chen-Ming, Yu Chin-Chang,Yang Chin-Tien, Hsiung Mu-Wen, Yang Chin-Tien, Wang Chia-Hung, Chang Shen, Yu Chao-Jung
NT$ 3,500,000 (inclusive) - 5,000,000 (exclusive)	Lu Kun-Shan	Lu Kun-Shan
NT$ 5,000,000 (inclusive) ~ 10,000,000 (exclusive)		
NT$ 10,000,000 (inclusive) - 15,000,000 (exclusive)		
NT$ 15,000,000 (inclusive) - 30,000,000 (exclusive)		
NT$ 30,000,000 (inclusive) - 50,000,000 (exclusive)		
NT$ 50,000,000 (inclusive) - 100,000,000 (exclusive)		
NT$ 100,000,000 and above		
Total		

(III) The five officers with the highest remuneration:

Unit: NTD thousands

Title	Name	Salary (A)		Separation pension (B)		Bonuses and special allowances etc (C)		Amount of remuneration for employees (D)				Sum of A, B, C and D as a percentage of net income (%)		Remuneration from investees other than subsidiaries or the parent company
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
President	Lu Kun-Shan	3,124	3,124	-	-	488	488	-	-	-	-	-2.26%	-2.26%	-
Vice President	Hsiung Mu-Wen	2,530	2,530	108	108	450	450	-	-	-	-	-1.93%	-1.93%	-
Vice President	Chang Shen	2,397	2,397	108	108	561	561	-	-	-	-	-1.92%	-1.92%	-
Vice President	Chou Shih-Wei	2,307	2,307	108	108	279	279	-	-	-	-	-1.74%	-1.74%	-
Vice President	Yang Chin-Tien	2,205	2,205	108	108	263	263	-	-	-	-	-1.64%	-1.64%	-

(V) Amount of remuneration paid in the past 2 years by the Company and all companies included in the consolidated financial statements to the Company's directors, supervisors, president, and vice presidents

Year / Item	2023		2022	
	Net profit margin of the Company after payment of remunerations	Net profit margin of the Company and companies included in the consolidated statements after payment of remunerations	Net profit margin of the Company after payment of remunerations	Net profit margin of the Company and companies included in the consolidated statements after payment of remunerations
Director	-19.74%	-19.74%	-14.71%	-14.71%
President and Vice Presidents				

In respect of the Company's Articles of Incorporation, directors are salaried each month and enjoy profit sharing. The remuneration for the president and vice presidents includes salary, bonuses, and profit sharing. They are paid based on their positions and contribution to the Company and in consideration of the standard in the industry.

IV. Corporate governance

(I) Board operations:

A total of Six Board meetings were held in 2023, and the attendance of directors is as follows:

Title	Name	Actual attendance count	Attendance by proxy	Actual attendance rate	Remarks
Chairman	Lu Kun-Shan	6	-	100%	
Director	Liang Jian-Fa	-	-	-	The Rep. of Ablecom Technology Inc. Elected as director on Dec. 27, 2023
Director	Liang Jian-Da	-	-	-	The Rep. of Compuware Technology Inc. Elected as director on Dec. 27, 2023
Director	Huang Chin-Ming	6	-	100%	Resigned as director on Dec. 26, 2023
Director	Hu Chiu-Chiang	5	1	83%	Resigned as director on Dec. 26, 2023
Director	Liu Ke-Chi	2	-	100%	
Independent Director	Ho Yao- Hung	6	-	100%	
Independent Director	Shen An-Shih	6	-	100%	
Independent Director	Liu Cheng	6	-	100%	
Independent Director	Liu Ju-Chi	1	3	25%	

Other matters required for reporting

1. When any one of the following situations occurs in a Board meeting, state the date and session of the meeting, the content of the concerned proposal(s), the opinion of all independent directors, and the Company's response to such opinions:
   (1) Matters stipulated in Article 14-3 of the *Securities and Exchange Act*:

Date of Board meeting	Session	Details of agenda	Opinions of all independent directors	Company's response to the opinions of independent directors
2023/03/15	1st Board Meeting of 2023	1. Improvement plan for extension for one year of repayment for loans to Leadhope International Inc. with insolvency.	None	Approved as proposed

Date of Board meeting	Session	Details of agenda	Opinions of all independent directors	Company's response to the opinions of independent directors
		2. Private placement for cash capital increase and issuance of new shares. 3. Remuneration of CPAs appointed to audit 2022 financial statement.		
2023/05/11	2nd Board Meeting of 2023	1. Improvement plan for extension for one year of repayment for loans to Leadhope International Inc. with insolvency.	None	Approved as proposed
2023/06/17	3rd Board Meeting of 2023	1. Cash capital increase and new share issuance	None	Approved as proposed
2023/08/01	4rd Board Meeting of 2023	1. Improvement plan for extension for one year of repayment for loans to Leadhope International Inc. with insolvency. 2. Private placement for cash capital increase and issuance of new shares 3. Abolish cash capital increase and new share issuance.	None	Approved as proposed
2023/10/06	5th Board Meeting of 2023	1. Private placement of cash capital increase for stock price setting and related matters. 2. Revise "2022 Employee Stock Option Certificate Issuance and Stock Subscription Measures"	None	Approved as proposed
2023/11/09	6th Board Meeting of 2023	1. Improvement plan for extension for one year of repayment for loans to Leadhope International Inc. with insolvency.	None	Approved as proposed

(2) Any documented objections or qualified opinions raised by independent directors against the Board resolution in relation to matters other than those described above: None.

2. Disclosure regarding avoidance of interest-conflicting proposals, including the names of directors concerned, the proposal content, the nature of conflicting interests, and the voting process: None.

3. Implementation of Board performance evaluation

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation methods	Evaluation contents
Once a year	2023/1/1-2023/12/31	1. Board 2. Individual Board members 3. Audit Committee 4. Members of the Remuneration Committee	Self-assessment	1. Items of Board performance evaluation: (1) Degree of engagement with corporate operations (2) Quality of Board decision-making (3) Board composition and structure (4) Election and continuing education of directors (5) Internal control 2. Items for performance evaluation of individual Board members: (1) Alignment with the Company's goals and missions (2) Awareness towards the directorial roles and responsibilities (3) Degree of engagement with corporate operations (4) Management of internal relations and communication (5) Expertise and continuing education of directors (6) Internal control 3. Performance evaluation of functional committees: (1) Degree of engagement with corporate operations (2) Awareness towards the roles and responsibilities of functional committees (3) Improvement of decision-making quality of functional committees (4) Composition and selection of members for functional committees (5) Internal control

4. Goals for Board competency enhancement in the current and the most recent years:

(1) The Board instructs corporate strategies, supervises the management, and implement and arrange matters in relation to

corporate governance. It answers to the Company and Meeting of Shareholders (this is not a meeting but a body) and exercise its powers in accordance with the Company's Articles of Incorporation or resolutions of the Meeting of Shareholders.

(2) In additional to holding the directorial election, the Audit Committee was established at the AGM on June 10, 2020 to exercise the powers as stipulated in the *Company Act*, *Securities and Exchange Act*, and other relevant laws and regulations.

(3) On November 22, 2011, the Remuneration Committee was established to periodically evaluate and determine the remuneration for directors and officers and periodically review the performance of directors and officers and evaluate the policy, system, standard, and structure of their salary and remuneration.

(2) Operations of Audit Committee:

A total of four Audit Committee meetings were held in 2023, and the attendance of independent directors is as follows:

Title	Name	Actual attendance count	Attendance by proxy	Actual attendance rate	Remarks
Independent Director	Ho Yao-Hung	6	-	100%	-
Independent Director	Shen An-Shih	6	-	100%	-
Independent Director	Liu Cheng	6	-	100%	-
Independent Director	Liu Ju-Chi	1	3	25%	-

Other matters required for reporting

1. When any one of the following situations occurs in an Audit Committee meeting, state the date and session of the meeting, the content of the concerned proposal(s), the resolutions made at the meeting, and the Company's response to opinions of the Audit Committee:

(1) Matters stipulated in Article 14-5 of the *Securities and Exchange Act*:

Date of Audit Committee meeting	Session	Details of agenda	Resolutions made by the Audit Committee	Company's response to the opinions of independent directors
2023/03/15	1st Meeting of 2023	1. Declaration of Compliance of Internal Control System of 2021. 2. Improvement plan for extension for one year of repayment for	Unanimous approval of the proposal at the 11th	Approved as proposed

Date of Audit Committee meeting	Session	Details of agenda	Resolutions made by the Audit Committee	Company's response to the opinions of independent directors
		loans to Leadhope International Inc. with insolvency. 3. Private placement for cash capital increase and issuance of new shares. 4. Remuneration of CPAs appointed to audit 2022 financial statement.	meeting (2023.03.15) of the 1st Audit Committee.	
2023/05/11	2nd Meeting of 2023	1. Improvement plan for extension for one year of repayment for loans to Leadhope International Inc. with insolvency.	Unanimous approval of the proposal at the 12th meeting (2023.05.11) of the 1st Audit Committee.	Approved as proposed
2023/06/17	3rd Meeting of 2023	1. Cash capital increase and new share issuance	Unanimous approval of the proposal at the 1st meeting (2023.06.17) of the 2nd Audit Committee.	Approved as proposed
2023/08/01	4th Meeting of 2023	1. Improvement plan for extension for one year of repayment for loans to Leadhope International Inc. with insolvency. 2. Private placement for cash capital increase and issuance of new shares 3. Abolish cash capital increase and new share issuance.	Unanimous approval of the proposal at the 2nd meeting (2023.08.01) of the 2nd Audit Committee.	Approved as proposed
2023/10/06	5th Meeting of 2023	1. Private placement of cash capital increase for stock price setting and related matters. 2. Revise "2022 Employee Stock Option Certificate Issuance and Stock Subscription Measures"	Unanimous approval of the proposal at the 3rd meeting (2023.10.06) of the 2nd Audit Committee.	Approved as proposed
2023/11/09	6th Meeting of 2023	1. Improvement plan for extension for one year of repayment for loans to Leadhope International	Unanimous approval of the proposal	Approved as proposed

Date of Audit Committee meeting	Session	Details of agenda	Resolutions made by the Audit Committee	Company's response to the opinions of independent directors
		Inc. with insolvency.	at the 4th meeting (2023.11.09) of the 2nd Audit Committee.	

(2) Resolutions adopted with the approval of two thirds or more of all directors, without having been passed by the Audit Committee of the Company in addition to the above matters: None.

2. Disclosure regarding avoidance of interest-conflicting proposals, including the names of independent directors concerned, the proposal content, the nature of conflicting interests, and the voting process: None.
3. Communication of independent directors with internal auditors and CPAs (on material items and methods and outcomes of communication regarding the Company's financial and business positions):

(1) Based on the annual audit program, the chief internal auditor periodically reports a summary report to the Audit Committee. The Audit Committee also evaluates the Company's internal audit system, internal auditors, and their work performance.

(2) The Audit Committee is formed with independent directors. CPAs report to independent directors the audit outcomes of the Company's annual financial statements.

Summary of communication between independent directors and CPAs:

Date	Communication items	Communication results
2023/03/15.	1. The audit review of the Company's individual and consolidated financial reports for the year of 2022. 2. Key audit items of 2022 3. Important legal updates	The 2022 financial reports have been approved by the Audit Committee and reported to the Board for approval by resolution.
2023/08/01.	1. The audit review of the Company's consolidated financial	The 2023 Q2 financial reports

	reports for the second quarter of 2023. 2. Important legal updates	have been approved by the Audit Committee.
2023/11/08.	1. The audit review of the Company's consolidated financial reports for the third quarter of 2023. 2. Important legal updates	The 2023 Q3 financial reports have been approved by the Audit Committee.

(III) Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies:

Evaluation Item	Performance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
I. Has the company established and disclosed its corporate governance principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"?	V		We have established the "Corporate Governance Best-Practice Principles". Please visit the Market Observation Post System (MOPS) or our corporate website for details.	No difference
II. Shareholding structure and shareholders' interests				
(I) Has the company implemented a set of internal procedures to handle shareholders' suggestions, queries, disputes, and litigations?	V		We have appointed corporate spokespersons and deputy spokespersons to take charge of the related matters, and the legal unit and legal consultant will take charge of law-related matters.	No difference
(II) Does the Company retain at all times a register of major shareholders who own a relatively high percentage of shares and have controlling power, and of the persons with ultimate control over those major shareholders?	V		We have also assigned a professional shareholder services agent to take charge of shareholder-related matters. Additionally, a shareholder liaison has been appointed to keep close contacts with the professional shareholder services agent to keep informed of shareholder-related issues at all times.	No difference
(III) Has the company established and implemented risk	V		We have established the "Procedures for Trading with Related Parties, Specific	No difference

Evaluation Item	Performance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
management and firewall mechanisms between its affiliates?			Companies, and Group Affiliates" and management procedures of internal control and internal audit to effectively control risks.	
(IV) Has the company established internal policies that prevent insiders from trading securities against non-public information?	V		We have established the "Procedures for Ethical Management and Guidelines for Conduct" stipulation the prohibition of insider trading, the "Procedures for Handling Material Inside Information" and other internal controls of management for "management of insider trading prevention" to protect and maintain the rights and interests of investors and the Company.	No difference
III. Composition and duties of the Board				
(I) Has the board established and implemented diversified policies and specific and reasonable goals?	V		Board members have different professional backgrounds and different areas of specialization to ensure the robust Board structure.	No difference
(II) Apart from establishing the Remuneration Committee and Audit Committee by law, has the company voluntarily establish other functional committees?	V		We have established the Compensation Committee and Audit Committee by law and will establish other functional committees as necessary.	No difference
(III) Has the company established a set of	V		The regulations and methods for Board performance evaluation	No difference

Evaluation Item	Performance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
policies and assessment tools to evaluate the Board's performance, conducted the performance evaluation each year and periodically, reported the evaluation results to the Board, and use them for the reference for determining the remuneration and future nomination of individual directors?			established by the Board on November 13, 2019 stipulate that performance evaluation shall be implemented on the Board, board members, Audit Committee, and Remuneration Committee at least once a year. The Remuneration Committee establishes and periodically reviews the policy and system for performance evaluation of directors and officers and their salary and remuneration.	
(IV) Does the company periodically evaluate the independence of CPAs?	V		Each year the Company evaluates the independence(Note 1) of CPAs and requests from the Statement of Independence Compliance. The final evaluation results are reported to the Board.	No difference
IV. Has the company assigned an appropriate number of competent governance personnel and a chief governance officer to handle matters in relation to corporate governance?	V		The Finance Division assigns a special staff member to handle governance-related affairs. With over three years of experience in financial, service, and agenda management, this staff member provides directors with data required for business practice, prepares matters relating to board meeting and AGM/EGM, handles company registration and change registration, produces the minutes of board meetings and	No difference

Evaluation Item	Performance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			AGM/EGM, and handles governance-related affairs.	
V. Has the company established communication channels with stakeholders, created a dedicated stakeholder section on its corporate website, and properly addressed material corporate social responsibility issues that concern stakeholders?	V		We have established an ESG section on the corporate website to provide stakeholders with the relevant information. We also maintain sound relationships with suppliers, customers, financial institutions, and other stakeholders and uphold business ethics and integrity to create win-win for all parties.	No difference
VI. Does the company engage a professional shareholder services agent to handle AGM affairs?	V		We have engaged the Department of Stock affairs Agency of Taishin Securities Co., Limited as the Company's professional shareholder services agent and to take charge of the Company's AGM.	No difference
VII. Information disclosure				
(I) Has the company established a website to disclose financial, business, and corporate governance information?	V		We have established an investor section on the corporate website to disclose the Company's financial, business, and material information, and governance-related information will be published soon.	No difference
(II) Has the company adopted other means to disclose information (e.g., erection of an English website, assignment of specific personnel	V		We have set up an English website and assigned special staff to collect and publish various types of information over this website. We have assigned spokespersons by law and reported them to the competent authorities.	No difference

Evaluation Item	Performance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
to collect and disclose corporate information, implementation of a spokesperson system, posting investor conferences on the corporate website)?			We have also posted the information of investor conferences on the corporate website.	
(III) Does the company publish and report the annual financial report within two months at the end of each accounting year and publish the financial statements for Q1, Q2, and Q3 and monthly operation overview by the prescribed time-limit?		V	Does the company periodically publish the annual financial report and the financial statements for Q1, Q2, and Q3 and monthly operation overview as requested by the competent authorities?	Published and reported by the regulatory time-limit.
VIII. Other important information useful to understand the performance of corporate governance?	V		1. Employee rights and interests: Apart from treating employees with sincerity and integrity, we have well-established benefit and training systems and develop mutual trust with employees. 2. Employee care: A staff welfare committee has been established to take good care of employees and offer benefits including funding for employee club activities; allowances for weddings, funerals, festivities, and birth of employees; and funding for employee travels. 3. Investor relations: Special staff	No difference

Evaluation Item	Performance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			have been assigned to handle investor relations and investor recommendations. 4. Supplier relations: Apart from upholding the commitment for suppliers and stakeholders and avoiding unnecessary extension of payment, we also maintain a sound relationship with suppliers. 5. Stakeholder relations: We respect and maintain the legal rights and interests of stakeholders. 6. Continuing education of directors: In addition to their professional backgrounds and field management and operation experience in the industry, directors also take continuing education courses. (Note 2) 7. Risk management policies and risk assessment standards: Besides establishing various internal regulations, we also engage with risk management and assessment. 8. Customer policy: We enhance quality improvement and technology upgrading to provide customers with the best products and services. 9. Directors and officers liability insurance (D&O): Each year we purchase D&O for directors according to the Articles of	

Evaluation Item	Performance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			Incorporation.	

IX. Please describe the improvements made according to the results of Corporate Governance Evaluation results of the most recent year published by the TWSE Corporate Governance Center and propose measures for issues pending for improvement.

1. Improvements made in the most recent year: We have appointed the chief governance officer (CGO) to take charge of matters relating to corporate governance.
2. Measures for issues pending for improvement:
   (1) Invite directors to attend AGM to encourage directors to participate in AGM.

Note 1: CPA Independency and Competency Evaluation Sheet

Evaluation Item	Yes	No	Whether it meets the required independence and competence
1.The CPA did not serve as directors and supervisors of the Company	V		V
2.The CPA is not a shareholder of the Company	V		V
3.The CPA does not work part-time in the Company or is engaged in regular work, and is paid	V		V
4.The CPA has no significant financial interest in the Company	V		V
5.The CPA has no borrowing from or lending to the Company	V		V
6.The CPA is not involved in the management function of the Company's decision making	V		V
7.The CPA has not served in the Company in the first two years of practicing	V		V
8.Receipt of a declaration of independence by the CPA	V		V
9.The CPA has not provided the Company's audit certification service for 7 consecutive years	V		V
10.There are no interaction issues between the CPAs and management, governance units, and the internal audit supervisor.	V		V
11.The quality of audit and tax services meets the requirements in a timely and effective manner.	V		V
12.The Company's financial report has not been litigated or corrected by the competent authority.	V		V
13.Acquire the AQIs and perform the assessment:	V		V
(1)Professional indicator(audit experience, training hours, turnover rate, and professional support) – sufficient (2)AQI indicator (CPA's load, engagement in audits, EQC recheck status, and quality control support support ability) – sufficient (3)Independence (proportion of non-audit services and customer familiarity) – no abnormal situation (4)Supervision (defects found in external inspections and disposition, and the competent authority's reminder for improvement) – no abnormal situation	V		V

Note 2 Continuing education of directors in 2023 and by the date of report publication:

Title	Name	Course date		Organizer	Course name	Training hours	of continuing education
		From	to				
Chairman	Lu Kun-Shan	2023//9/20	2023//9/20	Taiwan Insurance Institute	ESG Sustainable Development Trends and Implementation of Responsible Investmen	3.0	6.0
		2023/11/9	2023/11/9	Taiwan Academy of Banking and Finance	Analysis of Important Practical Judgments on Corporate Governance	3.0	
Director	Liang Jian-Fa	2024/3/28	2024/3/28	Corporate Operating and Sustainable Development Associate	Explanation and case introduction of directors and supervisors' responsibilities under corporate governance	3.0	3.0
Director	Liang Jian-Da	2024/3/28	2024/3/28	Corporate Operating and Sustainable Development Associate	Explanation and case introduction of directors and supervisors' responsibilities under corporate governance	3.0	3.0
Director	Huang Chin-Ming	2023/5/23	2023/5/23	Taiwan Academy of Banking and Finance	Corporate Governance Lecture - Review and Analysis of Financial Reports for Directors and Supervisors	3.0	6.0
		2023/9/4	2023/9/4	Taiwan Academy of Banking and Finance	The 14th Taipei Corporate Governance Forum	3.0	
Director	Hu Chiu-Chiang	2023/2/14	2023/2/14	Taiwan Corporate Governance Association	The new look of corporate governance under the ESG trend	3.0	12.0
		2023/3/14	2023/3/14	Taiwan Corporate Governance Association	Risks and opportunities of climate change trends to business operations	3.0	
		2023/5/8	2023/5/8	Securities & Futures Institute	The latest practical analysis of business secrets and management risks of directors and supervisors	3.0	
		2023/5/8	2023/5/8	Securities & Futures Institute	Director's Responsibilities in Corporate Mergers and Acquisitions	3.0	
Independent Director	Ho Yao-Hung	2023/4/13	2023/4/13	Taiwan Institute of Directors	2023 KPMG Leadership Academy Forum-Business Opportunities and Challenges under the Net Zero Boom	3.0	9.0
		2023/6/2	2023/6/2	Chinese National Associate of Industry and Commerce	2023 Taishin Net Zero Power Summit Forum	3.0	
		2023/8/22	2023/8/22	Taiwan	In the era of digital	3.0	

Title	Name	Course date		Organizer	Course name	Training hours	of continuing education
		From	to				
				Corporate Governance Association	economy, how can companies innovate and achieve breakthroughs in profitability?		
Independent Director	Shen An-Shih	2024/3/14	2024/3/14	Taiwan Independent Director Associate	How the board of directors controls corporate financial risks and case analysis	3.0	3.0
Independent Director	Liu Cheng	2023/12/5	2023/12/5	Taiwan Corporate Governance Association	2024 Global Economic Outlook and Industrial Trends	3.0	6.0
		2023/12/26	2023/12/26	Taiwan Corporate Governance Association	Circular economic benefits and sustainable financial business opportunities	3.0	
		2024/1/12	2024/1/12	Taiwan Corporate Governance Association	Corporate carbon management thinking after the passage of the Climate Change Response Act	3.0	
Independent Director	Liu Ju-Chi	2024/11/9	2024/11/9	Taiwan Academy of Banking and Finance	Analysis of Important Practical Judgments on Corporate Governance	3.0	3.0

(IV) Composition, responsibility, and operations of the remuneration committee:

1. Data of members of the Remuneration Committee

Identity	Name	Professional Qualifications and Experience	Status of Independence	Number of other public companies in which concurrently serves as Remuneration Committee member
Independent Director	Ho Yao-Hung	Please refer to the Data of Directors in p. 15.		2
Independent Director	Shen An-Shih	Please refer to the Data of Directors in p. 15.		-
Independent Director	Liu Cheng	Please refer to the Data of Directors in p. 15		-

2. Operations of the Remuneration Committee

(1) The Company's Remuneration Committee is seated by 3 members.

(2) The term of the 4th Remuneration Committee: From August 1, 2023 to the end of the term of the 13th Board.

A total of 2 Remuneration Committee meetings were held in 2023, and the attendance of committee members is as follows:

Title	Name	Actual attendance count	Attendance by proxy	Percentage of actual attendance (%)	Remarks
Convener	Ho Yao- Hung	2	0	100%	-
Committee member	Shen An-Shih	2	0	100%	-
Committee member	Liu Cheng	2	0	100%	-
Other remarks: I. If a proposal of the remuneration committee is rejected or amended at a board meeting, state the date and session of the meeting, the content of the concerned proposal, the resolutions made at the board meeting, and the company’s response to opinions of the remuneration committee’s opinions (if salary and remuneration approved at the board meeting are better than the recommendation of the remuneration committee, state the differences and their causes): None. II. When there are documented objections or qualified opinions to the resolution made by a committee member at the remuneration committee meeting, state the date and session of the committee meeting, the content of the concerned proposal, the opinions of all committee members, and the response to opinions of members: None.					

(V) Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies:

Evaluation Item	Performance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
I. Has the company developed a governance framework for sustainable development and established a full- (part-) time unit to promote sustainable development under the supervision of top management with board authorization and the board?	V		We has set up a "Sustainable Development Action Group" to formulate or coordinate management policies and specific promotion plans on corporate social responsibility, sustainable development direction and goals. The "Sustainable Development Action Group" is headed by Chairman and General Manager Mr. Lu Kun-Shan serves as the convener, and members include department-level supervisors. He is responsible for integrating relevant departments to enable the company to smoothly promote ESG/sustainable management, and regularly monitors the annual goals of each aspect based on the sustainability indicator disclosure standards of the International Reporting Organization. Supervise the implementation status, implement the company's vision and short, medium and long-term goals, and report to the board of directors regularly.	No difference
II. Has the company assessed	V		Environmentally, we have	No difference

Evaluation Item	Performance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
the social, environmental, and governance (ESG) risks relating to corporate operations and established policies or strategies relating to risk management according to the principle of materiality?			formed an environmental assessment team to address environmental issues and review and assess environmental risks, establish the environmental policy, create environmental documents, and review and implement environmental protection activities in accordance with the "Operating Procedures for Environmental Assessment". Socially, we strictly comply with the non-disclosure (confidentiality) of trade secrets and the relevant legal and regulatory requirements. Additionally, all products comply with the relevant international safety requirements, international environmental requirements, and import and export regulations to ensure the safety of business operations.	
III. Environmental issues (I) Has the company developed an appropriate environmental management system based on the industry-specific characteristics?	V		Apart from periodically tracing and reporting waste production, we also set waste reduction targets, publicize resource recycling, and establish various resource and energy reduction plans in accordance with the relevant legal and regulatory	No difference

Evaluation Item	Performance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			requirements to achieve environmental sustainability. We have also passed the certification of the ISO 14001 environmental management system and implemented periodic audit and evaluation.	
(II) Is the company committed to enhancing efficiency various resources and energy and using recycled materials with lower environmental impact?	V		We are committed to environmental improvement and enhancing the efficiency of various resources, and the targets for reducing resource consumption and waste have been achieved.	No difference
(III) Has the company assessed the current and future potential climate-related risks and opportunities and taken corresponding counteractions for climate-related issues?	V		Climate change may cause resource shortages, increase material costs, and unstable transportation. Hence, we actively develop products relating to green energy technology, reduce water consumption to lower operating costs in response.	No difference
(IV) Has the company produced statistics on GHG emissions, water consumption, and total weight of waste in the past two years and established policies to reduce GHG, water consumption, and waste?	V		To reduce the energy consumption of hardware equipment, we have progressively replaced the lighting fixtures with LED lamps in the common areas across the plant to achieve energy consumption and carbon reduction and reduce energy consumption to lower the intensity of GHG emissions and thereby fulfill our corporate social	No difference

Evaluation Item	Performance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			responsibility for environmental protection. Additionally, we reclaim wastewater for reuse to reduce water consumption and manage waster in accordance with the *Waste Disposal Act* to ensure exact protection of the surrounding environment.	
IV. Social issues (I) Has the company developed its policies and procedures in accordance with laws and International Bill of Human Rights?	V		Apart from complying with the relevant labor laws and regulations, we have also established the Employee Handbook and relevant personnel regulations to protect the legal rights and interests of employees.	No difference
(II) Has the company established and implemented a reasonable employee benefit policy (including remuneration, leave, and other benefit) and reflected the operating performance or results to the remuneration for employees adequately?	V		Each year we conduct two times of employee performance evaluation to provide a reference for the promotion, transfer, and raise of employees. Both our leave and benefit policies are better than the relevant legal and regulatory requirements.	No difference
(III) Has the company provided employees with a safe and healthy workplace environment and implemented health and safety education for employees periodically?	V		In addition to arranging health checkups for employees each year, we also provide them with a sound workplace environment and organize education and training activities for occupational	No difference

Evaluation Item	Performance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			health and safety.	
(IV) Has the company established effective competency development training plans for employees?	V		Through internal and external education and training, we develop the professional and management skills of employees step by step.	No difference
(V) Has the company complied with the relevant laws and international practices with respect to customer health and safety, customer privacy, and marketing and labeling for its products and services and established policies and grievance procedures relating to consumer and customer protection?	V		Both our products and services comply with the EU RoHS directive and the green and eco-friendly requirements of customers. We also provide product warranty for a reasonable period and online application for service.	No difference
(VI) Has the company established a supplier management policy requesting suppliers to comply with the relevant legal and regulatory requirements for environmental protection, occupational safety and health, or labor human rights and reviewing the performance of such a policy?	V		We periodically audit and assess the social and environmental performance of suppliers and re-consider the business relations with customers violating the relevant social and environmental regulations.	No difference
V. Has the Company prepared the the sustainability report to disclose the company's		V	Currently, we have not published the sustainability report.	In accordance with the relevant legal and regulatory

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Performance</th><th rowspan="2">Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>non-financial information in accordance with the internationally accepted reporting standards or guidelines? Has the company applied for third-party verification or assurance for the said report?</td><td></td><td></td><td></td><td>requirements, we do not need to publish a sustainability report so far.</td></tr>
<tr><td colspan="5">VI. If the company has established its own “Sustainable Development Best Practice Principles”corporate social responsibility code of conducts in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies, state current practices and deviations from the Principles:
We have established the “Sustainable Development Best Practice Principles” to define our practices for environmental management, social welfare, human rights, stakeholder rights and interests, and local communities. It is also posted on our corporate website.</td></tr>
<tr><td colspan="5">VII. Other important information useful to understand the operation of corporate social responsibility:
(I) Workplace health and safety:
We offer rich healthcare resources to employees and care about employee health over the cloud health management system and by organizing diversified health talks.
(II) Taiwan iSport certification
Our efforts in developing the habit of regular exercise in employees and support for the development of the sport industry have been rewarded by the Taiwan iSport certification by the Sports Administration, Ministry of Education.</td></tr>
</table>

(VI) Implementation of ethical management and deviation and causes of deviation from the *Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies*?

Evaluation Item	Performance			Deviation and causes of deviation from the *Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies*
	Yes	No	Summary	
I. Establishment of integrity policies and solutions				
(I) Has the company established an ethical corporate management policy approved by the board and expressly stated the ethical corporate management policy and practices? Has the board and senior management actively implement the policy commitment?	V		Apart from the "Ethical Corporate Management Best Practice Principles", we have also developed a corporate culture and maintained the robust development of ethical corporate management, hoping that all employees actively realize the commitment for ethical corporate management.	No difference
(II) Has the company established a mechanism for assessing unethical behavior, periodically analyzed and evaluate the business activities within the scope of services with higher risk of unethical behavior, and established plans covering at least the preventive actions stipulated in paragraph 2, Article 7, *Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies*, to prevent unethical behavior?	V		We have established the "Procedures for Ethical Management and Guidelines for Conduct" to implement the ethical corporate management policy and actively prevent unethical behavior. We have also established channels for reporting unethical behavior to enable the unfailing implementation of the Company's "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Corporate Management and Guidelines for Conduct".	No difference
(III) Has the company defined and implemented operating	V		In addition to communicating the importance of business ethics and	No difference

Evaluation Item	Performance			Deviation and causes of deviation from the *Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies*
	Yes	No	Summary	
procedures, guidelines for conduct, disciplinary actions for offense, and a grievance system in the plan to prevent unethical behavior, and periodically reviewed the plan?			integrity within the Company, we have also established various procedures for handling the prevention of unethical behavior in the "Procedures for Ethical Corporate Management and Guidelines for Conduct".	
II. Enforcing ethical corporate management				
(I) Has the company evaluated the ethics and integrity record of its business counterparts and stipulated terms for ethical behavior in the contracts signed with them?	V		Before trading with important customers, we will first assess the legal status of counterparts and conduct a credit investigation on them to prevent trading with customers with unethical behavior. We have also stipulated the non-corruption terms in the contracts to ban unethical trading behavior.	No difference
(II) Has the company established a dedicated unit under the board to promote ethical corporate management, periodically (at least once a year) reported its ethical corporate management policies and plans to prevent unethical behavior to the board, and supervised the implementation?	V		We have established the "Ethical Corporate Management Best Practice Principles". To optimize ethical corporate management, we assign the Administration Division to take charge of ethical corporate management, establish the ethical corporate management policy and prevention plan, and report the performance of implementation to the Board each year.	No difference
(III) Has the company established policies to prevent conflicts of interest, provided channels	V		We have established the "Procedures for Ethical Corporate Management and Guidelines for Conduct" to provide a guide for	No difference

Evaluation Item	Performance			Deviation and causes of deviation from the *Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies*
	Yes	No	Summary	
for appropriate explanation, and unfailingly implemented such policies?			employees to handle conflicts of interest in business operations.	No difference
(IV) Has the company established an effective accounting system and internal control system to achieve ethical corporate management and allowed the internal audit unit to draw up the relevant audit programs according to the risk assessment results and check the compliance with the plans to prevent unethical behavior or hire CPAs to conduct the audit?	V		We have established the "Ethical Corporate Management Best Practice Principles" and developed an effective accounting system and an effective internal control system. We also review these systems at all times to ensure the continuing effectiveness of system design and implementation. The internal audit unit periodically audit the system compliance and present an audit report to the Board.	
(V) Does the company periodically arrange internal and external education and training on ethical corporate management?	V		We have established the "Ethical Corporate Management Best Practice Principles". The chairman, president, or senior management shall periodically communicate the importance of ethical corporate management to directors, employees, and mandatories. We have also set integrity, enthusiasm, and innovation as our core values. We periodically arrange education, training, and awareness education for directors, managers, employees, mandatories, and substantial controllers for them to understand the Company's determination, policy, and	

Evaluation Item	Performance			Deviation and causes of deviation from the *Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies*
	Yes	No	Summary	
			prevention plans for ethical corporate management and the consequences of unethical behavior.	
III. Whistle-blowing system (I) Has the company established specific systems for reporting unethical behavior and encouraging the report of unethical behavior and assign special personnel to investigate the persons accused of unethical behavior?	V		After receiving reports of unethical behavior to the Company from the special email or the HR unit, we will activate the investigation procedure, and the audit unit will send special staff to take charge of the investigation.	No difference
(II) Has the Company established standard operating procedures for investigating unethical behavior reports, the measures for following up the investigation, and other relevant non-disclosure mechanisms?	V		Apart from defining the report receiving personnel and unit in the "Procedures for Ethical Corporate Management and Guidelines for Conduct", we have also made commitment to ensure the confidentiality of both the whistle-blower and evidence.	No difference
(III) Has the company provided proper whistle-blower protection?	V		In additional to keep absolute confidentiality of the identity of whistle-blowers and the content of reports, we even prohibit retaliation on whistle-blowers.	No difference
IV. Enhancing information disclosure (I) Has the company disclosed the content and performance of its "Ethical Corporate Management Best Practice Principles" on its corporate website and MOPS?	V		We have disclosed both the Company's "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Corporate Management and Guidelines for Conduct" on	No difference

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Performance</th><th rowspan="2">Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>the corporate website and MOPS.</td><td></td></tr>
<tr><td colspan="5">V. After establishing the “Ethical Corporate Management Best Practice Principles” in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies, state its performance and differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEe-Listed Companies.
We have established the “Ethical Corporate Management Best Practice Principles” based on the philosophy of integrity, accountability, and probity; established a sound mechanism for corporate governance and risk control; and complied with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, and the relevant regulations governing TWSE/TPEx-listed companies or other relevant laws and regulations governing business activities as the basis for implemented ethical corporate management. Additionally, we have unfailingly practice these principles and controls in internal management and external business activities.</td></tr>
<tr><td colspan="5">VI. Other important information useful to understand of the Company’s performance in ethical corpo management:
Integrity is the basis of our operations. We request all employees to uphold integrity to take responsibility for investors and society. Additionally, we maintain long-term cooperation with most suppliers and partners and have established full-time staff to engage in cooperation to maintain long-term and steady partnerships.</td></tr>
</table>

(VII) After establishing the Corporate Governance Best Practice Principles or other relevant guidelines and regulations, disclose the methods for disclosing them: Please visit our corporate website (http://www.leadtek.com.tw) and link to the Investor Relations or Corporate Governance section for the details.

(VIII) Other important information useful to understand the Company’s performance in corporate governance:
We have established the “Corporate Governance Best Practice Principles” with relevant sections describing the protection of the rights and interests of shareholders, enhancement of Board competency, respect for the rights and interests of stakeholders, and enhancement of information transparency. Please visit MOPS or our corporate website for details.

(IX) Disclose the following items to support the performance of the company's internal control system:

1. Statement of Assurance of Internal Control System

Leadtek Research Inc.

Statement of Assurance of Internal Control System

Date: Feburary 26, 2024

The following statement of compliance was made in accordance with the self-assessment of the Company's internal control system in 2023:

I. The Company acknowledges and understands that it is the responsibility of the Board and officers to establish, implement, and maintain an internal control system, and we have established such a system. It aims to fairly ensure the achievement of targets set for operational effectiveness and efficiency (including profit, performance, and asset security), financial statement transparency, and legal and regulatory compliance.

II. Given the inherent limitations of even the best-established internal control system, an effective internal control system can only fairly assure the achievement of the three above-mentioned targets. Additionally, changes in the environment and circumstances may all affect the effectiveness of the internal control system. However, the Company's internal control system is equipped with a self-monitoring mechanism that enables us to take immediate corrections for detected defects.

III. In accordance with the criteria stipulated in the *Regulations Governing Establishment of Internal Control Systems by Public Companies* (hereinafter referred to as the "Governing Regulations"), the Company justifies the effectiveness of the design and implementation of the internal control system. In respect of the internal control process, the criteria stipulated in the Governing Regulations are set in accordance with the five constituent elements of an internal control system in terms of (1) control environment, (2), risk assessment and responses, (3) control operations, (4) information and communication, and (5) supervision. Each constituent element further includes a number of items. Please refer to the "Governing Regulations" for details.

IV. The Company has adopted the above-mentioned justification criteria to validate the effectiveness of the system design and implementation.

V. Based on the results of the above examination, the design and implementation of Company's internal control system (including the supervision and management of subsidiaries) are effective to ensure the achievement of the targets set for operational effectiveness and efficiency, financial statement transparency, and legal and regulatory compliance by December 31, 2023.

VI. This Statement shall form a major part of the Company's annual report and prospectus and shall be disclosed to the public. Misrepresentation or concealment of the contents disclosed in this Statement shall be subject to the liabilities as stipulated in Articles 20, 32, 171, and 174 of the *Securities and Exchange Act*.

VII. This Statement was passed unanimously at the Board meeting held on Feburary 26, 2024 in the presence of seven directors.

Leadtek Research Inc.

Lu Kun-Shan, Chairman

Lu Kun-Shan, President

2.Disclose the CPA audit report for internal control system audited by CPAs: N/A.

(X) Sanctions on the company and employees, the company's disciplinary actions on employees violating the internal control system, major defects, and status of improvement in the most recent year and by the date of report publication: None.

(XI) Important resolutions passed at the AGM or board meetings held in the most recent year and by the date of report publication:

Date	Important AGM Resolutions
2023/6/9	Important resolutions made at the 2023 AGM: 1. Ratification (1) Approval of the financial statements and business report of 2022. (2) Approval of the proposal for making up the loss of 2022. 2. Discussion and Election (1) Approval of Private placement for cash capital increase and issuance of new shares (2) Re-election of directors. (3) Failure of abolishing the non-complete restrictions for new directors and their representatives.
2023/10/4	Important resolutions made at the 2023 1st EGM: 1. Discussion (1) Approval of Private placement for cash capital increase and issuance of new shares
2023/12/27	Important resolutions made at the 2023 2nd EGM: 1. Discussion and Election (1) By-election of directors. (2) Approval of abolishing the non-complete restrictions for new directors and their representatives.

Date	Important Board AGM Resolutions
2023/3/15	1. Approval of the financial statements and business report of 2022. 2. Approval of the proposal for making up the loss of 2022. 3. Approval of the Statement of Assurance of Internal Control System for 2022. 4. Approval of the improvement plan for extension for one year of repayment for loans to “Leadhope International Inc.” with insolvency. 5. Approval of loans by leasing. 6. Approval of the amendment to the “Ethical Corporate Governance Best Practice Principles”. 7. Approval of the amendment to the “Sustainable

Date	Important Board AGM Resolutions
	Corporate Development Best Practice Principles". 8. Status report of the approval of private placement passed at the 2022 shareholder's meeting. 9. Approval of Private placement for cash capital increase and issuance of new shares 10. Election of new directors. 11. Approval of the purposes of the 2023 AGM. 12. Approval of the CPA independency and competency evaluation. 13. Approval of the appointment of and remuneration for CPAs for the 2022 auditing financial statements. 14.Approval of general principle of nonassurance service approved in advance. 15. Approval of the amendment to GHG inventory and verification schedule plan. 16. Approval of the 2023 business plan.
2023/5/11	1. Approval of the improvement plan for extension for one year of repayment for loans to "Leadhope International Inc." with insolvency. 2. Approval of establishing the corporate governance officer 3. Approval of establishing the information security manager. 4. Approval of creating "Elite Employee Stock Ownership Trust Account".
2023/6/17	1. Election of Chairman 2. Approval of cash capital increase and new share issuance
2023/8/1	1. Approval of the improvement plan for extension for one year of repayment for loans to Leadhope International Inc. with insolvency. 2. Approval of the ratification of loans raised from Zhonghe Branch, Chang Hua Commercial Bank. 3. Approval of loans by leasing. 4. Approval of Appointment of members of the Salary and Remuneration Committee 5. Approval of Private placement for cash capital increase and issuance of new shares 6. Approval of setting the date and agenda of the 1st

Date	Important Board AGM Resolutions
	extraordinary shareholders' meeting in 2023. 7. Approval of abolishing cash capital increase and new share issuance.
2023/10/6	1. Private placement of cash capital increase for stock price setting and related matters. 2. Revise "2022 Employee Stock Option Certificate Issuance and Stock Subscription Measures"
2023/11/9	1. Approval of the improvement plan for extension for one year of repayment for loans to Leadhope International Inc. with insolvency. 2. Approval of the 2024 internal audit program. 3. Approval of loaning from Shuanhe Branch, Sunny Commercial Bank. 4. Approval of reviewing 2023 salary and remuneration items for directors and managers of the company. 5. By-election of directors. 6. Approval of abolishing the non-complete restrictions for new directors and their representatives. 7. Approval of setting the date and agenda of the 2nd extraordinary shareholders' meeting in 2023.
2024/2/26	1. Approval of the financial statements and business report of 2023. 2. Approval of the proposal for making up the loss of 2023. 3. Approval of the Statement of Assurance of Internal Control System for 2023. 4. Approval of the improvement plan for extension for one year of repayment for loans to "Leadhope International Inc." with insolvency. 5. Approval of abolishing the non-complete restrictions for new directors. 6. Approval of the purposes of the 2024 AGM. 7. Approval of the CPA independency and competency evaluation. 8. Approval of the appointment of and remuneration for CPAs for the 2022 auditing financial statements. 9. Approval of the amendment to the organizational rules of the Company's Audit Committee. 10. Approval of the amendment to the Board meeting

Date	Important Board AGM Resolutions
	procedures 11. Approval of corporate donation 12. Approval of the 2024 business plan. 13. Approval of the issuance of the first domestic guaranteed convertible corporate bonds.

(XII) Major content of documented different opinions of directors or supervisors for important Board resolutions in the most recent year and by the date of report publication: None.

(XIII) Resignation or dismissal of the chairman, president, chief accounting officer, chief financial officer, chief internal auditor, or chief R&D officer in the most recent year and by the date of report publication: None.

V. Disclosure of CPA service fee:

(1) Information on CPA service fee:

NTD thousands

Name of accounting firm	Name of CPA	Auditing period	Audit remuneration	Non-audit service fee (Note 1)	Total	Remarks
KPMG	Chien Szu-Chuan	2023.01.01-2023.12.31	3,895	330	4,225	
	Kuo Kuan-Ying					

Note 1: Audit of transfer pricing and others.

(II) Disclose the amount of audit fees before and after a CPA firm change and the reasons when the audit fee in the year of change is lesser than before: None.

(III) Disclose the amount and proportion less and the reasons when the audit fee is lesser than that of the previous year by over 10%: None.

VI. Change of Accountants:

(I) Information relating to the former auditor

<table>
<tr><td>Date of reappointment</td><td colspan="4">Approved by the Board on 2020.03.20.</td></tr>
<tr><td>Reason for change</td><td colspan="4">Replacement of CPAs in response to the duty adjustment of the CPA firm.</td></tr>
<tr><td rowspan="3">Reasons for the termination or rejection of appointment by the client or CPA</td><td colspan="2">Concerned Party
Situation</td><td>CPA</td><td>Client</td></tr>
<tr><td colspan="2">Service terminated by</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td colspan="2">Service no longer accepted (continued) by</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td>An opinion other than unqualified opinion issued in the last two years, and the cause for such an opinion</td><td colspan="4">None</td></tr>
<tr><td rowspan="6">Any disagreement with the issuer</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial statements</td></tr>
<tr><td></td><td colspan="2">Audit coverage or procedures</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td>None</td><td colspan="3">V</td></tr>
<tr><td colspan="4">Description</td></tr>
<tr><td>Other matters required for disclosure
(Items stipulated in Article 10, subparagraph 6, items 1-4 to 1-7 of the Guidelines shall bee disclosed.)</td><td colspan="4">None</td></tr>
</table>

(II) Information relating to the succeeding auditor

Name of accounting firm	KPMG
Name of CPA	Chien Szu-Chuan and Kuo Kuan-Ying
Date of reappointment	Approved by the Board on 2022.11.11.
Consultations and findings about opinions possibly signed off on the accounting approach of specific transactions and financial statements prior to authorization.	None
Written disagreements from the succeeding auditor against opinions of the former auditor against opinions of the former auditor	None

(III) Replies of former CPAs to Article 10, subparagraph 6, items 1 and 2-3 of the Guidelines: None.

VII. Disclose the name, job title, and term of service of the chairman, president, or chief financial or accounting officer of the company who has worked for the CPA's firm or its affiliates in the most recent year: None.

VIII. Transfer of shares and change in stock pledge of directors, supervisors, officers, and shareholders holding over 10% of shares in the most recent year and by the date of report publication:

1. Changes in shareholding of directors, officers, and major shareholders:

Title	Name	2023		From 2024 to April 30, 2024	
		Increase (decrease) in shareholding	Increase (decrease) in pledged shares	Increase (decrease) in shareholding	Increase (decrease) in pledged shares
Chairman	Lu Kun-Shan	0	0	0	0
Director	Ablecom Technology Inc.	16,667,000	0	0	0
Rep. of the director	Liang Jian-Fa	0	0	0	0
Compuware Technology Inc.	Compuware Technology Inc.	8,333,000	0	0	0
Rep of the director	Liang Jian-Da	0	0	0	0
Independent Director	Ho Yao-Hung	0	0	0	0
Independent Director	Shen An-Shih	0	0	0	0
Independent Director	Liu Cheng	0	0	0	0
Vice President	Lee Cheng-Sin	-	-	0	0
Vice President	Chou Shih-Wei	0	0	0	0
Vice President	Chuang Chen-Ming	0	0	0	0
Vice President	Yu Chin-Chang	0	0	0	0
Vice President	Hsiung Mu-Wen	0	0	0	0
Vice President	Yang Chin-Tien	0	0	0	0
Vice President	Wang Chia-Hung	0	0	0	0
Vice President	Weng Ching-Feng	0	0	0	0
VP and CFO	Chang Shen	0	0	0	0
Vice President	Yu Chao-Jung	0	0	0	0
Assistant Vice President	Yang Chih-Kuen	0	0	0	0

Title	Name	2023		From 2024 to April 30, 2024	
		Increase (decrease) in shareholding	Increase (decrease) in pledged shares	Increase (decrease) in shareholding	Increase (decrease) in pledged shares
Assistant Vice President	Chen Shu-Wei	0	0	0	0
Accounting Manager	Huang Hui-Ching	0	0	0	0

2. Shares transferred to a related party: None.
3. Shares pledged to a related party: None.

IX. Information of the top ten shareholders who are related parties or spouses, relatives within the 2nd degree of kinship to each other:

Name	Shareholding		Shares held by spouse and underage children		Shares held in the names of others		Relationship characterized as spouse or relative of 2nd degree or closer among the top 10 shareholders.		Remarks
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Name	Relationship	
Ablecom Technology Inc.	16,667,000	19.85%	0	0.00%	0	0.00%	Compuware Technology Inc. Rep:Liang Jian-Da	Brother	
Compuware Technology Inc.	8,333,000	9.93%	0	0.00%	0	0.00%	Ablecom Technology Inc. Rep:Liang Jian-Da	Brother	
Huang Min-Tsung	2,900,000	0.53%	0	0.00%	0	0.00%	None	None	
Citibank (Taiwan) Ltd, in custody for Barclays Capital Securities Limited SBL/PB (MTA)	1,039,900	0.49%	0	0.00%	0	0.00%	None	None	
Fang Wan-Yu	768,000	0.46%	0	0.00%	0	0.00%	None	None	
HSBC (Taiwan) Ltd, in custody for Merrill Lynch Intl-Main Trading-FIA	705,200	0.45%	0	0.00%	0	0.00%	None	None	
Jian Li-Hua	466,000	0.38%		0.00%	0	0.00%	None	None	
Taishin International Bank entrusted with the Leadtek Research Inc. Employee Stock Ownership Account	462,804	0.35%	0	0.00%	0	0.00%	None	None	
Tsai Chien-Sheng	400,000	0.32%	0	0.00%	0	0.00%	None	None	
Chang Ming-Hsin	400,000	0.32%	0	0.00%	0	0.00%	None	None	

X. Shareholding of the same investee of the company and its directors, supervisors, officers, and companies under direct or indirect control, and the consolidated shareholding of them:

2023.12.31 Unit: shares/%

Investee (Note 1)	Invested by the Company		Held by directors, supervisors, managers, and directly or indirectly controlled enterprises		Aggregate investment	
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage
Leadtek Holding Inc.	7,500,000	100.00	—	—	7,500,000	100.00
Leadtek Japan	3,000	100.00	—	—	3,000	100.00
Leadhope International Inc.	1,657,496	71.36	564,860	24.31	2,222,356	95.67
Wegene Technology, Inc.	100,000	100.00	—	—	100,000	100.00
Wegene Technology (Samoa) Inc.	260,400	100.00	—	—	260,400	100.00
Aiborn Inc.	1,000,000	100.00	—	—	1000,000	100.00
ApoDx Technology, Inc.	2,255,000	13.58	1,350,000	7.08	3,605,000	20.66
Leadtek Cloud Solution	—	50.00	—	—	—	50.00
Leadtek (SHANGHAI) Research Inc.	—	—	—	100.00	—	100.00
Leadhope (H.K.) Limited	—	—	—	100.00	—	94.10
Wegene Technology (Shenyang) Inc.	—	—	—	100.00	—	100.00
Zero TC (Shanghai) Inc.	—	—	—	45.00	—	45.00

Note 1: Long-term investees listed in the Company's individual financial statements expressed with the equity method.

Four. Funding Status

I. Capital and outstanding shares

(I) Source of capital

2024.04.14 Unit: NTD thousands, thousand shares

Year / month	Issue price	Authorized capital		Paid-up capital		Remarks			
		Number of shares	Amount	Number of shares	Amount	Source of capital		Capital contribution offset in kind.	Others
Jan 2005	16.3	400,000	4,000,000	167,621	1,676,215	Subscription of warrant bonds (WBs)	3,803	None	–
Mar 2005	16.3	400,000	4,000,000	176,308	1,763,086	Subscription of warrant bonds (WBs)	86,871	None	–
May 2005	16.3	400,000	4,000,000	176,358	1,763,577	Subscription of warrant bonds (WBs)	491	None	–
Jun 2005	16.3/13.6	400,000	4,000,000	176,691	1,766,906	Subscription of warrant bonds (WBs) Subscription of employee stock options	3,129 200	None	–
Jul 2005	14.4/12	400,000	4,000,000	179,812	1,798,117	Subscription of warrant bonds (WBs) Subscription of employee stock options	31,041 170	None	–
Jul 2005	10	400,000	4,000,000	202,161	2,021,612	Capitalization of profits Capitalization of additional paid-in capital	161,439 62,056	None	–
Aug 2005	14.4/12	400,000	4,000,000	203,210	2,032,099	Subscription of warrant bonds (WBs) Subscription of employee stock options	10,347 140	None	–
Apr 2007	13.8	400,000	4,000,000	209,790	2,097,896	Subscription of warrant bonds (WBs)	65,797	None	–
Apr 2007	11.6-16.6	400,000	4,000,000	210,309	2,103,086	Subscription of employee stock options	5,190	None	–
Jul 2007	11.6-19.2	400,000	4,000,000	212,001	2,120,006	Subscription of employee stock options	16,920	None	–
Oct 2007	–	400,000	4,000,000	148,400	1,484,004	Reduction of capital	-636,002	None	–
Oct 2008	10	400,000	4,000,000	152,992	1,529,916	Capitalization of profits	45,912	None	–
Apr 2010	13.9~16.1	400,000	4,000,000	153,107	1,531,066	Subscription of employee stock options	1,150	None	–
Sep 2011	–	400,000	4,000,000	107,174	1,071,746	Reduction of capital	-459,320	None	–
Aug 2017	–	400,000	4,000,000	53,587	535,873	Reduction of capital	-535,873	None	–
Sep 2022	–	400,000	4,000,000	58,946	589,460	Capitalization of profits	53,587	None	–
Oct 2023	–	400,000	4,000,000	83,946	839,460	Private Placement of 25,000,000 shares	250,000	None	–

2024.04.30 Unit: shares

Share category	Authorized capital			Remarks
	Outstanding shares*	Unissued shares	Total	
Registered ordinary shares	83,946,031	316,053,969	400,000,000	

*Outstanding shares are offered publicly.

Information on shelf registration: N/A

(II) Shareholder structure

April 14, 2024

Shareholders Quantity	Government institutions	Financial institutions	Other corporate entities	Natural persons	Foreign institutions and foreigners	Total
Head count	0	6	183	43,470	60	43,719
Number of shares held	0	605,082	25,609,787	55,055,451	2,675,711	83,946,031
Shareholding percentage	0.00%	0.72%	30.51%	65.58%	3.19%	100.00%

(III) Distribution of Shares

April 14, 2024 NT$10 per share

Shareholding range	Number of shareholders	Number of shares held	Shareholding percentage
1-999	31,313	1,776,105	2.12%
1,000-5,000	10,713	18,759,023	22.35%
5,001-10,000	919	6,947,875	8.28%
10,001-15,000	265	3,310,064	3.94%
15,001-20,000	170	3,129,322	3.73%
20,001-30,000	137	3,481,944	4.15%
30,001-40,000	64	2,245,791	2.68%
40,001-50,000	36	1,654,430	1.97%
50,001-100,000	60	4,450,399	5.30%
100,001-200,000	20	2,835,116	3.38%
200,001-400,000	14	4,014,058	4.78%
400,001-600,000	2	928,804	1.11%
600,001-800,000	2	1,473,200	1.75%
800,001-1,000,000	0	0	0.00%
Over 1,000,001	4	28,939,900	34.47%
Total	43,719	83,946,031	100.00%

(IV) List of major shareholders

April 14, 2024 Unit: shares

Shares / Name of major shareholder	Number of shares held	Shareholding percentage
Ablecom Technology Inc.	16,667,000	19.85%
Compuware Technology Inc.	8,333,000	9.93%
Huang Min-Tsung	2,900,000	3.45%
Citibank (Taiwan) Ltd, in custody for Barclays Capital Securities Limited SBL/PB (MTA)	1,039,900	1.24%
Fang Wan-Yu	768,000	0.91%
HSBC (Taiwan) Ltd, in custody for Merrill Lynch Intl-Main Trading-FIA	705,200	0.84%
Jian Li-Hua	466,000	0.56%
Taishin International Bank entrusted with the Leadtek Research Inc. Employee Stock Ownership Account	462,804	0.55%
Tsai Chien-Sheng	400,000	0.48%
Chang Ming-Hsin	400,000	0.48%

(V) Price per share, net worth, earnings, dividend in the last two years and related data

Unit: NTD; Share

Item		Year	2022	2023	2024 and by March 31, 2024
Market price per share	High		84,00	72.80	173
	Low		23.70	33.20	55
	Average		46.05	49.63	102.34
Net worth per share (Note 1)	Before dividend		8.65	12.04	11.13
	After dividend		—	—	—
EPS	Weighted average number of shares		58,946,031	63,112,698	83,946,031
	EPS (Note 2)	Before adjustment	(3.32)	(2.53)	(1.00)
		After adjustment	—	—	—
Dividends per share	Cash dividends		—	—	—
	Stock dividends	From earnings	—	—	—
		From capital reserves	—	—	—
	Accumulated unpaid dividend (Note 3)		—	—	—
Analysis of investment returns	Price to earnings (P/E) ratio (Note 4)		—	—	—
	Price to dividends ratio (Note 5)		—	—	—
	Cash dividend yield (Note 6)		—	—	—

Note 1: Based on the outstanding shares by the end of the year and the distribution proposal approved by AGM in the next year.

Note 2: When reverse adjustment is required fo stock grants, disclose the EPS before and after the adjustment.

Note 3: When the accumulation of undistributed dividends of the year until the year when there is profit for distribution is a condition for the issue of equity securities, disclose the undistributed dividends by the year of report publication.

Note 4: P/E Ratio = Average closing price per share over the year / earnings per share.

Note 5: Price/Dividend Ratio = Average closing price per share over the year / cash dividend per share.

Note 6: Cash Dividend Yield = Cash Dividend per Share / Average closing price per share over the year.

Note 7: The net value per share and equity per share are based on the data audited (certified) by CPAs on the most recent quarter; and data in other columns should be the data by the year of report publication.

(VI) Dividend policy and implementation:

1. Dividend policy as stipulated in the Articles of Incorporation

The Company's operations are growing steadily, and earnings are distributed primarily in cash dividends. They can also be distributed in stock dividends. However, the proportion of dividend distribution shall not exceed 50% of the total amount of dividends in the year.

2. Proposed distribution of dividends at the current AGM

To make up the loss in 2023, no dividend was distributed as approved by the Board.

(VII) Impacts of the stock grants proposed by the current AGM of shareholder on the company's operations and EPS: N/A.

(VIII) Rewards for employees and directors:

1. The percentage or range of rewards for employees and directors as stipulated in the Articles of Incorporation.

After the amendment to the Articles of Incorporation on Jun 10, 2020, after deducting the remuneration for employees and directors from the net income after tax of the period, no less than 3% of the income before tax shall be appropriated as the reward for employees and not more than 5% shall be appropriated as the reward for directors. However, the amount for making up the acccumulative losses (including the adjustment of undistributed earnings), if any, shall be preserved in advance.

The proposal for distribution of rewards for employees and directors shall be approved by resolution of over one half of directors attending a board meeting attended by over two thirds of all directors and reported to AGM. The board shall determine by resolution the distribution of rewards for employees in stock or in cash. The recipients shall include the employees meeting the requirements of affiliates. The board shall be authorized to set the requirements. The reward for directors shall only be distributed in cash.

2. Basis for estimating the reward for employees and directors of the period, for calculating reward for employees in stock, and for accounting solution for differences between actually distributed amount and

estimated amount: N/A.

3. Information on the proposal for reward distribution passed by the Board:

(1) The amount of rewards for employees and directors distributed in cash or in stock. Disclose the differences and their causes and solutions for differences from the estimated amount of the expense recognized for the year: N/A.

(2) The proportion of amount equivalent to the stock distributed as rewards for employees in the earnings after tax in the individual or consolidated financial statement of the period and the total amount of remuneration for employees: N/A.

4. State the amount, causes, and solutions of differences in the actual status of reward (including number of shares, amount, and stock price) distributed to employees and directors in the previous year: N/A

(IX) Information of stock buyback: None.

II. Information of corporate bonds: None.

III. Information of preferred shares: None.

IV. Information of of global depositary receipts (GDR): None.

V. Information of certificates of employee stock options: No immature certificate of employee stock options.

VI. Information of restricted stock awards (RSA): None.

VII. Issuance of new shares in connection with M&A or with acquisitions of shares of other companies: None.

VIII. Performance of capital utilization plan: None.

Incomplete previous public offering or private placement or the completed public offering or private placement without insignificant effectiveness so far in the pass three years: None.

Five. Business Overview

I. Operations

(I) Scope of business

1.Major contents of the scope of services

(1) CC01110 Computer and Peripheral Equipment Manufacturing
(2) CH01040 Toys Manufacturing
(3) I301010 Information Software Services
(4) F401010 International Trade
(5) F104110 Wholesale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories
(6) F204110 Retail Sale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories
(7) CC01060 Wired Communication Mechanical Equipment Manufacturing
(8) CC01070 Wireless Communication Mechanical Equipment Manufacturing
(9) CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing
(10) F113070 Wholesale of Telecommunication Apparatus
(11) F213060 Retail Sale of Telecommunication Apparatus
(12) F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
(13) CF01011 Medical Devices Manufacturing
(14) F108031 Wholesale of Medical Devices
(15) F208031 Retail Sale of Medical Apparatus
(16) CE01021 Weights and Measuring Instruments Manufacturing

The Company may engage in all business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2.Proportion in operations:

Product	Ratio of operating income in 2022	Ratio of operating income in 2023
Computer products	96.13%	95.41%
Smart health products	2.07%	1.48%
Others	1.80%	3.11%
Total	100.00%	100.00%

3. The current product ranges as as follows:

(1) Computer products:

Name	Category
A. Graphics (VGA) cards	- NVIDIA gaming graphics cards - NVIDIA workstation graphics cards - NVIDIA server HPC cards
B. Virtual desktop (VD) systems	- Zero Client - Thin Client
C. System products	- Workstation PCs - HPC servers - NVIDIA DGX super computer systems
D. Project products	- AI deep learning solutions - GPU Docker Management System (GDMS) - GPU AI development software
E. Others	- NVIDIA Omniverse platform - NVIDIA DRIVE auto-driving kits - NVIDIA vGPU virtual graphics

(2) Smart health products:

Name	Category
A. E-health products	- Heart rate variability (HRV) analyzers - DxPatch wearable medical devices - Health measurement kiosks - Health band (Amor H2) - Pulse oximeters
B. Others	- BtNPN Plant Nanopatch - Fullskin New Orchid Repair Essence Lotion

(3) Big data analysis products:

Name	Category
Big data solutions	- Project system development - Smart NHI declaration system: ProfitPoint - Blockchain advanced encrypted storage: Safe Exchange

4. Plan for the future Products:

Project Name	Project Use	Description
AI Workstation	Provides a direct liquid cooling solution for the entire workstation, solving the problem of high heat consumption and noise in the system at one time, while still maintaining the powerful computing performance of multiple GPUs. Empower AI developers and data scientists to meet the needs of AI workloads such as design, development, fine-tuning, and training and inference of models.	Combined with the new generation of liquid-cooled GPU and workstation computing platform, a system software combination of AI development and hardware computing resource allocation is built to achieve the purpose of providing an all-in-one AI development workstation that can instantly enhance artificial intelligence development, inference, data science, and content Computing resources required for creative and industrial digital workloads.
Pulmonary function machine	Measure lung respiratory volume, respiratory pressure and impedance without forced blowing. For emergency and general outpatient	The researchers designed the blowing mechanism by themselves to introduce the airflow and detect the airflow flow rate and pressure. The software calculates the relevant values and uses an independently developed algorithm to calculate

	clinics, lung function can still be measured when the patient blows hard.	the lung respiratory volume/pressure/impedance. It also plans to conduct clinical trials in hospitals to compare the accuracy of related algorithms. It plans to obtain Taiwan medical certification in 2025 Q1.
Digital stethoscope AI automatic identification	Introduce the analog sound of the traditional stethoscope into the digital recorder to convert the analog sound into digital. And according to the algorithm, possible cardiac symptoms are automatically determined from the heart sound.	The completed digital stethoscope recorder has collaborated with industry-academia collaboration with cardiologists at National Taiwan University Hospital to establish a heart sound symptom model and research related automatic discrimination algorithms. It is expected to be able to distinguish 8 types of heart diseases.

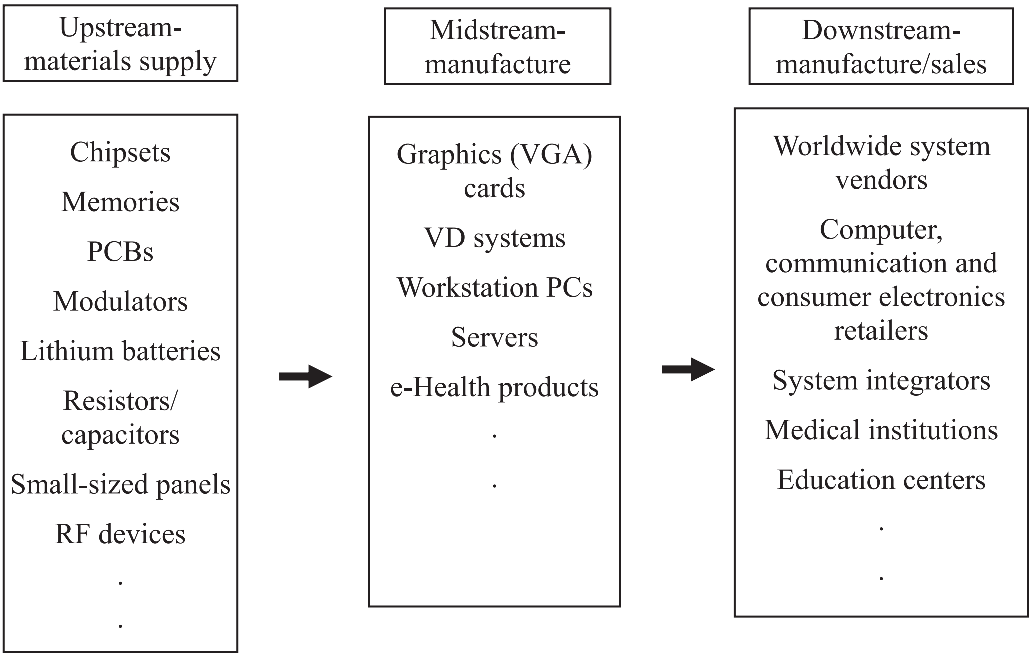
(II) Industry overview:

1.Status and development of industry

Both our computer products and smart health products fall in the electronics industry. Currently, specialization in product R&D and manufacture is the current trend of the industry. Branded manufacturers focus on R&D and marketing, while OEM/EMS emphasize manufacturing products for the former, expanding the gap between both. There are also small and medium enterprises (SMEs) with strong R&D capacity but lower brand awareness designing products for branded manufacturers and handing over the manufacture to OEM/EMS. This group of enterprises is known as original design manufacturers (ODM).

The popularization of the internet has enabled the rapid development of the cloud computing industry. By transferring major computing operations from personal terminal devices to servers, users compute and save files on servers through network connection, creating business opportunities for software as a service (SaaS). As the record of personal network behavior and activities are recorded in servers after the popularization of cloud computing, big data systems for analyzing big data came into being as a result, turning big data analysis into a big help in web marketing for enterprises.

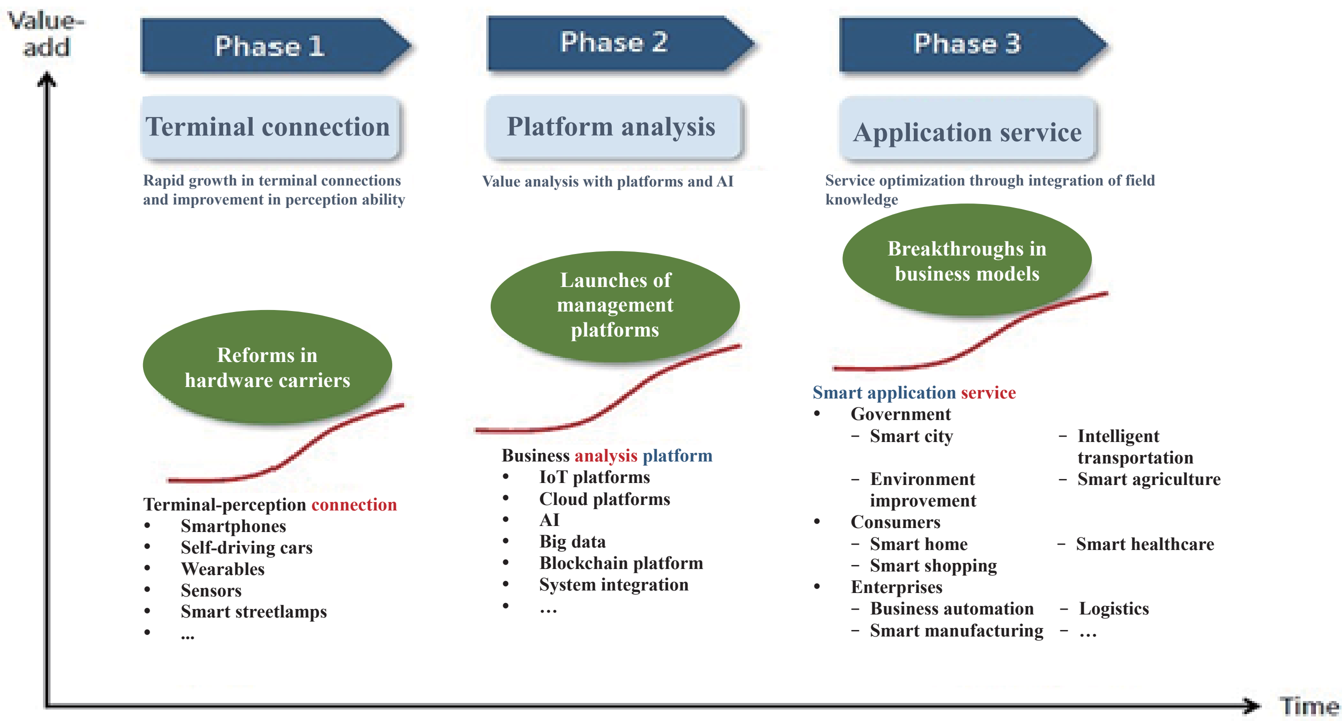
2.Interrelations among upstream, midstream, and downstream industries



3.Product development trend and competition

The maturity of connecting devices has changed the way of information transmission, data storage, and personal computing towards cloud computing. Personal mobile devices, cloud servers and peripherals, and the relevant applications will lead the product development in future generations. Through big data analysis, the information economy takes form with the Internet of Things (IoT). Machine learning (ML) using artificial intelligence (AI) provides services for consumers to enjoy better experience. By bringing IT to the daily life (B2C) and changing production competitiveness in industries (B2B), qualified life and efficient manufacturing are made possible.

Three stages of the IoT industry



Source: IEK, ITRI; ed. by SIPO.

With a wide range of products, including personalized objects, workstations, servers, and big data analysis systems, we will offer overall sales and services in the IoT industry chain full of future business opportunities in the future.

(III) Technology and R&D:

Research and development expenses and technologies or products successfully developed in the most recent year and by the date of the report publication:

1. Research and development expenses in the most recent year and by the date of the report publication:

Unit: NTD thousands

Year / Item	2023 (consolidated financial statement)	By the date of report publication date (2024.03.31) (consolidated financial statement)
R&D expenses	203,806	51,145
Operating revenue	4,276,117	939,815
Proportion of R&D expenses in revenues	4.77%	5.44%

2. In coordination with the Company's highly specialized R&D strategy, we invest in rich R&D resources. Through the continual R&D of core technologies over the years, we have won lots of patents.

Patent	Pieces
Invention patent	8
New style patent	21
Design patent	2

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

With an eye to the R&D of high-tech products so as to create a sales-marketing organization and marketing team for creative, high-quality, and high-efficiency multifaceted integrated application products, we hope to develop highly specialized and high value-added product ranges to provide customers with better quality of life.

1. Short-term plans

Expand the marketing and service network to develop a strong brand in mainland China, Japan, and Southeast Asia markets in addition to Taiwan. Introduce enhanced distribution channels for new products and actively enter and seize emerging markets to increase market share. Enhance supplier cooperation and production process management in production to improve materials management, procurement capability, and product yield rate.

2. Long-term plans

Increase own-brand market share, set up sales locations worldwide, and conclude strategic alliance with local dealers to build global sales and service system. Promote strategic cooperation to develop ODM service through cooperation with leading manufacturers with technology and production as the niche to provide customers with multifunctional products and technology integrated services. Establish own automated production plants to build high-quality and automated production bases as demonstration production examples in the production strategy. Expand cooperation with leading suppliers of electronics manufacturing service (EMS) and develop high-efficiency production processes and management to reduce production costs.

In a time when AI is the mainstream, apart from hardware manufacture, strengthening software service, providing business system solutions, and increasing SaaS subscription will become an important opportunity for us to create business opportunities.

II. Market and sales overview

(I) Market analysis

1.Regions of sales and provision of major products and services

Currently, our computer and healthcare products are distributed in Asia, Europe, Americas, and Oceania through own brands WinFast and Leadtek. The current sales proportion of products is domestic sales at 10.45% and export sales at 89.55%, with Europe, the USA, and mainland China being the major export regions. In addition to own-brand product sales, we also actively expand our scope of services to ODM for leading computer companies in Europe, the USA, and Japan and unified communications service providers.

Regions of product sales in 2023:

Unit: NTD thousands

Region	2023 revenues	Percentage (%)
Mainland China	2,674,070	62.54
Taiwan	673,971	15.76
USA	168,048	3.93
Hong Kong	193,760	4.53
Korea	261,397	6.11
Others	304,871	7.13
Total	4,276,117	100.00

2.Market share and future market supply, demand and growth

(1) Computer products:

Graphics cards used to be a standard feature of desktop computers. Due to the rapid growth of laptop computers in recent years and the rising trend of integrating graphics processing unit (GPU) into motherboards, the market for dedicated gaming graphics cards began to decline. However, these integrated GPUs cannot replace the performance advanced-level graphics cards that support 3D games. We have been specializing in advanced-level graphics cards over the years and marketing them in own-brand WinFast, and our products have earned critical market acclaim. The popularization of cryptocurrency in recent years has turned advanced-level graphics cards into an online mining tool, starting a new market other than gaming.

After we became the Asia-Pacific agent of workstation graphics cards (NVIDIA Quadro) that support professional graphics technology, professional graphics cards have become the major source of our revenues and profit in the absence of many competitors. The sales of our HPC cards (Tesla) that support servers has also increased from the past at the rise of cloud computing. In recent years, mainland China has been fostering seven emerging industries through five-year plans, and building emerging platforms based on cloud computing, such as IoT, sensor network, and 3-in-1 network is one of them. The sales of our workstation graphics cards (NVIDIA Quadro) and server HPC cards (Tesla) has been growing significantly in mainland China in recent years. According to the 14th five-year plan, the 5G industry will boost the application of AI, cloud computing, and industrial IoT (IIoT), bringing the opportunity for significant growth of our computer products.

Our system products are extension of workstation graphics cards and server HPC cards. Cloud computing has facilitated the increased demand for servers to significantly boost the market growth of workstations and servers. The application of the NVIDIA DGX super computer in deep learning and AI development, robots, self-driving cars, and unmanned factories will be the fruit of technology application that creates unlimited business opportunities. In recent years, we have also extended our operations to the enterprise solution provision. Our AI deep learning solution offers GPU deep learning to enterprises, assessment and recommendation of AI construction environment, and software and hardware integration planning. With the collection and cleansing of big data and AI modeling, we locate the regularity of data to offer model training and produce valuable reports and inferences to help enterprises improve the effectiveness of operations.

NVIDIA Omniverse Enterprise is an end-to-end collaboration and simulation platform integrating teams, assets, and software tools in a common virtual space for members of different working groups in different locations to process a project file at the same time to accelerate 3D design and digital twin workflows and projects for enterprises through real-time collaboration and real simulation. As a long-term parter of NVIDIA, we facilitate the rapid implementation of NVIDIA Omniverse Enterprise in Pacific-Asia for enterprises to solve problems in incompatible design software and realize synchronous collaboration of a single design work with their existing work structure so as to shorten the time to launch of products.

The popularization of cloud computing enables enterprises to run multiple operating systems and applications at the same time on cloud servers. With visualization technology, the results of operation are displayed on personal devices after computing in the server. As all tasks are in the cloud server, personal devices become a thin PC to significantly reduce the cost of personal devices and ensure the security of data storage in cloud servers.

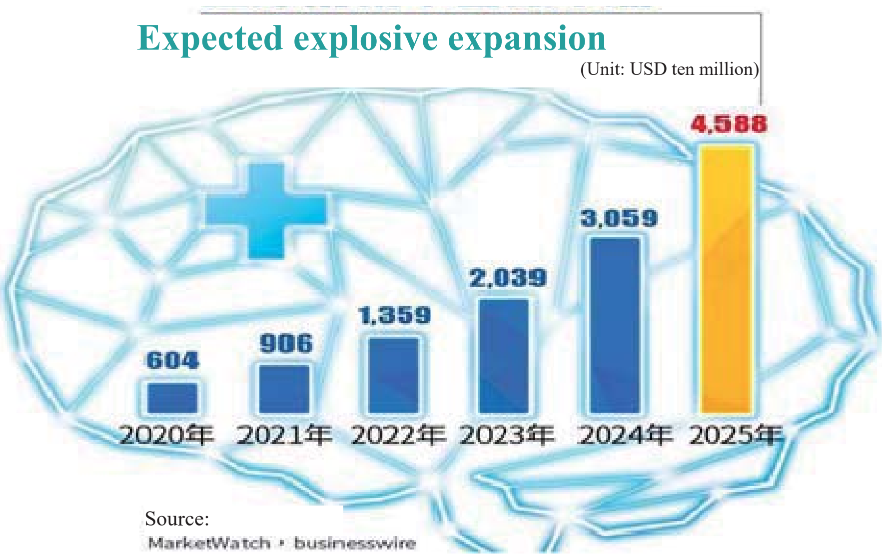
Our VD system Zero Client is a thin PC. With VMWare's network system or PCoIP module system, the Zero Client enables users to connect a personal device to the server and register on a remote computer for operation, creating another niche market of business PCs for enterprises. As VD systems are suitable for enterprises to build their private clouds, they have been used by increasing enterprises in recent years. However, as there are many software visualization technologies, including the leading VMWare, Citrix, and Window RDP, and our Zero Client currently only supports VMWare, we will continue to develop other personal devices, such as the Thin Client (thin PC), to support other visualization technologies to increase market shares.

(2) Smart health products:

Through new ICT applications, healthcarte products have facilitated the rapid growth of the AI smart health care market. According to Global Market Insight, the compound annual growth rate (CAGR) during 2020-2025 of the AI smart health care market will reach 150% to a scale of USD458.8 billion in 2025. Taiwan has lots of high-end professionals, and regional proximity facilitates cross-industry integration. With the alignment with the US health regulations and Taiwan's NHI system, which is one of a few big data databases in the world, Taiwan is facilitated for the development of smart health industry.

Based on the Company's robust hardware and software knowhow, we introduce our healthcare products to the "preventive medicine" field. Our healthcare products are non-invasive and aim at monitoring human health condition to facilitate timely and effective illness prevention. Our current products can detect the blood oxygen saturation level, dysautonomia, and cardiovascular disease through electrocardiography and heart sounds. During product development, we have hired leading domestic medical specialists to participate in and instruct algorithm development. These products also upload detection data to the healthcare cloud via wireless network and receive analysis results to detect and prevent risks at all times. With the continuous increase in medical data and the big data analysis system, our products can provide users with more accurate and real-time health information.

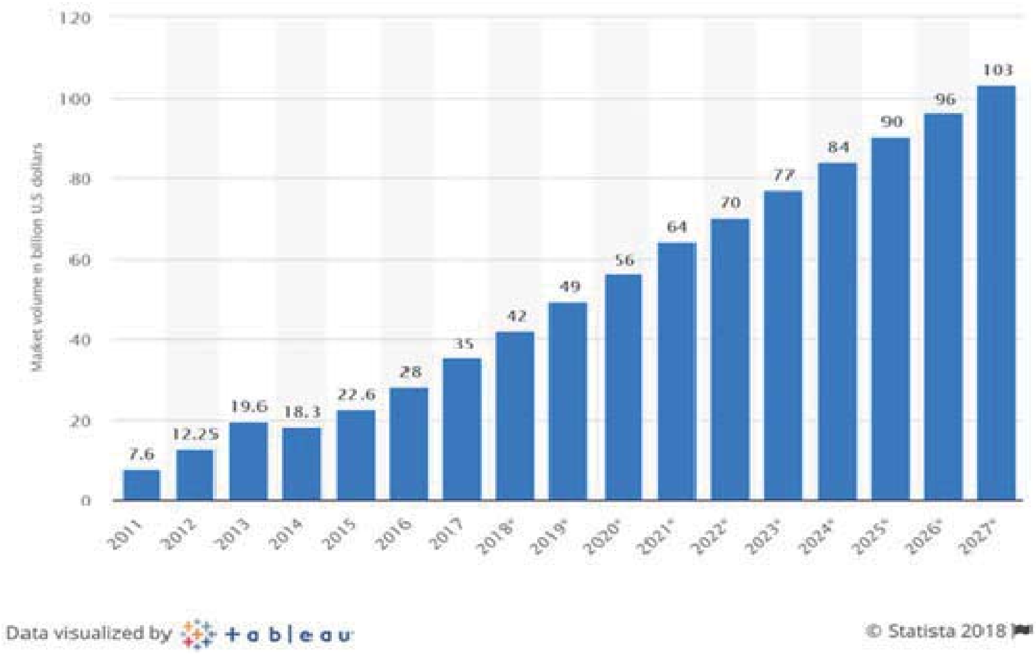
Global AI Precision Medicine Market



(3) Big data analysis products:

Based on statistics, the scale of global big data market is expected to reach USD103 billion (as shown below), with a CAGR of over 15%. Due to economic activities and the increasing popularization of the internet in recent years, data collected by various application systems has been increasing rapidly, and the growth in software and service is the fastest. During 2018-2027, the growth in software and service will increase by 4.5 times and 2 times respectively. The rise of AI further increases the data demand, and the quantity of effective data can determine the quality of machine learning and deep learning systems. Hence, the efficient collection and use of data collected by various information systems will be the key to success in the future AI world.

Our big data analysis products cover a wide range of services including multiple data warehouse systems, big data mining software, business intelligence (BI) and data analysis, AI smart engines, and blockchain advanced encrypted storage to help users improve management performance and develop precise strategy to create value. We are the agent of SAP Predictive Analytics, a big data analysis system by leading software developer SAP. In addition to selling software, we also provide customers with custom, value-added data analysis service. In recent years, we have provided rapid service for the institutional research (IR) systems of leading colleges and universities and help them create and warehouse IR data for analysis to facilitate the optimal allocation of school resources. We also help private and public sectors build workflow quality prediction systems, failure alert systems, yield analysis and defect detection systems, and energy management systems, etc. In the field of smart medical care, we have developed an intelligent health insurance declaration system and a cancer survival rate prediction system, which have greatly improved hospital administrative efficiency.



3.Competitive niche

(1) Own-brand operation for brand market development and technology accumulation

Own-brand product marketing is our management goal for sustainable operations. Marketing graphics cards in the Winfast brand enables our products to remain unbeatable in the graphics card market. Marketing smart health products in the Leadtek brand allows us not only to build professional marketing channels for entry to the global market and shape the image of a total solution provider through technology integration of all product ranges but also become a partner of worldwide telecommunication companies through enhancing own-brand awareness for us to win more OEM contracts.

(2) Intellectual property emphasis for more patents

Maintain intellectual property rights, invest in R&D human resources, enhance innovation capability, output more patents, and thereby strengthen corporate competitiveness. Currently, we are applying for over 100 patents worldwide evenly distributed in graphics and multimedia products, video monitoring products, and smart health products. Apart from significantly enhancing corporate competitiveness, patent application can also raise the entry threshold and barriers of competitors in the relevant fields. Based on various communication, video, and multimedia patents, we develop more and new information products with integrated functions.

4. Strength and weakness in future development and counteractions

(1) Strength

A. Complete product ranges

We have complete computer, smart healthcare, and big data product ranges to reduce the risk of a single product range.

B. R&D-oriented high-tech company

With over 30 years of technology R&D experience, we have R&D teams with design knowhow and experience in graphics card, video, audio, and communication products. Based on the such knowhow and experience, we can quickly launch products that meet the market needs and ahead of competitors of the same class with reference to the market demand or response. Hence, we have powerful competitive strength.

(2) Weakness

A. Dependence of important chip technology on suppliers

The key components of our current products include chips, memories, controllers, and codecs, whose technology and future development are in the hands of suppliers of the USA and other countries. Although there are some domestic suppliers, they are unable to rival these suppliers. Hence, it is necessary to keep close contact with major chip suppliers to capture the opportunities for profit.

B. Launch of integrated chips

System integration is a natural trend and will crowd exiting products out. Hence, we maintain the synchronous product R&D based on this trend and develop relevant, alternative display products to capture new market opportunities and meet the diversified market demands.

C. Entry of leading system manufacturers with upward integration

After market entry in recent years, leading system manufacturers have seized nearly all markets with their strengths. Other manufacturers also introduce various innovative technologies into this niche market with a promising future to take a share.

(3) Counteraction

Facing the rapidly changing market, both the scale of operations and capital utilization are limited by resource limitations. This will thus result in losing business opportunities. The counteractions are as follows:

A. Seek diversified fund-raising channels to cope with future growth needs.

B. Demonstrate the function of the internal control system, lower stock, and enhance receivable collection to enhance the capital turnover rate.

C. Closely coordinate production and sales and enhance the accuracy of sales forecast to shorten product turnover, lower stock pressure, and increase the sales proportion of high-profit products.

D. Engage with technological cooperation or technological transfer to reduce new product development costs.

E. Maintain close cooperation with major suppliers.

F. Flexible procurement strategy and stock management: To prevent losses caused by risky factors, we adopt the distributed multiple procurement strategy, to lower stock pressure and avoid the risk of loss due to price drop. Additionally, we purchase materials according to customer orders to maintain a good turnover rate.

G. High-efficiency production-sales model: We determine the production schedule and production quantity for the next week at the weekly product-sales coordination meeting. The sales unit ships products quickly according to the confirmed customer orders to maintain a high turnover rate between production and sales.

H. Differentiation and cost-saving strategy: To address the unfavorable factors in the cost structure, we have determined two product development directors: create innovative, differentiated products different from the standard version and products with high gross profit.

I. Maintaining long-term strategic cooperation with suppliers: By maintaining a long-term strategic alliance with suppliers, we can capture the status of upstream product R&D and new product launch to timely launch memory modules meeting the market trend together with the original manufacturers.

J. Deepening cooperation with retailers and customers: To get a head start in the market and ensure the compliance with market demand and expectation of R&D outcomes, through the in-depth cooperation with downstream customers, we capture market trends in advance for the reference of product positioning and specification setting to accelerate product design and enhance competitiveness.

K. Active development of software service: In the time of high-speed network, hardware needs value-added software service for users to access real-time information and maximize value. We have been engaging with smart healthcare product and big data analysis service for years, hoping that they can become another profit engine in the future.

(II) Important uses and production process of major products

1.Important uses of major products

Item		Important uses and functions
Computer products	NVIDIA gaming graphics cards	Business/home computer display cards, 3D game presentation, DVD media players, video editing, multimedia production, presentation, and image processing.
	NVIDIA workstation graphics cards	Professional 3D animation production. CAD/CAM production.
	NVIDIA server HPC cards	Server HPC.
	VD systems	Enable high-speed and high-security remote operation and sharing of computer systems through centralized management.
	Workstation PCs	Professional 3D animation production.
	HPC servers	Services with high-performance computing for deep learning and AI.
	NVIDIA DGX super computer system	For data analysis and AI accelerated computing
	GPU Docker Management System	Centralize management of the resources of school/enterprise AI and big data development projects with intuitive graphic user interface (GUI).
	GPU AI development software	Package and tool for integrating AI product analysis and preloaded with completed environments for developing deep learning library and various deep learning and machine learning frameworks.
	NVIDIA DRIVE Orin Devkit Auto-driving kit	Support precise multi-sensing simulation in compliance with physics principles for developing self-driving solutions.

Item		Important uses and functions
	NVIDIA Ominverse Enterprise Meterverse platform	A scalable platform for designing high-fidelity 3D simulation workflows for developers, creators, and enterprises to build a virtual world or 3D network.
	NVIDIA vGPU Virtual graphics	Build virtual GPUs with software for all virtual machines to share the same physical GPU installed in the server for opening tasks and running applications.
Smart health products	Heart rate variability (HRV) analyzer	Dysautonomia detector
	DxPatch wearable medical devices	Provide complete systolic parameters and abnormal heart sound detection results with the isometric PCG/ECG detection technology.
	Health measurement kiosk	Detect and analyze body temperature, blood pressure, and dysautonomia.
	Health band (Amor H2)	A wearable that detects fatigue index and circulation index.
	Pulse oximeter	Detect blood oxygen saturation level
	BtNPN Plant Nanopatch	Nanotechnology penetrates deeply into the skin to eliminate fatigue and relieve muscle soreness.
	Fullskin New Orchid Repair Essence lotion	Repair skin tissue and whiten skin effectively
Big data analysis products	SAP PA	Distribute SAP big data analysis software as solutions for IR systems and smart factories.
	Profitpoint	Smart NHI declaration system
	SafeExchange	Blockchain advanced encrypted storage

2. Production process

Automatic surface mounting → Manual insertion → Solering → Burn-in → PCB testing → Assembly → System testing

(III) Supply of major materials

Major materials of our electronics products include chips, memories, PCBs, and small-sized panels. We often maintain a good partnership with foreign materials suppliers and purchase key materials and key components from at least two suppliers to ensure flexible procurement and disperse the risk of over-centralization of materials supply.

(IV) Names of customers with over 10% of the total purchase/sales amount and their purchase/sales amount and proportion in any of one of the past two years

1. Suppliers in the past two years

Unit: NTD thousands

2022				2023				2024 and by March 31 2024			
Name	Amount	Ratio in the annul net purchase	Relationship with the issuer	Name	Amount	Ratio in the annul net purchase	Relationship with the issuer	Name	Amount	Ratio in the annul net purchase	Relationship with the issuer
N	2,413,827	49.75%	None	N	1,127,589	32.87%	None	L	659,076	32.30%	None
T	528,268	10.89%	None	T	902,029	26.30%	None	N	500,662	24.54%	None
								K	287,918	14.11%	None

*No supplier is a related party of the Company.

2. Buyers in the past two years

Unit: NTD thousands

2022				2023(Note 1)				2024 and by March 31, 2024(Note 1)			
Name	Amount	Ratio in the annul net sales	Relationship with the issuer	Name	Amount	Ratio in the annul net sales	Relationship with the issuer	Name	Amount	Ratio in the annul net sales	Relationship with the issuer
C	562,559	10.59%	None	T	310,655	7.27%	None	T	148,533	15.80%-	None

Note 1: No customers with an annual net sale over 10% in 2022 and 2023 Q1.

(V) Production volume and value in the past two years

Volume: PCS; Value: NTD thousands

Year / Main products	2022			2023		
	Production capacity*	Production volume	Production value	Production capacity*	Production volume	Production value
Computer products	-	373,894	4,584,459	-	299,794	3,559,771
Smart health products	-	159,388	59,076	-	171,154	64,807
Others	-	14	12,733	-	-	12,634
Total	-	533,296	4,656,268	-	470,948	3,637,212

*Currently, over 60% of our output are outsourced, and capacity thus cannot be expressed.

(VI) Sales volume and value in the past two years

Volume: PCS; Value: NTD thousands

Year / Main products	2022				2023			
	Domestic sale		Export sale		Domestic sale		Export sale	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Computer products	81,412	574,684	323,239	4,531,433	67,359	506,828	286,031	3,572,806
Smart health products	780,608	88,158	233,673	21,677	258,659	54,823	36,959	8,582
Others	78	67,220	4,336	28,246	80	112,320	1,999	20,758
Total	862,098	730,062	561,248	4,581,356	326,098	673,971	324,989	3,602,146

III. Employees

Data of employees in the past two years and by the date of report publication:

Year		2022	2023	2024 and by April 30, 2024
Number of employees	Sales personnel	126	132	126
	Management personnel	48	52	51
	R&D personnel	121	123	135
	Manufacturing personnel	90	93	91
	Total	385	400	403
Average age		41	42	42
Average years of service		10.1	10.5	10.5
Distribution of education attainment	Doctoral Degree	1.56%	2.00%	1.74%
	Masters Degree	19.74%	20.00%	20.35%
	Bachelors Degree	69.09%	68.50%	68.49%
	Senior High School	8.57%	9.00%	8.68%
	Below high school	1.04%	0.50%	0.74%

IV. Contribution to environmental protection

(I) Losses (including damage compensations) and fines incurred due to pollution of environment in the more recent year and by the date of report publication and total amount of sanction: None.

(II) Future counteractions (including improvement measures) and potential expenses (including the estimated amount of loss, sanction, and compensation for failure to take counteractions):

In response the implementation of the EU RoHS, we began to progressively switch to lead-free manufacturing processes in 2006 and progressively lower the ratio of leaded stock.

V. Labor-management relations

(I) The company's various employee welfare measures, continuing education, training, retirement system, and their implementation, as well as labor-management agreements and the measures to maintain the rights and interests of employees:

1. Employee welfare measures

Education and training; employee stock option and profit-sharing system; year-end bonuses and cash gifts for three major folk festivals, complete Labor Insurance, National Health Insurance, and group insurance; birthday cash gift; employee reunion; staff welfare committee; employee club activities; annual travel; and allowances for wedding, funerals, and festivities.

2. Continuing education, training, and retirement system and their implementation

We have established the Regulations for Education, Training, and In-Service Continuing Education for Employees to enrich the professional knowledge and skills of employees and improve operational performance. Employees may apply for continuing education and training organized internally or by external organizations according to the Regulations.

We have also established the Employee Retirement Regulations in accordance with the *Labor Standards Act* and *Labor Pension Act* to legally handle employee retirement. Apart from contributing to the Labor Retirement Reserve Fund monthly according to the *Labor Standards Act* and deposit the sum in the Labor Retirement Reserve Fund special account of the Bank of Taiwan, we also contribute 6% of the employee's salary monthly to the personal account of employees at the Bureau of Labor Insurance in accordance with the *Labor Pension Act*.

We also implement the employee stock ownership trust (ESOT) for employees to contribute a fixed amount from their salary to the trust account, and the Company also contribute the same amount to the employee's trust account to help employees accelerate pension accumulation to realize their retirement plan earlier.

3. Labor-management agreements and the measures to maintain the rights

and interests of employees

With harmonious labor-management relations, no loss on labor-management disputes has been reported. It is estimated that no such loss will occur in the future.

(2) Losses from labor-management disputes in the most recent year and by the date of report publication: None.

(3) The estimated amount of losses from labor-management disputes at present and in the future and counteractions:

Apart from valuing various employee benefits at ordinary times and provide them with an excellent workplace environment, we also emphasize the two-way communication with employees to harmonize labor-management relations. Hence, losses from labor-management disputes in the future will hardly happen.

VI. Cybersecurity Management:

(I) Cybersecurity management framework, cybersecurity policy, specific management plans, and resources for cybersecurity management.

1. Structure of information security organization

The Computer Center is the Company’s IT department. It is chaired by the chief IT officer and a number of IT professionals to plan and establish the information security policy and provide technical support for information security. It also periodically arranges awareness education for information security to reduce information security risks.

In risk management, we address risks in terms of three aspects and reduce the significance of their impact.

Item	Risk Management Plan	Risk Incident Handling	Risk Policy Improvement
Mechanism	Implementation of appropriate controls	Timely and accurate handling	Continuous risk mitigation
Specific Action	1. Antivirus and anti-hacking mechanisms 2. Breach prevention 3. Vulnerability scan, detection, and response and backup mechanisms	1. Minimization of the scope of impact and prevention of impact expansion. 2. Real-time recovery and business recovery.	1. Review based on defects 2. Proposition of improvement plans 3. Inclusion in risk management

2. Information security policy:

The following controls are implemented according to the information security policy and regulations:

(1) Account and password principles: Stringent password principles are established, periodic password change is required, and lending passwords to others is prohibited.

(2) Information hardware use: Carrying and use of non-corporate information assets and equipment are prohibited.

(3) Information software use: Employees are prohibited from installing any software not installed or unlicensed software authorized by the Computer Center.

(4) File management: The storage equipment of personal files for corporate use, physical confidential documents, and files and document information shall be properly managed, and unauthorized access shall be prevented.

(5) Mail management: Emails of unknown origins or suspicious emails shall not be open and shall be deleted immediately.

(6) Network use: No fraudulent use or diddling of the assigned IP; no unauthorized connection to the corporate network; no unauthorized erection of wireless transceiving equipment.

(7) Periodic policy announcement, case study, and awareness education of information security: Publish the related policies, case study, and

awareness education of information security over the corporate network or by email to keep employees updated with and follow the information security policies.

3. Specific cybersecurity management plans and resources:
   (1) Updating and improvement of IT infrastructure:
      ①Purchase new server hardware and software and update server and client OS to the latest version.
      ②Implement the vulnerability scan system to reduce information security problems from loopholes.
      ③Update network equipment and increase backup lines and equipment to prevent business disruption caused by the damage of single equipment or single line.
   (2) Strengthening backup mechanism:
      ①Purchase new-model backup solutions.
      ②Establish new SOPs for backup, recovery, and disaster response drills.
      ③Build the server redundancy mechanism to reduce post-disaster downtime.
   (3) Strengthening information security concept in employees:
      Apart from invasion from outside, increasing information security incidents are caused by the infection of employee equipment, resulting in information security incidents of larger scale.
      ①Periodically announce policies, case study, and aware education of information security.
      ②Education and training for information security for employees to raise awareness of information security inside and outside the Company.

(2) List the losses, potential impact, and counteractions of cybersecurity incidents in the most recent year and by the date of report publication or state the factors preventing the reasonable estimation of them: None.

VII. Important contracts:

Nature of Contract	Concerned Party	Contract Starting/Ending Dates	Major Content	Limitations
Agency	NVIDIA	Jan-Dec 2023	Product sales	None
Consignment	Taishin International Bank	Dec 2020-Dec 2030	ESOT	None
Project	Government	Jan-Dec 2024	Procurement	None
Cooperation	National Taiwan Normal University	Sep 2023-Aug 2024	Industry-university cooperation	None
Cooperation	Alivecor Inc.	Jan 2023-Dec 2024	Industry-academia collaboration	None
Loan	The Shanghai Commercial & Savings Bank	Aug 2021-Aug 2026	Long-term loan repayable monthly	None
Loan	JihSun International Commercial Bank	Dec 2021-Dec 2024	Long-term loan repayable monthly	None
Loan	Bank of Kaohsiung	Nov 2021-Nov 2024	Long-term loan repayable monthly	None

Six. Financial Highlights

I. Summary statement of financial position and statement of comprehensive income for the past five years

(I) Summary statement of financial position-IFRS

Unit: NTD thousands

Item \ Year		Financial information of the past five years (Note 1) 2023	2022	2021	2020	2019	2024 and by March 31, 2024 (Note 2)
Current assets		2,204,072	1,629,505	1,741,438	1,378,828	1,057,272	2,885,246
Property, plant, and equipment		199,895	192,806	193,692	192,910	196,901	206,697
Intangible assets		4,081	5,844	5,596	4,199	9,033	3,492
Other assets		199,963	200,091	71,518	92,866	99,654	206,473
Total assets		2,608,011	2,028,246	2,012,244	1,668,803	1,362,860	3,301,908
Current liabilities	Before dividend	1,478,881	1,375,160	1,144,836	1,252,643	983,243	2,249,886
	After dividend	-	-	1,198,423	-	-	-
Non-current liabilities		119,323	143,974	114,996	99,348	93,694	118,750
Total liabilities	Before dividend	1,598,204	1,519,134	1,259,832	1,351,991	1,076,937	2,368,636
	After dividend	-	-	1,313,419	-	-	-
Equity attributable to owners of parent		1,011,087	510,135	753,552	317,322	312,181	934,624
Share capital		839,460	589,460	535,873	535,873	535,873	839,460
Capital surplus		419,475	475	475	473	27,383	419,475
Retained earnings	Before dividend	(232,283)	(73,075)	227,868	(208,004)	(238,834)	(316,247)
	After dividend	-	-	120,694	-	-	-
Other equity interest		(15,565)	(6,725)	(10,664)	(11,020)	(12,241)	(8,064)
Treasury stocks		-	-	-	-	-	-
Non-controlling interests		(1,280)	(1,023)	(1,140)	(510)	(26,258)	(1,352)
Total equity	Before dividend	1,009,807	509,112	752,412	316,812	285,923	933,272
	After dividend	-	-	698,825	-	-	-

Note 1: The financial information between 2019 and 2023 has been audited by CPAs.
Note 2: The financial information of 2024 and by March 31, 2024 has been reviewed by CPAs.

(II) Summary statement of comprehensive income-IFRS

Unit: NTD thousands

Item \ Year	Financial information of the past five years (Note 1) 2023	2022	2021	2020	2019	2024 and by March 31, 2024 (Note 2)
Operating revenue	4,276,117	5,311,418	8,823,056	4,548,266	3,639,860	939,815
Gross profit	628,279	606,811	1,569,638	562,597	487,038	94,951
Operating income	(98,521)	(152,262)	553,470	51,619	13,550	(79,485)
Non-operating income and expenses	(34,275)	(49,161)	(7,908)	3,076	(17,942)	1,931
Profit from continuing operations before tax	(132,796)	(201,423)	545,562	54,695	(4,392)	(77,554)
Net profit of the continuing operating department in the current term	(159,986)	(195,706)	434,629	24,782	(24,621)	(84,037)
Loss of discontinued operations	-	-	-	-	-	-
Profit (loss)	(159,986)	(195,706)	434,629	24,782	(24,621)	(84,037)
Other comprehensive income/loss for the current period (net, after-tax)	(8,319)	5,993	971	5,754	(2941)	7,503
Total comprehensive incomes in the current period	(168,305)	(189,713)	435,600	30,536	(27,562)	(76,535)
Net income attributable to owners of parent	(159,729)	(195,813)	435,256	26,775	(19,311)	(83,964)
Profit (loss) attributable to non-controlling shareholders	(257)	107	(627)	(1,993)	(5,310)	(73)
Comprehensive income attributable to owners of parent	(168,048)	(189,830)	436,228	32,200	(22,753)	(76,462)
Comprehensive income attributable to non-controlling interests	(257)	117	(628)	(1,664)	(4,809)	(73)
Earnings per share (Note 3)	(2.53)	(3.32)	7.38	0.50	(0.36)	(1.00)

Note 1: The financial information between 2019 and 2023 has been audited by CPAs.
Note 2: The financial information of 2024 and by March 31, 2024 has been reviewed by CPAs.
Note 3: The figure for EPS has been adjusted after tracing.

(III) Summary individual statement of financial position-IFRS

Unit: NTD thousands

Item		Financial information of the past five years (Note 1) 2023	2022	2021	2020	2019
Current assets		859,387	978,353	998,163	970,711	831,594
Property, plant, and equipment		198,344	191,044	191,731	190,999	195,497
Intangible assets		4,081	5,844	5,596	4,199	9,033
Other assets		625,463	507,735	535,765	259,614	191,062
Total assets		1,687,275	1,682,976	1,731,255	1,425,523	1,227,186
Current liabilities	Before dividend	622,780	1,107,209	854,813	1,005,230	743,800
	After dividend	-	-	908,400	-	-
Non-current liabilities		53,408	65,632	122,890	102,971	128,940
Total liabilities	Before dividend	676,188	1,172,841	977,703	1,108,201	801,217
	After dividend	-	-	1,031,290	-	-
Share capital		839,460	589,460	535,873	535,873	535,873
Capital surplus		419,475	475	475	473	27,383
Retained earnings	Before dividend	(232,283)	(73,075)	227,868	(208,004)	(219,665)
	After dividend	-	-	120,694	-	-
Other equity interest		(15,565)	(6,725)	(10,664)	(11,020)	(12,241)
Treasury stocks		-	-	-	-	-
Total equity	Before dividend	1,011,087	510,135	753,552	317,322	335,708
	After dividend	-	-	699,965	-	-

Note 1: The financial information between 2019 and 2023 has been audited by CPAs.

(IV) Summary individual statement of comprehensive income-IFRS

Unit: NTD thousands

Year / Item	Financial information of the past five years (Note 1)				
	2023	2022	2021	2020	2019
Operating revenue	2,326,539	3,525,657	4,848,102	2,910,126	2,908,350
Gross profit	260,089	282,639	537,996	300,427	292,006
Operating profit	(202,092)	(125,849)	153,591	(32,522)	(45,374)
Non-operating income and expenses	37,468	(65,069)	281,665	64,297	26,063
Profit (loss) from continuing operaton befoe tax	(164,624)	(190,918)	435,256	31,775	(19,311)
Net income from continuing operations Net income of the term	(164,624)	(190,918)	435,256	31,775	(19,311)
Loss of discontinued operations	-	-	-	-	-
Profit (loss)	(159,729)	(195,813)	435,256	26,775	(19,311)
Other comprehensive income	(8,319)	5,983	972	5,425	(3,442)
Total comprehensive incomes	(168,048)	(189,830)	436,228	32,200	(22,753)
Earnings per share (Note 2)	(2.53)	(3.32)	7.38	0.50	(0.36)

Note 1: The financial information between 2019 and 2023 has been audited by CPAs.

Note 2: The figure for EPS has been adjusted after tracing.

(V) Names of financial statement auditors in the past five years and their opinions

Year	Name of accounting firm	Name of CPA	Audit opinion
2019	KPMG	Luo Juei-Lan and Ou Yao-Chun	Unqualified opinion
2020	KPMG	Luo Juei-Lan and Kuo Kuan-Ying	Unqualified opinion
2021	KPMG	Luo Juei-Lan and Kuo Kuan Ying	Unqualified opinion
2022	KPMG	Chien Szu-Chuan and Kuo Kuan Ying	Unqualified opinion
2023	KPMG	Chien Szu-Chuan and Kuo Kuan Ying	Unqualified opinion

II. Financial analysis of the past five years

(I) Consolidated analysis of financial position-IFRS

Analysis \ Year		Financial analysis of the past five years (Note 1) 2023	2022	2021	2020	2019	2024 and by March 31, 2024 (Note 2)
Financial structure (%)	Debt to assets ratio	61.28	74.90	62.61	81.02	79.02	71.91
	Long-term capital to property, plants and equipment	564.86	338.73	447.83	215.73	192.80	508.97
Solvency (%)	Current ratio	149.04	118.50	152.11	110.07	107.53	127.98
	Quick ratio	51.86	50.80	83.39	48.85	62.39	33.28
	Interest coverage ratio	(267.24)	(691.69)	3772.58	365.12	80.61	(1112.16)
Operating efficiency	Accounts receivable turnover (times)	11.73	13.59	26.72	18.61	15.23	11.00
	Average cash collection days	31.11	26.85	13.66	19.61	23.96	33.18
	Inventory turnover (times)	4.50	6.14	12.98	8.87	7.61	2.48
	Accounts payable turnover (times)	24.75	23.05	36.69	22.65	16.86	15.84
	Average inventory turnover days	81.11	59.44	28.12	41.14	47.96	147.17
	Property, plant and equipment turnover (times)	21.78	27.48	45.64	23.34	18.33	18.49
	Total assets turnover (times)	1.84	2.63	4.79	3.00	2.78	1.27
Profitability	Return on assets (%)	(5.65)	(8.68)	24.26	2.72	(0.50)	(2.66)
	Return on equity (%)	(21.03)	(30.97)	81.17	7.87	(7.60)	(8.64)
	Pre-tax profit to paid-up capital (%)	(15.82)	(34.17)	101.81	10.21	(0.82)	(9.24)
	Net profit margin (%)	(3.74)	(3.68)	4.93	0.54	(0.68)	(8.94)
	EPS (NTD) (Note 3)	(2.53)	(3.32)	8.12	0.50	(0.36)	(1.00)
Cash flow	Cash flow ratio (%)	(Note 4)	(Note 4)	10.64	13.36	(Note 4)	(Note 4)
	Cash flow adequacy ratio (%)	(Note 4)	2.43	102.49	24.37	(Note 4)	(Note 4)
	Cash reinvestment ratio (%)	(Note 4)	(Note 4)	10.55	23.99	(Note 4)	(Note 4)
Degree of leverage	Operating leverage	(Note 4)	(Note 4)	2.84	10.90	35.94	(Note 4)
	Financial leverage	0.732	0.857	1.028	1.666	(Note 4)	0.926

Major causes for the changes in financial ratios in the last two years (difference up to 20%)

(1)The changes of financial structure ratios over 20%: In October 2023, private placement cash capital increased by NT$669 million, shareholders' equity increased, and financial structure improved.

(2)The changes of solvency ratios over 20%: In October 2023, private placement cash increased capital by NT$669 million, reducing the debt ratio and improving debt solvency.

(3)The changes of operating efficiency ratio over 20%: The economy was not good in 2023, with demand for graphics card-related products declining, revenue declining, and inventory and accounts receivable turnover rates declining.

(4)The changes of profitability ratios over 20%: The economy was not good in 2023.The revenues were declined, and profitability was poor..

(5)The changes of cash flow ratios over 20%: The economy in 2023 was not good, with operating losses, slow inventory removal, and net cash flow from operating activities.is a negative number.

Note 1: The financial information between 2019 and 2023 has been audited by CPAs.
Note 2: The financial information of 2024 and by March 31, 2024 has been reviewed by CPAs.
Note 3: The figure for EPS has been adjusted after tracing.
Note 4: The ratio is a negative figure.
Note 5: Calculations of the finance analysis are as follows:

1. Financial position
   (1) Debt to asset ratio = total liabilities/ total assets.
   (2) Ratio of long-term capital in property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.

liabilities) / net property, plant and equipment.

2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepayments) / current liabilities.
   (3) Interest coverage ratio = net profit before interest and tax / interest expenses for the current period.
3. Operating efficiency
   (1) Receivables turnover (including accounts receivable and notes receivable from business activities) = net sales / average receivables balance (including accounts receivable and notes receivable from business activities).
   (2) Average cash collection days = 365 / receivables turnover.
   (3) Inventory turnover = cost of sales/average inventory balance.
   (4) Payables turnover (including accounts payable and notes payable for business activities) = cost of sales / average payables balance (including accounts payable and notes payable for business activities).
   (5) Average inventory turnover days = 365 / inventory turnover.
   (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment balance.
   (7) Total asset turnover = net sales/average total assets.
4. Profitability
   (1) Return on assets = (net income + interest expenses x (1- tax rate)) / average asset balance.
   (2) Return on equity = net income / average shareholders' equity.
   (3) Net profit margin = net income / net sales.
   (4) Earnings per share = (net income attributable to shareholders of parent company - preferred share dividends) / weighted average outstanding shares. (Note 4)
5. Cash flow
   (1) Cash flow ratio = net cash flow from operating activities / current liabilities
   (2) Cash flow adequacy ratio = net cash flow from operating activities for the past five years / (capital expenditure + increase in inventory + cash dividends) for the past 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). (Note 5)
6. Degree of leverage:
   (1) Degree of operating leverage = (net operating revenues - variable operating costs and expenses) / operating profit (Note 6)
   (2) Degree of financial leverage = operating profit / (operating profit - interest expense).

(II) Analysis of individual financial position-IFRS

Analysis \ Year		Financial analysis of the past five years (Note 1)				
		2023	2022	2021	2020	2019
Financial position (%)	Debt to assets ratio	40.08	69.69	56.47	77.74	74.56
	Long-term capital to property, plants and equipment	536.69	301.38	457.12	220.05	225.64
Solvency (%)	Current ratio	137.99	88.36	116.77	96.57	105.79
	Quick ratio	83.36	33.40	85.42	36.05	67.39
	Interest coverage ratio	(408.48)	(816.86)	3727.44	274.42	(1.11)
Operating efficiency	Accounts receivable turnover (times)	9.02	10.90	15.34	12.93	11.16
	Average cash collection days	40.47	33.49	23.79	28.23	32.71
	Inventory turnover (times)	4.61	7.55	14.51	8.32	8.78
	Accounts payable turnover (times)	16.51	15.95	21.82	15.69	14.94
	Average inventory turnover days	79.18	48.344	25.155	43.87	41.57
	Property, plant and equipment turnover (times)	11.95	18.42	25.33	15.24	14.88
	Total assets turnover (times)	1.38	2.07	3.07	2.04	2.37
Profitability	Return on assets (%)	(7.94)	(10.49)	28.18	2.94	(0.34)
	Return on equity (%)	(21.00)	(30.99)	81.29	8.51	(5.96)
	Pre-tax profit to paid-up capital (%)	(19.61)	(32.39)	81.22	5.00	(3.60)
	Net profit margin (%)	(6.87)	(5.55)	8.98	0.92	(0.66)
	EPS (NTD) (Note 2)	(2.53)	(3.32)	8.12	0.50	(0.36)
Cash flow	Cash flow ratio (%)	(Note 3)	(Note 3)	4.16	8.03	(3.24)
	Cash flow adequacy ratio (%)	(Note 3)	(Note 3)	156.85	(Note 3)	(Note 3)
	Cash reinvestment ratio (%)	(Note 3)	(Note 3)	3.07	11.59	(Note 3)
Degree of leverage	Operating leverage	(Note 3)	(Note 3)	3.50	(Note 3)	(Note 3)
	Financial leverage	0.862	0.858	1.085	0.679	0.704

Major causes for the changes in financial ratios in the last two years (difference up to 20%)
(1)The changes of financial structure ratios over 20%: In October 2023, private placement cash capital increased by NT$669 million, shareholders' equity increased, and financial structure improved.
(2)The changes of solvency ratios over 20%: In October 2023, private placement cash increased capital by NT$669 million, reducing the debt ratio and improving debt solvency.
(3)The changes of operating efficiency ratio over 20%: The economy was not good in 2023, with demand for graphics card-related products declining, revenue declining, and inventory and accounts receivable turnover rates declining.
(4)The changes of profitability ratios over 20%: The economy was not good in 2023.The revenues were declined, and profitability was poor..
(5)The changes of cash flow ratios over 20%: The economy in 2023 was not good, with operating losses, slow inventory removal, and net cash flow from operating activities.is a negative number.

Note 1: The financial information between 2019 and 2023 has been audited by CPAs.
Note 2: The figure for EPS has been adjusted after tracing.
Note 3: The ratio is a negative figure.
Note 4: Calculations of the finance analysis are as follows:

1. Financial position
   (1) Debt to asset ratio = total liabilities/ total assets.
   (2) Ratio of long-term capital in property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.

2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepayments) / current liabilities.
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3. Operating efficiency
   (1) Receivables turnover (including accounts receivable and notes receivable from business activities) = net sales / average receivables balance (including accounts receivable and notes receivable from business activities).
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   (5) Average inventory turnover days = 365 / inventory turnover.
   (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment balance.
   (7) Total asset turnover = net sales/average total assets.
4. Profitability
   (1) Return on assets = (net income + interest expenses x (1- tax rate)) / average asset balance.
   (2) Return on equity = net income / average shareholders' equity.
   (3) Net profit margin = net income / net sales.
   (4) Earnings per share = (net income attributable to shareholders of parent company - preferred share dividends) / weighted average outstanding shares. (Note 4)
5. Cash flow
   (1) Cash flow ratio = net cash flow from operating activities / current liabilities
   (2) Cash flow adequacy ratio = net cash flow from operating activities for the past five years / (capital expenditure + increase in inventory + cash dividends) for the past 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). (Note 5)
6. Degree of leverage:
   (1) Degree of operating leverage = (net operating revenues - variable operating costs and expenses) / operating profit (Note 6)
   (2) Degree of financial leverage = operating profit / (operating profit - interest expense).

III. Audit report of the audit committee in the most recent year

Leadtek Research Inc.
Audit Report of Audit Committee

This is to certify that

After completing the audit of the individual financial statements and consolidated financial statements of the Company submitted by the Board of Directors audited by independent auditors Chien Ssu-Chuan and Daisy Kuo of KPMG and the business report and loss compensation proposal, this Committee found no noncompliance and thus issued this audit report in accordance with Article 14 of the *Securities and Exchange Act* and Article 219 of the *Company Act*.

To

The 2024 Annual General Meeting of Leadtek Rersearch Inc.

Ho Yao-Hung, Convener of Audit Committee

Date: Feburary 26, 2024

IV. Financial statements audited by the CPAs in the most recent year

Representation Letter

Considering that the companies to be included into the consolidated financial statements of affiliates under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those to be included into the consolidated financial statements of the parent and subsidiaries under IFRS 10 in 2023 (from January 1, 2023 to December 31, 2023), and the related information to be disclosed in the consolidated financial statements of affiliates are already disclosed in said consolidated financial statements of the parent and subsidiaries, no consolidated financial statements of affiliates are prepared separately.

In witness thereof, the Declaration is hereby presented.

Leadtek Research Inc.

Lu Kun-Shan, Chairman

Date: February 26, 2024

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Independent Auditors' Report

To the Board of Leadtek Research Inc.:

Audit opinion

We have audited the consolidated Statement of Balance Sheets of Leadtek Research Inc. and its subsidiaries as of December 31, 2023 and 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow from January 1 to December 31, 2023 and 2022, and the notes to consolidated financial statements (including the summary of significant accounting policies).

In our opinion, the said consolidated financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, interpretations and the statements of interpretation approved and released by the Financial Supervisory Commission, and thus presented fairly, in all material aspects, the consolidated financial position of Leadtek Research Inc. and its subsidiaries as of December 31, 2023 and 2022 as well as their consolidated financial performance and consolidated cash flow from January 1 to December 31, 2023 and 2022.

Basis of audit opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the generally accepted auditing standards. Our responsibilities under such standards are further described in the "CPA's responsibility for the audit of the consolidated financial statements" section in this report. We were independent of Leadtek Research Inc. and its subsidiaries in accordance with the Norms of Professional Ethics for Certified Public Accountants and fulfilled all other responsibilities thereunder. We believe that we acquired sufficient and appropriate audit evidence to base our audit opinions.

Key audit matters

Key audit matters refer to, based on our professional judgment, the most important matters for auditing the 2023 consolidated financial statements of Leadtek Research Inc. and its subsidiaries. These matters were addressed in the content of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide separate opinions on those matters. The key audit matters determined by us to be communicated on the auditor's report are as follows:

I. Inventory valuation

For the accounting policy of inventory valuation, please refer to Note 4(8), Inventory, of the consolidated financial statements; for the estimate uncertainty of inventory valuation, please refer to Note 5 of the consolidated financial statements; for the description of inventory and related expenses, please refer to Note 6(5) of the consolidated financial statements.

Description of key audit matters:

The inventory in the consolidated financial statements is measured based on the lower of the cost or net realizable value. Due to product technology updates, existing products become obsolete or are no longer meet market demands, and this may result in a lower book value of the inventories than the net realizable value. And, estimation is involved in the valuation of the inventory's net realized value, so inventory valuation is one of the important estimation matters for us to perform the audit of the consolidated financial statements.

Corresponding audit procedures:

The major audit procedures we adopted for this key audit matter include understanding the appropriation policy of Leadtek Research Inc. and its subsidiaries for the loss on inventory devaluation and obsolescence, and assessing whether they have been appropriated in accordance with the accounting policy. In addition, the inventory age report was reviewed to analyze its changes in each period. Testing was conducted based on the interval classification in the inventory age report and the calculation table with respect to the lower of the cost or net realizable value, in order to assess the reasonableness of the inventory net realizable value.

Other matters

For the parent company only financial statements prepared by Leadtek Research Inc. for 2023 and 2022, we issued an independent auditors' report with unqualified opinions for reference.

Responsibility of the management and governance unit for the consolidated financial statements

The management was responsible for preparation of the consolidated financial statements with a fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, interpretations and the statements of interpretation approved and released by the Financial Supervisory Commission and maintaining the necessary internal control related to the preparation of the consolidated financial statements to ensure that the consolidated financial statements were free of material misstatement due to fraud or errors.

During preparation of the consolidated financial statements, the management was also responsible for evaluating the ability of going concern of Leadtek Research Inc. and its subsidiaries, disclosure of relevant matters and application of the going concern basis of accounting unless the management intended to make Leadtek Research Inc. and its subsidiaries enter into liquidation or terminate its operations, or there was no other actual and feasible solutions other than liquidation or termination of its operations.

Those charged with governance (including the Auditing Committee) are responsible for overseeing the financial reporting process of Leadtek Research Inc. and its subsidiaries.

CPA's responsibility for the audit of the consolidated financial statements

We audited the consolidated financial statements for the purpose of obtaining reasonable assurance about whether the consolidated financial statements were free of material misstatement due to fraud or errors and issuing an auditor's report. Reasonable assurance refers to a high level of assurance; however, we could not guarantee to detect all material misstatements in the consolidated financial statements through the audit conducted based on the generally accepted auditing standards. Misstatements may arise from fraud or error. If an individual or total amount misstated is reasonably expected to have a impact on the economic decision-making of users of the consolidated financial statements, the misstatements is deemed material.

As part of an audit in accordance with auditing standards, we exercise professional judgment and skepticism throughout the audit. We also performed the following works:

1. We identified and evaluated the risk of any misstatements in the consolidated financial statements due to fraud or errors, designed and implemented applicable response measures for the evaluated risks, and acquired sufficient and appropriate audit evidence to base our audit opinions. Since fraud may involve collusion, forgery, omission on purpose, fraudulent statements or violation of internal control, we did not find that the risk of misstatements due to fraud was higher than the same due to errors.
2. We understood the internal control related to the audit to an extent necessary to design audit procedures applicable to the current circumstance; however, the purpose of such work was not to express opinions towards the internal control effectiveness of Leadtek Research Inc. and its subsidiaries.
3. We evaluated the appropriateness of the accounting policies adopted by the management and the rationality of the accounting estimates and relevant disclosures made by the management.
4. We drew a conclusion about the appropriateness in the adoption of the going concern basis of accounting by the management and whether the event or circumstance which might cause major doubts about the ability of going concern of Leadtek Research Inc. and its subsidiaries had a material uncertainty. If any material uncertainty was considered to exist in such event or circumstance, we must provide a reminder in the auditor's report for the users of the consolidated financial statements to pay attention to the relevant disclosure therein, or amend our audit opinions when such disclosure was inappropriate. Our conclusion was drawn based on the audit evidence acquired as of the date of this auditor's report. However, future events or circumstances might result in a situation where Leadtek Research Inc. and its subsidiaries would and the subsidiaries no longer have the ability of going concern.
5. We evaluated the overall presentation, structure, and contents of the consolidated financial statements (including relevant notes) and whether the consolidated financial statements presented relevant transactions and events fairly.
6. We acquired sufficient and appropriate audit evidence with respect to the financial information of the entities comprising the Group to provide opinions regarding the consolidated financial statements. We were responsible for instruction, supervision and conduct of the Group's audit cases, as well as the

expression of the audit opinions for the Group.

The matters for which we communicated with the governance unit include the planned audit scope and time, as well as major audit findings (including the significant deficiencies of internal control identified during the audit.)

We also provided a declaration of independence to the governance unit, which assured that we complied with the requirements related to independence in the Norm of Professional Ethics for Certified Public Accountant, and communicated all relationships and other matters (including relevant protective measures) which we deemed to be likely to cause a impact on the independence of CPAs to the governance unit.

We determined the key audit matters to be audited in the 2023 consolidated financial statements of Leadtek Research Inc. and its subsidiaries based on the matters communicated with the governance unit. Unless public disclosure of certain matters were prohibited by related laws or regulations or if, in very exceptional circumstances, we determined not to cover such matters in the auditor’s report, as we could reasonably expect that the negative impact of the coverage was greater than the public interest brought thereby, we specified such matters in the auditor’s report.

The engagement partners on the audit resulting in this independent auditors’ report are Szu-Chien and Kaun-Ying Kuo.

KPMG Taiwan

Taipei, Taiwan (Republic of China)
February 26, 2024

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

Leadtek Research Inc. and Subsidiaries

Consolidated Balance Sheets

December 31, 2023 and 2022

Unit: NTD thousand

Code	Assets	12.31.2023 Amount	%	12.31.2022 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note 6(1))	$ 309,350	12	236,872	12
1110	Financial assets measured at fair value through profit or loss - current (Note 6(2))	-	-	4,346	-
1170	Net accounts receivable (Note 6(3))	360,586	14	368,625	18
1200	Other receivables (Notes 6(4) and 7)	596	-	1,011	-
130X	Inventory (Note 6(5))	739,106	28	880,467	43
1421	Prepayment for purchase	655,051	25	37,440	2
1476	Other financial assets - current (Note 8)	72,340	3	78,000	4
1479	Other current assets	67,043	3	22,744	1
		2,204,072	85	1,629,505	80
	Non-current assets				
1550	Investment under equity method (Note 6(6))	4,041	-	3,997	-
1510	Financial assets measured at fair value through profit or loss - non-current (Note 6(2))	30,100	1	30,100	1
1517	Financial assets measured at fair value through other comprehensive income - non-current (Note 6(2))	4,318	-	5,844	-
1600	Property, plant and equipment (Notes 6(7) and 8)	199,895	7	192,806	10
1755	Right-of-use assets (Note 6(8))	65,992	3	49,958	3
1780	Intangible assets (Note 6(9))	4,081	-	5,844	-
1975	Net defined benefit assets - non-current (Note 6(16))	15,028	1	14,379	1
1840	Deferred income tax assets (Note 6(17))	50,498	2	76,156	4
1990	Other non-current assets (Notes 6(10), 7 and 8)	29,986	1	19,657	1
		403,939	15	398,741	20
	Total assets	$ 2,608,011	100	2,028,246	100

Code	Liabilities and equity	12.31.2023 Amount	%	12.31.2022 Amount	%
	Current liabilities:				
2100	Short-term borrowings (Notes 6(11), 7 and 8)	$ 259,797	10	725,635	36
2170	Accounts payable	115,530	4	179,226	9
2200	Other payables (Note 7)	316,623	12	307,805	15
2130	Contractual liabilities - current (Notes 6(20) and 7)	650,246	25	58,295	3
2250	Provision for liabilities - current (Note 6(13))	8,827	-	9,556	-
2280	Lease liabilities - current (Note 6(14))	25,587	1	19,411	1
2399	Other current liabilities	3,646	-	2,510	-
2320	Long-term borrowings due within one year or operating cycle (Notes 6(12), 7 and 8)	98,625	4	72,722	4
		1,478,881	56	1,375,160	68
	Non-current liabilities:				
2540	Long-term borrowings (Notes 6(12), 7 and 8)	20,183	1	52,083	3
2527	Contractual liabilities - non-current (Note 6(20))	53,338	2	54,336	3
2645	Deposit received	2,041	-	2,668	-
2570	Deferred income tax liabilities (Note 6(17))	327	-	1,953	-
2580	Lease liabilities - non-current (Note 6(14))	43,434	2	32,934	1
		119,323	5	143,974	7
	Total liabilities	1,598,204	61	1,519,134	75
	Equity:				
	Equity attributable to parent company shareholders				
3100	Share capital (Note 6(18))	839,460	33	589,460	29
3200	Capital reserve (Note 6(18))	419,475	16	475	-
3310	Legal reserve	-	-	22,787	1
3350	Accumulated profit and loss (Note 6(18))	(232,283)	(9)	(95,862)	(5)
3400	Other equities	(15,565)	(1)	(6,725)	-
	Total equity attributable to parent company shareholders	1,011,087	39	510,135	25
36XX	**Non-controlling equity**	(1,280)	-	(1,023)	-
	Total equity	1,009,807	39	509,112	25
	Significant contingent liabilities and unrecognized contractual commitments (Note 9)				
	Total liabilities and equity	$ 2,608,011	100	2,028,246	100

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

Lu Kun-Shan, Chairman **Lu Kun-Shan, Manager** **Huang Huei-Chin, Chief Accounting Officer**

Leadtek Research Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income

January 1 to December 31, 2023 and 2022

Unit: NTD thousand

		2023		2022	
		Amount	%	Amount	%
4100	**Operating revenue** (Notes 6(20) and 7)	$ 4,276,117	100	5,311,418	100
5000	**Operating cost** (Notes 6(5), 6(13), 6(16), and 12)	3,647,838	85	4,704,607	89
5900	**Gross profit**	628,279	15	606,811	11
6000	**Operating expenses** (Notes 6(3), 6(16) and 12) **:**				
6100	Marketing expense	378,792	9	452,085	8
6200	Administrative expense	150,559	3	111,575	2
6300	Research and development expense	203,806	5	188,631	4
6450	Expected credit impairment loss (gain)	(6,357)	-	6,782	-
		726,800	17	759,073	14
6900	**Net operating loss**	(98,521)	(2)	(152,262)	(3)
7000	**Non-operating revenues and expenses**				
7020	Other gains and losses (Note 6(22))	10,773	-	28,066	-
7100	Interest income	4,128	-	2,105	-
7050	Financial cost	(36,161)	(1)	(25,442)	-
7230	Net foreign exchange gain (loss)	(13,166)	-	(53,383)	(1)
7235	Net gain (loss) on financial assets (labilities) measured at fair value through profit or loss	31	-	(620)	-
7060	Share of profit (loss) in affiliates and joint ventures recognized under equity method (Note 6(6))	120	-	113	-
		(34,275)	(1)	(49,161)	(1)
7900	**Net loss before tax**	(132,796)	(3)	(201,423)	(4)
7950	**Less: Income tax expense (profit)** (Note 6(17))	27,190	1	(5,717)	-
	Net loss for the current period	(159,986)	(4)	(195,706)	(4)
8300	**Other comprehensive income:**				
8310	**Items not reclassified into profit or loss**				
8311	Remeasurement of defined benefit plan (Note 6(16))	651	-	2,555	-
8316	Unrealized gains or losses on investment in equity instruments measured at fair value through other comprehensive income	(1,526)	-	(1,513)	-
8349	Less: Income tax related to items not subject to reclassification (Note 6(17))	130	-	511	-
	Total of items not reclassified into profit or loss	(1,005)	-	531	-
8360	**Items that may be subsequently reclassified to profit or loss**				
8361	Exchange differences on translation of financial statements of foreign operations	(9,068)	-	6,763	-
8370	Share of other comprehensive income in affiliates and joint ventures recognized under equity method (Note 6(6))	(75)	-	56	-
8399	Less: Income tax related to items that may be reclassified (Note 6(17))	(1,829)	-	1,357	-
	Total items that may be subsequently reclassified to profit or loss	(7,314)	-	5,462	-
8300	**Other comprehensive income for the current period**	(8,319)	-	5,993	-
	Total comprehensive income for the current period	$ (168,305)	(4)	(189,713)	(4)
	Net loss attributable to:				
8610	Owner of the parent company	$ (159,729)	(4)	(195,813)	(4)
8620	Non-controlling equity	(257)	-	107	-
		$ (159,986)	(4)	(195,706)	(4)
	Total comprehensive income attributable to:				
8710	Owner of the parent company	$ (168,048)	(4)	(189,830)	(4)
8720	Non-controlling equity	(257)	-	117	-
		$ (168,305)	(4)	(189,713)	(4)
	Basic and diluted loss per share (in dollars) (Note 6(19))				
9750	**Basic loss per share (in dollars)**	$ (2.53)		(3.32)	
9850	**Diluted loss per share (in dollars)**	$ (2.53)		(3.32)	

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

Lu Kun-Shan, Chairman **Lu Kun-Shan, Manager** **Huang Huei-Chin, Chief Accounting Officer**

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

Leadtek Research Inc. and Subsidiaries

Consolidated Statements of Changes in Equity

January 1 to December 31, 2023 and 2022

Unit: NTD thousand

	Equity attributable to parent company shareholders								
			Retained earnings		Other equities				
	Share capital	Capital reserve	Legal reserve	Accumulated profit and loss	Exchange differences on translation of financial statements of foreign operations	Unrealized gain or loss on financial assets measured at fair value through other comprehensive income	Total	Non-controlling equity	Total equity
Balance as of January 1, 2022	$ 535,873	475	-	227,868	2,169	(12,833)	753,552	(1,140)	752,412
Net income (loss) for the current period	-	-	-	(195,813)	-	-	(195,813)	107	(195,706)
Other comprehensive (loss) income for the current period	-	-	-	2,044	5,452	(1,513)	5,983	10	5,993
Comprehensive (loss) income for the current period	-	-	-	(193,769)	5,452	(1,513)	(189,830)	117	(189,713)
Appropriation and distribution of earnings:									
Provision of legal reserve	-	-	22,787	(22,787)	-	-	-	-	-
Common stock cash dividends	-	-	-	(53,587)	-	-	(53,587)	-	(53,587)
Common stock dividends	53,587	-	-	(53,587)	-	-	-	-	-
Balance as of December 31, 2022	**589,460**	**475**	**22,787**	**(95,862)**	**7,621**	**(14,346)**	**510,135**	**(1,023)**	**509,112**
Net loss for the current period	-	-	-	(159,729)	-	-	(159,729)	(257)	(159,986)
Other comprehensive (loss) income for the current period	-	-	-	521	(7,314)	(1,526)	(8,319)	-	(8,319)
Comprehensive (loss) income for the current period	-	-	-	(159,208)	(7,314)	(1,526)	(168,048)	(257)	(168,305)
Appropriation and distribution of earnings:									
Legal reserve to make up loss	-	-	(22,787)	22,787	-	-	-	-	-
Capital increase in cash	250,000	419,000	-	-	-	-	669,000	-	669,000
Balance as of December 31, 2023	**$ 839,460**	**419,475**	**-**	**(232,283)**	**307**	**(15,872)**	**1,011,087**	**(1,280)**	**1,009,807**

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

Lu Kun-Shan, Chairman **Lu Kun-Shan, Manager** **Huang Huei-Chin, Chief Accounting Officer**

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

Leadtek Research Inc. and Subsidiaries
Consolidated Statements of Cash Flows
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

	2023	2022
Cash flow from operating activities:		
Net loss before tax for the current period	$ (132,796)	(201,423)
Adjustment:		
Income and expense		
Depreciation expense	45,021	42,627
Amortization expense	8,207	7,170
Expected credit impairment (reversal gain) loss	(6,357)	6,782
Net (gain) loss on financial assets and labilities measured at fair value through profit or loss	(31)	620
Interest expense	36,161	25,442
Interest income	(4,128)	(2,105)
Share of profit in affiliates and joint ventures recognized under equity method	(120)	(113)
Loss (gain) on disposal of property, plant and equipment	25	(236)
Others	(1)	(230)
Total income and expense	78,777	79,957
Net changes in assets related to operating activities:		
Decrease (increase) of financial assets mandatorily measured at fair value through profit or loss	4,377	(1)
Decrease in notes receivable	-	10,508
Decrease in accounts receivable	14,481	27,162
Decrease (increase) of other receivables	415	(1,002)
Decrease (increase) of inventory	141,369	(229,114)
(Increase) decrease of prepayments	(617,611)	90,115
Increase of other current assets	(31,962)	(8,116)
Others	2	115
Total net changes in assets related to operating activities	(488,929)	(110,333)
Net changes in liabilities related to operating activities:		
Increase in contractual liabilities	590,953	76,714
Decrease in accounts receivable	(63,696)	(49,802)
Increase (decrease) of other payables and other current liabilities	30,393	(50,793)
Decrease in provision for liabilities	(729)	(4,926)
Total net changes in liabilities related to operating activities	556,921	(28,807)
Total net changes in assets and liabilities related to operating activities	67,992	(139,140)
Total adjustment	146,769	(59,183)
Cash inflow (outflow) from operations	13,973	(260,606)
Interest received	4,123	2,105
Interest paid	(38,928)	(22,948)
Income tax paid	(31,462)	(80,251)
Net cash outflow from operating activities	(52,294)	(361,700)
Cash flow from investing activities:		
Acquisition of financial assets measured at fair value through profit or loss	-	(30,100)
Acquisition of property, plant, and equipment	(24,591)	(15,553)
Disposal of property, plant, and equipment	9	352
Increase in refundable deposit	(8,774)	(2,500)
Acquisition of intangible assets	(6,444)	(7,418)
Increase in prepayment for equipment	(2,609)	(1,768)
Decrease (increase) of restricted assets	5,660	(25,004)
Net cash outflow from investing activities	(36,749)	(81,991)
Cash flow from financing activities:		
Increase (decrease) in short-term borrowings	(465,572)	324,682
Borrowing of long-term loans	129,048	30,000
Repayment of long-term borrowings	(135,045)	(80,752)
Decrease in deposit received	(627)	(222)
Repayment of lease principal	(25,850)	(23,778)
Cash dividends payment	-	(53,587)
Capital increase in cash	669,000	-
Net cash inflow from financing activities	170,954	196,343
Effect of exchange rate changes on cash and cash equivalents	(9,433)	7,344
Increase (decrease) in cash and cash equivalents for the current period	72,478	(240,004)
Opening balance of cash and cash equivalents	236,872	476,876
Closing balance of cash and cash equivalents	$ 309,350	236,872

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

Lu Kun-Shan, Chairman **Lu Kun-Shan, Manager** **Huang Huei-Chin, Chief Accounting Officer**

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Leadtek Research Inc. and Subsidiaries
Noted to the Consolidated financial statements
2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

I. Company history

Leadtek Research Inc (hereinafter referred to as the "Company") was founded upon approval granted by the Ministry of Economic Affairs in October 1986. The main business of the Company is the design, manufacturing and trading of communication devices, computers, communications, telecommunications and peripheral equipment. The composition of the Company's consolidated financial statement as of December 31, 2023 includes the Company and subsidiaries (hereinafter referred to as "the Group"). Please refer to Note 4(3) for the main business items of the consolidated subsidiaries.

II. The date and procedure for approval of financial statements

The consolidated financial statements were approved for release by the Board of Directors on February 26, 2024.

III. Applicability of new and revised standards and interpretations

(I) The impact of the adoption of the new and revised standards and interpretations approved and issued by the Financial Supervisory Commission

The Group began to apply the following newly amended IFRSs on January 1, 2023, and there was no significant impact on the consolidated financial statements.

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities Arising from a Single Transaction"

The Group began to apply the following newly amended IFRSs on May 23, 2023, and there was no significant impact on the consolidated financial statements.

- Amendments to IAS 12 "International Tax Reform- Pillar Two Model Rules"

(II) Impact of not adopting the IFRS approved by the Financial Supervisory Commission

As assessed by the Group, the application of the following newly amended IFRSs effective from January 1, 2024 will not cause significant impact on the consolidated 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 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(III) New and revised standards and interpretations not yet approved by the Financial Supervisory Commission

The Group expects that the following new and revised standards not yet been approved will not cause significant impact on the consolidated financial statements.

· Amendments to IFRS No. 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
· Amendment to IAS No. 21 “Lack of Exchangeability”

IV. Summary of significant accounting policies

Significant accounting policies adopted in the consolidated financial statements are summarized as follows. Unless otherwise specified, the following accounting policies have been consistently applied during the presentation period of the consolidated financial statements.

(I) Declaration of compliance

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the “Preparation Regulations”), and the International Financial Reporting Standards, International Accounting Standards, interpretations and the statements of interpretation approved and released by the Financial Supervisory Commission (hereinafter referred to as the “FSC-Approved IFRS”).

(II) Basis of preparation

1. Measurement basis

Except for the following items on the balance sheet, the consolidated financial statements are prepared on the basis of historical cost:

(1) Financial assets measured at fair value through profit or loss as measured at fair value;
(2) Financial assets measured at fair value through other comprehensive income as measured at fair value;
(3) Net defined benefit assets measured at the fair value of the pension fund assets less the present value of the defined benefit obligation and the effect of the upper limit in Note 4(17).

2. Functional currency and presentation currency

Each entity of the Group uses the currency of the main economic environment at the operation location as its functional currency. The consolidated financial statements are presented in the Company’s functional currency, New Taiwan Dollar (NTD). All the financial information presented in NTD uses NTD thousand as the unit.

(III) Basis for consolidation

1. Principles for preparation of consolidated financial statements

The principal part of the consolidated financial statements includes the Company and the entities controlled by the Company (i.e. subsidiaries). When the Company is exposed to the variable remuneration arsing from the participation of an invested entity or is entitled to such variable remuneration, and has the ability to affect this remuneration through its power over such invested entity, the Company controls the entity.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date of acquisition of control over these subsidiaries until the date of loss of control. Transaction between the consolidated companies, balances and unrealized gains and expenses were eliminated when preparing the consolidated financial statements. The total comprehensive income of the subsidiaries is attributed to the owners of the Company and the non-controlling equity, even if the non-controlling equity becomes a deficit balance as a result.

The financial statements of the subsidiaries have been appropriately adjusted to make their accounting policies consistent with those used by the Group.

Changes in the Group's ownership interests in subsidiaries that do not result in a loss of control over the subsidiaries are treated as equity transactions with owners. The difference between the adjusted amount of the non-controlling equity and the fair value of any paid or received consideration is directly recognized in equity and attributable to the owner of the Company.

When the Group loses control of a subsidiary, the assets (including goodwill) and liabilities and non-controlling equity of the former subsidiary measured at the book value on the date when the control is lost are removed from the consolidated financial statements, and the retained investment in the former subsidiary is remeasured at the fair value on the control loss date. The profit or loss on disposal is the difference of the following two items: (1) the total of the fair value of any received consideration and the fair value of the retained investment in the former subsidiary on the date of loss of control, and (2) the total of the assets (including goodwill) and liabilities and non-controlling equity of the former subsidiary measured at the book value on the date when the control is lost. For all the amounts related to the subsidiary previously recognized in other comprehensive income, the accounting treatment shall be performed on the same basis as that on which the Group must observe when directly disposing the relevant assets or liabilities.

2. Subsidiaries included in the consolidated financial statements

Subsidiaries included in the consolidated financial statements include:

Investment Company	Name of Subsidiary	Nature of Business	Percentage of Equity Held 12.31.2023	Percentage of Equity Held 12.31.2022	Description
The Company	Leadtek Holding Inc. (LR BVI)	Investment Holding	100%	100%	
The Company	Leadtek Japan (LR JPY)	Responsible for marketing of the Company's products and provision of after-sales services in Japan.	100%	100%	
The Company	Leadhope International Inc. (Leadhope International)	Software agency, brokerage, trading, and operations	71.36%	71.36%	
The Company	Wegene Technology, Inc. (Wegene)	Research and development, agency, and sales of medical devices and health food	100%	100%	
The Company	Wegene Technology (Samoa) Inc. (Samoa Wegene)	Investment Holding	100%	100%	
The Company	Aiborn Inc. (Aiborn)	Installation of computer equipment and data processing	100%	100%	
LR BVI	Leadtek (Shanghai) Research Inc. (Leadtek Shanghai)	Responsible for promotion, marketing, and service of the Company's products in mainland China.	100%	100%	
Leadhope International	Leadhope (H.K.) Limited (Leadhope (H.K.))	Software agency, brokerage, trading, and operations	100%	100%	
Samoa Wegene	Shengyang Wegene Technology Inc. (Shengyang Wegene)	Production and sale of medical devices	100%	100%	

(IV) Foreign currency

1. Foreign currency transactions

Foreign currencies used in a transaction are translated into functional currency at the exchange rate on the transaction date. At the end of each subsequent reporting period (hereinafter referred to as the "Reporting Date"), monetary foreign currency items are converted into functional currency at the exchange rate of the day. Non-monetary foreign currency items measured at fair value are translated into functional currency at the exchange rate on the date the fair value is measured. Non-monetary foreign currency items measured at historical cost are translated at the exchange rate on the date of transaction

The foreign currency exchange difference arising from translation is usually recognized in profit or loss, but in other comprehensive income in the following circumstances:

(1) Equity instruments designated to be measured at fair value through other comprehensive income;
(2) Financial liabilities designated as hedges of the net investment of foreign operations within the effective range of hedging; or
(3) Qualified cash flow hedges within the effective range of hedging.

2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the presentation currency in the consolidated financial statements at the exchange rate on the reporting date; the income and expense are translated to the presentation currency in the consolidated financial statements at the average exchange rate of the period. The exchange differences incurred are recognized in other comprehensive income.

When disposal of a foreign operation results in loss of control, loss of joint control, or significant influence, all the accumulated exchange differences related to the foreign operation are reclassified as profit or loss. When disposing a subsidiary with a foreign operation partially, related accumulated exchange differences are re-attributed to non-controlling equity on a pro rata basis. When disposing an affiliate or a joint venture with a foreign operation partially, related accumulated exchange differences are re-classified to profit or loss on a pro rata basis.

If there is no settlement plan for monetary receivables or payables of a foreign operation and settlement is impossible in the foreseeable future, the exchange gains and losses arising therefrom are regarded as part of the net investment in the foreign operation and recognized as other comprehensive income.

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

Assets that meet one of the following conditions are classified as current assets; assets other than current assets are classified as non-current assets:

1. The assets are expected to be realized, or intended to be sold or consumed in the normal business cycle;
2. The assets are held mainly for the purpose of trading;
3. The assets are expected to be realized within 12 months after the reporting period; or
4. The assets are in the form of cash or cash equivalents, except for those that are subject to other restrictions on exchange or use to settle a liability at least 12 months after the reporting period.

Liabilities that meet one of the following conditions are classified as current liabilities; liabilities other than current assets are classified as non-current liabilities;

1. The liabilities are expected to be settled in the normal business cycle;
2. The liabilities are held mainly for the purpose of trading;
3. The liabilities are expected due and to be settled within 12 months after the reporting period; or
4. The liabilities are not accompanied with the right to unconditionally defer the settlement period to at least 12 months after the reporting period. The classification of a liability is not affected if the terms of the liability may, at the option of the counterparty, result in its settlement to be conducted by issuing an equity instrument.

(VI) Cash and cash equivalent

Cash includes cash on hand and demand deposits. Cash equivalent is short-term investment of high liquidity that is readily convertible to a fixed amount of cash with insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of fulfilling short-term cash commitments rather than investment or other purposes are reported as cash equivalents.

(VII) Financial instruments

Accounts receivable are initially recognized at the time of incurrence. All other financial assets and financial liabilities are initially recognized when the Group becomes a party of a financial instrument contract. Financial assets that are not measured at fair value through profit or loss (except for the accounts receivable that do not contain significant financial components) or financial liabilities are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance. Accounts receivable that do not contain significant financial components are initially measured at transaction price.

1. Financial assets

Where the purchase or sale of financial assets is in line with customary practices, the Group adopts trade date accounting for all purchases and sales of financial assets classified in the same manner.

At the time of initial recognition, financial assets are classified as financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, or financial assets measured at fair value through profit or loss.

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

(1) Financial assets measured at amortized cost

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

· The financial assets are held under the business model for the purpose of collecting contractual cash flow.

- The cash flow incurring on a specific date in accordance with the contractual terms of the financial assets is solely for the payment of the principal and the interest on the outstanding principal amount.

Such assets are subsequently measured at the initially recognized amount plus or minus the accumulated amortizations calculated under the effective interest method with any adjusted amortized cost of the allowance for loss. Interest income, foreign exchange profit and loss, and impairment loss are recognized in profit or loss. Upon derecognition, the profit or loss is recognized in profit or loss.

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

Investment in liability instruments that meets the following conditions, is not designated to be measured at fair value through profit or loss, and is measured at fair value through other comprehensive income:

- The financial assets are held under the business model for the purpose of collecting contractual cash flow and sale.
- The cash flow incurring on a specific date in accordance with the contractual terms of the financial assets is solely for the payment of the principal and the interest on the outstanding principal amount.

At the time of initial recognition, the Group may make an irrevocable choice at the initial recognition to report the subsequent fair value changes of the investment in equity instruments not held for the purpose of trading as other comprehensive income. The aforementioned choice is made on an instrument-by-instrument basis.

Investment in liability instruments is subsequently measured at fair value. Interest income, foreign currency exchange gains or losses, and impairment losses calculated under the effective interest method are recognized in profit or loss, and the remaining net profits or losses are recognized in other comprehensive income. At the time of derecognition, the accumulated amount of other comprehensive income will be reclassified to profit or loss.

Investment in equity instruments is subsequently measured at fair value. Dividend income (unless obviously representing the recovery of partial investment cost) is recognized in profit or loss. The remaining net profits or losses are recognized as other comprehensive income and not reclassified to profit or loss.

Dividend income from investment in equity 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 gain or loss are measured at fair value through profit or loss, including derivative financial assets. At the time of initial recognition, the Group may irrevocably designate the financial assets that meet the conditions of being measured at amortized cost or at fair value through other comprehensive income as the financial assets measured at fair value through profit and loss to eliminate or significantly reduce accounting mismatch.

Such assets are subsequently measured at fair value, and the net gain or loss (including any dividend and interest income) is recognized in profit or loss.

(4) Assessment of the business model

At the portfolio level, the Group assesses the purpose of the financial assets held under the business model. This can best reflect the management method and provide information to the management. The consideration information includes:

· The policies and objectives of the investment portfolio, and the operation of such policies. These Include whether the management's strategy focuses on earning contractual cash flows, maintaining a specific interest yield portfolio, matching the duration of financial assets with the duration of related liabilities or expected cash outflows, or realizing cash flows by selling financial assets;
· How to evaluate the performance of the business model and the financial assets held under the business model, and how to report to the key management personnel of the enterprise;
· Risks affecting the performance of the business model (and the financial assets held under the business model) and the management of such risks; and
· The sales frequency, amount, and timing of financial assets in previous periods, the reasons for the disposal, and expectations for future sale activities.

Based on the above operating purposes, the transaction of transferring a financial asset to a third party is not a sale referred to above if it does not meet the conditions of derecognition. This is consistent with the purpose that the Group continues to recognize the assets.

Financial assets held for transaction, managed at fair value, and subjected to performance evaluation on such basis are measured at fair value through profit or loss.

(5) Assessment of whether contractual cash flows are fully paid for the principal and interest on the outstanding principal amount

Based on the purpose of the assessment, principal is the fair value of the financial assets at the time of initial recognition, and the interest consists of the following considerations: time value of money, credit risk related to the outstanding principal amount during a specific period, other basic lending risks and costs, and margin of profit.

For the assessment of whether contractual cash flows are fully paid for the principal and interest on the outstanding principal amount, the Group considers the terms of the financial instrument contract, including assessing whether the financial assets is accompanied with a contract clause that changes the time point or amount of the contractual cash flow, resulting in incompliance with this condition. At the time of the assessment, the Group considers the following characteristics:

- Any contingency that will change the time point or amount of the contractual cash flow;
- Any clause that may adjust the contractual coupon rate, including the characteristics of the floating interest rate;
- early repayment and extension; and
- The claim of the Group is limited to the terms of the cash flow from a specific asset (such as that with non-recourse characteristics).

(6) Impairment of financial assets

The Group's financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes receivable and accounts receivable, other receivables, refundable deposits and other financial assets, etc.) and the expected credit loss of the contract assets are recognized in allowance for losses.

The following financial assets have allowance loss measured at the 12-month expected credit loss, and the rest are measured at expected credit loss throughout the duration:

- The credit risk of bank deposits and some other receivables (i.e. the risk of default during the expected duration of the financial instrument) has not increased significantly since the initial recognition.

The loss allowance for accounts receivable and contract assets is measured at expected credit loss throughout the duration.

In determining whether the credit risk has increased significantly since the initial recognition, the Group shall consider reasonable and supporting information (which can be obtained without excessive cost or investment), including qualitative and quantitative information, and the analysis made based on the historical experiences of the Group, credit assessment and forward-looking information.

If the contract amount is overdue for more than 30 days, the Group assumes that the credit risk of the financial asset has increased significantly.

If the contract amount is overdue for more than 180 days, or if the borrower is unlikely to perform its credit obligations and pay the full amount to the Group, the Group deems it to have the default on the financial assets.

The expected credit loss throughout the duration refers to the expected credit loss generated by all possible defaults during the expected duration of a financial instrument.

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

The longest period of measurement of expected credit loss is the longest contract period in which the Group is exposed to credit risk.

The expected credit loss is the probability-weighted estimate of the credit loss during the expected duration of a financial instrument. Credit loss is measured at the present value of all cash shortfalls, which is the difference between the cash flow that the Group can collect in accordance with the contract and the cash flow that the Group expects to collect. Expected credit loss is discounted at the effective interest rate of the financial assets.

On each reporting date, the Group assesses whether the financial assets are credit-impaired based on the amortized cost. When one or more events that adversely affect the estimated future cash flow of a financial asset have occurred, the financial asset has credit impairment. Evidence of credit impairment of financial assets includes the observable data of the following matters:

· The substantial financial difficulties of the borrower or issuer;
· Breach of contract, such as delay or overdue for more than 180 days;
· Due to economic or contractual reasons related to the financial difficulties of the borrower, the Group gives the borrower concessions that it would not consider;
· The borrower is likely to file for bankruptcy or undergo other financial restructuring; or
· The active market for the financial assets disappears due to financial difficulties.

The loss allowance of financial assets measured at amortized cost is deducted from the book value of the assets.

When the Group cannot reasonably expect the recovery of financial assets in whole or in part, it will reduce the total book value of its financial assets directly. For corporate accounts, the Group analyzes the timing and amount of write-off separately on the basis of whether the recovery is reasonably expected. The Group expects that the written-off amount will not reverse significantly. However, the written-off financial assets can still be enforced compulsorily to meet the procedures for the Group to recover the overdue amount.

(7) Derecognition of financial assets

The Group derecognizes financial assets only when the contractual rights with respect to the cash flow from the assets are terminated, or the financial assets have been transferred and almost all the risks and returns with respect to the ownership of the assets have been transferred to other enterprises, or almost none of the risks and returns with respect to the ownership have been transferred or retained and no control of the financial assets has been reserved.

When the Group enters into a transaction to transfer a financial asset, if all or almost all of the risks and returns with respect to the ownership of the transferred asset are retained, it will remain recognized in the balance sheet.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equities

The Group's liability and equity instruments are classified as financial liabilities or equities based on the substance of the contractual agreement and the definition of financial liabilities and equity instruments.

(2) Equity transactions

Equity instrument refers to any contract that represents the Group's remaining equity after deducting all liabilities from the assets. The equity instruments issued by the Group are recognized at the acquisition price net of direct issue costs.

(3) Financial liabilities

Financial liabilities are classified and measured at amortized cost. Other financial liabilities are initially recognized at fair value plus directly attributable transaction cost; subsequently, they are measured at amortized cost under the effective interest method. Interest expense and exchange gain and loss are recognized in profit or loss. Any profit or loss occurring at the time of derecognition is recognized in profit or loss.

(4) Derecognition of financial liabilities

The Group derecognizes financial liabilities when its contractual obligations are fulfilled, canceled, or expired. When the terms of a financial liability are amended and there is a significant difference in the cash flow of the liability after the amendment, the original financial liability is derecognized, and a new financial liability is recognized at fair value based on the amended terms.

When derecognizing financial liabilities, the difference between the book value and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities can offset against each other and have the net amount expressed in the balance sheet only when the Group has a legally enforceable right to offset against each other and has an intention to settle at net amount, or assets are realized and liabilities are repaid at the same time.

(VIII) Inventory

The initial cost of inventories is the necessary expense incurred to make the inventories ready for sale or production and the cost is calculated under the weighted average method. Fixed manufacturing overhead is allocated to finished products and work-in-progress based on the normal production capacity of the production equipment. However, if the actual production capacity is not significantly different from the normal production capacity, it is allocated based on the actual production capacity. Variable manufacturing overhead is allocated based on the actual production. Subsequently, the lower of the cost or net realizable value is used as the basis for the measurement and comparison is made individually. Net realizable value is calculated based on the estimated selling price under normal operations on the balance sheet date less the cost to be input until completion and the sales expense.

(IX) Investment in affiliates

Affiliates are those over which the Group has significant influence, but not control or joint control.

The Group's interests in the affiliated companies are accounted for under the equity method. Under the equity method, investment is initial acquisition is recognized based on the cost. Investment cost includes transaction cost. The book value of an investment in an affiliate includes the goodwill identified at the time of the initial investment less any accumulated impairment loss.

The consolidated financial statements include the profit and loss and other comprehensive income of the invested affiliated companies recognized by the Group, after the adjustment to ensure consistency with its accounting policies, in proportion to the equity ratio from the date of significant influence to the date of loss. When changes in equity, other than profit and loss and other comprehensive income, occur to an affiliated company that does not affect the Group's shareholding percentage in the affiliated company, the part of the equity changes within the scope of the Group's share shall be recognized as a capital reserve in accordance with the shareholding percentage.

The unrealized gains and losses arising from the transactions between the Group and an affiliated company are recognized in the company's financial statements only within the scope of the non-related investor's equity in the affiliated company.

When the Group's share of loss in the affiliates equals or exceeds its equity in the affiliates, the Group stops recognizing its loss and recognizes additional loss and related liabilities only after a legal obligation or constructive obligations occurs or payment on behalf of the invested company is made.

The Group ceases to adopt the equity method from the date on which its investment in an affiliate stops. The retained equity is measured at fair value. The difference between the fair value of the retained equity, as well as the disposal price, and the book value of the investment on the cessation date of the equity method is recognized in the current income. The basis of the accounting for all amounts previously recognized in other comprehensive income and related to the investment is the same as the basis that must be observed if the affiliate directly disposes of relevant assets or liabilities. That is, if the profit or loss previously recognized in other comprehensive income must be reclassified as profit or loss (or retained earnings) when relevant assets or liabilities are disposed, the profit or loss is reclassified from equity to profit or loss (or retained earnings) when the Group ceases to adopt the equity method.

When an affiliated company issues new shares, if the Group fails to subscribe in proportion to its shareholding, resulting in a change in the shareholding percentage and thus causing an increase or decrease in the net equity value of the investment, the increase or decrease is used as a basis for adjustment of the capital reserve and the investment under the equity method; if this adjustment is used to offset capital reserve, but the balance of capital reserve arising from the investment under the equity method is insufficient, the difference is debited to retained earnings. However, if the Group fails to subscribe in proportion to its shareholding, resulting in a decrease in its ownership interest in an affiliated company, the amount related to the affiliated company previously recognized in other comprehensive income is reclassified in proportion to the decrease, and its accounting basis is the same as that affiliated company must observe if it directly disposes of relevant assets or liabilities.

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

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

2. Subsequent costs

Subsequent expenses are capitalized only when their future economic benefits are likely to flow into the Group.

3. Depreciation

Depreciation is calculated based on the cost of the asset less residual value and recognized in profit or loss under the straight-line method within the estimated service life of each component.

Land is not depreciated.

The estimated service lives for the current period and the comparative period are as follows:

(1) Buildings: 25 to 55 years

(2) Molds and testing equipment: 2 to 5 years

(3) Office and other equipment: 1 to 5 years

The major components of plant and equipment mainly include the main structure of the plant, air-conditioning equipment and elevator construction, and are depreciated according to their service lives.

The Group reviews the depreciation method, service lives, and residual value on each reporting date, and makes appropriate adjustment if necessary.

(XI) Lease

The Group assesses, on the contract inception date, whether the contract is or contains a lease. If the contract transfers the control over the use of identified assets for a period of time in exchange for consideration, the contract is or contains a lease.

1. Lessee

The Group recognizes right-of-use assets and lease liabilities on the lease start date. Right-of-use assets are initially measured at cost, which includes the initial measurement of lease liabilities, adjusted for any lease payments paid on or before the lease start date, and added the initial direct cost and the estimated cost of dismantling and removing the underlying asset and restoring its location or the underlying asset, while deducting any lease incentives received.

The subsequent right-of-use assets are depreciated under the straight-line method from the lease start date to the end of their service lives or the expiration of the lease period, whichever is earlier. In addition, the Group regularly assesses whether the right-of-use assets are impaired, settles any impairment losses that have occurred, and adjusts the right-of-use assets if the lease liabilities are remeasured.

Lease liabilities are initially measured at the present value of the unpaid lease payments on the lease start date. If the interest rate implicit in the lease is easy to determine, the discount rate is the interest rate. If it is not easy to determine, the Group's incremental borrowing rate is used. Generally, the Group uses its incremental borrowing interest rate as the discount rate.

Lease payments included in the measurement of lease liabilities include:

(1) Fixed payment, including substantive fixed payment; and

(2) For the variable lease payment that depends on a certain index or rate, the index or the rate on the lease start date is used for initial measurement.

Subsequent interest on lease liabilities is accrued under the effective interest method, and the amount is re-measured when:

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

(2) There is a change in the estimate of whether to exercise the extension or termination option, and thus the assessment of the lease period is changed; and

(3) The subject, scope, or other terms and conditions of the lease are modified.

When the lease liability is remeasured due to the changes in the index or rate used to determine the lease payment and in the estimate of whether to exercise the extension or termination option, the book value of the right-of-use assets is adjusted correspondingly. The remaining re-measured amount is recognized in the profit or loss when the book value of the right-of-use assets is reduced to zero.

For a lease modification that reduces the scope of the lease, the book value of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between the this and the remeasured amount of the lease liability is recognized in profit or loss.

The Group presents the 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 the short-term lease of office, transportation equipment and other equipment leases and low-value underlying asset leases, the Group chooses not to recognize right-of-use assets and lease liabilities, but to recognize relevant lease payments as expenses based on the straight-line during the lease period.

Sale and leaseback transaction is based on the assessment of whether the transfer of assets to a buyer and lessor satisfies the requirements of a sale in accordance with IFRS 15. If it is determined to be a sale, the assets are derecognized and the right transferred to the buyer and lessor is recognized in the relevant profit and loss. The leaseback transaction shall be subject to the lessee's accounting model. The right-of-use assets are measured at the amount originally presented on the book for the leaseback part; if it is judged that the requirement for treatment as a sale is not met, it is treated as financing.

The Group has adopted the practical expediency for rent reductions that meet all of the following conditions without assessing whether they are lease modifications:

(1) Rent reduction is a direct result of the COVID-19 pandemic;

(2) The consideration for the lease altered as a result of the change in lease payment is almost equal to or smaller than the consideration for the lease before the change;

(3) Any reduction in lease payments only affects the payments originally due before June 30, 2022; and

(4) There is no substantive change in other terms and conditions of the lease.

Under the practical expediency, when rent reduction results in changes in lease payments, the change is recognized in profit or loss when the event or circumstance activating the rent reduction occurs.

2. Lessor

For transactions in which the Group is a lessor, the lease contract is classified on the lease date according to whether almost all the risks and returns attached to the ownership of the underlying asset are transferred; if yes, the lease contract is classified as a financing lease; otherwise, it is classified as an operating lease. When making the evaluation, the Group considers relevant specific indicators including whether the lease period covers the main part of the economic life of the underlying assets.

If the Group is a sub-lessor, it shall manage the main lease and sublease transactions separately, and use the right-of-use assets generated from the main lease to assess the classification of the sublease transactions. If the main lease is a short-term lease and the recognition exemption is applicable, the sublease transaction of the main lease shall be classified as an operating lease.

(XII) Intangible assets

1. Recognition and measurement

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

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

Development expenditure shall be capitalized only when the type of development expenditure can be reliably measured, the technical or commercial feasibility of the product or process has been achieved, economic benefits are likely to flow into the Group, and the Group intends and has sufficient resources to complete, make use of or sell the development. Other development expenditures are recognized in profit or loss when incurred. After initial recognition, the capitalized development expenditure is measured at its cost less accumulated amortization and accumulated impairment.

The intangible assets with limited service life acquired by the Group, including patents and trademarks, are measured at cost less accumulated amortization and accumulated impairment.

2. Subsequent expenses

Subsequent expenses are capitalized only when they increase the future economic benefits of the relevant specific assets. All other expenses are recognized as income upon occurrence, including the goodwill and brand developed internally.

3. Amortization

Except for goodwill, the amortization is calculated based on the cost of assets less the estimated residual value, and is recognized in profit or loss under the straight-line method over the estimated service life from the time point when intangible assets reach their usable state.

The estimated service lives for the current period and the comparative period are as follows:

(1) Patents and trademarks 5~6 years

(2) Cost of computer software 1~5 years

(3) Game software licensing fee 1~5 years

(4) The right to use patent is amortized evenly over the shorter of the contract period, other licensing terms, or beneficial years within 10 years.

The Group reviews the amortization method, service lives, and residual value of intangible assets on each reporting date and makes appropriate adjustments if necessary.

(XIII) Impairment of non-financial assets

The Group assesses whether there is any indication of possible impairment of the book value of non-financial assets (except assets arising from inventories, deferred income tax assets, and employee benefits). If any sign exists, the recoverable amount of the asset shall be estimated. Goodwill is subjected to impairment test annually.

For the purpose of impairment testing, the group of assets whose cash inflow is mostly independent of other individual assets or asset groups is recognized as the smallest identifiable asset group. The goodwill acquired in a business merger is amortized to each cash-generating unit or each cash-generating unit group that is expected to benefit from the synergy of the merger.

The recoverable amount is the fair value of an individual asset or a cash-generating unit less the cost of disposal and its value in use, whichever is higher. If the recoverable amount of an individual asset or a cash-generating unit is lower than the book value, it is recognized as impairment loss.

The impairment loss is immediately recognized in the current profit and loss, and the book value of the amortized goodwill of the cash-generating unit is reduced first, and then the book value of each asset is reduced in proportion to the book value of other assets in the unit.

The impairment loss of the goodwill shall not be reversed. The non-financial assets other than goodwill can only be reversed within the book value (less depreciation or amortization) determined for the assets if, with respect to such assets, no impairment loss was recognized in previous years.

(XIV) Provision for liabilities

Provision for liabilities shall be recognized when the Group has a present obligation as a result of an event in the past, and it is likely that the Group requires an outflow of economic benefits to fulfill the obligation in the future, and the amount of the obligation can be estimated reliably. The provision for liabilities is discounted at the pre-tax discount rate that reflects the assessment of the time value of money and specific risk of liabilities on the current market; the amortization of the discount is recognized as interest expense.

The warranty provisions are recognized when the product or service is sold. The provisions are based on the historical warranty information and all possible outcomes weighted by the relevant probability.

(XV) Revenue recognition

1. Revenue from customer contracts

Revenue is measured based on expected consideration for the right to be obtained from transfer of goods or services. The Group recognizes revenue when the control of the product or labor service is transferred to the customer and the performance obligation is satisfied. The main income items of the Group are described as follows:

(1) Sale of goods

The Group manufactures and sells electronic products to downstream manufacturers. The Group recognizes the income when the control of the product is transferred. The transfer of control of the product means that the product has been delivered to the customer, and the customer can fully determine the sales channel and price of the product, and there are no outstanding obligations that would affect the customer’s acceptance of the product. Delivery occurs when the product is delivered to a specific location, the obsolescence and risk of loss have been transferred to the customer, and the customer has accepted the product in accordance with the sales contract, and the acceptance terms have become invalid, or the Group has objective evidence to determine that all acceptance conditions have been met.

The Group provides a standard warranty for electronic products and thus is obligated to refund the defective products, and warranty provisions have been recognized in response to such obligation.

The Group recognizes the accounts receivable when the goods are delivered, because the Group has the right to unconditionally receive the consideration at that time.

(2) Royalty income

If the nature of the Group's authorization commitment to a customer is to provide the customer with the right to access the software and corporate intellectual property existing during the authorization period, the income is recognized gradually over the agreed period.

If the nature of the Group's authorization commitment to a customer is to provide the customer with the right to use the corporate intellectual property that already exists at the time of authorization, the income is recognized when the authorization is transferred to the customer.

(3) Labor service income

The Group provides labor and consulting services, and the related income is recognized during the financial reporting period when labor services are provided. For fixed price contracts, income is recognized based on the proportion of the services actually provided to the total services as of the reporting date. The proportion is determined by the services performed as a percentage of the total services to be performed.

(4) Financial components

The Group expects that all customer contracts specify a period of no more than one year between transferring goods or services to customers and the customer's payment for such goods or services. Therefore, the Group does not adjust the time value of money of the transaction price.

(XVI) Cost of contracts with customers

1. Cost of fulfilling the contract

If the cost of performing a contract with customers is not within the scope of other standards (IAS 2 "Inventory", IAS 16 "Property, Plant and Equipment" or IAS 38 "Intangible Assets"), the Group will only recognizes such cost as an asset if it is directly related to a contract or a explicitly identifiable expected contract, can generate or strengthen resources that will be used to meet (or continue to meet) the performance obligation in the future, and is expected to be recoverable.

General and administrative costs; costs of raw materials, labor or other resources wasted in fulfillment of the contract but not reflected in the contract price; costs associated with fulfilled (or partially fulfilled) performance obligations; and costs for which it is difficult to identify whether they are associated with unfulfilled or fulfilled (or partially fulfilled) performance obligations are recognized as expenses when incurred.

(XVII) Employee benefits

1. Defined contribution plan

The contribution obligation of the defined contribution plan is recognized as an expense within the service period of the employee. Prepayments that will result in a refund or reduction of future payments are recognized as an asset.

2. Defined benefit plan

The net obligation that the Group bears to the defined benefit plan is calculated by converting to the present value based on the future benefit amount earned by the employees from the services in the current or previous period under each benefit plan, and the fair value of any planned assets shall be deducted.

Defined benefit obligations are calculated annually by a qualified actuary under the projected unit benefit method. When the calculation result may be favorable to the Group, the assets recognized shall be limited to the present value of any economic benefits that can be derived from the refund of the contribution under the phan or from the reduction of the contribution under the plan in the future. When calculating the present value of the economic benefits, the minimum capital contribution required is taken into account.

The remeasurement of the net defined benefit liability, including actuarial gains and losses, planned asset returns (excluding interest), and any change in the impact of asset ceilings (excluding interest) is immediately recognized in other comprehensive income and accumulated in retained earnings. The Group determines the net interest expense (revenue) of the net defined benefit liabilities (assets) using the net defined benefit liabilities (assets) and discount rate determined at the beginning of the reporting period. The net interest expense and other expenses of the defined benefit plan are recognized in profit or loss.

When the plan is revised or curtailed, the changes in benefits related to the service cost in the previous period or the curtailment of profit or loss are immediately recognized as profit or loss. When the settlement occurs, the Group recognizes the settlement gain or loss of the defined benefit plan.

3. Termination benefits

Termination benefits refer to the provision of termination benefits by the Group to terminate the employment contract of an employee or an employee group before the normal retirement date, or to encourage employees to voluntarily accept redundancy. When the Group is no longer able to revoke the offer of such benefits or related restructuring costs, the one that occurs earlier is recognized as expenses. If the termination benefits are not expected to be fully settled within 12 months after the reporting date, they shall be discounted.

4. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are recognized as expenses when the related services are rendered.

For the short-term cash bonus or the amount expected to be paid under the bonus plan, if the Group has a present legal or constructive obligation to pay for the services rendered by employees in the past and such obligation can be estimated reliably, the amount is recognized as a liability .

(XVIII) Income tax

Income tax includes current income tax and deferred income tax. Except for those related to business combination and recognized directly in equity or other comprehensive income, current income tax and deferred income tax shall be recognized in profit or loss.

The Group determines that the interest or penalty related to income tax (including the uncertain tax treatment) does not meet the definition of income tax, and therefore the accounting treatment of IAS 37 is applied.

If the Group judges that the supplementary tax payable under the minimum tax burden in pillar two falls within the scope of IAS 12 “Income Taxes”, and the temporary mandatory exemption of the accounting treatment for the deferred tax related to supplementary tax has been applied, the actually incurred supplementary tax is recognized as income tax for the current period.

The current income tax includes the expected income tax payable or tax refund receivable calculated based on the taxable income (loss) of the current year, and any adjustment to the income tax payable or tax refund receivable of the previous year. The amount reflects the uncertainty (if any) of income tax, and is the best estimate of the expected payment or receipt at the statutory tax rate or tax rate substantially enacted on the reporting date.

Deferred income tax is measured and recognized based on the temporary differences between the book value of assets and liabilities on the reporting date and their tax bases. Temporary differences arising from the following circumstances shall not be recognized as deferred income tax:

1. Assets or liabilities that are initially recognized in a transaction that is not a business

merger, and do not affect accounting profits and taxable income (losses) at the time of the transaction;

2. For the temporary differences arising from investments in subsidiaries, affiliates and joint ventures, for which the Group can control the time point of the temporary difference reversal and the reversal will very likely not occur in the foreseeable future; and
3. The taxable temporary difference arising from the initial recognition of goodwill.

Deferred income tax is measured at the tax rate at which the temporary difference is expected to be reversed, using the statutory tax rate or substantive tax rate on the reporting date, and has reflected income tax-related uncertainty, if any.

The Group will offset the deferred income tax assets and liabilities when all of the following conditions are met:

1. Has the legally enforceable right to offset current income tax assets and current income tax liabilities; and
2. Deferred income tax assets and deferred income tax liabilities are related to one of the following tax entities on which taxed are levied by the same taxation authority;
   (1) The same tax entity; or
   (2) Different tax entities, but each taxpayer intends to settle the current income tax liabilities and assets on a net basis, or realize the assets in a future period when a significant amount of deferred income tax assets are expected to be recovered and deferred income tax liabilities are expected to be settled, or settle the liabilities at the same time.

Unused tax losses and unused income tax credits carried forward and deductible temporary differences are recognized as deferred income tax assets within the range of future taxable income that is likely to be available for use. The Group shall make evaluation again on each reporting date, and adjust the relevant income tax benefits to the extent that they are not very likely to be realized; reverse the already reduced amount to the extent that the income is very likely to become high enough for taxation.

The additional profit-making enterprise income tax on the undistributed earnings of the Company and its subsidiaries in the ROC is recognized as income tax expense for the period after the profit distribution proposal is approved by the shareholders' meeting of the following year.

(XIX) Earnings (loss) per share

The Group shows basic and diluted earnings (loss) per share attributable to the Company's common stock shareholders. The Group's basic earnings (loss) per share is calculated by taking the profit or loss attributable to the Company's common stock shareholders, divided by the weighted average number of the outstanding common stock shares during the period. Diluted earnings (loss) per share is calculated by adjusting the effect of all potential diluted common stocks for the profit and loss attributable to the Company's common stock shareholders and the weighted average number of outstanding common stocks, respectively.

(XX) Segment information

The operating segment is a component of the Group and is engaged in business activities that may earn revenue and incur expenses (including revenue and expenses related to transactions with other components of the Group). The operating results of all operating segments are regularly reviewed by the chief operating decision maker of the Group to make decisions on the allocation of resources to each segment and to evaluate its performance. Each operating segment has its own financial information.

V. Major sources of accounting judgment, estimates, and assumptions uncertainty

When preparing the consolidated financial statements in accordance with the IFRS approved by the FSC, the management must make judgments, estimates and assumptions that will affect the adoption of accounting policies and the amount of assets, liabilities, revenues and expenses. Actual results may differ from estimates.

The management continues to review the estimates and underlying assumptions, and changes in accounting estimates are recognized in the change period and the affected future period.

The accounting policy involves significant judgment and has a significant impact on the amount that has been recognized in the consolidated financial statements: None.

The uncertainty of the following assumptions and estimates has a significant risk of causing a significant adjustment to the book value of assets and liabilities in the next fiscal year. The relevant information is inventory valuation.

Inventories shall be measured at the lower of cost or net realizable value and the inventory cost shall be offset down to the net realizable value. The inventory valuation is based on the estimated future selling price, and thus it may change due to rapid alteration of the industry. Please refer to Note 6(5) for inventory valuation and estimation.

VI. Description of significant accounting items

(I) Cash and cash equivalent

		12.31.2023	12.31.2022
Foreign currency and petty cash on hand	$	129	120
Check deposit		3,541	2,340
Demand deposit		305,680	234,412
	$	309,350	236,872

For the disclosure of the interest rate risk, exchange rate risk and sensitivity analysis of the Group's financial assets, please refer to Note 6(23).

(II) Financial assets

		12.31.2023	12.31.2022
Non-derivative financial assets mandatorily measured at fair value through profit or loss-current			
Beneficiary certificate-fund	$	-	4,346
Non-derivative financial assets mandatorily measured at fair value through profit or loss-non-current			
Foreign convertible bonds		30,100	30,100
Equity instrument measured at fair value through other comprehensive income-non-current			
Stocks not listed on TWSE (TPEx)		4,318	5,844
	$	34,418	40,290

The Group purchased the convertible corporate bonds to the amount of NTD 30,100 thousand issued by H3 Platform Inc. in September 2022. The bonds are classified as financial assets mandatorily measured at fair value through profit or loss.

The investment in equity instruments measured at fair value through other comprehensive income held by the Group is a long-term strategic investment and is not held for trading purposes, so it has been designated to be measured at fair value through other comprehensive income.

The Group did not dispose of strategic investment in 2023 and 2022, and the accumulated gain or loss during that period was not transferred within the equity.

Please refer to Note 6(23) for credit risk and market risk information.

As of December 31, 2023 and 2022, no financial assets of the Group were pledged as collateral.

(III) Notes and accounts receivable

	12.31.2023	12.31.2022
Accounts receivable - measured at amortized cost	363,546	378,027
Less: Allowance for loss	(2,960)	(9,402)
	$ 360,586	368,625

The Group estimates the expected credit loss for all notes and accounts receivable under the simplified method, that is, using the expected credit loss throughout the duration for measurement. For this, the notes and accounts receivable are grouped based on the ability to make payment of all the amounts due according to the contractual terms and the common credit risk characteristics of the trade credit insurance. Forward-looking informationtrade credit insurance information has been included, including macroeconomic and relevant industry information. The expected credit loss on the notes and accounts receivable of the Group is analyzed as follows:

	12.31.2023		
Account age interval	**Book value of accounts receivable**	**Weighted average rate of expected credit loss**	**Allowance for expected credit loss throughout duration**
0 - 90 days	$ 352,375	0.20%	710
91 - 120 days	8,812	2.00%	176
121 - 180 days	174	10.00%	17
181 - 365 days	257	50.00%	129
More than 366 days	1,928	100.00%	1,928
	$ 363,546		2,960

	12.31.2022		
	Book value of accounts receivable	**Weighted average rate of expected credit loss**	**Allowance for expected credit loss throughout duration**
0 - 90 days	$ 301,021	0.20%	600
91 - 120 days	1,770	2.00%	36
121 - 180 days	73,690	10.00%	7,369
181 - 365 days	297	50.00%	148
More than 366 days	1,249	100.00%	1,249
	$ 378,027		9,402

The changes in the loss allowance for notes and accounts receivable of the Group are as follows:

	2023	2022
Opening balance	$ 9,402	2,933
Recognized impairment loss (reversal gain)	(6,357)	6,782
Irrecoverable amount written off in current year	-	(319)
Foreign exchange gain or loss	(85)	6
Closing balance	$ 2,960	9,402

Please refer to Note 6(23) for credit risk information.

The Group and the Bank of Beijing entered into a non-recourse factoring contract. According to the contract, the Group shall apply to the cooperation platform of the Bank of Beijing for transfer of the creditor's rights of accounts receivable within the factoring limit provided by the bank, and no collateral is required within the factoring limit. The ability of the debtor of accounts receivable to pay at the time of this transfer and the fulfillment of the debt is classified as the transfer of the creditor's rights of accounts receivable without the right of recourse. When the creditor's rights of accounts receivable is transferred, the Group acquires all the receivables of the creditor's rights after deducting the interest paid at the agreed interest rate during the period from the date of transfer to the date of payment by the customer. Since the Group has transferred almost all the risks and returns with respect to the ownership of the above accounts receivable and has not continuously participated in it, the conditions for derecognition of financial assets are met. As of December 31, 2023 and 2022, the amount under the transferred creditor's rights has been fully received.

12.31.2023					
Transferee	**Amount of accounts receivable transferred**	**Amount of credit**	**Amount received (derecognized amount)**	**Interest rate range**	**Guarantee item**
Bank of Beijing	$ -	129,810	-	4.22%	None

12.31.2022					
Transferee	**Amount of accounts receivable transferred**	**Amount of credit**	**Amount received (derecognized amount)**	**Interest rate range**	**Guarantee item**
Bank of Beijing	$ -	132,240	-	5.22%	None

(IV) Other receivables

	12.31.2023	12.31.2022
Other receivables - related parties	$ 26,596	26,596
Other receivables	596	1,011
Less: Allowance for loss	(26,596)	(26,596)
	$ 596	1,011

The changes in the loss allowance for other receivables of the Group are as follows:

	2023	2022
Opening balance	$ 26,596	28,024
Irrecoverable amount written off in current year	-	(1,428)
Closing balance	$ 26,596	26,596

Please refer to Note 6(23) for credit risk information.

(V) Inventory

	12.31.2023	12.31.2022
Raw material	$ 97,007	106,039
Work-in-process/semi-finished product	606,226	743,571
Finished product	35,873	30,857
	$ 739,106	880,467

The inventory related expenses recognized by the Group in 2023 and 2022 are as follows:

	2023	2022
Loss on inventory devaluation and obsolescence (gain from price recovery)	(170,380)	220,996

As of December 31, 2023 and 2022, no inventories of the Group were pledged as collateral.

(VI) Investment under equity method

1. The investment of the Group under the equity method on the reporting date is as follows:

	12.31.2023	12.31.2022
Affiliated company	$ 4,041	3,997

2. For the affiliated companies of the Group that use the equity method and are individually insignificant, the financial information is summarized as follows. This information is the amount included in the consolidated financial statements of the Group:

	12.31.2023	12.31.2022
Closing summarized book value of equity in individually insignificant affiliated companies	$ 4,041	3,997

	2023	2022
Shares attributable to the Group:		
Net profit of continuing operations for current period	$ 120	113
Other comprehensive income	(75)	56
Total comprehensive income	$ 45	169

3. Disclosure of contingent liabilities

The Group does not share the contingent liabilities of any affiliated companies with other investors, or have contingent liabilities arising from assuming several liability for the debts of the affiliated companies.

4. Guarantee

As of December 31, 2023 and 2022, no investment of the Group under equity method was pledged as collateral.

(VII) Property, plant and equipment

The changes in the property, plant and equipment of the Group as of 2023 and 2022 are as follows:

	Land	Buildings and Construction	Machinery and Equipment	Office Equipment and Others	Total
Cost or deemed cost:					
Balance on January 1, 2023	$ 130,582	101,668	235,612	37,000	504,862
Addition	-	3,887	12,391	8,313	24,591
Disposition	-	(66)	(10,659)	(915)	(11,640)
Transfer in (out)	-	-	986	-	986
Effect of changes in foreign exchange rate	-	-	-	(150)	(150)
Balance on December 31, 2023	$ 130,582	105,489	238,330	44,248	518,649
Balance on January 1, 2022	$ 130,582	99,103	225,957	36,372	492,014
Addition	-	2,565	11,483	1,505	15,553
Disposition	-	-	(2,379)	(986)	(3,365)
Transfer in (out)	-	-	551	-	551
Effect of changes in foreign exchange rate	-	-	-	109	109
Balance on December 31, 2022	$ 130,582	101,668	235,612	37,000	504,862

	Land	Buildings and Construction	Machinery and Equipment	Office Equipment and Others	Total
Depreciation or impairment loss:					
Balance on January 1, 2023	$ -	60,220	218,349	33,487	312,056
Current depreciation	-	3,468	11,938	3,076	18,482
Disposition	-	(66)	(10,659)	(881)	(11,606)
Transfer out	-	-	(59)	-	(59)
Effect of changes in foreign exchange rate	-	-	-	(119)	(119)
Balance on December 31, 2023	$ -	63,622	219,569	35,563	318,754
Balance on January 1, 2022	$ -	56,286	211,639	30,397	298,322
Current depreciation	-	3,934	9,592	3,882	17,408
Disposition	-	-	(2,379)	(870)	(3,249)
Transfer out	-	-	(503)	-	(503)
Effect of changes in foreign exchange rate	-	-	-	78	78
Balance on December 31, 2022	$ -	60,220	218,349	33,487	312,056
Book value:					
December 31, 2023	$ 130,582	41,867	18,761	8,685	199,895
January 1, 2022	$ 130,582	42,817	14,318	5,975	193,692
December 31, 2022	$ 130,582	41,448	17,263	3,513	192,806

For management purposes, the Group leases out the floors of its office building and leases other floors of the same building for business use. The purpose of leasing out the assets is not to earn a rental or increase the value, so they are classified as fixed assets.

The property, plant and equipment as of December 31, 2023 and 2022 were partially provided as collateral to acquire a short-term loan for purchase of materials. Please refer to Note 8.

(VIII) Right-of-use assets

The changes in the provision or reversal for the cost, depreciation and impairment loss of the right-of-use assets recognized by the Group for leasing Buildings and Construction and transportation equipment are as follows:

	Buildings and Construction	Transportation Equipment	Total
Right-of-use assets cost			
Balance on January 1, 2023	$ 129,245	4,891	134,136
Addition	42,641	683	43,324
Disposition	-	(1,445)	(1,445)
Effect of changes in foreign exchange rate	(1,426)	-	(1,426)
Balance on December 31, 2023	$ 170,460	4,129	174,589
Balance on January 1, 2022	$ 84,926	3,836	88,762
Addition	54,186	1,580	55,766
Disposition	(10,007)	(525)	(10,532)
Effect of changes in foreign exchange rate	140	-	140
Balance on December 31, 2022	$ 129,245	4,891	134,136
Accumulated depreciation and impairment loss of right-of-use assets:			
Balance on January 1, 2023	$ 81,683	2,495	84,178
Current depreciation	25,261	1,278	26,539
Disposition	-	(1,352)	(1,352)
Effect of changes in foreign exchange rate	(768)	-	(768)
Balance on December 31, 2023	$ 106,176	2,421	108,597
Balance on January 1, 2022	$ 60,576	1,445	62,021
Current depreciation	23,878	1,341	25,219
Disposition	(3,007)	(291)	(3,298)
Effect of changes in foreign exchange rate	236	-	236
Balance on December 31, 2022	$ 81,683	2,495	84,178
Book value:			
December 31, 2023	$ 64,284	1,708	65,992
January 1, 2022	$ 24,350	2,391	26,741
December 31, 2022	$ 47,562	2,396	49,958

(IX) Intangible assets

The changes in the intangible assets of the Group as of 2023 and 2022 are as follows:

	Patent Rights	Computer Software Cost	Game Software Licensing Fee	Patent License and Others	Total
Cost:					
Balance on January 1, 2023	$ 3,650	40,227	-	80,083	123,960
Acquired separately	-	6,444	-	-	6,444
Disposition	-	(77)	-	-	(77)
Balance on December 31, 2023	$ 3,650	46,594	-	80,083	130,327
Balance on January 1, 2022	$ 3,650	32,809	7,403	80,083	123,945
Acquired separately	-	7,418	-	-	7,418
Disposition	-	-	(7,993)	-	(7,993)
Effect of changes in foreign exchange rate	-	-	590	-	590
Balance on December 31, 2022	$ 3,650	40,227	-	80,083	123,960
Amortization and impairment loss:					
Balance on January 1, 2023	$ 3,328	36,613	-	78,175	118,116
Current amortization	96	7,536	-	575	8,207
Disposition	-	(77)	-	-	(77)
Balance on December 31, 2023	$ 3,424	44,072	-	78,750	126,246
Balance on January 1, 2022	$ 3,232	30,306	7,403	77,408	118,349
Current amortization	96	6,307	-	767	7,170
Disposition	-	-	(7,993)	-	(7,993)
Effect of changes in foreign exchange rate	-	-	590	-	590
Balance on December 31, 2022	$ 3,328	36,613	-	78,175	118,116
Book value:					
December 31, 2023	$ 226	2,522	-	1,333	4,081
January 1, 2022	$ 418	2,503	-	2,675	5,596
December 31, 2022	$ 322	3,614	-	1,908	5,844

(X) Prepayments

The Group signed a game software licensing contract with a game developer and paid licensing fees. As of December 31, 2018, the balance before recognizing impairment losses was NTD 140,245 thousand. Since relevant tests have not been completed, the balance was recorded under other non-current assets.

In December 2017, the independent evaluation institution assisted the Group in determining the recoverable amount of the game with part of the prepaid licensing fee. The recoverable amount was based on its use value. After evaluating the game software with part of the prepaid licensing fee, the economic benefits of the software that might be generated in the future was lower than the book value, and thus an impairment loss of NTD 89,465 thousand was recognized; in December 2018, the evaluation of the development progress of the game software with prepaid licensing fee, the feasibility of operation and the economic benefits that might be generated in the future and was lower than the book value resulted in an impairment loss of NTD 54,750 thousand recorded in other impairment loss. In December 31, 2018, the balance of the above-mentioned prepaid game software licensing fee after the recognition in impairment loss was NTD 0 thousand.

The Group signed an agreement with the game developer in May 2019. The Group agreed that the game developer could release the game in Europe and the United States through another game operator. the game developer agreed to pay no less than US$ 2 million to the Group within two years after the release. This amount contain the game software licensing fee and royalty. The above-mentioned game software was released in November 2019. In consideration of the operation status of the game and the possible performance risk, the Group assessed that there was high uncertainty in the collection of the above-mentioned receivables. Therefore, The Group reverse the impairment losses recognized in previous years to the extent of the amount received. No Impairment reversal profit was recognized in 2023 and 2022.

(XI) Short-term borrowings

	12.31.2023	12.31.2022
Unsecured bank loans	$ -	318,765
Secured bank loans	244,700	406,870
Unsecured loans from non-financial institutions	15,097	-
	$ 259,797	725,635
Unused credit limit	$ 493,890	94,060
Interest rate range	1.985%~7.581%	1.36%~5.55%

1. The Group entered into a repurchase agreement with the goods in stock as the transaction subject in September 2023 and obtained funds from FCB Leasing Co., Ltd. The loan will be repaid in 12 installments starting from October 2023. As of December 31, 2023, the outstanding amount was NTD 15,097 thousand.
2. For the information on the Group's interest rate, exchange rate and liquidity risk exposure, please refer to Note 6(23).
3. The Group's borrowings are jointly guaranteed by some of its key management personnel. Please refer to Note 7.

4. Please refer to Note 8 for the Group's assets pledged as collateral for bank loans.

(XII) Long-term loans

		12.31.2023	12.31.2022
Unsecured bank loans	$	8,372	17,460
Secured bank loans		33,397	78,962
Unsecured loans from non-financial institutions		77,039	28,383
Less: The part due within one year		98,625	72,722
	$	20,183	52,083
Unused credit limit	$	-	-
Interest rate range		2.475%~6.0874%	1.85%~4.2251%

1. The secured loans from financial institutions are guaranteed by the Small & Medium Enterprise Credit Guarantee Fund of Taiwan.
2. The Group entered into a repurchase agreement with the goods in stock as the transaction subject in November 2022 and obtained funds from Co-operative Assets Management Co. Ltd. The loan will be repaid in 18 installments starting from December 2022. As of December 31, 2023 and 2022, the outstanding amount was NTD 0 thousand and NTD 28,383 thousand.
3. The Group entered into a repurchase agreement with the goods in stock as the transaction subject in February 2023 and obtained funds from Hotai Finance Co., Ltd. The loan will be repaid in 18 installments starting from March 2023. As of December 31, 2023, the outstanding amount was NTD 8,643 thousand.
4. The Group entered into a repurchase agreement with the goods in stock as the transaction subject in February 2023 and obtained funds from Infinite Finance Co., Ltd. The loan will be repaid in 24 installments starting from March 2023. As of December 31, 2023, the outstanding amount was NTD 14,951 thousand.
5. In February 2023, the Group entered into a repurchase agreement with the goods in stock as the transaction subject and obtained funds from CTBC Finance Co., Ltd. The loan will be repaid in 18 installments starting in March 2023. As of December 31, 2023, the outstanding amount was NTD 11,348 thousand.
6. The Group entered into a repurchase agreement with the goods in stock as the transaction subject in June 2023 and obtained funds from Sinopac Leasing Corporation. The loan will be repaid in 18 installments starting from July 2023. As of December 31, 2023, the outstanding amount was NTD 20,204 thousand.
7. The Group entered into a repurchase agreement with the goods in stock as the transaction subject in July 2023 and obtained funds from HUA NAN International Co., Ltd. The loan

will be repaid in 18 installments starting from August 2023. As of December 31, 2023, the outstanding amount was NTD 21,893 thousand.

8. The balance of the long-term borrowings as of December 31, 2023 and the future repayment status are as follows:

Term	Amount
1.1.2024~12.31.2024	$ 98,625
1.1.2025~12.31.2025	15,516
1.1.2026~08.13.2026	4,667
	$ 118,808

9. For the information on the Group’s interest rate and liquidity risk exposure, please refer to Note 6(23).
10. The Group’s borrowings are jointly guaranteed by some of its key management personnel. Please refer to Note 7.
11. Please refer to Note 8 for the Company’s assets pledged as collateral for long-term loans.

(XIII) Warranty provisions

The warranty provisions of the Group are related to the sale of electronic products. The warranty provisions are estimated based on the historical warranty data of similar products. The warranty provisions on December 31, 2023 and 2022 were NTD 8,827 thousand and NTD 9,556 thousand, respectively.

(XIV) Lease liabilities

The book value of the Group’s lease liabilities is as follows:

	12.31.2023	12.31.2022
Current	$ 25,587	19,411
Non-current	$ 43,434	32,934

Please refer to Note 6(23) Financial Instruments for maturity analysis.

The amount of expenses (benefits) recognized in profit or loss is as follows:

	2023	2022
Interest expense of lease liabilities	$ 2,784	2,127
Expense of short-term lease	$ 485	579
COVID-19 related rent reduction (recorded under other income)	$ (243)	(1,221)
Other rent reductions (recorded under other income)	$ (468)	-

The amount recognized in the statement of cash flow is as follows:

	2023	2022
Total cash outflow from lease	$ 28,408	25,263

1. Lease of Buildings and Construction

   The Group leases Buildings and Construction for offices. The lease term is usually one to five years. Some of the leases have an option to extend the lease term to a period as same as that specified in the original agreement when the lease term expires.

2. Other leases

   The lease term of the transportation equipment leased by the Group is one to three years. In addition, the Group leases other equipment with a lease term of one to three years. Such lease is a short-term or low-value lease that the Group chooses for exemption of recognition and thus the Group does not recognize its related right-of-use assets and lease liabilities.

(XV) Operating lease - Lessor

The Group leases out property. Since the Group has not transferred almost all the risks and returns attached to the ownership of the underlying assets, the lease contract is classified as operating lease.

The maturity analysis of lease payments is shown in the following table based on the total undiscounted lease payments to be received after the reporting date:

	12.31.2023	12.31.2022
Within one year	$ 1,031	1,522
2 to 5 years	-	644
	$ 1,031	2,166

The rent income from leased-out of assets as reported in profit or loss in 2023 and 2022 amounted to NTD 1,543 thousand and NTD 1,474 thousand, respectively.

(XVI) Employee benefits

1. Defined benefit plan

   The adjustment of the present value of the Company's defined benefit obligation and he fair value of the plan assets is as follows:

	12.31.2023	12.31.2022
Present value of defined benefit obligation	$ 25,256	25,067
Fair value of plan assets	(40,284)	(39,446)
Net defined benefit liabilities (assets)	$ (15,028)	(14,379)

Contribution is made to the labor pension reserve account at the Bank of Taiwan in accordance with the defined benefit plan of the Company. The retirement payment to each employee under the Labor Standards Act is calculated based on the bases earned for the years of service and the average salary six months prior to the retirement.

(1) Composition of plan assets

The pension funds appropriated by the Company in accordance with the Labor Standards Act is managed by the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as the "Bureau of Labor Funds"). According to the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, the minimum income distributed upon final accounting every year shall not be lower than the income calculated based on the two-year time deposit interest rate of the local bank.

As of the reporting date, the balance of the Company's labor pension reserve account at the Bank of Taiwan was NTD 40,286 thousand. Information on the utilization of assets in the labor pension fund includes fund yield rate and fund asset allocation. Please refer to the information published on the website of the Bureau of Labor Funds.

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

Changes in the present value of the Company's defined benefit obligations as of 2023 and 2022 are as follows:

		2023	2022
Defined benefit obligation as of January 1	$	25,067	24,433
Current service cost and interest		492	296
Remeasurement of net defined benefit liabilities (assets)		(303)	338
Defined benefit obligation as of December 31	$	25,256	25,067

(3) Changes in the fair value of plan assets

Changes in the fair value of the Company's defined benefit plan assets in 2023 and 2022 are as follows:

		2023	2022
Fair value of the plan assets as of January 1	$	39,446	36,372
Interest income		490	181
Remeasurement of net defined benefit (liabilities) assets		348	2,893
Fair value of the plan assets as of December 31	$	40,284	39,446

(4) Changes in the effect of asset caps

There were no changes in the effect of the Company's defined benefit plan asset caps in 2023 and 2022.

(5) Expenses recognized in profit or loss

The Company's expenses recognized in profit or loss (recorded as management expenses) in 2023 and 2022 are as follows:

		2023	2022
Current service cost	$	182	175
Net interest of net defined benefit liabilities (assets)		(180)	(60)
	$	**2**	**115**

(6) Remeasurement of net defined benefit liabilities (assets) recognized in other comprehensive income

The remeasurement of net defined benefit liabilities (assets) recognized by the Company in other comprehensive income is as follows:

		2023	2022
Accumulated balance as of January 1	$	(985)	1,570
Actuarial loss (gain) recognized for the current period		(651)	(2,555)
Accumulated balance as of December 31	**$**	**(1,636)**	**(985)**

(7) Actuarial assumptions

The significant actuarial assumptions used to determine the present value of defined benefit obligations on the closing date of financial reporting are as follows:

	12.31.2023	12.31.2022
Discount rate	1.20%	1.25%
Future salary increase	3.00%	3.00%

Approved by the New Taipei City Government, the Company suspends the appropriation of pension reserve from July 2020 to June 2024.

The Company expects to pay NTD 0 thousand for the appropriation under the defined benefit plan within one year after the 2023 reporting date.

The weighted average duration of the defined benefit plan is 5.96 years.

(8) Sensitivity analysis

The impact of changes in the main actuarial assumptions to be adopted on December 31, 2023 and 2022 and on the present value of defined benefit obligations is as follows:

	Impact on defined benefit obligations	
	Increase by 0.25 %	**Decrease by 0.25 %**
December 31, 2023		
Discount rate	$ (370)	379
Future salary increase	372	(365)
December 31, 2022		
Discount rate	(420)	429
Future salary increase	420	(414)

The above sensitivity analysis is purposed to analyze the impact of changes in a single assumption with other assumptions remaining unchanged. In practice, many changes in assumptions may interact with each other. The sensitivity analysis is consistent with the method used to calculate net pension liabilities (assets) in the balance sheet.

The methods and assumptions used for preparation of the sensitivity analysis in the current period are the same as those used in the previous period.

2. Defined contribution plan

The defined contribution plan of the Company and domestic subsidiaries complies with the Labor Pension Act. An amount equivalent to 6% of the employee’s monthly wage is appropriated to the personal labor pension account at the Bureau of Labor Insurance. Under this plan, after the pension is appropriated to the Bureau of Labor Insurance at a fixed rate, the Company has no legal or constructive obligation to make additional payment.

The pension expense under the defined contribution plan of the Company and domestic subsidiaries was NTD 14,869 thousand and NTD 13,658 thousand in 2023 and 2022, respectively. These had been appropriated to the Bureau of Labor Insurance.

The pension expense, basic endowment insurance premium and social welfare expense recognized by the subsidiaries and incorporated in the consolidated financial statements in 2023 and 2022 were NTD 9,359 thousand and NTD 8,026 thousand, respectively.

(XVII) Income tax

1. Income tax expense

The income tax expenses (benefits) of the Group as of 2023 and 2022 are as follows:

		2023	2022
Current income tax expense (benefit)			
Occurred in the current period	$	7,350	60,816
Adjustment of the current income tax of the previous period		(4,895)	-
Additional income tax on undistributed earnings		-	4,895
		2,455	65,711
Deferred income tax expense			
Occurrence and reversal of temporary difference		24,735	(71,428)
Income tax expense (benefit)	$	27,190	(5,717)

The income tax expense (benefit) of the Group recognized under other comprehensive income in 2023 and 2022 is as follows:

		2023	2022
Items not reclassified to profit or loss:			
Remeasurement of defined benefit plan	$	130	511
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of financial statements of foreign operations	$	(1,829)	1,357

The relationship between income tax expense (benefit) and net profit (loss) before tax of the Group is adjusted as follows:

		2023	2022
Net loss before tax	$	(132,796)	(201,423)
Income tax calculated in accordance with the domestic tax rate in the place where the Company is located		(26,559)	(40,285)
Effect of tax rate differences in foreign jurisdictions		5,777	(2,897)
Imposition on undistributed earnings		-	4,895
Realized investment loss		-	(29,835)
Changes in unrecognized temporary difference		(2,065)	8,255
Changes in tax loss of unrecognized deferred income tax assets		50,377	50,141
Previous underestimation (overestimation)		(774)	1,444
Others		434	2,565
	$	27,190	(5,717)

2. Deferred income tax assets and liabilities

(1) Unrecognized deferred income tax liabilities:

As for the temporary difference related to certain investment in subsidiaries as of December 31, 2023, since the Group controls the timing of the temporary difference reversal and is confident that it will not be reversed in the foreseeable future, so the deferred income tax liabilities are not recognized.

The items that the Group did not recognize as deferred income tax liabilities are as follows:

	12.31.2023	12.31.2022
Temporary differences related to investment in subsidiaries	$ 62,341	47,207

(2) Unrecognized deferred income tax assets

The items that the Group did not recognize as deferred income tax assets are as follows:

	12.31.2023	12.31.2022
Deductible temporary difference	$ 151,392	153,907
Tax loss	224,627	194,601
	$ 376,019	348,508

As assessed by the Group, the deductible temporary difference of partial income tax is unlikely to be realized, so it is not recognized as deferred income tax assets.

According to the Income Tax Act, the tax loss for the past ten years as approved by the tax authorities may be deducted from the net profit of the current year before levying the income tax. Such items are not recognized as deferred income tax assets because the Group is unlikely to have sufficient taxable income for the tax loss in the future.

The deadline for the deduction of the Group's tax loss for each year up to December 31, 2023 is as follows:

Years of loss	Amount	Last year for deduction
The Company:		
2014 (verified)	$ 88,956	2024
2015 (verified)	39,001	2025
2016 (verified)	106,797	2026
2017 (verified)	19,253	2027
2018 (verified)	67,211	2028
2019 (verified)	115,857	2029
2020 (verified)	63,636	2030
2022 (Declared)	254,796	2032
2023 (Estimated)	251,021	2033
	$ 1,006,528	

Years of loss	Amount	Last year for deduction
Leadhope International		
2014 (verified)	$ 12,518	2024
2015 (verified)	11,509	2025
2016 (verified)	12,337	2026
2018 (verified)	7,274	2028
2019 (verified)	41,754	2029
2020 (verified)	3,456	2030
2021 (verified)	1,772	2031
2022 (Declared)	302	2032
2023 (Estimated)	17	2033
	$ 90,939	

Years of loss	Amount	Last year for deduction
Wegene:		
2014 (verified)	$ 110	2024
2015 (verified)	505	2025
2016 (verified)	6,547	2026
2017 (verified)	3,949	2027
2018 (verified)	2,239	2028
2019 (verified)	4,393	2029
	$ 17,743	

Years of loss	Amount	Last year for deduction
Aiborn:		
2018 (verified)	$ 1,834	2028
2019 (verified)	1,452	2029
2020 (verified)	1,147	2030
2021 (verified)	1,190	2031
2022 (Declared)	1,279	2032
2023 (Estimated)	1,025	2033
	$ 7,927	

(3) Recognized deferred income tax assets and liabilities

The changes in the deferred income tax assets and liabilities as of 2023 and 2022 are as follows:

	Inventory devaluation loss	Expenses payable	Defined benefit plan	Contractual liabilities	Exchange differences on translation of financial statements of foreign operations	Others	Total
Deferred income tax assets							
Balance on January 1, 2023	$ 53,819	-	-	13,584	-	8,753	76,156
(Debit)/Credit profit and loss	(43,666)	19,121	-	-	-	(190)	(24,735)
(Debit)/credit other comprehensive income	-	-	-	-	73	-	73
Exchange differences on translation of financial statements of foreign operations	(370)	(242)	-	(250)	-	(134)	(996)
Balance on December 31, 2023	$ 9,783	18,879	-	13,334	73	8,429	50,498
Balance on January 1, 2022	$ 3,568	-	314	-	-	1,314	5,196
(Debit)/Credit profit and loss	50,360	-	-	13,613	-	7,455	71,428
(Debit)/credit other comprehensive income	-	-	(314)	-	-	-	(314)
Exchange differences on translation of financial statements of foreign operations	(109)	-	-	(29)	-	(16)	(154)
Balance on December 31, 2022	$ 53,819	-	-	13,584	-	8,753	76,156

		Exchange differences on translation of financial statements of foreign operations	Defined benefit plan	Total
Deferred income tax liabilities:				
Balance on January 1, 2023	$	1,756	197	1,953
Debit/(credit) other comprehensive income		(1,756)	130	(1,626)
Balance on December 31, 2023	**$**	**-**	**327**	**327**
Balance on January 1, 2022	$	399	-	399
Debit/(credit) other comprehensive income		1,357	197	1,554
Balance on December 31, 2022	**$**	**1,756**	**197**	**1,953**

3. Status of income tax assessment

The profit-making enterprise income tax returns of the Company and its subsidiaries in the ROC were all assessed by the tax authorities up to 2021.

(XVIII) Capital and other equity

1. Share capital

The Company's authorized capital amounted to NTD 4,000,000 thousand as of December 31, 2023 and 2022 with 400,000 thousand shares issued at a par value of NTD 10 per share. The total authorized capital mentioned above are all common shares. The number of shares issued as of December 31, 2023 and 2022 was 83,946 thousand and 58,946 thousand shares, respectively, and payments for all the issued shares have been received.

On June 8, 2022, the shareholders' meeting of the Company resolved to issue new shares to increase capital in cash through private placement, within the limit of 40,000 thousand shares to be issued at a par value of NTD 10 per share. The proposal was revoked because the funds were not fully raised prior to June 7, 2023.

On June 8, 2022, with the resolution of the shareholders' meeting, NTD 53,587 thousand of the 2021 distributable earnings were appropriated and transferred for increase of capital by issuing new shares at a par value of NTD 10 per share. 5,359 thousand shares were to be issued. The base date for the capital increase was September 7, 2022, and the registration of changes was completed.

On August 1, 2022, the shareholders' meeting of the Company resolved to issue employee stock option certificates. Each unit of stock option certificate is entitled to purchase of 1 thousand shares. The limit of issuance is 1,500 thousand shares, which have not yet been issued as of December 31, 2023.

On October 4, 2023, the extraordinary shareholders' meeting of the Company resolved to issue 25,000 thousand common shares for capital increase in cash through private placement. The shares were to be issued at a par value of NTD 10 and at a price of NTD26.76 per share. The total issued amount was NTD 669,000 thousand. The base date for the capital increase was October 20, 2023. The payments for the issued shares have been received and the registration of changes was completed.

2. Capital reserve

The balance of the Company's capital reserve is as follows:

	12.31.2023	12.31.2022
Issued stock premium	$ 419,473	473
Difference between the price and book value of the subsidiary's equity actually acquired or disposed	2	2
	$ 419,475	475

Pursuant to the Company Act, capital reserve shall be used to make up losses before distributing new shares or cash to the extent of realized capital reserve based on the original shareholding percentage of the shareholders. The realized capital reserve mentioned in the preceding paragraph includes the premium of the shares issued in excess of the par value and the income from gifts received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of the capital reserve that may be appropriated for capitalization shall not exceed 10% of the paid-in capital in a year.

3. Retained earnings

(1) According to the Articles of Incorporation of the Company, if there is a net profit after tax in the annual final accounts, it shall be distributed in the following order:

A. Covering the accumulated deficits.

B. Appropriation of 10% as the legal reserve (except when the accumulated amount of the legal reserve equals the amount of the paid-in capital).

C. Setting aside or reversing the special reserve in accordance with the laws and regulations.

D. The remaining balance, if any, shall be combined with the accumulated beginning unappropriated earnings for the Board to formulate a proposal for allocation as dividends and submit to the AGM for resolution.

According to the Articles of Incorporation adopted by the shareholders' meeting on June 8, 2022, the Company shall authorize the Board to decide on distributing part or all of the dividends and profit sharing in cash using the legal reserve or additional paid-in capital and report to AGM in accordance with Articles 240 and 241 of the Company Act.

The Company's operations are growing steadily, and earnings are distributed primarily in cash dividends. They can also be distributed in stock dividends. However, the proportion of stock dividend distribution shall not exceed 50% of the total amount of dividends in the year.

(2) Legal reserve

When the Company has no losses, the shareholders' meeting may resolve to distribute new shares or cash from the legal reserve, to the extent of the portion of such reserve that exceeds 25% of the paid-in capital.

(3) Special reserve

According to the regulations of the FSC, when the Company allocates distributable earnings, for the net deduction amount debited to other shareholders' equity in the current period, the same amount of special reserve is appropriated from the current profit or loss and the undistributed earnings of the previous period; for the accumulated deductions of other shareholders' equity, special reserve of the same amount shall be set aside from undistributed earnings in the previous period and shall not be distributed. If the deduction amount debited to other shareholders' equity is reversed afterwards, the reversed portion may be distributed as earnings.

(4) Distribution of earnings

The 2022 deficit compensation proposal and the 2021 profit distribution proposal were resolved in the general shareholders' meetings on June 9, 2023 and June 8, 2022, respectively. The amount of dividends distributed to the owners from the 2021 earnings is as follows:

	2021	
	Stock dividend rate (in dollars)	**Amount**
Dividends distributed to common stock owners		
Cash	$ 1.00	53,587
Share	1.00	53,587
		$ 107,174

Information on the Company's appropriation for compensation of deficits as approved by the board of directors and resolved by the shareholders' meeting can be obtained from the Market Observation Post System.

(XIX) Loss per share

Basic and diluted loss per share are calculated as follows:

	2023	2022
Basic and diluted loss per share		
Net loss for the current period	$ (159,729)	(195,813)
Weighted average number of outstanding shares (thousand shares)	63,113	58,946
Basic and diluted loss per share (in dollars)	$ (2.53)	(3.32)

Note: The Company incurred losses in 2023 and 2022 and had no potential common shares with dilutive effect.

(XX) Revenue from customer contracts

1. Breakdown of revenue

	2023			
	Computer Product Department	Smart Healthcare Department	Other Departments	Total
Key regional markets:				
Mainland China	$ 2,659,045	1,731	13,294	2,674,070
Taiwan	506,828	54,823	112,320	673,971
USA	166,646	1,402	-	168,048
Hong Kong	193,341	419	-	193,760
Korea	261,397	-	-	261,397
Other countries	292,377	5,030	7,464	304,871
	$ 4,079,634	63,405	133,078	4,276,117

	2022			
	Computer Product Department	Smart Healthcare Department	Other Departments	Total
Key regional markets:				
Mainland China	$ 3,262,348	3,195	19,630	3,285,173
Taiwan	574,684	88,158	67,220	730,062
USA	194,116	5,262	-	199,378
Hong Kong	415,955	3,763	-	419,718
Korea	178,385	-	-	178,385
Other countries	480,629	9,457	8,616	498,702
	$ 5,106,117	109,835	95,466	5,311,418

2. Contract balance

	12.31.2023	12.31.2022	1.1.2022
Notes receivable	$ -	-	10,508
Accounts receivable	363,546	378,027	405,508
Less: Allowance for loss	(2,960)	(9,402)	(2,933)
	$ 360,586	368,625	413,083
Contractual liabilities (including current and non-current advance receipts)	$ 703,584	112,631	35,917

Please refer to Note 6(3) for the disclosure of notes and accounts receivable and their impairment.

The opening balances of contractual liabilities as of January 1, 2023 and 2022 were recognized as income to the amounts of NTD 47,416 thousand and NTD 34,910 thousand in 2023 and 2022, respectively.

Changes in contractual liabilities are mainly due to the difference between the time when the Group transfers goods or services to customers to meet the performance obligation and the time when the customer makes payment.

(XXI) Remuneration to employees and directors

According to the Articles of Incorporation of the Company, before deducting the annual remuneration for employees and directors, the Company shall appropriate a minimum of three percent of net income before tax as remuneration for employees and a maximum of five percent as remuneration for directors. When there are accumulative deficits, however, the amount for compensation shall first be reserved.

The proposal for distribution of rewards for employees and directors shall be approved by resolution of over one-half of directors attending a board meeting attended by two-thirds of all directors and reported to AGM. The distribution of remuneration to employees shall be made in shares or cash, as resolved by the board of directors. The employees of the controlling or subordinate companies who meet certain criteria are entitled to receiving the remuneration. The applicable conditions are determined by the board of directors. The remuneration to directors can only be paid in cash.

The Company had loss in 2023 and 2022, and there was no need to estimate remuneration to employees and directors.

(XXII) Other gains and losses

Other gains and losses of the Group as of 2023 and 2022 are as follows:

	2023	2022
Rental income	$ 1,543	1,474
Subsidy income	13,748	18,115
Reclassification of overpayment and advance receipts for purchases over two years to revenue	29	4,048
Others	(4,547)	4,429
	$ 10,773	28,066

(XXIII) Financial instruments

1. Credit risk

(1) Credit risk exposure

The book value of financial assets represents the maximum credit risk exposure amount. The maximum credit risk exposure amount was NTD 803,853 thousand and NTD 742,587 thousand as of December 31, 2023 and 2022, respectively.

(2) Concentration of credit risk

Since the Group has a broad customer base, there is no circumstance of significant concentration in terms of transactions with a single customer and the sales regions are dispersed. Thus, there is no concern about significant concentration of credit risk in accounts receivable. In order to reduce credit risk, the Group also regularly and continuously evaluates customers' financial status, but does not usually require customers to provide collateral.

(3) Credit risk of receivables

Please refer to Note 6(3) for the information on the exposure of notes and accounts receivable to credit risk.

Other financial assets measured at amortized cost are other receivables and time certificates. Please refer to Note 6(4) for details of other receivables.

For financial assets with low credit risk described above, the credit loss of the period is measured at 12-month expected credit loss. For the time certificate held by the Group, the counterparties are financial institutions at investment level or higher, and are therefore considered to be of low credit risk.

The following table shows the allowance for loss recognized for the above financial assets as of December 31, 2023 and 2022 and whether there is a credit impairment status based on the 12-month expected credit loss or the expected credit loss throughout the duration:

	12.31.2023			
	Measured at amortized cost			
	12-month expected loss	Expected loss throughout the duration - unimpaired	Expected loss throughout the duration - impaired	Total
Gross book value	$ 72,340	364,142	26,596	463,078
Allowance for loss	-	(2,960)	(26,596)	(29,556)
Amortized cost	**$ 72,340**	**361,182**	**-**	**433,522**
Book Value	**$ 72,340**	**361,182**	**-**	**433,522**

	12.31.2022			
	Measured at amortized cost			
	12-month expected loss	Expected loss throughout the duration - unimpaired	Expected loss throughout the duration - impaired	Total
Gross book value	$ 78,000	379,038	26,596	483,634
Allowance for loss	-	(9,402)	(26,596)	(35,998)
Amortized cost	**$ 78,000**	**369,636**	**-**	**447,636**
Book Value	**$ 78,000**	**369,636**	**-**	**447,636**

2. Liquidity risk

The contractual maturities of financial liabilities are shown in the following table.

	Book Value	Contractual cash flow	Within 1 Year	1-2 Years	More than 2 Years
December 31, 2023					
Non-derivative financial liabilities					
Secured bank loan (including long-term and short-term borrowings)	$ 278,097	(279,015)	(269,437)	(5,803)	(3,775)
Unsecured bank loan (including long-term and short-term borrowings)	8,372	(8,579)	(6,184)	(1,451)	(944)
Unsecured loans from non-financial institutions (including long-term and short-term loans)	92,136	(94,523)	(90,571)	(3,952)	-
Accounts payable	115,530	(115,530)	(115,530)	-	-
Lease liabilities (including current and non-current)	69,021	(73,999)	(28,570)	(26,485)	(18,944)
Other receivables (including related parties)	316,623	(316,623)	(316,623)	-	-
Deposit received	2,041	(2,041)	-	-	(2,041)
	$ 881,820	**(890,310)**	**(826,915)**	**(37,691)**	**(25,704)**

	Book Value	Contractual cash flow	Within 1 Year	1-2 Years	More than 2 Years
December 31, 2022					
Non-derivative financial liabilities					
Secured bank loan (including long-term and short-term borrowings)	$ 485,832	(488,196)	(453,975)	(24,663)	(9,558)
Unsecured bank loan (including long-term and short-term borrowings)	336,225	(336,761)	(328,206)	(6,166)	(2,389)
Unsecured loans from non-financial institutions (including long-term and short-term loans)	28,383	(29,291)	(20,676)	(8,615)	-
Accounts payable	179,226	(179,226)	(179,226)	-	-
Lease liabilities (including current and non-current)	52,345	(56,240)	(21,171)	(12,305)	(22,764)
Other receivables (including related parties)	289,907	(289,907)	(289,907)	-	-
Deposit received	2,668	(2,668)	-	-	(2,668)
	$ 1,374,586	(1,382,289)	(1,293,161)	(51,749)	(37,379)

The Group does not expect that the timing of the cash flow analyzed on the maturity date will be advanced significantly, or that there will be significant difference in the actual amount.

3. Exchange rate risk

(1) Exchange rate risk exposure

The financial assets and liabilities of the Group exposed to significant foreign exchange rate risk are as follows:

	12.31.2023			12.31.2022		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
Financial assets						
Monetary item						
USD	$ 9,177	USD/NTD = 30.705	281,780	4,280	USD/NTD = 30.710	131,439
Financial liabilities						
Monetary item						
USD	1,793	USD/NTD = 30.705	55,054	11,456	USD/NTD = 30.710	351,814
USD	3,179	USD/CNY = 7.0961	97,611	935	USD/CNY = 6.9669	28,714

(2) Sensitivity analysis

The exchange rate risk of the Group's monetary items mainly comes from the cash and cash equivalents, accounts receivable and other receivables, loans, accounts payable and other payables, etc. that are denominated in foreign currencies, and the foreign currency exchange gains and losses arising from the translation. On December 31, 2023 and 2022, when the US dollar appreciates or depreciates by 5% against NTD and CNY, and all other factors remain unchanged, the impact in 2023 and 2022 is as follows; the analysis of these two terms is conducted on the same basis.

	2023 Pre-tax net loss increase (decrease)	2022 Pre-tax net loss increase (decrease)
USD (against to NTD)		
5% appreciation	$ (11,336)	11,019
5% depreciation	11,336	(11,019)
USD (against to CNY)		
5% appreciation	4,825	1,436
5% depreciation	(4,825)	(1,436)

(3) Exchange gains and losses on monetary items

Since the Group has a wide variety of transaction currencies, the exchange gain or loss of monetary items is disclosed in a summarized manner. In 2023 and 2022, the net amount of foreign currency exchange gain (loss), including realized and unrealized, is a loss of NTD 13,166 thousand and NTD 53,383 thousand, respectively.

4. Interest rate risk

The Group’s interest rate exposure of financial assets and liabilities is shown in the following table:

	Book Value	
	12.31.2023	12.31.2022
Variable interest rate instruments:		
Financial assets	$ 378,020	312,412
Financial liabilities	286,469	592,507

The following sensitivity analysis is based on the exposure of the non-derivative instruments to interest rate risk on the reporting date. For assets and liabilities at floating interest rate, the analysis is based on the assumption that the amount of assets and liabilities outstanding on the reporting date has been outstanding as such throughout the year. The rate of change for internal reporting on interest rate to the top management is the fluctuation of 0.25%, which also stands for the reasonable scope of possible change in interest rate subject to the assessment of the top management.

An increase or decease of interest rate by 0.25% will result in a decrease or increase of the net loss of the Group by NTD 229 thousand and an increase or decrease of NTD 700 thousand in 2023 and 2022, respectively, mainly because of the Group's borrowings, deposits and financial assets calculated at variable interest rate.

5. Fair value information

(1) Valuation process

The Group's accounting policies and disclosures include the use of fair value to measure its financial assets and liabilities. The management of the Group is responsible to verify fair value independently; make the valuation results closer to the market by making use of the information from independent sources; make sure that the data sources are independent, reliable, consistent with other sources and representative of executable prices; and regularly calibrate the valuation model, update the input values and data needed for the valuation model, and make any other necessary adjustments to the fair value to ensure that the valuation result is reasonable.

When the Group measures its assets and liabilities, it uses market-observable inputs as much as possible. The level of fair value is based on the inputs used in the valuation technique, which is classified as follows:

- Level 1: The open quotation (unadjusted) of the same assets or liabilities in an active market.
- Level 2: In addition to the open quotation included in the first level, the input parameters of the assets or liabilities can be observed directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3: The input parameters of the assets or liabilities are not based on observable market data (non-observable parameters).

(2) Types and fair values of financial instruments

Financial assets and liabilities measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income of the Group are measured at fair value on a repetitive basis. The book value and fair value of different financial assets and financial liabilities (including fair value information; but disclosure of the fair value information is not needed if the book value of financial instruments not measured at fair value is the reasonable approximate value of the fair value, and it is also note needed for the lease liabilities) are listed as follows:

	12.31.2023				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss	$ 30,100	-	-	30,100	30,100
Financial assets measured at fair value through other comprehensive income	4,318	-	-	4,318	4,318
Financial assets measured at amortized cost					
Cash and cash equivalent	309,350	-	-	-	-
Accounts receivable	360,586	-	-	-	-
Other receivables	596	-	-	-	-
Other financial assets - current	72,340	-	-	-	-
Refundable deposit	26,563	-	-	-	-
Subtotal	769,435				
	$ 803,853				
Financial liabilities measured at amortized cost					
Secured bank loans	$ 278,097	-	-	-	-
Unsecured bank loans	8,372	-	-	-	-
Unsecured loans from non-financial institutions	92,136	-	-	-	-
Accounts payable	115,530	-	-	-	-
Lease liabilities	69,021	-	-	-	-
Other payables	316,623	-	-	-	-
Deposit received	2,041	-	-	-	-
	$ 881,820				

	12.31.2022				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss	$ 34,446	4,346	-	30,100	34,446
Financial assets measured at fair value through other comprehensive income	5,844	-	-	5,844	5,844
Financial assets measured at amortized cost					
Cash and cash equivalent	236,872	-	-	-	-
Accounts receivable	368,625	-	-	-	-
Other receivables	1,011	-	-	-	-
Other financial assets - current	78,000	-	-	-	-
Refundable deposit	17,789	-	-	-	-
Subtotal	702,297				
	$ 742,587				
Financial liabilities measured at amortized cost					
Secured bank loans	$ 485,832	-	-	-	-
Unsecured bank loans	336,225	-	-	-	-
Unsecured loans from non-financial institutions	28,383	-	-	-	-
Accounts payable	179,226	-	-	-	-
Lease liabilities	52,345	-	-	-	-
Other payables	289,907	-	-	-	-
Deposit received	2,668	-	-	-	-
	$ 1,374,586				

(3) Valuation technique for the fair value of the financial instruments measured at fair value

A. Non-derivative financial instruments

If there is an open quotation on the active market for a financial instrument, the quoted price on the active market is used as the fair value. The market price announced by a major exchange house and by TPEx for central government bonds that are determined to be popular are the basis for the fair value of the TWSE/TPEx-listed equity instruments and the liability instruments that have an open quotation on the active market.

Except for the above-mentioned financial instruments that have an active market, the fair value of the remaining financial instruments is obtained through valuation technique or by referring to the quotation of the counterparty. The fair value obtained through the valuation technique can be calculated with reference to the present fair value of other financial instruments with similar substantive conditions and characteristics, the discounted cash flow method, or other valuation techniques, including the market information application model available on the consolidated balance sheet date.

(4) There was no transfer between the fair value levels in 2023 and 2022.

(5) Details of changes in Level 3

	Non-derivative financial assets mandatorily measured at fair value through profit or loss	Equity instruments measured at fair value through other comprehensive income	Total
January 1, 2023	$ 30,100	5,844	35,944
Recognized in other comprehensive income	-	(1,526)	(1,526)
December 31, 2023	$ 30,100	4,318	34,418
January 1, 2022		7,357	7,357
Recognized in other comprehensive income	-	(1,513)	(1,513)
Purchase	30,100	-	30,100
December 31, 2022	$ 30,100	5,844	35,944

The above total profit or loss is reported under “financial assets (liabilities) gain (loss) measured at fair value through profit or loss” and “financial assets (liabilities) gain (loss) measured at fair value through other comprehensive income”. The assets still held on December 31, 2023 and 2022 are as follows:

	2023	2022
Total profit or loss		
Recognized in profit or loss (reported under “gain (loss) on financial assets (liabilities) measured at fair value through profit or loss)”	-	-
Recognized in profit or loss (under “financial assets (liabilities) gain (loss) measured at fair value through profit or loss)”	(1,526)	(1,513)

(6) Quantitative information on the fair value measurement of significant unobservable inputs (Level 3)

The fair value measurement of the Group is classified under Level 3 mainly for the financial assets measured at fair value through profit and loss - investment in liability instruments.

Most of the fair value measurements of the Group classified under Level 3 only have a single significant unobservable inputs, and only the investment in liability instruments without an active market has multiple significant unobservable inputs. Since the significant unobservable inputs of investment in liability instruments without an active market are independent of each other, there is no correlation.

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

Item	Valuation technique	Significant unobservable inputs	Relationship between the significant unobservable input and fair value
Financial assets measured at fair value through profit or loss - investment in debt instruments without an active market	Discounted cash flow method	· Discount for lack of marketability (28% and 25% for 12.31.2023 and 12.31.2022, respectively) · Discount for minority interest (29.04% on 12.31.2023 and 12.31.2022)	· The higher the discount for lack of marketability, the lower the fair value. · The higher the discount for minority interest, the lower the fair value.

(7) For the Level 3 fair value measurement, analysis on the sensitivity of the fair value to reasonably possible alternative assumptions

The measurement of the financial instruments made by the Group based on the fair value is reasonable; however, the use of different valuation models or parameters may result in different valuation results. For the financial instruments classified to Level 3, if the impact of the changes in the valuation parameters on the current profit and loss is as follows:

	Input	Up or Down Change	Changes in Fair Value reflected in Profit or Loss	
			Favorable Change	Unfavorable Change
December 31, 2023				
Financial assets measured at fair value through profit or loss	Discount for lack of marketability	5%	2,107	(2,459)
	Discount for minority interest	5%	1,656	(2,146)
December 31, 2022				
Financial assets measured at fair value through profit or loss	Discount for lack of marketability	5%	2,276	(1,701)
	Discount for minority interest	5%	1,758	(1,580)

The favorable and unfavorable changes of the Group refer to the fluctuation in the fair value, and the fair value is calculated with the valuation technique based on the input parameters that are unobservable to different extents. If the fair value of a financial instrument is affected by more than one input, the above table only reflects the impact of changes in a single input, and does not take into account the correlation and variability between the inputs.

(XXIV) Financial risk management

1. Overview

The Group is exposed to the following risks due to use of financial instruments:

(1) Credit risk

(2) Liquidity risk

(3) Market risk

The Group's risk exposure information and the objectives, policies and procedures of the risk measurement and management that the Group conducts are disclosed in these notes. Please refer to the notes to the consolidated financial statements for further quantitative disclosure.

2. Risk management framework

The finance department of the Group provides services for each business unit and analyzes internal risk reports based on the degree and breadth of risks to monitor and manage financial risks related to the operations of the Group. These risks include (1) credit risk and (2) liquidity risk and (3) market risk.

The Group strives to establish good policies and systems to control credit risk and liquidity risk. Regarding the market risk, the Group collects information from different sources in order to accurately forecast the future trend of the exchange and interest rates, and mitigate the impact of these risks through financial instruments when necessary. The use of financial instruments is regulated by the policies approved by the board of directors of the Group, and the internal auditors continue to review the compliance with the policies and the risk exposure limit. The Group does not engage in financial instrument transactions for speculative purposes.

3. Credit risk

Credit risk is the risk of financial loss due to the failure of the Group's customers or financial instrument trading counterparts to perform contractual obligations. This loss is mainly brought about by the accounts receivable from the customers of the Group and the commodity transactions conducted with financial institutions.

(1) Accounts receivable from customers

Since the accounts receivable of the Group come from a variety of customers in different industries and geographical regions, there is no circumstance of significant concentration in terms of transactions with a single customer and the sales regions are dispersed. Thus, there is no concern about significant concentration of credit risk in accounts receivable. The Group has established a credit policy. According to the policy, the credit rating must be analyzed for each new customer before granting standard payment and shipping terms. For customers that do not meet the standard credit ratings of the Group, transaction shall only be conducted with a prepayment by T/T or through issuance of a L/C. The Group regularly evaluates the financial position of the customers from which accounts receivable shall be collected, and purchases trade credit insurance policies to hedge the risk of credit default.

(2) Commodity transactions with financial institutions

The credit risk of bank deposits, investment in fixed income and other financial instruments is measured and monitored by the finance department of the Group. Since the counterparty of the transaction and the other party of the contract are the banks with good credit ratings and the financial institutions, corporate organizations and government agencies at investment level and above, there is no major concern about performance and thus no significant credit risk.

(3) Guarantee

The policy of the Group requires that it can only provide financial guarantees to subsidiaries in which it has the control rights. Please refer to Note 13(1) for the Group's endorsement and guarantee to subsidiaries as of December 31, 2023.

4. Liquidity risk

Liquidity risk is the risk that the Group cannot deliver cash or other financial assets to settle financial liabilities and fails to fulfill related obligations.

The Group manages and maintains sufficient cash and cash equivalents to fund the operations of the Group and mitigate the impact of cash flow fluctuations. The management of the Group supervises the use of bank financing facilities and ensures compliance with the terms of the loan contract.

Bank borrowings are an important source of liquidity to the Group. Please refer to Note 6(11) and 6(12) for the Group's long-term and short-term bank financing facilities undrawn as of December 31, 2023 and 2022.

5. Market risk

Market risk refers to the risk that changes in market price (such as the change of the exchange rate, interest rate, and equity instrument price) will affect the income of the Group or the value of the financial instruments. The objective of market risk management is to control market risk exposure within the tolerable range and to minimize risk.

(1) Exchange rate risk

The functional currency of the Group is mainly New Taiwan dollar. Therefore, the risk of exchange rate fluctuations may occur to the sales, purchases and loan transactions not denominated in the functional currency. The finance department of the Group regularly reviews the net position of foreign currency assets and liabilities, and avoids exposing to the risk by increasing or decreasing foreign currency borrowings. If necessary, other financial instruments are used to reduce the exchange rate risk.

(2) Interest rate risk

The financing of the Group is mainly used for need to purchase raw materials. The cash received from the sales revenue will be sufficient to repay the borrowings. Therefore, the Group's financing from financial institutions is mainly short-term borrowings with a maximum period of 365 days. The interest rate risk is mainly the short-term market fluctuation in interest rate.

(XXV) Capital management

The policy of the Group is to maintain a sound capital base to ensure the confidence of investors, creditors and the market, and to support future operation and development. Capital includes the share capital, capital reserves, retained earnings and non-controlling interests of the Group.

The Group monitors the capital structure by regularly reviewing the asset-liability ratio. The main operating characteristics of the Group are based on product research and development, and most product manufacturing is outsourced. The main assets are current assets, and non-current assets such as plant and machinery account for a relatively low percentage of the total assets, and thus the financial leverage can be appropriately increased to generate revenue and profit.

The ratio of liabilities to total assets of the Group as of December 31, 2023 and 2022 are as follows:

	12.31.2023	**12.31.2022**
Total liabilities	$ 1,598,204	1,519,134
Total assets	2,608,011	2,028,246
Debt to equity ratio	61%	75%

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

1. For the non-cash investment and financing activities of the Group in 2023 and 2022, the right-of-use assets were acquired by means of lease. Please refer to Note 6(8).
2. The adjustment of liabilities from financing activities is as follows:

			Non-cash Change			
	1.1.2023	**Cash Flow**	**New for current period**	**Others**	**Exchange rate Change**	**12.31.2023**
Short-term borrowings	$ 725,635	(465,572)	-	-	(266)	259,797
Long-term borrowings	124,805	(5,997)	-	-	-	118,808
Deposit received	2,668	(627)	-	-	-	2,041
Lease liabilities	52,345	(25,850)	43,324	(94)	(704)	69,021
Total liabilities from financing activities	$ 905,453	(498,046)	43,324	(94)	(970)	449,667

			Non-cash Change			
	1.1.2022	**Cash Flow**	**New for current period**	**Others**	**Exchange rate Change**	**12.31.2022**
Short-term borrowings	$ 400,349	324,682	-	-	604	725,635
Long-term borrowings	175,557	(50,752)	-	-	-	124,805
Deposit received	2,890	(222)	-	-	-	2,668
Lease liabilities	27,916	(23,778)	55,766	(7,464)	(95)	52,345
Total liabilities from financing activities	$ 606,712	249,930	55,766	(7,464)	509	905,453

VII. Transactions with related parties

(I) Names of related parties and their relationships

The related parties who have transactions with the Group during the period covered by the consolidated financial statements are as follows:

Name of Related Party	**Relationship with the Group**
ApoDx	Affiliated company of the Group
Zero TC Cloud Computing (Shanghai) Co., Ltd.(Zero TC)	Affiliated company of the Group
Blueside Inc. (Blueside)	The entity that has significant influence on the subsidiaries of the Group
Mr. Lu Kun-Shan	Chairman of the Company

(II) Material transactions with related parties

1. Operating revenue

The amount of the Group's significant sales to the related parties is as follows:

	Sale of Goods	
	2023	2022
Affiliated company	$ 18,441	20,794

The selling price to affiliates and other related parties is not significantly different from the regular selling price. The credit period for regular customers is 30 - 90 days, and the credit period for sales to affiliates and other related parties is collection at sight or 45 - 90 days.

2. Purchase and other operating costs

	2023	2022
Affiliated company	$ 832	1,209

3. Payables to related parties

The payables of the Group to related parties are as follows:

Title	Type of Related Party	12.31.2023	12.31.2022
Other payables	Affiliated company	$ 370	687

4. Loans to related parties

The funds of the Group loaned to related parties are actually disbursed as follows:

	Maximum balance		Other receivables	
Type of Related Party	2023	2022	12.31.2023	12.31.2022
Blueside	$ 26,596	26,596	26,596	26,596
Less: Allowance for loss			(26,596)	(26,596)
			$ -	-

The Group loaned funds to Blueside in April 2017 with interest accrued based on the average interest rate of the short-term borrowings that the Group acquired from financial institutions in the year of the appropriation. It is an unsecured loan and recorded under other receivables - related parties. After assessing that the possibility of recovery of the above-mentioned receivables is low, all of the receivables have been recognized as impairment loss. No relevant amount was recovered in 2023 and 2022.

5. Prepayments
   (1) Prepaid licensing fee

The Group signed a game software licensing contract with the game developer, Blueside, and paid licensing fees. As of December 31, 2018, the balance before recognizing impairment losses was NTD 140,245 thousand. Since relevant tests have not been completed, the balance was recorded under other non-current assets.

The Group recognized impairment loss of NTD 54,750 thousand and NTD 83,322 thousand and other impairment losses in 2018 and 2017, respectively. In December 31, 2018, the balance of the above-mentioned prepaid game software licensing fee after the recognition in impairment loss was NTD 0 thousand.

The Group signed an agreement with the game developer in May 2019. The Group agreed that the game developer could release the game in Europe and the United States through another game operator. the game developer agreed to pay no less than US$ 2 million to the Group within two years after the release. This amount contain the game software licensing fee and royalty. The above-mentioned game software was released in November 2019. In consideration of the operation status of the game and the possible performance risk, the Group assessed that there was high uncertainty in the collection of the above-mentioned receivables. Therefore, The Group reverse the impairment losses recognized in previous years to the extent of the amount received. No Impairment reversal profit was recognized in 2023 and 2022.

6. Advance receipts

The Group's advance receipts from related parties are as follows:

	12.31.2023	12.31.2022
Affiliated company	$ 40	207

(III) Transactions by key management personnel

1. Remuneration to key management personnel

	2023	2022
Short-term employee benefits	$ 60,111	70,908
Post-employment benefits	846	783
	$ 60,957	71,691

2. Guarantee

The aggregate limits of the Group's long-term and short-term borrowings as of December 31, 2023 and 2022 were NTD 851,769 thousand and NTD 952,487 thousand, respectively, with key management as the joint guarantors.

VIII. Mortgage and pledge of assets

The book value of the assets mortgaged and pledged by the Group as collateral is as follows:

Asset Name	Object	12.31.2023	12.31.2022
Property, plant, and equipment	Short-term loan for purchase of materials	$ 167,125	168,315
Other financial assets - current - impound account	Short-term loan for purchase of materials	72,340	78,000
Other non-current assets - refundable deposit	Long-term borrowings	8,000	-
		$ 247,465	246,315

IX. Significant contingent liabilities and unrecognized contractual commitments

(I) Significant unrecognized contractual commitments:

As of December 31, 2023 and 2022, the Group acquired secured the letter of credit from the bank for purchase of raw materials to the amount of NTD 61,410 thousand and NTD 61,420 thousand, respectively.

As of December 31, 2023 and 2022, the Group acquired a guaranteed amount for post-release duty payment from the bank to the amount of NTD 10,000 thousand for both periods due to customs operations.

X. Losses from major disasters: None.

XI. Material post-period events: None.

XII. Others

(I) Employee benefits, depreciation, depletion and amortization expenses by function are summarized as follows:

By function / By items	2023			2022		
	Cost of Sale	Operating Expenses	Total	Cost of Sale	Operating Expenses	Total
Employee benefits						
Salary	60,454	348,911	409,365	60,224	282,307	342,531
Labor and health insurance	6,272	30,008	36,280	6,061	26,599	32,660
Pensions	3,003	21,227	24,230	2,916	18,883	21,799
Others	4,039	23,808	27,847	3,496	18,114	21,610
Depreciation	6,435	38,586	45,021	6,804	35,823	42,627
Amortization	-	8,207	8,207	-	7,170	7,170

XIII. Disclosures in Notes

(I) Information on material transactions

In accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the material transactions to be disclosed by the Group in 2023 are as follows:

1. Loaning of funds to others:

Unit: NTD thousand

No.	Lender	Borrower	Account name	Related Party	Current Maximum Amount	Closing balance	Actual Amount Disbursed	Interest rate range	Nature of Loan	Transaction Amount	Reasons for Necessary Short-term Financing	Amount of Allowance for Loss	Collateral		Limit of Loans to Individual Borrowers	Total Loaning Limit	Remarks
													Name	Value			
0	The Company	Leadhope International	Other receivables - related parties	Yes	26,596	26,596	26,596	3%	Short- term financing	-	Repayment of borrowings	(26,596)	None	-	101,109	404,435	Note 4
1	Leadhope International	Blueside Inc.	〃	〃	26,596	26,596	26,596	3%	Transaction	48,000		(26,596)	None	-	-	-	Note 5

Note 1 : According to the "Procedures of Loaning of Funds" of the Company, if there is a need for short-term inter-company or inter-firm financing, the total amount of funds loaned shall not exceed 40% of the Company's net worth. For those with whom the Company has business transactions, the total amount of loans shall not exceed the total amount of the business transactions or 40% of the Company's net worth, whichever is lower. If there is a need for short-term inter-company or inter-firm financing, the individual amount of loan shall not exceed 10% of the net worth of the Company.

Note 2 : According to the "Procedures of Loaning of Funds" of Leadhope International, if there is a need for short-term inter-company or inter-firm business transactions, the total amount of funds loaned shall not exceed 100% of the Leadhope International's net worth, and the individual amount of loan shall not exceed the total amount of business transactions between both parties within 24 months before loaning of funds, or 80% of the net worth of Leadhope International, whichever is lower.

Note 3 : Loaning of funds by the Company to Leadhope International referred to above was written off when the consolidated financial statements were prepared.

Note 4 : The Company loaned funds to Leadhope International, and Leadhope International loaned all of this amount to Blueside Inc. Since Blueside Inc. failed to repay the loan according to the repayment plan, the loan was overdue and Leadhope International could not make full repayment. An improvement plan was submitted to the board of directors on March 14, 2018, and follow-up status was reported to each board meetings afterward.

Note 5 : Loaning of funds to others by Leadhope International complied with the limit requirement. Later, however, due to the decrease in net worth, the balance of the loan exceeded the limit.

2. Endorsements/guarantees to others:

Unit: NTD thousand

No.	Endorser/ Guarantor	Endorsee/Guarantee		Endorsement and Guarantee Limit to a Single Company	Current Max. Endorsement / Guarantee Balance	Closing Endorsement / Guarantee Balance	Actual Amount Disbursed	Endorsement/ Guarantee Amount Secured by Property	Ratio of Accumulated Endorsement/ Guarantee Amount to Net Worth in Latest Financial Statement	Max. Endorsement/ Guarantee Limit	Endorsement / Guarantees by Parent to Subsidiary	Endorsement / Guarantees by Subsidiary to Parent	Endorsement/ Guarantee in Mainland China
		Company	Relationship										
0	The Company	Leadtek Shanghai	100% owned sub-subsidiary	303,326	48,638	-	-	-	- %	404,435	Y	N	Y

Note: According to the "Procedures for Making of Endorsements/Guarantees" of the Company, the amount of endorsement/guarantee provided by the Company to a single company shall not exceed 30% of the Company's net worth; the total limit of endorsement/guarantee to external counterparties shall not exceed 40% of the Company's net worth.

3. Securities held at the end of the period (excluding investment in subsidiaries, affiliates and joint ventures):

Unit: Thousand shares

Companies Owned	Type and Name of Securities	Relationship with Securities Issuer	Title	End of Period				Highest Interim Shareholding		Remarks
				Number of Shares	Book Value	Shareholding Percentage	Fair Value	Number of Shares	Shareholding Percentage	
The Company	H3 Platform Inc.	None	Financial assets measured at fair value through profit or loss - non-current	-	30,100		30,100	-	- %	
The Company	Acrored Technologies, Inc.	〃	Financial assets measured at fair value through other comprehensive income - non-current	1,150	2,397	5.47 %	2,397	1,150	5.47 %	
〃	Touch Cloud Inc.	〃	〃	869	1,921	6.53 %	1,921	869	6.53 %	
					4,318		4,318			

4. Cumulative amount of the same securities purchased or sold reaching NTD 300 million or more than 20% of the paid-in capital: None.
5. The amount of acquisition of property reaching NTD 300 million or more than 20% of the paid-in capital: None.
6. The amount of disposal of property reaching NTD 300 million or more than 20% of the paid-in capital: None.
7. The amount of the purchase or sale with related parties reaching NTD 100 million or more than 20% of the paid-in capital:

Unit: NTD thousand

Purchasing (Selling) Company	Name of Counterparty	Relationship	Transaction Status				Description and Reasons for Differences in Trading Conditions from Regular Transactions		Notes/Accounts Receivable (Payable)		Remarks
			Purchase (Sale)	Amount	Percentage in Total Purchase (Sale)	Credit Period	Unit Price	Credit Period	Balance	Percentage in Total Notes/Accounts Receivable (Payable)	
The Company	Leadtek Shanghai	100% owned sub-subsidiary	Sale	(606,126)	(26.05)%	OA45 - 90 days	No significant difference from general transactions	-	Accounts receivable 95,520	30.03%	Note
Leadtek Shanghai	The Company	Parent company	Purchase	606,126	26.26%	OA45 - 90 days		-	Accounts payable (95,520)	(69.15)%	〃

Note: The transactions on the left were written off when the consolidated financial statements were prepared.

8. The amount of the receivables from related parties reaching NTD 100 million or more than 20% of the paid-in capital: None.
9. Engagement in derivative transactions: None.
10. Business relationships and important transactions between the parent company and its subsidiaries:

No. (Note 1)	Name of Trader	Counterparty	Relationship with Trader (Note 2)	Title	Amount	Trading Conditions	Percentage in Consolidated Total Revenue or Assets
0	The Company	Leadhope International	1	Other receivables - related parties	26,596	Interest rate 3%	1.02%
0	The Company	Leadtek Shanghai	1	Operating revenue	606,126	The selling price is not significantly different from that for regular customer, and the credit period is 45 to 90 days	14.17%
0	The Company	Leadtek Shanghai	1	Accounts receivable	95,520	〃	3.66%

Note 1: The numbering method is as follows:
1. 0 stands for the parent company.
2. Subsidiaries are numbered in sequence starting from 1 according to the type of the company.

Note 2: Relationships with counterparties are indicated as follows:
1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary

(II) Information on investees:

The investees of the Group in 2023 are as follows (excluding investees in Mainland China):

Unit: Thousand shares

Investor	Investee	Location	Main Business Item	Initial Investment Amount		Held at End of Period			Highest Interim Shareholding	Investee Profit/Loss for the Current Period	Investment Profit/Loss Recognized for the Current Period	Remarks
				End of Current Period	End of Last Year	Number of Shares	Ratio	Book Value				
The Company	LR BVI	British Virgin Islands	Investment Holding	255,328	255,328	7,500	100.00 %	504,738	7,500	76,747	77,145	Note 1, Note 4, Note 5
The Company	LR JPY	Japan	Responsible for marketing of the Company's products and provision of after-sales services in Japan.	10,688	10,688	3	100.00 %	3,022	3	1,818	1,818	〃
The Company	Leadhope International	Taiwan	Software agency, brokerage, trading, and operations	165,749	165,749	1,657	71.36 %	(3,188)	1,657	(897)	(640)	Note 1, Note 5
The Company	Aiborn	Taiwan	Installation of computer equipment and data processing	10,000	10,000	1,000	100.00 %	2,073	1,000	(1,025)	(1,025)	〃
The Company	Wegene	Taiwan	Research and development, agency, and sales of medical devices and health food	24,317	24,317	100	100.00 %	618	100	173	173	〃
The Company	Samoa Wegene	Samoa	Investment Holding	10,077	10,077	320	100.00 %	(7,119)	320	(959)	(959)	Note 1, Note 4, Note 5
The Company	ApoDx	Taiwan	Sale of medical equipment and information software	3,746	3,746	2,255	13.58 %	-	2,255	-	-	Note 2
The Company	LR CS	Swaziland	Wireless communication cloud service and e-commerce	3,302	3,302	50	50.00 %	-	50	-	-	〃
								500,144		75,857	76,512	
Leadhope International	Leadhope (H.K.)	Hong Kong	Software agency, brokerage, trading, and operations	129,690	129,690	-	100.00 %	60	-	(81)	(81)	Note 3, Note 4, Note 5
Wegene	ApoDx	Taiwan	Sale of medical equipment and information software	1,350	1,350	1,175	7.08 %	-	1,175	-	-	Note 2

Note 1 : Subsidiaries over which the Company has control.
Note 2 : Investees valuated under the equity method.
Note 3 : Sub-subsidiaries over which the Company has control.
Note 4 : All the amounts in NTD in this table are translated based on the exchange rate on the balance sheet date.
Note 5: The transactions on the left were written off when the consolidated financial statements were prepared.

(III) Information on investments in Mainland China:

1. Information on investments in Mainland China:

Foreign currency unit: Thousand

Investee in Mainland China	Main Business Item	Paid-in Capital	Investment Method	Accumulated Investment Amount Remitted from Taiwan at the Beginning of Current Period	Investment Amount Remitted/Recovered for Current Period		Accumulated Investment Amount Remitted from Taiwan at the End of Current Period	Investee Profit/ Loss for the Current Period	The Company's Shareholding Percentage in Direct/ Indirect Investment	Highest Interim Shareholding Percentage	Investment (Loss) Gain Recognized for Current Period	Book value of Investment at the End of Current Period	Repatriated Investment Income up to the Current Period
					O/R	Recovered							
Leadtek Shanghai	Responsible for promotion, marketing, and service of the Company's products in mainland China.	168,878 (USD5,500)	Note 1	168,878 (USD5,500)	-	-	168,878 (USD5,500)	76,747	100%	100%	76,747	512,999	-
Shenyang Wegene	Production and sale of medical devices	9,826 (USD320)	Note 1	9,826 (USD320)	-	-	9,826 (USD320)	(959)	100%	100%	(959)	(7,090)	-
Zero TC Cloud Computing (Shanghai) Co., Ltd. (Zero TC)	Cloud computing software services	7,702 (CNY1,780)	Note 2	-	-	-	-	266	45%	45%	120	4,041	-

2. Investment limit in Mainland China:

Company	Accumulated Investment Amount Remitted from Taiwan to Mainland China at the End of Current Period	Investment Amount Approved by the MOEA Investment Review Committee	Limit on Investment in Mainland China Required by MOEA Investment Review Committee
The Company	178,704(USD5,820)	178,704(USD5,820)	606,652

Note 1: Reinvestment in companies in Mainland China is made through companies set up in a third region.

Note 2: Reinvestment in companies in Mainland China is made through an investee there.

Note 3: Except for Weijin Shenyang and Zero TC, for which investment gain or loss is recognized based on the internal financial statements of the investee because of their immateriality, the investment gain or loss of Leadtek Shanghai is recognized based on the financial statements audited by the CPAs of the parent company in Taiwan.

Note 4: All the amounts in NTD in this table are translated based on the exchange rate on the balance sheet date.

Note 5: All of the above, except for Zero TC, were written off when the consolidated financial statements were prepared.

3. Material transactions:

The Company's material transactions with investee companies in Mainland China in 2023, either directly or indirectly, were written off when the consolidated financial statements were prepared. For details, please refer to the description in the "Information on Material Transactions."

(IV) Information of major shareholders:

Name of Major Shareholder	Shares	
	Number of Shares Held	Shareholding Percentage
Ablecom Technology Inc.	16,667,000	19.85%
Compuware Technology Inc.	8,333,000	9.92%

Note: (1) The information on major shareholders are acquired from the data of the Taiwan Depository & Clearing Corporation with respect to the shareholders holding aggregately 5% or more of the common stocks of the Company that have been registered and delivered in dematerialized form on the last business day at the end of each quarter. The share capital stated in the consolidated financial statements of the Company may be different from the number of stocks that have been actually registered and delivered in dematerialized form due to different bases of compilation and calculation.

(2) In case any shareholder transferred his stocks to a trustee, the information on such shareholder was disclosed based on the account of the principal subject to the trust account opened by the trustee. As for the shareholder who declares insider shares of more than 10% shareholdings pursuant to the securities and exchange regulations, the number of shares held includes the shares of the shareholder and the shares that he/she transferred to a trustee and for which he/she has the right to determine the application of the trust property. For more information on the declaration of insider shares, refer to the MOPS.

XIV. Segment information

(I) General information

The Group's reportable segment is a strategic business unit. There are two reportable segments: the computer product department and the smart healthcare department, which provide design, manufacturing and sales of their respective products. As the product technical features and marketing strategies are different among each reporting segments, they have their own relevant technical and product marketing teams. "Other Segments" are mainly about big data and gaming. They did not reach the quantitative thresholds for the reportable segments in 2023 and 2022.

(II) Information on the profit and loss, assets, and liabilities of the reportable segment and their measurement basis and adjustment

1. The profit and loss of the operating segment of the Group is measured at operating profit and loss, and serves as the basis for performance evaluation. The Group did not allocate

assets and liabilities to reportable segments for the operating decision makers to measure. Please refer to Note 4 for the accounting policies of the operating segment's. The reported amounts are consistent with the those in the report used by the operating decision makers.

Information and adjustment of the Group' operating segment the are as follows:

2023	Computer Product Department	Smart Healthcare Department	Other Departments	Total
Revenue:				
Revenue from external customers	$ 4,079,634	63,405	133,078	4,276,117
Inter-segment revenue	-	-	-	-
Interest income	14	10	4,104	4,128
Revenue from external customers	$ 4,079,648	63,415	137,182	4,280,245
Interest expense	$ (25,243)	(10,639)	(279)	(36,161)
Share of profit in affiliates and joint ventures under equity method	-	-	120	120
Segment income	$ 159,472	(158,901)	(133,367)	(132,796)

2022	Computer Product Department	Smart Healthcare Department	Other Departments	Total
Revenue:				
Revenue from external customers	$ 5,106,117	109,835	95,466	5,311,418
Inter-segment revenue	-	-	-	-
Interest income	6	10	2,089	2,105
Revenue from external customers	$ 5,106,123	109,845	97,555	5,313,523
Interest expense	$ (18,416)	(6,843)	(183)	(25,442)
Share of profit in affiliates and joint ventures under equity method	-	-	113	113
Segment income	$ 17,635	(102,839)	(116,219)	(201,423)

(III) Information by product and labor

Please refer to Note 6(20) for the information on the revenue from external customers in 2023 and 2022.

(IV) Information by region

The reginal information of the Group is as follows. Revenue is classified based on the geographical location of the customers and non-current assets are classified based on the geographical location of the assets.

1. Please refer to Note 6(20) for the information on the revenue from external customers in 2023 and 2022.
2. Non-current assets:

Region		**2023**	**2022**
Taiwan	$	240,813	208,330
Mainland China		30,039	41,730
Others		2,539	416
	$	**273,391**	**250,476**

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets and other assets, but exclude non-current assets of financial instruments, deferred income tax assets and retirement benefit assets.

(V) Information on major customers

The external customers from which the Group earns sales revenue accounting for 10 % or more of the revenue in the consolidated statement of comprehensive income are as follows:

		2023	**2022**
Customer B	$	92,111	562,559
	$	**92,111**	**562,559**

All sales revenue to Customer B comes from the computer product department.

V. Parent company only financial statements audited by the CPAs in the most recent year

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Independent Auditors' Report

To the Board of Leadtek Research Inc.:

Audit opinion

We have audited the Statement of Balance Sheets of Leadtek Research Inc. as of December 31, 2023 and 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flow from January 1 to December 31, 2023 and 2022, and the notes to parent company only financial statements (including the summary of significant accounting policies).

In our opinion, the said parent company only financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and thus presented fairly, in all material aspects, the financial position of Leadtek Research Inc. as of December 31, 2023 and 2022 as well as the financial performance and cash flow from January 1 to December 31, 2023 and 2022.

Basis of audit opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the generally accepted auditing standards. Our responsibilities under such standards are further described in the "CPA's responsibility for the audit of the parent company only financial statements" section in this report. We were independent of Leadtek Research Inc. in accordance with the Norms of Professional Ethics for Certified Public Accountants and fulfilled all other responsibilities thereunder. We believe that we acquired sufficient and appropriate audit evidence to base our audit opinions.

Key audit matters

Key audit matters refer to, based on our professional judgment, the most important matters for auditing the 2023 parent company only financial statements of Leadtek Research Inc. These matters were addressed in the content of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide separate opinions on those matters. The key audit matters determined by us to be communicated on the auditor's report are as follows:

I. Inventory valuation

For the accounting policy of inventory valuation, please refer to Note 4(7), Inventory, of the parent company only financial statements; for the estimate uncertainty of inventory valuation, please refer to Note 5 of the parent company only financial statements; for the description of inventory and related expenses, please refer to Note 6(5) of the parent company only financial statements.

Description of key audit matters:

The inventory in the parent company only financial statements is measured based on the lower of the cost or net realizable value. Due to product technology updates, existing products become obsolete or are no longer meet market demands, and this may result in a lower book value of the inventories than the net realizable value. And, estimation is involved in the valuation of the inventory's net realized value , so inventory valuation is one of the important estimation matters for us to perform the audit of the consolidated financial statements.

Corresponding audit procedures:

The major audit procedures we adopted for this key audit matter include understanding the appropriation policy of Leadtek Research Inc. for the loss on inventory devaluation and obsolescence, and assessing whether they have been appropriated in accordance with the accounting policy. In addition, the inventory age report was reviewed to analyze its changes in each period. Testing was conducted based on the interval classification in the inventory age report and the calculation table with respect to the lower of the cost or net realizable value, in order to assess the reasonableness of the inventory net realizable value.

II. Investment under equity method and share of recognized profit (loss) in subsidiaries

For the accounting policy of investment under equity method, please refer to Note 4(9), Investment in Subsidiaries, of the parent company only financial statements; for the estimate uncertainty of inventory valuation, please refer to Note 5 of the parent company only financial statements; for the description of investment under equity method, please refer to Note 6(6), Investment under Equity Method, of the parent company only financial statements.

(I) Inventory valuation of subsidiaries

Leadtek (SHANGHAI) Research Inc., the subsidiary recognized by Leadtek Research Inc. under equity method, is mainly engaged in trading of communication devices, computers, communications, telecommunications and peripheral equipment. The material inventory assets it holds are measured at the lower of cost or net realizable value. Due to product technology updates, existing products become obsolete or are no longer meet market demands, and this may result in a lower book value of the inventories than the net realizable value. And, estimation is involved in the valuation of the inventory's net realized value, so the inventory valuation of the subsidiary is one of the important estimation matters for us to perform the audit of the consolidated financial statements.

Corresponding audit procedures:

The major audit procedures we adopted for this key audit matter include understanding the appropriation policy of the subsidiary for the loss on inventory devaluation and obsolescence, and assessing whether they have been appropriated in accordance with the accounting policy. In addition, the inventory age report was reviewed to analyze its changes in each period. Testing was conducted based on the interval classification in the inventory age report and the calculation table with respect to the lower of the cost or net realizable value, in order to assess the reasonableness of the inventory net realizable value.

Responsibility of the management and governance unit for the parent company only financial statements

The management was responsible for preparation of the parent company only financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and maintaining the necessary internal control related to preparation of the financial statements to ensure that the consolidated financial statements were free of material misstatement due to fraud or errors.

During preparation of the parent company only financial statements, the management was also responsible for evaluating the ability of going concern of Leadtek Research Inc., disclosure of relevant matters and application of the going concern basis of accounting unless the management intended to make Leadtek Research Inc. enter into liquidation or terminate its operations, or there was no other actual and feasible solutions other than liquidation or termination of its operations.

Those charged with governance (including the Auditing Committee) are responsible for overseeing the financial reporting process of Leadtek Research Inc.

CPA's responsibility for the audit of the parent company only financial statements

We audited the parent company only financial statements for the purpose of obtaining reasonable assurance about whether the parent company only financial statements were free of material misstatement due to fraud or errors and issuing an auditor's report. Reasonable assurance refers to a high level of assurance; however, we could not guarantee to detect all material misstatements in the parent company only financial statements through the audit conducted based on the generally accepted auditing standards. Misstatements may arise from fraud or error. If an individual or total amount misstated is reasonably expected to have a impact on the economic decision-making of users of the parent company only financial statements, the misstatements is deemed material.

As part of an audit in accordance with auditing standards, we exercise professional judgment and skepticism throughout the audit. We also performed the following works:

1. We identified and evaluated the risk of any misstatements in the parent company only financial statements due to fraud or errors, designed and implemented applicable response measures for the evaluated risks, and acquired sufficient and appropriate audit evidence to base our audit opinions. Since fraud may involve collusion, forgery, omission on purpose, fraudulent statements or violation of internal control, we did not find that the risk of misstatements due to fraud was higher than the same due to errors.

2. We understood the internal control related to the audit to an extent necessary to design audit procedures applicable to the current circumstance; however, the purpose of such work was not to express opinions towards the internal control effectiveness of Leadtek Research Inc.
3. We evaluated the appropriateness of the accounting policies adopted by the management and the rationality of the accounting estimates and relevant disclosures made by the management.
4. We drew a conclusion about the appropriateness in the adoption of the going concern basis of accounting by the management and whether the event or circumstance which might cause major doubts about the ability of going concern of Leadtek Research Inc. had a material uncertainty. If any material uncertainty was considered to exist in such event or circumstance, we must provide a reminder in the auditor's report for the users of the parent company only financial statements to pay attention to the relevant disclosure therein, or amend our audit opinions when such disclosure was inappropriate. Our conclusion was drawn based on the audit evidence acquired as of the date of this auditor's report. However, future events or circumstances might result in a situation where Leadtek Research Inc. would and the subsidiaries no longer have the ability of going concern.
5. We evaluated the overall presentation, structure, and contents of the parent company only financial statements (including relevant notes) and whether the parent company only financial statements presented relevant transactions and events fairly.
6. We acquired sufficient and appropriate audit evidence with respect to the financial information of the investees under equity method to provide opinions regarding the parent company only financial statements. We were responsible for instruction, supervision and conduct of the audit cases, as well as the expression of the audit opinions for the Leadtek Research Inc.

The matters for which we communicated with the governance unit include the planned audit scope and time, as well as major audit findings (including the significant deficiencies of internal control identified during the audit.)

We also provided a declaration of independence to the governance unit, which assured that we complied with the requirements related to independence in the Norm of Professional Ethics for Certified Public Accountant, and communicated all relationships and other matters (including relevant protective measures) which we deemed to be likely to cause a impact on the independence of CPAs to the governance unit.

We determined the key audit matters to be audited in the 2023 parent company only financial statements of Leadtek Research Inc. based on the matters communicated with the governance unit. Unless public disclosure of certain matters were prohibited by related laws or regulations or if, in very exceptional circumstances, we determined not to cover such matters in the auditor's report, as we could reasonably expect that the negative impact of the coverage was greater than the public interest brought thereby, we specified such matters in the auditor's report.

The engagement partners on the audit resulting in this independent auditors' report are Szu-Chien and Kaun-Ying Kuo.

KPMG Taiwan

Taipei, Taiwan (Republic of China)
February 26, 2024

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

Leadtek Research Inc.

Balance Sheets

December 31, 2023 and 2022

Unit: NTD thousand

Code	Assets	12.31.2023 Amount	%	12.31.2022 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note 6(1))	$ 112,503	7	76,404	5
1110	Financial assets measured at fair value through profit or loss - current (Note 6(2))	-	-	4,346	-
1170	Net accounts receivable (Note 6(3))	218,116	13	167,401	9
1180	Accounts receivable - related parties, net (Note 6(3) and 7)	99,967	6	30,219	2
1200	Other receivables (Notes 6(4) and 7)	4,579	-	3,720	-
130x	Inventory (Note 6(5))	301,927	18	594,653	35
1421	Prepayment for purchase	28,414	2	8,984	1
1476	Other financial assets - current (Note 8)	72,340	4	78,000	5
1470	Other current assets	21,541	1	14,626	1
		859,387	51	978,353	58
	Non-current assets				
1550	Investment under equity method (Note 6(6))	510,451	30	429,690	26
1510	Financial assets measured at fair value through profit or loss - non-current (Note 6(2))	30,100	2	30,100	2
1517	Financial assets measured at fair value through other comprehensive income - non-current (Note 6(2))	4,318	-	5,844	-
1600	Property, plant and equipment (Notes 6(7) and 8)	198,344	12	191,044	11
1755	Right-of-use assets (Note 6(8))	34,965	2	9,575	1
1780	Intangible assets (Note 6(9))	4,081	-	5,844	-
1975	Net defined benefit assets - non-current (Note 6(15))	15,028	1	14,379	1
1840	Deferred income tax assets (Note 6(16))	4,955	-	4,882	-
1990	Other non-current assets (Note 8)	25,646	2	13,265	1
		827,888	49	704,623	42
	Total assets	$ 1,687,275	100	1,682,976	100

Code	Liabilities and equity	12.31.2023 Amount	%	12.31.2022 Amount	%
	Current liabilities:				
2100	Short-term borrowings (Notes 6(10), 7 and 8)	$ 259,797	15	679,585	40
2170	Accounts payable	72,547	4	177,771	11
2200	Other payables (Note 7)	144,803	9	133,097	8
2130	Contractual liabilities - current (Note 6(19))	21,239	1	23,836	1
2250	Provision for liabilities - current (Note 6(12))	8,827	1	9,556	1
2280	Lease liabilities - current (Note 6(13))	14,225	1	8,792	1
2300	Other current liabilities	2,717	-	1,850	-
2320	Long-term borrowings due within one year or operating cycle (Notes 6(11), 7 and 8)	98,625	6	72,722	4
		622,780	37	1,107,209	66
	Non-current liabilities:				
2540	Long-term borrowings (Notes 6(11), 7 and 8)	20,183	1	52,083	3
2645	Deposit received	1,390	-	1,600	-
2570	Deferred income tax liabilities (Note 6(16))	327	-	1,953	-
2580	Lease liabilities - non-current (Note 6(13))	21,201	1	1,160	-
2650	Investment balance under equity method (Note 6(6))	10,307	1	8,836	1
		53,408	3	65,632	4
	Total liabilities	676,188	40	1,172,841	70
	Equity:				
3100	Share capital (Note 6(17))	839,460	50	589,460	35
3200	Capital reserve (Note 6(17))	419,475	25	475	-
3310	Legal reserve (Note 6(17))	-	-	22,787	1
3350	Accumulated profit and loss (Note 6(17))	(232,283)	(14)	(95,862)	(6)
3400	Other equities	(15,565)	(1)	(6,725)	-
	Total equity	1,011,087	60	510,135	30
	Significant contingent liabilities and unrecognized contractual commitments (Note 9)				
	Total liabilities and equity	$ 1,687,275	100	1,682,976	100

(Please refer to the attached notes to the parent company only financial statements)

Lu Kun-Shan, Chairman **Lu Kun-Shan, Manager** **Huang Huei-Chin, Chief Accounting Officer**

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

Leadtek Research Inc.

Statements of Comprehensive Income

January 1 to December 31, 2023 and 2022

Unit: NTD thousand

		2023		2022	
		Amount	%	Amount	%
4000	**Operating revenue** (Notes 6(19) and 7)	$ 2,326,539	100	3,525,657	100
5000	**Operating cost** (Notes 6(5), 6(12), 7, and 12)	2,078,371	89	3,235,041	92
		248,168	11	290,616	8
5910	Less: Unrealized sales profit or loss	(11,921)	-	7,977	-
5900	**Gross profit**	260,089	11	282,639	8
6000	**Operating cost** (Notes 6(3), 6(7), 6(13), 6(15), 7 and 12)**:**				
6100	Marketing expense	211,162	9	169,533	5
6200	Administrative expense	87,053	4	72,511	2
6300	Research and development expense	163,821	7	167,276	5
6450	Expected credit impairment (gain) loss	145	-	(832)	-
		462,181	20	408,488	12
6900	**Net operating loss**	(202,092)	(9)	(125,849)	(4)
7000	**Non-operating revenues and expenses**				
7010	Other income and expenses (Note 6(14) and 7)	3,941	-	6,938	-
7100	Interest income	2,871	-	1,343	-
7230	Net foreign exchange gain (loss)	(13,511)	(1)	(8,773)	-
7235	Net gain (loss) on financial assets (labilities) measured at fair value through profit or loss	31	-	(620)	-
7050	Financial cost	(32,376)	(1)	(20,823)	-
7775	Share of profit (loss) in affiliates and joint ventures recognized under equity method (Note 6(6))	76,512	4	(43,134)	(1)
		37,468	2	(65,069)	(1)
7900	**Net loss before tax**	(164,624)	(7)	(190,918)	(5)
7950	**Less: Income tax (profit) expense** (Note 6(16))	(4,895)	-	4,895	-
	Net loss for the current period	(159,729)	(7)	(195,813)	(5)
8300	**Other comprehensive income:**				
8310	**Items not reclassified into profit or loss**				
8311	Remeasurement of defined benefit plan (Note 6(15))	651	-	2,555	-
8316	Unrealized gains or losses on investment in equity instruments measured at fair value through other comprehensive income	(1,526)	-	(1,513)	-
8349	Less: Income tax related to items not subject to reclassification (Note 6(16))	130	-	511	-
	Total of items not reclassified into profit or loss	(1,005)	-	531	-
8360	**Items that may be subsequently reclassified to profit or loss**				
8361	Exchange differences on translation of financial statements of foreign operations	(9,144)	-	6,781	-
8380	Share of other comprehensive income in subsidiaries, affiliates and joint ventures recognized under equity method	1	-	28	-
8399	Less: Income tax related to items that may be reclassified (Note 6(16))	(1,829)	-	1,357	-
	Total items that may be subsequently reclassified to profit or loss	(7,314)	-	5,452	-
8300	**Other comprehensive income for the current period**	(8,319)	-	5,983	-
8500	**Total comprehensive income for the current period**	**$ (168,048)**	**(7)**	**(189,830)**	**(5)**
	Basic and diluted earnings (loss) per share (in dollars) (Note 6(18))				
9750	**Basic loss per share (in dollars)**	**$ (2.53)**		**(3.32)**	
9850	**Diluted loss per share (in dollars)**	**$ (2.53)**		**(3.32)**	

(Please refer to the attached notes to the parent company only financial statements)

Lu Kun-Shan, Chairman **Lu Kun-Shan, Manager** **Huang Huei-Chin, Chief Accounting Officer**

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

Leadtek Research Inc.
Statements of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

			Retained earnings		Other equities		
	Share capital	Capital reserve	Legal reserve	Accumulated deficit	Exchange differences on translation of financial statements of foreign operations	Unrealized gain or loss on financial assets measured at fair value through other comprehensive income	Total equity
Balance as of January 1, 2022	$ 535,873	475	-	227,868	2,169	(12,833)	753,552
Net loss for the current period	-	-	-	(195,813)	-	-	(195,813)
Other comprehensive (loss) income for the current period	-	-	-	2,044	5,452	(1,513)	5,983
Comprehensive (loss) income for the current period	-	-	-	(193,769)	5,452	(1,513)	(189,830)
Appropriation and distribution of earnings:							
Provision of legal reserve	-	-	22,787	(22,787)	-	-	-
Common stock cash dividends	-	-	-	(53,587)	-	-	(53,587)
Common stock dividends	53,587	-	-	(53,587)	-	-	-
Balance as of December 31, 2022	589,460	475	22,787	(95,862)	7,621	(14,346)	510,135
Net loss for the current period	-	-	-	(159,729)	-	-	(159,729)
Other comprehensive (loss) income for the current period	-	-	-	521	(7,314)	(1,526)	(8,319)
Comprehensive (loss) income for the current period	-	-	-	(159,208)	(7,314)	(1,526)	(168,048)
Appropriation and distribution of earnings:							
Legal reserve to make up loss	-	-	(22,787)	22,787	-	-	-
Capital increase in cash	250,000	419,000	-	-	-	-	669,000
Balance as of December 31, 2023	**$ 839,460**	**419,475**	**-**	**(232,283)**	**307**	**(15,872)**	**1,011,087**

(Please refer to the attached notes to the parent company only financial statements)

Lu Kun-Shan, Chairman **Lu Kun-Shan, Manager** **Huang Huei-Chin, Chief Accounting Officer**

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

Leadtek Research Inc.

Statements of Cash Flows

January 1 to December 31, 2023 and 2022

Unit: NTD thousand

	2023	2022
Cash flow from operating activities:		
Net loss before tax for the current period	$ (164,624)	(190,918)
Adjustment:		
Income and expense		
Depreciation expense	32,702	31,527
Amortization expense	8,207	7,170
Expected credit impairment loss (gain)	145	(832)
Net (gain) loss on financial assets and labilities measured at fair value through profit or loss	(31)	620
Interest expense	32,376	20,823
Interest income	(2,871)	(1,343)
Share of (profit) loss in subsidiaries, affiliates and joint ventures recognized under equity method	(76,512)	43,134
Unrealized (loss) profit from sales	(11,921)	7,977
Others	(1)	-
Total income and expense	(17,906)	109,076
Net changes in assets related to operating activities:		
Decrease (increase) of financial assets mandatorily measured at fair value through profit or loss	4,377	(1)
Decrease in notes receivable	-	10,508
(Increase) decrease in accounts receivable	(120,608)	241,702
Decrease (increase) of inventory	292,735	(330,456)
Increase in prepayments	(19,430)	(8,184)
Increase in other receivables	(61)	(92)
Increase of other current assets	(6,713)	(4,755)
Others	2	115
Total net changes in assets related to operating activities	150,302	(91,163)
Net changes in liabilities related to operating activities:		
(Decrease) increase in contractual liabilities	(2,597)	6,798
Decrease in accounts receivable	(105,224)	(51,073)
Decrease in provision for liabilities	(729)	(4,926)
Increase (decrease) of other payables and other current liabilities	19,550	(19,545)
Total net changes in liabilities related to operating activities	(89,000)	(68,746)
Total net changes in assets and liabilities related to operating activities	61,302	(159,909)
Total adjustment	43,396	(50,833)
Cash outflow from operations	(121,228)	(241,751)
Interest received	2,067	544
Interest paid	(34,654)	(18,653)
Income tax refunded	-	28
Net cash outflow from operating activities	(153,815)	(259,832)
Cash flow from investing activities:		
Acquisition of financial assets measured at fair value through profit or loss	-	(30,100)
Acquisition of property, plant, and equipment	(23,916)	(14,703)
(Increase) decrease in refundable deposit	(10,826)	844
Acquisition of intangible assets	(6,444)	(7,418)
Increase in prepayment for equipment	(2,609)	(1,768)
Decrease (increase) of restricted assets	5,660	(25,004)
Net cash outflow from investing activities	(38,135)	(78,149)
Cash flow from financing activities:		
(Decrease) increase in short-term borrowings	(419,788)	320,780
Borrowing of long-term loans	129,048	30,000
Repayment of long-term borrowings	(135,045)	(80,752)
Decrease in deposit received	(210)	(111)
Repayment of lease principal	(14,956)	(15,478)
Cash dividends payment	-	(53,587)
Capital increase in cash	669,000	-
Net cash inflow from financing activities	228,049	200,852
Increase (decrease) in cash and cash equivalents for the current period	36,099	(137,129)
Opening balance of cash and cash equivalents	76,404	213,533
Closing balance of cash and cash equivalents	$ 112,503	76,404

(Please refer to the attached notes to the parent company only financial statements)

Lu Kun-Shan, Chairman **Lu Kun-Shan, Manager** **Huang Huei-Chin, Chief Accounting Officer**

Leadtek Research Inc.
Noted to the Parent company only financial statements
2023 and 2022
(Unless otherwise stated, all amounts are in NTD thousand)

I. Company history

Leadtek Research Inc (hereinafter referred to as the "Company") was founded upon approval granted by the Ministry of Economic Affairs in October 1986. The main business of the Company is the design, manufacturing and trading of communication devices, computers, communications, telecommunications and peripheral equipment.

II. The date and procedure for approval of financial statements

The parent company only financial statements were approved for release by the Board of Directors on February 26, 2024.

III. Applicability of new and revised standards and interpretations

(I) The impact of the adoption of the new and revised standards and interpretations approved and issued by the Financial Supervisory Commission

The Company began to apply the following newly amended IFRSs on January 1, 2023, and there was no 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 Tax related to Assets and Liabilities Arising from a Single Transaction"

The Company began to apply the following newly amended IFRSs on May 23, 2023, and there was no significant impact on the parent company only financial statements.

- Amendments to IAS 12 "International Tax Reform- Pillar Two Model Rules"

(II) Impact of not adopting the IFRS approved by the Financial Supervisory Commission

As assessed by the Company, the application of the following newly amended IFRSs effective from January 1, 2024 will not cause 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 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(III) New and revised standards and interpretations not yet approved by the Financial Supervisory Commission

The Company expects that the following new and revised standards not yet been approved will not cause significant impact on the parent company only financial statements.

- Amendments to IFRS No. 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 IFRS No. 17 “Initial Application of IFRS 17 and IFRS9 - Comparative Information”
- Amendment to IAS No. 21 “Lack of Exchangeability”

IV. Summary of significant accounting policies

Significant accounting policies adopted in the parent company only financial statements are summarized as follows. Unless otherwise specified, the following accounting policies have been consistently applied during the presentation period of the parent company only financial statements.

(I) Declaration of compliance

The parent company only financial statements are prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers.”

(II) Basis of preparation

1. Measurement basis

Except for the following items on the balance sheet, the parent company only financial statements are prepared on the basis of historical cost:

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

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

(3) Net defined benefit assets measured at the fair value of the pension fund assets less the present value of the defined benefit obligation and the effect of the upper limit in Note 4(17).

2. Functional currency and presentation currency

The Company uses the currency of the main economic environment at the operation location as its functional currency. The parent company only financial statements are presented in the Company’s functional currency, New Taiwan Dollar (NTD). All the financial information presented in NTD uses NTD thousand as the unit.

(III) Foreign currency

1. Foreign currency transactions

Foreign currencies used in a transaction are translated into functional currency at the exchange rate on the transaction date. At the end of each subsequent reporting period (hereinafter referred to as the "Reporting Date"), monetary foreign currency items are converted into functional currency at the exchange rate of the day. Non-monetary foreign currency items measured at fair value are translated into functional currency at the exchange rate on the date the fair value is measured. Non-monetary foreign currency items measured at historical cost are translated at the exchange rate on the date of transaction

The foreign currency exchange difference arising from translation is usually recognized in profit or loss, but in other comprehensive income in the following circumstances:

(1) Equity instruments designated to be measured at fair value through other comprehensive income;
(2) Financial liabilities designated as hedges of the net investment of foreign operations within the effective range of hedging; or
(3) Qualified cash flow hedges within the effective range of hedging.

2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the presentation currency in the parent company only financial statements at the exchange rate on the reporting date; the income and expense are translated to the presentation currency in the parent company only financial statements at the average exchange rate of the period. The exchange differences incurred are recognized in other comprehensive income.

When disposal of a foreign operation results in loss of control, loss of joint control, or significant influence, all the accumulated exchange differences related to the foreign operation are reclassified as profit or loss. When disposing a subsidiary with a foreign operation partially, related accumulated exchange differences are re-attributed to non-controlling equity on a pro rata basis. When disposing an affiliate or a joint venture with a foreign operation partially, related accumulated exchange differences are re-classified to profit or loss on a pro rata basis.

If there is no settlement plan for monetary receivables or payables of a foreign operation and settlement is impossible in the foreseeable future, the exchange gains and losses arising therefrom are regarded as part of the net investment in the foreign operation and recognized as other comprehensive income.

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

Assets that meet one of the following conditions are classified as current assets; assets other than current assets are classified as non-current assets:

1. The assets are expected to be realized, or intended to be sold or consumed in the normal business cycle;
2. The assets are held mainly for the purpose of trading;
3. The assets are expected to be realized within 12 months after the reporting period; or
4. The assets are in the form of cash or cash equivalents, except for those that are subject to other restrictions on exchange or use to settle a liability at least 12 months after the reporting period.

Liabilities that meet one of the following conditions are classified as current liabilities; liabilities other than current assets are classified as non-current liabilities;

1. The liabilities are expected to be settled in the normal business cycle;
2. The liabilities are held mainly for the purpose of trading;
3. The liabilities are expected due and to be settled within 12 months after the reporting period; or
4. The liabilities are not accompanied with the right to unconditionally defer the settlement period to at least 12 months after the reporting period. The classification of a liability is not affected if the terms of the liability may, at the option of the counterparty, result in its settlement to be conducted by issuing an equity instrument.

(V) Cash and cash equivalent

Cash includes cash on hand and demand deposits. Cash equivalent is short-term investment of high liquidity that is readily convertible to a fixed amount of cash with insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of fulfilling short-term cash commitments rather than investment or other purposes are reported as cash equivalents.

(VI) Financial instruments

Accounts receivable are initially recognized at the time of incurrence. All other financial assets and financial liabilities are initially recognized when the Company becomes a party of a financial instrument contract. Financial assets that are not measured at fair value through profit or loss (except for the accounts receivable that do not contain significant financial components) or financial liabilities are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance. Accounts receivable that do not contain significant financial components are initially measured at transaction price.

1. Financial assets

   Where the purchase or sale of financial assets is in line with customary practices, the Company adopts trade date accounting for all purchases and sales of financial assets classified in the same manner.

   At the time of initial recognition, financial assets are classified as financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, or financial assets measured at fair value through profit or loss.

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

   (1) Financial assets measured at amortized cost

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

   · The financial assets are held under the business model for the purpose of collecting contractual cash flow.

   · The cash flow incurring on a specific date in accordance with the contractual terms of the financial assets is solely for the payment of the principal and the interest on the outstanding principal amount.

   Such assets are subsequently measured at the initially recognized amount plus or minus the accumulated amortizations calculated under the effective interest method with any adjusted amortized cost of the allowance for loss. Interest income, foreign exchange profit and loss, and impairment loss are recognized in profit or loss. Upon derecognition, the profit or loss is recognized in profit or loss.

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

   Investment in liability instruments that meets the following conditions, is not designated to be measured at fair value through profit or loss, and is measured at fair value through other comprehensive income:

   · The financial assets are held under the business model for the purpose of collecting contractual cash flow and sale.

   · The cash flow incurring on a specific date in accordance with the contractual terms of the financial assets is solely for the payment of the principal and the interest on the outstanding principal amount.

   At the time of initial recognition, the Company may make an irrevocable choice at the initial recognition to report the subsequent fair value changes of the investment in equity instruments not held for the purpose of trading as other comprehensive income. The aforementioned choice is made on an instrument-by-instrument basis.

Investment in liability instruments is subsequently measured at fair value. Interest income, foreign currency exchange gains or losses, and impairment losses calculated under the effective interest method are recognized in profit or loss, and the remaining net profits or losses are recognized in other comprehensive income. At the time of derecognition, the accumulated amount of other comprehensive income will be reclassified to profit or loss.

Investment in equity instruments is subsequently measured at fair value. Dividend income (unless obviously representing the recovery of partial investment cost) is recognized in profit or loss. The remaining net profits or losses are recognized as other comprehensive income and not reclassified to profit or loss.

Dividend income from investment in equity is recognized on the date on which the Company 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 gain or loss are measured at fair value through profit or loss, including derivative financial assets. At the time of initial recognition, the Company may irrevocably designate the financial assets that meet the conditions of being measured at amortized cost or at fair value through other comprehensive income as the financial assets measured at fair value through profit and loss to eliminate or significantly reduce accounting mismatch.

Such assets are subsequently measured at fair value, and the net gain or loss (including any dividend and interest income) is recognized in profit or loss.

(4) Assessment of the business model

At the portfolio level, the Company assesses the purpose of the financial assets held under the business model. This can best reflect the management method and provide information to the management. The consideration information includes:

· The policies and objectives of the investment portfolio, and the operation of such policies. These Include whether the management's strategy focuses on earning contractual cash flows, maintaining a specific interest yield portfolio, matching the duration of financial assets with the duration of related liabilities or expected cash outflows, or realizing cash flows by selling financial assets;

· How to evaluate the performance of the business model and the financial assets held under the business model, and how to report to the key management personnel of the enterprise;

- Risks affecting the performance of the business model (and the financial assets held under the business model) and the management of such risks; and
- The sales frequency, amount, and timing of financial assets in previous periods, the reasons for the disposal, and expectations for future sale activities.

Based on the above operating purposes, the transaction of transferring a financial asset to a third party is not a sale referred to above if it does not meet the conditions of derecognition. This is consistent with the purpose that the Company continues to recognize the assets.

Financial assets held for transaction, managed at fair value, and subjected to performance evaluation on such basis are measured at fair value through profit or loss.

(5) Assessment of whether contractual cash flows are fully paid for the principal and interest on the outstanding principal amount

Based on the purpose of the assessment, principal is the fair value of the financial assets at the time of initial recognition, and the interest consists of the following considerations: time value of money, credit risk related to the outstanding principal amount during a specific period, other basic lending risks and costs, and margin of profit.

For the assessment of whether contractual cash flows are fully paid for the principal and interest on the outstanding principal amount, the Company considers the terms of the financial instrument contract, including assessing whether the financial assets is accompanied with a contract clause that changes the time point or amount of the contractual cash flow, resulting in incompliance with this condition. At the time of the assessment, the Company considers the following characteristics:

- Any contingency that will change the time point or amount of the contractual cash flow;
- Any clause that may adjust the contractual coupon rate, including the characteristics of the floating interest rate;
- early repayment and extension; and
- The claim of the Company is limited to the terms of the cash flow from a specific asset (such as that with non-recourse characteristics).

(6) Impairment of financial assets

The Company's financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes receivable and accounts receivable, other receivables, refundable deposits and other financial assets, etc.)

and the expected credit loss of the contract assets are recognized in allowance for losses.

The following financial assets have allowance loss measured at the 12-month expected credit loss, and the rest are measured at expected credit loss throughout the duration:

· The credit risk of bank deposits and some other receivables (i.e. the risk of default during the expected duration of the financial instrument) has not increased significantly since the initial recognition.

The loss allowance for accounts receivable and contract assets is measured at expected credit loss throughout the duration.

In determining whether the credit risk has increased significantly since the initial recognition, the Company shall consider reasonable and supporting information (which can be obtained without excessive cost or investment), including qualitative and quantitative information, and the analysis made based on the historical experiences of the Company, credit assessment and forward-looking information.

If the contract amount is overdue for more than 30 days, the Company assumes that the credit risk of the financial asset has increased significantly.

If the contract amount is overdue for more than 180 days, or if the borrower is unlikely to perform its credit obligations and pay the full amount to the Company, the Company deems it to have the default on the financial assets.

The expected credit loss throughout the duration refers to the expected credit loss generated by all possible defaults during the expected duration of a financial instrument.

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

The longest period of measurement of expected credit loss is the longest contract period in which the Company is exposed to credit risk.

The expected credit loss is the probability-weighted estimate of the credit loss during the expected duration of a financial instrument. Credit loss is measured at the present value of all cash shortfalls, which is the difference between the cash flow that the Company can collect in accordance with the contract and the cash flow that the Company expects to collect. Expected credit loss is discounted at the effective interest rate of the financial assets.

On each reporting date, the Company assesses whether the financial assets are credit-impaired based on the amortized cost. When one or more events that adversely affect the estimated future cash flow of a financial asset have occurred, the financial asset has credit impairment. Evidence of credit impairment of financial assets includes the observable data of the following matters:

- The substantial financial difficulties of the borrower or issuer;
- Breach of contract, such as delay or overdue for more than 180 days;
- Due to economic or contractual reasons related to the financial difficulties of the borrower, the Company gives the borrower concessions that it would not consider;
- The borrower is likely to file for bankruptcy or undergo other financial restructuring; or
- The active market for the financial assets disappears due to financial difficulties.

The loss allowance of financial assets measured at amortized cost is deducted from the book value of the assets.

When the Company cannot reasonably expect the recovery of financial assets in whole or in part, it will reduce the total book value of its financial assets directly. For corporate accounts, the Company analyzes the timing and amount of write-off separately on the basis of whether the recovery is reasonably expected. The Company expects that the written-off amount will not reverse significantly. However, the written-off financial assets can still be enforced compulsorily to meet the procedures for the Company to recover the overdue amount.

(7) Derecognition of financial assets

The Company derecognizes financial assets only when the contractual rights with respect to the cash flow from the assets are terminated, or the financial assets have been transferred and almost all the risks and returns with respect to the ownership of the assets have been transferred to other enterprises, or almost none of the risks and returns with respect to the ownership have been transferred or retained and no control of the financial assets has been reserved.

When the Company enters into a transaction to transfer a financial asset, if all or almost all of the risks and returns with respect to the ownership of the transferred asset are retained, it will remain recognized in the balance sheet.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equities

The Company's liability and equity instruments are classified as financial liabilities or equities based on the substance of the contractual agreement and the definition of financial liabilities and equity instruments.

(2) Equity transactions

Equity instrument refers to any contract that represents the Company's remaining equity after deducting all liabilities from the assets. The equity instruments issued by the Company are recognized at the acquisition price net of direct issue costs.

(3) Financial liabilities

Financial liabilities are classified and measured at amortized cost. Other financial liabilities are initially recognized at fair value plus directly attributable transaction cost; subsequently, they are measured at amortized cost under the effective interest method. Interest expense and exchange gain and loss are recognized in profit or loss. Any profit or loss occurring at the time of derecognition is recognized in profit or loss.

(4) Derecognition of financial liabilities

The Company derecognizes financial liabilities when its contractual obligations are fulfilled, canceled, or expired. When the terms of a financial liability are amended and there is a significant difference in the cash flow of the liability after the amendment, the original financial liability is derecognized, and a new financial liability is recognized at fair value based on the amended terms.

When derecognizing financial liabilities, the difference between the book value and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities can offset against each other and have the net amount expressed in the balance sheet only when the Company has a legally enforceable right to offset against each other and has an intention to settle at net amount, or assets are realized and liabilities are repaid at the same time.

(VII) Inventory

The initial cost of inventories is the necessary expense incurred to make the inventories ready for sale or production and the cost is calculated under the weighted average method. Fixed manufacturing overhead is allocated to finished products and work-in-progress based on the normal production capacity of the production equipment. However, if the actual production capacity is not significantly different from the normal production capacity, it is allocated based on the actual production capacity. Variable manufacturing overhead is allocated based on the actual production. Subsequently, the lower of the cost or net realizable value is used as the basis for the measurement and comparison is made individually. Net realizable value is calculated based on the estimated selling price under normal operations on the balance sheet date less the cost to be input until completion and the sales expense.

(VIII) Investment in affiliates

Affiliates are those over which the Company has significant influence, but not control or joint control.

The Company’s interests in the affiliated companies are accounted for under the equity method. Under the equity method, investment is initial acquisition is recognized based on the cost. Investment cost includes transaction cost. The book value of an investment in an affiliate includes the goodwill identified at the time of the initial investment less any accumulated impairment loss.

The parent company only financial statements include the profit and loss and other comprehensive income of the invested affiliated companies recognized by the Company, after the adjustment to ensure consistency with its accounting policies, in proportion to the equity ratio from the date of significant influence to the date of loss of the significant influence. When changes in equity, other than profit and loss and other comprehensive income, occur to an affiliated company that do not affect the Company’s shareholding percentage in the affiliated company, the part of the equity changes within the scope of the Company’s share shall be recognized as capital reserve in accordance with the shareholding percentage.

The unrealized gains and losses arising from the transactions between the Company and an affiliated company are recognized in the company’s financial statements only within the scope of the non-related investor's equity in the affiliated company.

When the Company's share of loss in the affiliates equals or exceeds its equity in the affiliates, the Company stops recognizing its loss and recognizes additional loss and related liabilities only after a legal obligation or constructive obligations occurs or payment on behalf of the invested company is made.

The Company ceases to adopt the equity method from the date on which its investment in an affiliate stops. The retained equity is measured at fair value. The difference between the fair value of the retained equity, as well as the disposal price, and the book value of the investment on the cessation date of the equity method is recognized in current income. The basis of the accounting for all amounts previously recognized in other comprehensive income and related to the investment is the same as the basis which must be observed if the affiliate directly disposes of relevant assets or liabilities. That is, if the profit or loss previously recognized in other comprehensive income must be reclassified as profit or loss (or retained earnings) when relevant assets or liabilities are disposed, the profit or loss is reclassified from equity to profit or loss (or retained earnings) when the Company ceases to adopt the equity method.

When an affiliated company issues new shares, if the Company fails to subscribe in proportion to its shareholding, resulting in a change in the shareholding percentage and thus causing an increase or decrease in the net equity value of the investment, the increase or decrease is used as a basis for adjustment of the capital reserve and the investment under the equity method; if this adjustment is used to offset capital reserve, but the balance of capital reserve arising from the investment under the equity method is insufficient, the difference is debited to retained earnings. However, if the Company fails to subscribe in proportion to its shareholding, resulting in a decrease in its ownership interest in an affiliated company, the amount related to the affiliated company previously recognized in other comprehensive income is reclassified in proportion to the decrease, and its accounting basis is the same as that affiliated company must observe if it directly disposes of relevant assets or liabilities.

(IX) Investment in subsidiaries

In preparing the parent company only financial statements, the Company has adopted the equity method to valuate the invested company over which the Company has control. Under the equity method, the amortization amount attributable to the owners of the parent company is the same in terms of the profit or loss and other comprehensive income for the current period in both the parent company only financial statements and the financial statements prepared on the consolidated basis. The equity of the owners in the parent company only financial statements is the same as the equity attributable to the owners of the parent company in the financial statements prepared on the consolidated basis.

Changes in the Company's ownership interests in subsidiaries that do not result in a loss of the control are treated as equity transactions with owners.

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

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

2. Subsequent costs

Subsequent expenses are capitalized only when their future economic benefits are likely to flow into the Company.

3. Depreciation

Depreciation is calculated based on the cost of the asset less residual value and recognized in profit or loss under the straight-line method within the estimated service life of each component.

Land is not depreciated.

The estimated service lives for the current period and the comparative period are as follows:

(1) Buildings	25 to 55 years
(2) Molds and testing equipment	2 to 5 years
(3) Office and other equipment	1 to 5 years

The major components of plant and equipment mainly include the main structure of the plant, air-conditioning equipment and elevator construction, and are depreciated according to their service lives.

The Company reviews the depreciation method, service lives, and residual value on each reporting date, and makes appropriate adjustment if necessary.

(XI) Lease

The Company assesses, on the contract inception date, whether the contract is or contains a lease. If the contract transfers the control over the use of identified assets for a period of time in exchange for consideration, the contract is or contains a lease.

1. Lessee

The Company recognizes right-of-use assets and lease liabilities on the lease start date. Right-of-use assets are initially measured at cost, which includes the initial measurement of lease liabilities, adjusted for any lease payments paid on or before the lease start date, and added the initial direct cost and the estimated cost of dismantling and removing the underlying asset and restoring its location or the underlying asset, while deducting any lease incentives received.

The subsequent right-of-use assets are depreciated under the straight-line method from the lease start date to the end of their service lives or the expiration of the lease period, whichever is earlier. In addition, the Company regularly assesses whether the right-of-use assets are impaired, settles any impairment losses that have occurred, and adjusts the right-of-use assets if the lease liabilities are remeasured.

Lease liabilities are initially measured at the present value of the unpaid lease payments on the lease start date. If the interest rate implicit in the lease is easy to determine, the discount rate is the interest rate. If it is not easy to determine, the Company's incremental borrowing rate is used. Generally, the Company uses its incremental borrowing interest rate as the discount rate.

Lease payments included in the measurement of lease liabilities include:

(1) Fixed payment, including substantive fixed payment; and
(2) For the variable lease payment that depends on a certain index or rate, the index or the rate on the lease start date is used for initial measurement.

Subsequent interest on lease liabilities is accrued under the effective interest method, and the amount is re-measured when:

(1) Changes in the index or rate used to determine lease payments result in changes in future lease payments;
(2) There is a change in the estimate of whether to exercise the extension or termination option, and thus the assessment of the lease period is changed; and
(3) The subject, scope, or other terms and conditions of the lease are modified.

When the lease liability is remeasured due to the changes in the index or rate used to determine the lease payment and in the estimate of whether to exercise the extension or termination option, the book value of the right-of-use assets is adjusted correspondingly. The remaining re-measured amount is recognized in the profit or loss when the book value of the right-of-use assets is reduced to zero.

For a lease modification that reduces the scope of the lease, the book value of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between the this and the remeasured amount of the lease liability is recognized in profit or loss.

The Company presents the 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 the short-term lease of transportation equipment and other equipment leases and low-value underlying asset leases, the Company chooses not to recognize right-of-use assets and lease liabilities, but to recognize relevant lease payments as expenses based on the straight-line during the lease period.

Sale and leaseback transaction is based on the assessment of whether the transfer of assets to a buyer and lessor satisfies the requirements of a sale in accordance with IFRS 15. If it is determined to be a sale, the assets are derecognized and the right transferred to the buyer and lessor is recognized in the relevant profit and loss. The leaseback transaction shall be subject to the lessee’s accounting model. The right-of-use assets are measured at the amount originally presented on the book for the leaseback part; if it is judged that the requirement for treatment as a sale is not met, it is treated as financing.

The Company has adopted the practical expediency for rent reductions that meet all of the following conditions without assessing whether they are lease modifications:

(1) Rent reduction is a direct result of the COVID-19 pandemic;

(2) The consideration for the lease altered as a result of the change in lease payment is almost equal to or smaller than the consideration for the lease before the change;

(3) Any reduction in lease payments only affects the payments originally due before June 30, 2022; and

(4) There is no substantive change in other terms and conditions of the lease.

Under the practical expediency, when rent reduction results in changes in lease payments, the change is recognized in profit or loss when the event or circumstance activating the rent reduction occurs.

2. Lessor

For transactions in which the Company is a lessor, the lease contract is classified on the lease date according to whether almost all the risks and returns attached to the ownership of the underlying asset are transferred; if yes, the lease contract is classified as a financing lease; otherwise, it is classified as an operating lease. When making the evaluation, the Company considers relevant specific indicators including whether the lease period covers the main part of the economic life of the underlying assets.

If the Company is a sub-lessor, it shall manage the main lease and sublease transactions separately, and use the right-of-use assets generated from the main lease to assess the classification of the sublease transactions. If the main lease is a short-term lease and the recognition exemption is applicable, the sublease transaction of the main lease shall be classified as an operating lease.

(XII) Intangible assets

1. Recognition and measurement

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

Development expenditure shall be capitalized only when the type of development expenditure can be reliably measured, the technical or commercial feasibility of the product or process has been achieved, economic benefits are likely to flow into the Company, and the Company intends and has sufficient resources to complete, make use of or sell the development. Other development expenditures are recognized in profit or loss when incurred. After initial recognition, the capitalized development expenditure is measured at its cost less accumulated amortization and accumulated impairment.

The intangible assets with limited service life acquired by the Company, including patents and trademarks, are measured at cost less accumulated amortization and accumulated impairment.

2. Subsequent expenses

Subsequent expenses are capitalized only when they increase the future economic benefits of the relevant specific assets. All other expenses are recognized as income upon occurrence, including the goodwill and brand developed internally.

3. Amortization

The amortization is calculated based on the cost of assets less the estimated residual value, and is recognized in profit or loss under the straight-line method over the estimated service life from the time point when intangible assets reach their usable state.

The estimated service lives for the current period and the comparative period are as follows:

(1) Patents and trademarks 5~6 years

(2) Cost of computer software 1~5 years

(3) The right to use patent is amortized evenly over the shorter of the contract period, other licensing terms, or beneficial years within 10 years.

The Company reviews the amortization method, service lives, and residual value of intangible assets on each reporting date, and makes appropriate adjustment if necessary.

(XIII) Impairment of non-financial assets

The Company assesses whether there is any indication of possible impairment of the book value of non-financial assets (except assets arising from inventories, deferred income tax assets, and employee benefits). If any sign exists, the recoverable amount of the asset shall be estimated.

For the purpose of impairment testing, the group of assets whose cash inflow is mostly independent of other individual assets or asset groups is recognized as the smallest identifiable asset group.

The recoverable amount is the fair value of an individual asset or a cash-generating unit less the cost of disposal and its value in use, whichever is higher. If the recoverable amount of an individual asset or a cash-generating unit is lower than the book value, it is recognized as impairment loss.

The impairment loss is immediately recognized in the current profit and loss and the book value of each asset is reduced in proportion to the book value of other assets in the cash-generating unit.

The non-financial assets can only be reversed within the book value (less depreciation or amortization) determined for the assets if, with respect to such assets, no impairment loss was recognized in previous years.

(XIV) Provision for liabilities

Provision for liabilities shall be recognized when the Company has a present obligation as a result of an event in the past, and it is likely that the Company requires an outflow of economic benefits to fulfill the obligation in the future, and the amount of the obligation can be estimated reliably. The provision for liabilities is discounted at the pre-tax discount rate that reflects the assessment of the time value of money and specific risk of liabilities on the current market; the amortization of the discount is recognized as interest expense.

The warranty provisions are recognized when the product or service is sold. The provisions are based on the historical warranty information and all possible outcomes weighted by the relevant probability.

(XV) Revenue recognition

1. Revenue from customer contracts

Revenue is measured based on expected consideration for the right to be obtained from transfer of goods or services. The Company recognizes revenue when the control of the product or labor service is transferred to the customer and the performance obligation is satisfied. The main income items of the Company are described as follows:

(1) Sale of goods

The Company manufactures and sells electronic products to downstream manufacturers. The Company recognizes the income when the control of the product is transferred. The transfer of control of the product means that the product has been delivered to the customer, and the customer can fully determine the sales channel and price of the product, and there are no outstanding obligations that would affect the customer's acceptance of the product. Delivery occurs when the product is delivered to a specific location, the obsolescence and risk of loss have been transferred to the customer, and the customer has accepted the product in accordance with the sales contract, and the acceptance terms have become invalid, or the Company has objective evidence to determine that all acceptance conditions have been met.

The Company provides a standard warranty for electronic products and thus is obligated to refund the defective products, and warranty provisions have been recognized in response to such obligation.

The Company recognizes the accounts receivable when the goods are delivered, because the Company has the right to unconditionally receive the consideration at that time.

(2) Royalty income

If the nature of the Company's authorization commitment to a customer is to provide the customer with the right to access the software existing during the authorization period, the income is recognized gradually over the agreed period.

(3) Labor service income

The Company provides labor and consulting services, and the related income is recognized during the financial reporting period when labor services are provided. For fixed price contracts, income is recognized based on the proportion of the services actually provided to the total services as of the reporting date. The proportion is determined by the services performed as a percentage of the total services to be performed.

(4) Financial components

The Company expects that all the contracts with customers specify a period of no more than one year between the time of transferring goods or services to customers and the time of customer’s payment for such goods or services. Therefore, the Company does not adjust the time value of money of the transaction price.

(XVI) Cost of contracts with customers

1. Cost of fulfilling the contract

If the cost of performing a contract with customers is not within the scope of other standards (IAS 2 “Inventory”, IAS 16 “Property, Plant and Equipment” or IAS 38 “Intangible Assets”), the Company will only recognizes such cost as an asset if it is directly related to a contract or a explicitly identifiable expected contract, can generate or strengthen resources that will be used to meet (or continue to meet) the performance obligation in the future, and is expected to be recoverable.

General and administrative costs; costs of raw materials, labor or other resources wasted in fulfillment of the contract but not reflected in the contract price; costs associated with fulfilled (or partially fulfilled) performance obligations; and costs for which it is difficult to identify whether they are associated with unfulfilled or fulfilled (or partially fulfilled) performance obligations are recognized as expenses when incurred.

(XVII) Employee benefits

1. Defined contribution plan

The contribution obligation of the defined contribution plan is recognized as an expense within the service period of the employee. Prepayments that will result in a refund or reduction of future payments are recognized as an asset.

2. Defined benefit plan

The net obligation that the Company bears to the defined benefit plan is calculated by converting to the present value based on the future benefit amount earned by the employees from the services in the current or previous period under each benefit plan, and the fair value of any planned assets shall be deducted.

Defined benefit obligations are calculated annually by a qualified actuary under the projected unit benefit method. When the calculation result may be favorable to the Company, the assets recognized shall be limited to the present value of any economic benefits that can be derived from the refund of the contribution under the phan or from the reduction of the contribution under the plan in the future. When calculating the present value of the economic benefits, the minimum capital contribution required is taken into account.

The remeasurement of the net defined benefit liability, including actuarial gains and losses, planned asset returns (excluding interest), and any change in the impact of asset ceilings (excluding interest) is immediately recognized in other comprehensive income and accumulated in retained earnings. The Company determines the net interest expense (revenue) of the net defined benefit liabilities (assets) using the net defined benefit liabilities (assets) and discount rate determined at the beginning of the reporting period. The net interest expense and other expenses of the defined benefit plan are recognized in profit or loss.

When the plan is revised or curtailed, the changes in benefits related to the service cost in the previous period or the curtailment of profit or loss are immediately recognized as profit or loss. When the settlement occurs, the Company recognizes the settlement gain or loss of the defined benefit plan.

3. Termination benefits

   Termination benefits refer to the provision of termination benefits by the Company to terminate the employment contract of an employee or an employee group before the normal retirement date, or to encourage employees to voluntarily accept redundancy. When the Company is no longer able to revoke the offer of such benefits or related restructuring costs, the one that occurs earlier is recognized as expenses. If the termination benefits are not expected to be fully settled within 12 months after the reporting date, they shall be discounted.

4. Short-term employee benefits

   Short-term employee benefit obligations are measured on an undiscounted basis and are recognized as expenses when the related services are rendered.

   For the short-term cash bonus or the amount expected to be paid under the bonus plan, if the Company has a present legal or constructive obligation to pay for the services rendered by employees in the past and such obligation can be estimated reliably, the amount is recognized as a liability.

(XVIII) Income tax

Income tax includes current income tax and deferred income tax. Except for those related to business combination and recognized directly in equity or other comprehensive income, current income tax and deferred income tax shall be recognized in profit or loss.

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

If the Company judges that the supplementary tax payable under the minimum tax burden in pillar two falls within the scope of IAS 12 “Income Taxes”, and the temporary mandatory exemption of the accounting treatment for the deferred tax related to supplementary tax has been applied, the actually incurred supplementary tax is recognized as income tax for the current period.

The current income tax includes the expected income tax payable or tax refund receivable calculated based on the taxable income (loss) of the current year, and any adjustment to the income tax payable or tax refund receivable of the previous year. The amount reflects the uncertainty (if any) of income tax, and is the best estimate of the expected payment or receipt at the statutory tax rate or tax rate substantially enacted on the reporting date.

Deferred income tax is measured and recognized based on the temporary differences between the book value of assets and liabilities on the reporting date and their tax bases. Temporary differences arising from the following circumstances shall not be recognized as deferred income tax:

1. Assets or liabilities that are initially recognized in a transaction that is not a business merger, and do not affect accounting profits and taxable income (losses) at the time of the transaction;
2. For the temporary differences arising from investments in subsidiaries, affiliates and joint ventures, for which the Company can control the time point of the temporary difference reversal and the reversal will very likely not occur in the foreseeable future; and
3. The taxable temporary difference arising from the initial recognition of goodwill.

Deferred income tax is measured at the tax rate at which the temporary difference is expected to be reversed, using the statutory tax rate or substantive tax rate on the reporting date, and has reflected income tax-related uncertainty, if any.

The Company will offset the deferred income tax assets and liabilities when all of the following conditions are met:

1. Has the legally enforceable right to offset current income tax assets and current income tax liabilities; and
2. Deferred income tax assets and deferred income tax liabilities are related to one of the following tax entities on which taxed are levied by the same taxation authority;
   (1) The same tax entity; or
   (2) Different tax entities, but each taxpayer intends to settle the current income tax liabilities and assets on a net basis, or realize the assets in a future period when a significant amount of deferred income tax assets are expected to be recovered and deferred income tax liabilities are expected to be settled, or settle the liabilities at the same time.

Unused tax losses and unused income tax credits carried forward and deductible temporary differences are recognized as deferred income tax assets within the range of future taxable income that is likely to be available for use. The Company shall make evaluation again on each reporting date, and adjust the relevant income tax benefits to the extent that they are not very likely to be realized; reverse the already reduced amount to the extent that the income is very likely to become high enough for taxation.

The additional profit-making enterprise income tax on the undistributed earnings of the Company is recognized as income tax expense for the period after the profit distribution proposal is approved by the shareholders' meeting of the following year.

(XIX) Earnings (loss) per share

The Company shows basic and diluted earnings (loss) per share attributable to the Company's common stock shareholders. The Company's basic earnings (loss) per share is calculated by taking the profit or loss attributable to the Company's common stock shareholders, divided by the weighted average number of the outstanding common stock shares during the period. Diluted earnings (loss) per share is calculated by adjusting the effect of all potential diluted common stocks for the profit and loss attributable to the Company's common stock shareholders and the weighted average number of outstanding common stocks, respectively.

(XX) Segment information

The Company has disclosed the department information in the consolidated financial statements; therefore, the department information was not disclosed in the parent company only financial statements.

V. Major sources of accounting judgment, estimates, and assumptions uncertainty

When preparing the parent company only financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the management must make judgments, estimates and assumptions that will affect the adoption of accounting policies and the amount of assets, liabilities, revenues and expenses. Actual results may differ from estimates.

The management continues to review the estimates and underlying assumptions, and changes in accounting estimates are recognized in the change period and the affected future period.

The accounting policy involves significant judgment and has a significant impact on the amount that has been recognized in the parent company only financial statements: None.

The uncertainty of the following assumptions and estimates has a significant risk of causing a significant adjustment to the book value of assets and liabilities in the next fiscal year. The relevant information is inventory valuation.

Inventories shall be measured at the lower of cost or net realizable value and the inventory cost shall be offset down to the net realizable value. The inventory valuation is based on the estimated future selling price, and thus it may change due to rapid alteration of the industry. Please refer to Note 6(5) for inventory valuation and estimation.

VI. Description of significant accounting items

(I) Cash and cash equivalent

	12.31.2023	12.31.2022
Foreign currency and petty cash on hand	$ 125	109
Check and demand deposits	112,378	76,295
	$ 112,503	**76,404**

For the disclosure of the interest rate risk, exchange rate risk and sensitivity analysis of the Company's financial assets, please refer to Note 6(21).

(II) Financial assets

	12.31.2023	12.31.2022
Non-derivative financial assets mandatorily measured at fair value through profit or loss - current		
Beneficiary certificate - fund	$ -	4,346
Non-derivative financial assets mandatorily measured at fair value through profit or loss - non-current		
Foreign convertible bonds	30,100	30,100
Equity instruments measured at fair value through other comprehensive income - non-current		
Stocks not listed on TWSE (TPEx)	4,318	5,844
	$ 34,418	**40,290**

The Company purchased the convertible corporate bonds to the amount of NTD 30,100 thousand issued by H3 Platform Inc. in September 2022. The bonds are classified as financial assets mandatorily measured at fair value through profit or loss.

The investment in equity instruments measured at fair value through other comprehensive income held by the Company is a long-term strategic investment and is not held for trading purposes, so it has been designated to be measured at fair value through other comprehensive income.

The Company did not dispose of strategic investment in 2023 and 2022, and the accumulated gain or loss during that period was not transferred within the equity.

Please refer to Note 6(21) for credit risk and market risk information.

As of December 31, 2023 and 2022, no financial assets of Company were pledged as collateral.

(III) Notes and accounts receivable

	12.31.2023	12.31.2022
Accounts receivable - measured at amortized cost	$ 218,598	167,738
Accounts receivable - related parties - measured at amortized cost	99,967	30,219
Less: Allowance for loss	(482)	(337)
	$ 318,083	197,620

The Company estimates the expected credit loss for all notes and accounts receivable under the simplified method, that is, using the expected credit loss throughout the duration for measurement. For this, the notes and accounts receivable are grouped based on the ability to make payment of all the amounts due according to the contractual terms and the common credit risk characteristics of the trade credit insurance. Forward-looking information trade credit insurance information has been included, including macroeconomic and relevant industry information. The expected credit loss on the notes and accounts receivable of the Company is analyzed as follows:

	12.31.2023		
Account age interval	**Book value of accounts receivable**	**Weighted average rate of expected credit loss**	**Allowance for expected credit loss throughout duration**
0 - 90 days	$ 315,209	0.14%	443
91 - 120 days	1,094	2.00%	22
121 - 180 days	174	10.00%	17
More than 366 days	2,088	-%	-
	$ 318,565		482

	12.31.2022		
Account age interval	**Book value of accounts receivable**	**Weighted average rate of expected credit loss**	**Allowance for expected credit loss throughout duration**
0 - 90 days	$ 195,658	0.17%	333
91 - 120 days	210	2.00%	4
121 - 180 days	-	-%	-
More than 366 days	2,089	-%	-
	$ 197,957		337

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

	2023	**2022**
Opening balance	$ 337	1,169
Recognized impairment loss (reversal gain)	145	(832)
Closing Balance	$ 482	337

Please refer to Note 6(21) for credit risk information.

(IV) Other receivables

	12.31.2023	**12.31.2022**
Other receivables - related parties	$ 31,175	30,316
Less: Allowance for loss	(26,596)	(26,596)
	$ 4,579	3,720

The changes in the loss allowance for other receivables of the Company are as follows:

	2023	**2022**
Closing balance (i.e. opening balance)	$ 26,596	26,596

Please refer to Note 6(21) for credit risk information.

(V) Inventory

	12.31.2023	**12.31.2022**
Raw material	$ 89,603	103,779
Work-in-process/semi-finished product	170,088	440,461
Finished product	42,236	50,413
	$ 301,927	594,653

The inventory related expenses recognized by the Company in 2023 and 2022 are as follows:

	2023	2022
Loss on inventory devaluation and obsolescence	$ 4,453	48,395

As of December 31, 2023 and 2022, no inventories were pledged as collateral.

(VI) Investment under equity method

The investment of the Company under the equity method on the reporting date is as follows:

	12.31.2023	12.31.2022
Subsidiary	$ 500,144	420,854
Add: Credit balance of investment accounted for under equity method in subsidiaries	10,307	8,836
	$ 510,451	429,690

The share of profit or loss on the investment recognized by the Company under equity method is as follows:

	2023	2022
Subsidiary	$ 76,512	(43,134)

1. Subsidiary

   Please refer to the 2023 consolidated financial statements.

2. Disclosure of contingent liabilities

   The Company does not share the contingent liabilities of any affiliated companies with other investors, or have contingent liabilities arising from assuming several liability for the debts of the affiliated companies.

3. Guarantee

   As of December 31, 2023 and 2022, no investment of Company under equity method was pledged as collateral.

(VII) Property, plant and equipment

Changes in the property, plant and equipment of the Company are as follows:

	Land	Buildings and Construction	Machinery and Equipment	Office Equipment and Others	Total
Cost or deemed cost:					
Balance on January 1, 2023	$ 130,582	101,602	235,612	28,975	496,771
Addition	-	3,887	12,391	7,638	23,916
Disposition	-	-	(10,659)	(271)	(10,930)
Transfer in (out) for current period	-	-	986	-	986
Balance on December 31, 2023	$ 130,582	105,489	238,330	36,342	510,743
Balance on January 1, 2022	$ 130,582	99,037	225,957	29,007	484,583
Addition	-	2,565	11,483	655	14,703
Disposition	-	-	(2,379)	(687)	(3,066)
Transfer in (out) for current period	-	-	551	-	551
Balance on December 31, 2022	$ 130,582	101,602	235,612	28,975	496,771
Depreciation or impairment loss:					
Balance on January 1, 2023	$ -	60,154	218,349	27,224	305,727
Current depreciation	-	3,468	11,938	2,255	17,661
Disposition	-	-	(10,659)	(271)	(10,930)
Transfer in (out) for current period	-	-	(59)	-	(59)
Balance on December 31, 2023	$ -	63,622	219,569	29,208	312,399
Balance on January 1, 2022	$ -	56,220	211,639	24,993	292,852
Current depreciation	-	3,934	9,592	2,918	16,444
Disposition	-	-	(2,379)	(687)	(3,066)
Transfer in (out) for current period	-	-	(503)	-	(503)
Balance on December 31, 2022	$ -	60,154	218,349	27,224	305,727
Book value:					
December 31, 2023	$ 130,582	41,867	18,761	7,134	198,344
January 1, 2022	$ 130,582	42,817	14,318	4,014	191,731
December 31, 2022	$ 130,582	41,448	17,263	1,751	191,044

For management purposes, the Company leases out partial floors of its office building and leases other floors of the same building for business use. The purpose of leasing out the assets is not to earn a rental or increase the value, so they are classified as fixed assets.

The property, plant and equipment as of December 31, 2023 and 2022 were partially provided as collateral to acquire a short-term loan for purchase of materials. Please refer to Note 8.

(VIII) Right-of-use assets

The changes in the cost, depreciation and impairment loss of the right-of-use assets recognized by the Company for leasing Buildings and Construction are as follows:

	Buildings and Construction	Transportation Equipment	Total
Right-of-use assets cost			
Balance on January 1, 2023	$ 60,507	4,891	65,398
Addition	39,841	684	40,525
Disposition	-	(1,446)	(1,446)
Balance on December 31, 2023	**$ 100,348**	**4,129**	**104,477**
Balance on January 1, 2022	$ 60,507	3,311	63,818
Addition	-	1,580	1,580
Balance on December 31, 2022	**$ 60,507**	**4,891**	**65,398**
Accumulated depreciation and impairment loss of right-of-use assets:			
Balance on January 1, 2023	$ 53,328	2,495	55,823
Current depreciation	13,763	1,278	15,041
Disposition	-	(1,352)	(1,352)
Balance on December 31, 2023	**$ 67,091**	**2,421**	**69,512**
Balance on January 1, 2022	$ 39,543	1,197	40,740
Current depreciation	13,785	1,298	15,083
Balance on December 31, 2022	**$ 53,328**	**2,495**	**55,823**
Book value:			
December 31, 2023	**$ 33,257**	**1,708**	**34,965**
January 1, 2022	**$ 20,964**	**2,114**	**23,078**
December 31 , 2022	**$ 7,179**	**2,396**	**9,575**

(IX) Intangible assets

The amortization expenses of intangible assets as of 2023 and 2022 recorded as the operating expenses in the consolidated statement of comprehensive income were NTD 8,207 thousand and NTD 7,170 thousand, respectively.

(X) Short-term borrowings

	12.31.2023	12.31.2022
Unsecured bank loans	$ -	272,715
Secured bank loans	244,700	406,870
Unsecured loans from non-financial institutions	15,097	-
	$ 259,797	679,585
Unused credit limit	$ 493,890	94,060
Interest Rate Range	1.985%~7.581%	1.36%~5.55%

1. The Company entered into a repurchase agreement with the goods in stock as the transaction subject in September 2023 and obtained funds from FCB Leasing Co., Ltd. The loan will be repaid in 12 installments starting from October 2023. As of December 31, 2023, the outstanding amount was NTD 15,097 thousand.
2. For the information on the Company's interest rate, exchange rate and liquidity risk exposure, please refer to Note 6(21).
3. The Company's borrowings are jointly guaranteed by some of its key management personnel. Please refer to Note 7.
4. Please refer to Note 8 for the Company's assets pledged as collateral for bank loans.

(XI) Long-term loans

	12.31.2023	12.31.2022
Unsecured bank loans	$ 8,372	17,460
Secured bank loans	33,397	78,962
Unsecured loans from non-financial institutions	77,039	28,383
Less: The part due within one year	98,625	72,722
	$ 20,183	52,083
Unused credit limit	$ -	-
Interest Rate Range	2.475%~6.0874%	1.85%~4.2251%

1. The secured loans from financial institutions are guaranteed by the Small & Medium Enterprise Credit Guarantee Fund of Taiwan.
2. The Company entered into a repurchase agreement with the goods in stock as the transaction subject in November 2022 and obtained funds from Co-operative Assets Management Co. Ltd. The loan will be repaid in 18 installments starting from December 2022. As of December 31, 2023 and 2022, the outstanding amount was NTD 0 thousand and NTD 28,383 thousand.
3. The Company entered into a repurchase agreement with the goods in stock as the transaction subject in February 2023 and obtained funds from Hotai Finance Co., Ltd. The

loan will be repaid in 18 installments starting from March 2023. As of December 31, 2023, the outstanding amount was NTD 8,643 thousand.

4. The Company entered into a repurchase agreement with the goods in stock as the transaction subject in February 2023 and obtained funds from Infinite Finance Co., Ltd. The loan will be repaid in 24 installments starting from March 2023. As of December 31, 2023, the outstanding amount was NTD 14,951 thousand.
5. The Company entered into a repurchase agreement with the goods in stock as the transaction subject in February 2023 and obtained funds from CTBC Finance Co., Ltd. The loan will be repaid in 18 installments starting from March 2023. As of December 31, 2023, the outstanding amount was NTD 11,348 thousand.
6. The Company entered into a repurchase agreement with the goods in stock as the transaction subject in June 2023 and obtained funds from Sinopac Leasing Corporation. The loan will be repaid in 18 installments starting from July 2023. As of December 31, 2023, the outstanding amount was NTD 20,204 thousand.
7. The Company entered into a repurchase agreement with the goods in stock as the transaction subject in July 2023 and obtained funds from HUA NAN International Co., Ltd. The loan will be repaid in 18 installments starting from August 2023. As of December 31, 2023, the outstanding amount was NTD 21,893 thousand.
8. The balance of the long-term borrowings as of December 31, 2023 and the future repayment status are as follows:

Term	Amount
1.1.2024 - 12.31.2024	$ 98,625
1.1.2025 - 12.31.2025	15,516
1.1.2026 - 08.13.2026	4,667
	$ 118,808

9. For the information on the Company’s interest rate and liquidity risk exposure, please refer to Note 6(21).
10. The Company’s long-term borrowings are jointly guaranteed by some of its key management personnel. Please refer to Note 7.
11. Please refer to Note 8 for the Company’s assets pledged as collateral for long-term loans.

(XII) Warranty provisions

The warranty provisions of the Company are related to the sale of electronic products. The warranty provisions are estimated based on the historical warranty data of similar products. The warranty provisions on December 31, 2023 and 2022 were NTD 8,827 thousand and NTD 9,556 thousand, respectively.

(XIII) Lease liabilities

The book value of the company's lease liabilities is as follows:

	12.31.2023	12.31.2022
Current	$ 14,225	8,792
Non-current	$ 21,201	1,160

Please refer to Note 6(21) Financial Instruments for maturity analysis.

The amount of expenses (benefits) recognized in profit or loss is as follows:

	2023	2022
Interest expense of lease liabilities	$ 1,100	394
Revenue from sublease of right-of-use assets	$ -	(30)
Expense of short-term lease	$ 128	87

The amount recognized in the statement of cash flow is as follows:

	2023	2022
Total cash outflow from lease	$ 16,184	15,959

1. Lease of Buildings and Construction

The Company leases Buildings and Construction for offices. The lease term is usually two to three years. Some of the leases have an option to extend the lease term to a period as same as that specified in the original agreement when the lease term expires.

The Company subleases part of the right-of-use assets in the form of operating leases. Please refer to Note 6(14).

2. Other leases

The Company leases transportation equipment and other equipment with a lease term of one to three years. Such lease is a short-term or low-value lease that the Company chooses for exemption of recognition and thus the Group does not recognize its related right-of-use assets and lease liabilities.

(XIV) Operating lease - Lessor

The Company leases out property and subleases part of the right-of-use assets. Since the Group has not transferred almost all the risks and returns attached to the ownership of the underlying assets, the lease contract is classified as operating lease.

The maturity analysis of lease payments is shown in the following table based on the total undiscounted lease payments to be received after the reporting date:

	12.31.2023	12.31.2022
Within one year	$ 644	1,522
2 to 5 years	-	644
	$ 644	2,166

The rent income from leased-out of assets as reported in profit or loss in 2023 and 2022 amounted to NTD 1,698 thousand and NTD 1,706 thousand, respectively.

(XV) Employee benefits

1. Defined benefit plan

The adjustment of the present value of the Company's defined benefit obligation and he fair value of the plan assets is as follows:

	12.31.2023	12.31.2022
Present value of defined benefit obligation	$ 25,256	25,067
Fair value of plan assets	(40,284)	(39,446)
Net defined benefit liabilities (assets)	$ (15,028)	(14,379)

Contribution is made to the labor pension reserve account at the Bank of Taiwan in accordance with the defined benefit plan of the Company. The retirement payment to each employee under the Labor Standards Act is calculated based on the bases earned for the years of service and the average salary six months prior to the retirement.

(1) Composition of plan assets

The pension funds appropriated by the Company in accordance with the Labor Standards Act is managed by the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as the "Bureau of Labor Funds"). According to the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, the minimum income distributed upon final accounting every year shall not be lower than the income calculated based on the two-year time deposit interest rate of the local bank.

As of the reporting date, the balance of the Company's labor pension reserve account at the Bank of Taiwan was NTD 40,286 thousand. Information on the utilization of assets in the labor pension fund includes fund yield rate and fund asset allocation. Please refer to the information published on the website of the Bureau of Labor Funds.

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

Changes in the present value of the Company's defined benefit obligations as of 2023 and 2022 are as follows:

		2023	2022
Defined benefit obligation as of January 1	$	25,067	24,433
Current service cost and interest		492	296
Remeasurement of net defined benefit liabilities (assets)		(303)	338
Defined benefit obligation as of December 31	$	25,256	25,067

(3) Changes in the fair value of plan assets

Changes in the fair value of the Company's defined benefit plan assets in 2023 and 2022 are as follows:

		2023	2022
Fair value of the plan assets as of January 1	$	39,446	36,372
Interest income		490	181
Remeasurement of net defined benefit (liabilities) assets		348	2,893
Fair value of the plan assets as of December 31	$	40,284	39,446

(4) Changes in the effect of asset caps

There were no changes in the effect of the Company's defined benefit plan asset caps in 2023 and 2022.

(5) Expenses recognized in profit or loss

The Company's expenses recognized in profit or loss (recorded as management expenses) in 2023 and 2022 are as follows:

		2023	2022
Current service cost	$	182	175
Net interest of net defined benefit liabilities (assets)		(180)	(60)
	$	2	115

(6) Remeasurement of net defined benefit liabilities (assets) recognized in other comprehensive income

The remeasurement of net defined benefit liabilities (assets) recognized by the Company in other comprehensive income is as follows:

		2023	2022
Accumulated balance as of January 1	$	(985)	1,570
Actuarial loss (gain) recognized for the current period		(651)	(2,555)
Accumulated balance as of December 31	$	(1,636)	(985)

(7) Actuarial assumptions

The significant actuarial assumptions used to determine the present value of defined benefit obligations on the closing date of financial reporting are as follows:

	12.31.2023	12.31.2022
Discount rate	1.20%	1.25%
Future salary increase	3.00%	3.00%

Approved by the New Taipei City Government, the Company suspends the appropriation of pension reserve from July 2020 to June 2024.

The Company expects to pay NTD 0 thousand for the appropriation under the defined benefit plan within one year after the 2023 reporting date.

The weighted average duration of the defined benefit plan is 5.96 years.

(8) Sensitivity analysis

The impact of changes in the main actuarial assumptions to be adopted on December 31, 2023 and 2022 and on the present value of defined benefit obligations is as follows:

	Impact on defined benefit obligations	
	Increase by 0.25 %	Decrease by 0.25 %
December 31, 2023		
Discount rate	$ (370)	379
Future salary increase	372	(365)
December 31, 2022		
Discount rate	(420)	429
Future salary increase	420	(414)

The above sensitivity analysis is purposed to analyze the impact of changes in a single assumption with other assumptions remaining unchanged. In practice, many changes in assumptions may interact with each other. The sensitivity analysis is consistent with the method used to calculate net pension liabilities (assets) in the balance sheet.

The methods and assumptions used for preparation of the sensitivity analysis in the current period are the same as those used in the previous period.

2. Defined contribution plan

The defined contribution plan of the Company complies with the Labor Pension Act. An amount equivalent to 6% of the employee’s monthly wage is appropriated to the personal labor pension account at the Bureau of Labor Insurance. Under this plan, after the pension is appropriated to the Bureau of Labor Insurance at a fixed rate, the Company has no legal or constructive obligation to make additional payment.

The pension expense under the defined contribution plan of the Company was NTD 14,869 thousand and NTD 13,631 thousand in 2023 and 2022, respectively. These had been appropriated to the Bureau of Labor Insurance.

(XVI) Income tax

1. Income tax expense

The income tax expenses (benefits) of the Company are as follows:

	2023	2022
Current income tax expense (benefit)		
Adjustment of the current income tax of the previous period	$ (4,895)	-
Additional income tax on undistributed earnings	-	4,895
Income tax expense (benefit)	**$ (4,895)**	**4,895**

The income tax expense (benefit) of the Company recognized under other comprehensive income in 2023 and 2022 is as follows:

	2023	2022
Items not reclassified to profit or loss:		
Remeasurement of defined benefit plan	**$ 130**	**511**
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	**$ (1,829)**	**1,357**

The relationship between income tax expense (benefit) and net profit (loss) before tax of the Company is adjusted as follows:

	2023	2022
Net loss before tax	$ (164,624)	(190,918)
Income tax calculated in accordance with the domestic tax rate in the place where the Company is located	(32,925)	(38,184)
Realized investment loss	-	(29,835)
Changes in unrecognized temporary difference	(17,666)	17,379
Imposition on undistributed earnings	-	4,895
Previous adjustment	(4,895)	405
Changes in tax loss of unrecognized deferred income tax assets	50,204	49,890
Others	387	345
	$ (4,895)	**4,895**

2. Deferred income tax assets and liabilities
   (1) Unrecognized deferred income tax liabilities

As for the temporary difference related to certain investment in subsidiaries as of December 31, 2023, since the Company controls the timing of the temporary difference reversal and is confident that it will not be reversed in the foreseeable future, so the deferred income tax liabilities are not recognized.

The items that the Company did not recognize as deferred income tax liabilities are as follows:

	12.31.2023	12.31.2022
Temporary differences related to investment in subsidiaries	**$ 62,341**	**47,207**

   (2) Unrecognized deferred income tax assets

The items that the Company did not recognize as deferred income tax assets are as follows:

	12.31.2023	12.31.2022
Deductible temporary difference	$ 120,138	122,670
Tax loss	201,306	167,885
	$ 321,444	**290,555**

As assessed by the Company, the deductible temporary difference of partial income tax is unlikely to be realized, so it is not recognized as deferred income tax assets.

According to the Income Tax Act, the tax loss for the past ten years as approved by the tax authorities may be deducted from the net profit of the current year before levying the income tax. Such items are not recognized as deferred income tax assets because the Company is unlikely to have sufficient taxable income for the tax loss in the future.

The deadline for the deduction of the Company's tax loss for each year up to December 31, 2023 is as follows:

Years of loss	Amount	Last year for deduction
2014 (verified)	$ 88,956	2024
2015 (verified)	39,001	2025
2016 (verified)	106,797	2026
2017 (verified)	19,253	2027
2018 (verified)	67,211	2028
2019 (verified)	115,857	2029
2020 (verified)	63,636	2030
2022 (Declared)	254,796	2032
2023 (Estimated)	251,021	2033
	$ 1,006,528	

(3) Recognized deferred income tax assets and liabilities

The changes in the deferred income tax assets and liabilities as of 2023 and 2022 are as follows:

	Inventory devaluation loss	Liabilities from after-sales service guarantee	Defined benefit plan	Others	Exchange differences on translation of financial statements of foreign operations	Total
Deferred income tax assets						
Balance on January 1, 2023	$ 3,568	575	-	739	-	4,882
(Debit)/credit other comprehensive income	-	-	-	-	73	73
Balance on December 31, 2023	$ 3,568	575	-	739	73	4,955
Balance on January 1, 2022	$ 3,568	575	314	739	-	5,196
(Debit)/credit other comprehensive income	-	-	(314)	-	-	(314)
Balance on December 31, 2022	$ 3,568	575	-	739	-	4,882

	Exchange differences on translation of financial statements of foreign operations	Defined benefit plan	Total
Deferred income tax liabilities:			
Balance on January 1, 2023	$ 1,756	197	1,953
Debit/(credit) other comprehensive income	(1,756)	130	(1,626)
Balance on December 31, 2023	$ -	327	327
Balance on January 1, 2022	$ 399	-	399
Debit/(credit) other comprehensive income	1,357	197	1,554
Balance on December 31, 2022	$ 1,756	197	1,953

3. Status of income tax assessment

The profit-making enterprise income tax returns of the Company in the ROC have been assessed by the tax authorities up to 2021.

(XVII) Capital and other equity

1. Share capital

The Company's authorized capital amounted to NTD 4,000,000 thousand as of December 31, 2023 and 2022 with 400,000 thousand shares issued at a par value of NTD 10 per share. The total authorized capital mentioned above are all common shares. The number of shares issued as of December 31, 2023 and 2022 was 83,946 thousand and 58,946 thousand shares, respectively, and payments for all the issued shares have been received.

On June 8, 2022, the shareholders' meeting of the Company resolved to issue new shares to increase capital in cash through private placement, within the limit of 40,000 thousand shares to be issued at a par value of NTD 10 per share. The proposal was revoked because the funds were not fully raised prior to June 7, 2023.

On June 8, 2022, with the resolution of the shareholders' meeting, NTD 53,587 thousand of the 2021 distributable earnings were appropriated and transferred for increase of capital by issuing new shares at a par value of NTD 10 per share. 5,359 thousand shares were to be issued. The base date for the capital increase was September 7, 2022, and the registration of changes was completed.

On August 1, 2022, the shareholders' meeting of the Company resolved to issue employee stock option certificates. Each unit of stock option certificate is entitled to purchase of 1 thousand shares. The limit of issuance is 1,500 thousand shares, which have not yet been issued as of December 31, 2023.

On October 4, 2023, the extraordinary shareholders' meeting of the Company resolved to issue 25,000 thousand common shares for capital increase in cash through private placement. The shares were to be issued at a par value of NTD 10 and at a price of NTD26.76 per share. The total issued amount was NTD 669,000 thousand. The base date for the capital increase was October 20, 2023. The payments for the issued shares have been received and the registration of changes was completed.

2. Capital reserve

The balance of the Company's capital reserve is as follows:

	12.31.2023	12.31.2022
Issued stock premium	$ 419,473	473
Difference between the price and book value of the subsidiary's equity actually acquired or disposed	2	2
	$ 419,475	**475**

Pursuant to the Company Act, capital reserve shall be used to make up losses before distributing new shares or cash to the extent of realized capital reserve based on the original shareholding percentage of the shareholders. The realized capital reserve mentioned in the preceding paragraph includes the premium of the shares issued in excess of the par value and the income from gifts received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of the capital reserve that may be appropriated for capitalization shall not exceed 10% of the paid-in capital in a year.

3. Retained earnings

(1) According to the Articles of Incorporation of the Company, if there is a net profit after tax in the annual final accounts, it shall be distributed in the following order:

A. Covering the accumulated deficits.

B. Appropriation of 10% as the legal reserve (except when the accumulated amount of the legal reserve equals the amount of the paid-in capital).

C. Setting aside or reversing the special reserve in accordance with the laws and regulations.

D. The remaining balance, if any, shall be combined with the accumulated beginning unappropriated earnings for the Board to formulate a proposal for allocation as dividends and submit to the AGM for resolution.

According to the Articles of Incorporation adopted by the shareholders' meeting on June 8, 2022, the Company shall authorize the Board to decide on distributing part or all of the dividends and profit sharing in cash using the legal reserve or additional paid-in capital and report to AGM in accordance with Articles 240 and 241 of the Company Act.

The Company's operations are in a steadily growing period, and earnings are distributed primarily in cash dividends. They can also be distributed in stock dividends. However, the proportion of stock dividend distribution shall not exceed 50% of the total amount of dividends in the year.

(2) Legal reserve

When the Company has no losses, the shareholders' meeting may resolve to distribute new shares or cash from the legal reserve, to the extent of the portion of such reserve that exceeds 25% of the paid-in capital.

(3) Special reserve

According to the regulations of the FSC, when the Company allocates distributable earnings, for the net deduction amount debited to other shareholders' equity in the current period, the same amount of special reserve is appropriated from the current profit or loss and the undistributed earnings of the previous period; for the accumulated deductions of other shareholders' equity, special reserve of the same amount shall be set aside from undistributed earnings in the previous period and shall not be distributed. If the deduction amount debited to other shareholders' equity is reversed afterwards, the reversed portion may be distributed as earnings.

(4) Distribution of earnings

The 2022 deficit compensation proposal and the 2021 profit distribution proposal were resolved in the general shareholders' meetings on June 9, 2023 and June 8, 2022, respectively. The amount of dividends distributed to the owners from the 2021 earnings is as follows:

	2021	
	Stock dividend rate (in dollars)	**Amount**
Dividends distributed to common stock owners:		
Cash	$ 1.00	53,587
Share	1.00	53,587
Total		$ 107,174

Information on the Company's appropriation for compensation of deficits as approved by the board of directors and resolved by the shareholders' meeting can be obtained from the Market Observation Post System.

(XVIII) Loss per share

1. Basic and diluted loss per share are calculated as follows:

		2023	2022
Basic and diluted loss per share			
Net loss for the current period	$	(159,729)	(195,813)
Weighted average number of outstanding shares (thousand shares)		63,113	58,946
Basic and diluted loss per share (in dollars)	$	(2.53)	(3.32)

Note: The Company incurred losses in 2023 and 2022 and had no potential common shares with dilutive effect.

(XIX) Revenue from customer contracts

1. Breakdown of revenue

		2023	2022
Key regional markets:			
Mainland China	$	726,999	1,499,677
Taiwan		673,935	729,953
Hong Kong		193,760	419,718
USA		168,048	199,377
Other countries		563,797	676,932
	$	2,326,539	3,525,657
Main product/service lines:			
Computer products	$	2,148,910	3,346,796
Smart healthcare		62,764	107,568
Others		114,865	71,293
	$	2,326,539	3,525,657

2. Contract balance

		12.31.2023	12.31.2022	1.1.2022
Notes and accounts receivable	$	318,565	197,957	450,167
Less: Allowance for loss		(482)	(337)	(1,169)
	$	318,083	197,620	448,998
Contractual liabilities	$	21,239	23,836	17,038

Please refer to Note 6(3) for the disclosure of accounts receivable and its impairment.

The opening balances of contractual liabilities as of January 1, 2023 and 2022 were recognized as income to the amounts of NTD 15,065 thousand and NTD 16,065 thousand in 2023 and 2022, respectively.

Changes in contractual liabilities are mainly due to the difference between the time when the Company transfers goods or services to customers to meet the performance obligation and the time when the customer makes payment.

(XX) Remuneration to employees and directors

According to the Articles of Incorporation of the Company, before deducting the annual remuneration for employees and directors, the Company shall appropriate a minimum of three percent of net income before tax as remuneration for employees and a maximum of five percent as remuneration for directors. When there are accumulative deficits, however, the amount for compensation shall first be reserved.

The proposal for distribution of rewards for employees and directors shall be approved by resolution of over one-half of directors attending a board meeting attended by two-thirds of all directors and reported to AGM. The distribution of remuneration to employees shall be made in shares or cash, as resolved by the board of directors. The employees of the controlling or subordinate companies who meet certain criteria are entitled to receiving the remuneration. The applicable conditions are determined by the board of directors. The remuneration to directors can only be paid in cash.

The Company had loss in 2023 and 2022, and there was no need to estimate remuneration to employees and directors.

(XXI) Financial instruments

1. Credit risk

(1) Credit risk exposure

The book value of financial assets represents the maximum credit risk exposure amount. The maximum credit risk exposure amount was NTD 564,146 thousand and NTD 407,431 thousand as of December 31, 2023 and 2022, respectively.

(2) Concentration of credit risk

Since the Company has a broad customer base, there is no circumstance of significant concentration in terms of transactions with a single customer and the sales regions are dispersed. Thus, there is no concern about significant concentration of credit risk in accounts receivable. In order to reduce credit risk, the Company also regularly and continuously evaluates customers' financial status, but does not usually require customers to provide collateral.

(3) Credit risk of receivables

Please refer to Note 6(3) for the information on the exposure of notes and accounts receivable to credit risk.

Other financial assets measured at amortized cost are other receivables and time certificates. Please refer to Note 6(4) for details of other receivables.

For financial assets with low credit risk described above, the credit loss of the period is measured at 12-month expected credit loss. For the time certificate held by the Company, the counterparties are financial institutions at investment level or higher, and are therefore considered to be of low credit risk.

The following table shows the allowance for loss recognized for the above financial assets as of December 31, 2023 and 2022 and whether there is a credit impairment status based on the 12-month expected credit loss or the expected credit loss throughout the duration:

	12.31.2023 Measured at amortized cost			
	12-month expected loss	Expected loss throughout the duration - unimpaired	Expected loss throughout the duration - impaired	Total
Gross book value	$ 72,340	323,144	26,596	422,080
Allowance for loss	-	(482)	(26,596)	(27,078)
Amortized cost	**$ 72,340**	**322,662**	**-**	**395,002**
Book Value	**$ 72,340**	**322,662**	**-**	**395,002**

	12.31.2022 Measured at amortized cost			
	12-month expected loss	Expected loss throughout the duration - unimpaired	Expected loss throughout the duration - impaired	Total
Gross book value	$ 78,000	201,677	26,596	306,273
Allowance for loss	-	(337)	(26,596)	(26,933)
Amortized cost	**$ 78,000**	**201,340**	**-**	**279,340**
Book Value	**$ 78,000**	**201,340**	**-**	**279,340**

2. Liquidity risk

The contractual maturities of financial liabilities are shown in the following table.

	Book Value	Contractual Cash Flow	Within 1 year	1-2 Years	More than 2 Years
December 31 , 2023					
Non-derivative financial liabilities					
Secured bank loan (including long-term and short-term borrowings)	$ 278,097	(279,015)	(269,437)	(5,803)	(3,775)
Unsecured bank loan (including long-term and short-term borrowings)	8,372	(8,579)	(6,184)	(1,451)	(944)
Unsecured loans from non-financial institutions (including long-term and short-term loans)	92,136	(94,523)	(90,571)	(3,952)	-
Accounts payable	72,547	(72,547)	(72,547)	-	-
Lease liabilities (including current and non-current)	35,426	(38,252)	(15,992)	(14,746)	(7,514)
Other payables	144,803	(144,803)	(144,803)	-	-
Deposit received	1,390	(1,390)	-	-	(1,390)
	$ 632,771	**(639,109)**	**(599,534)**	**(25,952)**	**(13,623)**
December 31 , 2022					
Non-derivative financial liabilities					
Secured bank loan (including long-term and short-term borrowings)	$ 485,832	(488,196)	(453,975)	(24,663)	(9,558)
Unsecured bank loan (including long-term and short-term borrowings)	290,175	(290,712)	(282,157)	(6,166)	(2,389)
Unsecured loans from non-financial institutions (including long-term and short-term loans)	28,383	(29,291)	(20,676)	(8,615)	-
Accounts payable	177,771	(177,771)	(177,771)	-	-
Lease liabilities (including current and non-current)	9,952	(10,054)	(8,882)	(941)	(231)
Other payables	128,202	(128,202)	(128,202)	-	-
Deposit received	1,600	(1,600)	-	-	(1,600)
	$ 1,121,915	**(1,125,826)**	**(1,071,663)**	**(40,385)**	**(13,778)**

The Company does not expect that the timing of the cash flow analyzed on the maturity date will be advanced significantly, or that there will be significant difference in the actual amount.

3. Exchange rate risk

(1) Exchange rate risk exposure

The financial assets and liabilities of the Company exposed to significant foreign exchange rate risk are as follows:

	12.31.2023			12.31.2022		
	Foreign Currency	**Exchange Rate**	**NTD**	**Foreign Currency**	**Exchange Rate**	**NTD**
Financial assets						
Monetary item						
USD	$ 9,177	USD/NTD = 30.705	281,780	5,215	USD/NTD = 30.71	160,153
Financial liabilities						
Monetary item						
USD	1,793	USD/NTD = 30.705	55,054	11,456	USD/NTD = 30.71	351,814

(2) Sensitivity analysis

The exchange rate risk of the Company's monetary items mainly comes from the cash and cash equivalents, accounts receivable and other receivables, loans, accounts payable and other payables, etc. that are denominated in foreign currencies, and the foreign currency exchange gains and losses arising from the translation. On December 31, 2023 and 2022, when the US dollar appreciates or depreciates by 5% against NTD, and all other factors remain unchanged, the impact in 2023 and 2022 is as follows; the analysis of these two terms is conducted on the same basis.

	2023	2022
	Pre-tax net loss increase (decrease)	**Pre-tax net loss increase (decrease)**
USD (against to NTD)		
5% appreciation	$ (11,336)	9,583
5% depreciation	11,336	(9,583)

(3) Exchange gains and losses on monetary items

Since the Company has a wide variety of transaction currencies, the exchange gain or loss of monetary items is disclosed in a summarized manner. In 2023 and 2022, the foreign currency exchange gain or loss, including realized and unrealized, is a loss of NTD 13,511 thousand and NTD 8,773 thousand, respectively.

4. Interest rate analysis

The Company’s interest rate exposure of financial assets and liabilities is shown in the following table:

		Book Value	
		12.31.2023	**12.31.2022**
Variable interest rate instruments:			
Financial assets	$	181,188	151,966
Financial liabilities		286,469	592,507

The following sensitivity analysis is based on the exposure of the non-derivative instruments to interest rate risk on the reporting date. For assets and liabilities at floating interest rate, the analysis is based on the assumption that the amount of assets and liabilities outstanding on the reporting date has been outstanding as such throughout the year. The rate of change for internal reporting on interest rate to the top management is the fluctuation of 0.25%, which also stands for the reasonable scope of possible change in interest rate subject to the assessment of the top management.

An increase or decease of interest rate by 0.25% will result in a increase or decrease of the net loss of the Company by NTD 263 thousand and NTD 1,101 thousand in 2023 and 2022, respectively, mainly because of the Company's borrowings, deposits and financial assets calculated at variable interest rate.

5. Fair value information

(1) Valuation process

The Company’s accounting policies and disclosures include the use of fair value to measure its financial assets and liabilities. The management of the Company is responsible to verify fair value independently; make the valuation results closer to the market by making use of the information from independent sources; make sure that the data sources are independent, reliable, consistent with other sources and representative of executable prices; and regularly calibrate the valuation model, update the input values and data needed for the valuation model, and make any other necessary adjustments to the fair value to ensure that the valuation result is reasonable.

When the Company measures its assets and liabilities, it uses market-observable inputs as much as possible. The level of fair value is based on the inputs used in the valuation technique, which is classified as follows:

- Level 1: The open quotation (unadjusted) of the same assets or liabilities in an active market.
- Level 2: In addition to the open quotation included in the first level, the input parameters of the assets or liabilities can be observed directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3: The input parameters of the assets or liabilities are not based on observable market data (non-observable parameters).

(2) Types and fair values of financial instruments

Financial assets and liabilities measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income of the Company are measured at fair value on a repetitive basis. The book value and fair value of different financial assets and financial liabilities (including fair value information; but disclosure of the fair value information is not needed if the book value of financial instruments not measured at fair value is the reasonable approximate value of the fair value, and it is also note needed for the lease liabilities) are listed as follows:

	12.31.2023				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	$ 30,100	-	-	30,100	30,100
Financial assets measured at fair value through other comprehensive income	4,318	-	-	4,318	4,318
Financial assets measured at amortized cost					
Cash and cash equivalent	112,503	-	-	-	-
Accounts receivable (including related parties)	318,083	-	-	-	-
Other receivables	4,579	-	-	-	-
Other financial assets - current	72,340	-	-	-	-
Refundable deposit	22,223	-	-	-	-
Subtotal	529,728				
	$ 564,146				

	12.31.2023				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Secured bank loans	$ 278,097	-	-	-	-
Unsecured bank loans	8,372	-	-	-	-
Unsecured loans from non-financial institutions	92,136	-	-	-	-
Accounts payable	72,547	-	-	-	-
Lease liabilities	35,426	-	-	-	-
Other payables	144,803	-	-	-	-
Deposit received	1,390	-	-	-	-
	$ 632,771				

	12.31.2022				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	$ 34,446	4,346	-	30,100	34,446
Financial assets measured at fair value through other comprehensive income	5,844	-	-	5,844	5,844
Financial assets measured at amortized cost					
Cash and cash equivalent	76,404	-	-	-	-
Accounts receivable (including related parties)	197,620	-	-	-	-
Other receivables	3,720	-	-	-	-
Other financial assets - current	78,000	-	-	-	-
Refundable deposit	11,397	-	-	-	-
Subtotal	367,141				
	$ 407,431				

	12.31.2023				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Secured bank loans	$ 485,832	-	-	-	-
Unsecured bank loans	290,175	-	-	-	-
Unsecured loans from non-financial institutions	28,383	-	-	-	-
Accounts payable	177,771	-	-	-	-
Lease liabilities	9,952	-	-	-	-
Other payables	128,202	-	-	-	-
Deposit received	1,600	-	-	-	-
	$ 1,121,915				

(3) Valuation technique for the fair value of the financial instruments measured at fair value

A. Non-derivative financial instruments

If there is an open quotation on the active market for a financial instrument, the quoted price on the active market is used as the fair value. The market price announced by a major exchange house and by TPEx for central government bonds that are determined to be popular are the basis for the fair value of the TWSE/TPEx-listed equity instruments and the liability instruments that have an open quotation on the active market.

Except for the above-mentioned financial instruments that have an active market, the fair value of the remaining financial instruments is obtained through valuation technique or by referring to the quotation of the counterparty. The fair value obtained through the valuation technique can be calculated with reference to the present fair value of other financial instruments with similar substantive conditions and characteristics, the discounted cash flow method, or other valuation techniques, including the market information application model available on the balance sheet date.

(4) There was no transfer between the fair value levels in 2023 and 2022.

(5) Details of changes in Level 3

	Non-derivative financial assets mandatorily measured at fair value through profit or loss	Equity instruments measured at fair value through other comprehensive income	Total
January 1, 2023	$ 30,100	5,844	35,944
Recognized in other comprehensive income	-	(1,526)	(1,526)
December 31, 2023	**$ 30,100**	**4,318**	**34,418**
January 1, 2022	$ -	7,357	7,357
Recognized in other comprehensive income	-	(1,513)	(1,513)
Purchase	30,100	-	30,100
December 31, 2022	**$ 30,100**	**5,844**	**35,944**

The above total profit or loss is reported under "financial assets (liabilities) gain (loss) measured at fair value through profit or loss" and "financial assets (liabilities) gain (loss) measured at fair value through other comprehensive income". The assets still held on December 31, 2023 and 2022 are as follows:

	2023	2022
Total profit or loss		
Recognized in profit or loss (reported under "gain (loss) on financial assets (liabilities) measured at fair value through profit or loss)"	$ -	-
Recognized in profit or loss (under "financial assets (liabilities) gain (loss) measured at fair value through profit or loss)"	(1,526)	(1,513)

(6) Quantitative information on the fair value measurement of significant unobservable inputs (Level 3)

The fair value measurement of the Company is classified under Level 3 mainly for the financial assets measured at fair value through profit and loss - investment in liability instruments.

Most of the fair value measurements of the Company classified under Level 3 only have a single significant unobservable inputs, and only the investment in liability instruments without an active market has multiple significant unobservable inputs. Since the significant unobservable inputs of investment in liability instruments without an active market are independent of each other, there is no correlation.

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

Item	Valuation technique	Significant unobservable inputs	Relationship between the significant unobservable input and fair value
Financial assets measured at fair value through profit or loss - investment in debt instruments without an active market	Discounted cash flow method	· Discount for lack of marketability (28% and 25% for 12.31.2023 and 12.31.2022 , respectively) · Discount for minority interest (29.04% on 12.31.2023 and 12.31.2022)	· The higher the discount for lack of marketability, the lower the fair value. · The higher the discount for minority interest, the lower the fair value.

(7) For the Level 3 fair value measurement, analysis on the sensitivity of the fair value to reasonably possible alternative assumptions

The measurement of the financial instruments made by the Company based on the fair value is reasonable; however, the use of different valuation models or parameters may result in different valuation results. For the financial instruments classified to Level 3, if the impact of the changes in the valuation parameters on the current profit and loss is as follows:

	Input	Change Upward or Downward	Changes in Fair Value reflected in Profit or Loss	
			Favorable Change	Unfavorable Change
December 31 , 2023				
Financial assets measured at fair value through profit or loss	Discount for lack of marketability	5%	2,107	(2,459)
	Discount for minority interest	5%	1,656	(2,146)
December 31 , 2022				
Financial assets measured at fair value through profit or loss	Discount for lack of marketability	5%	2,276	(1,701)
	Discount for minority interest	5%	1,758	(1,580)

The favorable and unfavorable changes of the Company refer to the fluctuation in the fair value, and the fair value is calculated with the valuation technique based on the input parameters that are unobservable to different extents. If the fair value of a financial instrument is affected by more than one input, the above table only reflects the impact of changes in a single input, and does not take into account the correlation and variability between the inputs.

(XXII) Financial risk management

1. Overview

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

(1) Credit risk

(2) Liquidity risk

(3) Market risk

The Company’s risk exposure information and the objectives, policies and procedures of the risk measurement and management that the Company conducts are disclosed in these notes. Please refer to the notes to the parent company only financial statements for further quantitative disclosure.

2. Risk management framework

The finance department of the Company provides services for each business unit and analyzes internal risk reports based on the degree and breadth of risks to monitor and manage financial risks related to the operations of the Company. These risks include (1) credit risk and (2) liquidity risk and (3) market risk.

The Company strives to establish good policies and systems to control credit risk and liquidity risk. Regarding the market risk, the Group collects information from different sources in order to accurately forecast the future trend of the exchange and interest rates, and mitigate the impact of these risks through financial instruments when necessary. The use of financial instruments is regulated by the policies approved by the board of directors of the Company, and the internal auditors continue to review the compliance with the policies and the risk exposure limit. The Company does not engage in financial instrument transactions for speculative purposes.

3. Credit risk

Credit risk is the risk of financial loss due to the failure of the Company's customers or financial instrument trading counterparts to perform contractual obligations. This loss is mainly brought about by the accounts receivable from the customers of the Company and the commodity transactions conducted with financial institutions.

(1) Accounts receivable from customers

Since the accounts receivable of the Company come from a variety of customers in different industries and geographical regions, there is no circumstance of significant concentration in terms of transactions with a single customer and the sales regions are dispersed. Thus, there is no concern about significant concentration of credit risk in accounts receivable. The Company has established a credit policy. According to the policy, the credit rating must be analyzed for each new customer before granting standard payment and shipping terms. For customers that do not meet the standard credit ratings of the Company, transaction shall only be conducted with a prepayment by T/T or through issuance of a L/C. The Company regularly evaluates the financial position of the customers from which accounts receivable shall be collected, and purchases trade credit insurance policies to hedge the risk of credit default.

(2) Commodity transactions with financial institutions

The credit risk of bank deposits, investment in fixed income and other financial instruments is measured and monitored by the finance department of the Company. Since the counterparty of the transaction and the other party of the contract are the banks with good credit ratings and the financial institutions, corporate organizations and government agencies at investment level and above, there is no major concern about performance and thus no significant credit risk.

(3) Guarantee

The policy of the Company requires that it can only provide financial guarantees to subsidiaries in which it has the control rights. Please refer to Note 13(1) for the Company's endorsement and guarantee to subsidiaries as of December 31, 2023.

4. Liquidity risk

Liquidity risk is the risk that the Company cannot deliver cash or other financial assets to settle financial liabilities and fails to fulfill related obligations.

The Company manages and maintains sufficient cash and cash equivalents to fund the operations of the Company and mitigate the impact of cash flow fluctuations. The management of the Company supervises the use of bank financing facilities and ensures compliance with the terms of the loan contract.

Bank borrowings are an important source of liquidity to the Company. Please refer to Note 6(10) and 6(11) for the Company's long-term and short-term bank financing facilities undrawn as of December 31, 2023 and 2022.

5. Market risk

Market risk refers to the risk that changes in market price (such as the change of the exchange rate, interest rate, and equity instrument price) will affect the income of the Company or the value of the financial instruments. The objective of market risk management is to control market risk exposure within the tolerable range and to minimize risk.

(1) Exchange rate risk

The functional currency of the Company is New Taiwan dollar. Therefore, the risk of exchange rate fluctuations may occur to the sales, purchases and loan transactions not denominated in the functional currency. The finance department of the Company regularly reviews the net position of foreign currency assets and liabilities, and avoids exposing to the risk by increasing or decreasing foreign currency borrowings. If necessary, other financial instruments are used to reduce the exchange rate risk.

(2) Interest rate risk

The financing of the Company is mainly used for need to purchase raw materials. The cash received from the sales revenue will be sufficient to repay the borrowings. Therefore, the Company's financing from financial institutions is mainly short-term borrowings with a maximum period of 365 days. The interest rate risk is mainly the short-term market fluctuation in interest rate.

(XXIII) Capital management

The policy of the Company is to maintain a sound capital base to ensure the confidence of investors, creditors and the market, and to support future operation and development. Capital includes the share capital, capital reserves, retained earnings of the Company.

The Company monitors the capital structure by regularly reviewing the asset-liability ratio. The main operating characteristics of the Company are based on product research and development, and most product manufacturing is outsourced. The main assets are current assets, and non-current assets such as plant and machinery account for a relatively low percentage of the total assets, and thus the financial leverage can be appropriately increased to generate revenue and profit.

The ratio of liabilities to total assets of the Company as of December 31, 2023 and 2022 are as follows:

	12.31.2023	12.31.2022
Total liabilities	$ 676,188	1,172,841
Total assets	1,687,275	1,682,976
Debt to equity ratio	40%	70%

The decrease in debt to equity ratio as of December 31, 2023 resulted from the private placement of common shares and repayment of short-term borrowings in the current period.

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

1. For the non-cash investment and financing activities of the Company in 2023 and 2022, the right-of-use assets were acquired by means of lease. Please refer to Note 6(8).
2. The adjustment of liabilities from financing activities is as follows:

			Non-cash Change		
	1.1.2023	**Cash Flow**	**New for current period**	**Others**	**12.31.2023**
Short-term borrowings	$ 679,585	(419,788)	-	-	259,797
Long-term borrowings	124,805	(5,997)	-	-	118,808
Deposit received	1,600	(210)	-	-	1,390
Lease liabilities	9,952	(14,956)	40,525	(95)	35,426
Total liabilities from financing activities	$ 815,942	(440,951)	40,525	(95)	415,421

			Non-cash Change	
	1.1.2022	**Cash Flow**	**New for current period**	**12.31.2022**
Short-term borrowings	$ 358,805	320,780	-	679,585
Long-term borrowings	175,557	(50,752)	-	124,805
Deposit received	1,711	(111)	-	1,600
Lease liabilities	23,850	(15,478)	1,580	9,952
Total liabilities from financing activities	$ 559,923	254,439	1,580	815,942

VII. Transactions with related parties

(I) Names of related parties and their relationships

The related parties and the subsidiaries of the Company that have transactions with the Company during the period covered by the parent company only financial statements are as follows:

Name of Related Party	Relationship with the Company
Leadtek Japan (LR JPY)	Subsidiary of the Company
Leadhope International Inc. (Leadhope International)	〃
Wegene Technology, Inc. (Wegene)	〃
Leadtek (Shanghai) Research Inc. (Leadtek Shanghai)	〃
Aiborn Inc.	〃
Shengyang Wegene Technology Inc. (Shengyang Wegene)	〃
ApoDx Technology, Inc. (ApoDx)	Affiliated company of the Company
Leadtek Clouding Solution (Proprietary) Limited	Affiliated company of the Company
Blueside Inc.	The entity that has significant influence on the subsidiaries of the Company
Mr. Lu Kun-Shan	Chairman of the Company

(II) Material transactions with related parties

1. Operating revenue

The amount of the Company's significant sales to the related parties is as follows:

	2023	2022
Leadtek Shanghai	$ 606,126	1,479,446
Other subsidiaries	2,892	902
Affiliated company	65	14
	$ 609,083	1,480,362

The conditions of sales to subsidiaries are not significantly different from the conditions of regular sales. The credit period for regular customers is 30 - 90 days, and the credit period for sales to subsidiaries is collection at sight or 45 - 90 days.

2. Purchase and other operating costs

	2023	2022
Affiliated company	$ 832	1,209

3. Receivables from related parties

The receivables of the Company from related parties are as follows:

Title	Type of Related Party	12.31.2023	12.31.2022
Accounts receivable	Leadtek Shanghai	$ 95,520	26,611
Accounts receivable	Other subsidiaries	4,447	3,608
Other receivables	Subsidiary	4,579	3,720
		$ 104,546	33,939

Please refer to Note 6(3) and 6(4) for the assessment description of the allowance for loss. Other receivables are mainly interest receivable from related parties for the loans thereto.

4. Payables to related parties

The payables of the Company to related parties are as follows:

Title	Type of Related Party	12.31.2023	12.31.2022
Other payables	Affiliated company	$ 370	687

5. Loans to related parties

The funds of the Company loaned to related parties are actually disbursed as follows:

	Maximum balance		Other receivables	
	2023	2022	12.31.2023	12.31.2022
Leadhope International	$ 26,596	26,596	26,596	26,596
Less: Allowance for loss			(26,596)	(26,596)
			$ -	-

The Company loaned funds to subsidiaries with interest accrued based on the average interest rate of the short-term borrowings that the Company acquired from financial institutions in the year of the appropriation. It is an unsecured loan and recorded under other receivables - related parties. Interest income received for loaning of funds in both 2023 and 2022 were NTD 798 thousand.

The Company loaned NTD 35,000 thousand to Leadhope International in 2017, and Leadhope International re-lent the fund to its related parties for business transactions. The balance on both December 31, 2023 and 2022 were NTD 26,596 thousand. Since the possibility of recovery is expectedly low, the balance was fully recognized as impairment loss. No relevant amount was recovered in 2023 and 2022.

6. Service expense

The service expense and labor service fee payable at the end of the period arising from the market survey or processing of product-related sales affairs commissioned by the Company to the subsidiaries are recorded under the operating expense and other payables. The details are as follows:

	2023	2022
Service expense:		
LR JPY	$ 14,419	6,384
Leadhope International	-	600
Other subsidiaries	498	362
	$ 14,917	7,346

7. Endorsements and guarantees

Endorsements/guarantees provided by the Company to related parties are as follows:

	12.31.2023	12.31.2022
Leadtek Shanghai	$ -	46,065

8. Lease

The Company leases out part of its office floors and miscellaneous equipment to related parties and collects monthly rents. The details are as follows:

	12.31.2023	12.31.2022
Rental income:		
Leadhope International	$ 57	73
Wegene	57	58
Aiborn	57	100
	$ 171	231

(III) Transactions by key management personnel

1. Remuneration to key management personnel:

	2023	2022
Short-term employee benefits	$ 31,660	30,723
Post-employment benefits	846	756
	$ 32,506	31,479

2. Guarantee

The aggregate limits of the Company's long-term and short-term borrowings as of December 31, 2023 and 2022 were NTD 851,769 thousand and NTD 906,422 thousand, respectively, with key management as the joint guarantors.

VIII. Mortgage and pledge of assets

The book value of the assets mortgaged and pledged by the Company as collateral is as follows:

Asset Name	Object	12.31.2023	12.31.2022
Property, plant, and equipment	Short-term loan for purchase of materials	$ 167,125	168,315
Other financial assets - current - impound account	Short-term loan for purchase of materials	72,340	78,000
Other non-current assets - refundable deposit	Long-term borrowings	8,000	-
		$ 247,465	246,315

IX. Significant contingent liabilities and unrecognized contractual commitments

(I) Significant unrecognized contractual commitments:

As of December 31, 2023 and 2022, the Company acquired secured the letter of credit from the bank for purchase of raw materials to the amount of NTD 61,410 thousand and NTD 61,420 thousand, respectively.

As of December 31, 2023 and 2022, the Company acquired a guaranteed amount for post-release duty payment from the bank to the amount of NTD 10,000 thousand for both periods due to customs operations.

X. Losses from major disasters: None.

XI. Material post-period events: None.

XII. Others

(I) Employee benefits, depreciation, depletion and amortization expenses by function are summarized as follows:

By function / By items	2023 Cost of Sale	2023 Operating Expenses	2023 Total	2022 Cost of Sale	2022 Operating Expenses	2022 Total
Employee benefits						
Salary	60,454	226,631	287,085	60,224	221,844	282,068
Labor and health insurance	6,272	22,130	28,402	6,061	20,063	26,124
Pensions	3,003	11,868	14,871	2,916	10,830	13,746
Remuneration of directors	-	5,286	5,286	-	5,205	5,205
Others	4,039	12,577	16,616	3,496	9,325	12,821
Depreciation	6,435	26,267	32,702	6,803	24,724	31,527
Amortization	-	8,207	8,207	-	7,170	7,170

Additional information on the number of employees and employee benefit expenses of the Company as of 2023 and 2022 is as follows:

	2023	2022
Number of employees	352	336
Number of directors who were not employees	6	6
Average employee benefit expense	$ 1,003	1,014
Average employee salary expense	$ 830	855
Adjustment of average employee salary expense	(2.92)%	

The information on the remuneration policy of the Company is as follows:

1. Directors
   (1) Remuneration: According to Article 17 of the Company's Articles of Incorporation, when performing duties of the Company, the Company may pay a fixed amount of remuneration on a monthly basis, regardless of the operating profit or loss. (The limit of the remuneration to be received shall be determined by the board of directors).
   (2) Remuneration: No more than 5% of the annual net profit before tax shall be set aside as remuneration to directors. However, if the Company has accumulated loss, it shall be reserve to cover the loss in advance.
2. Managers and employees
   (1) Salary: This is adjusted according to the salary level on the market and in line with the operating conditions of the Company, individual performance and salary policy.
   (2) Remuneration to employees: According to Article 20 of the Company's Articles of Incorporation, no less than 3% of the annual net profit before tax shall be set aside as remuneration to employees. However, if the Company has accumulated loss, it shall be reserve to cover the loss in advance.
   (3) Bonus for product business units: In accordance with the annual performance bonus distribution regulations, the bonus is distributed to a product business unit when it creates profit.
   (4) Severance pay and pension: The amount is set aside in accordance with the Labor Standards Act and the Labor Pension Act.
   (5) Employee stock options: According to the resolution of the board of directors and the regulations governing the issuance of employee stock options, the number of stock options for managers or employees is based on their seniority, grade, performance achieved and overall contribution.

XIII. Disclosures in Notes

(I) Information on material transactions

In accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the material transactions to be disclosed by the Company in 2023 are as follows:

1. Loaning of funds to others:

Unit: NTD thousand

No.	Lender	Borrower	Account name	Related Party	Current Maximum Amount	Closing Balance	Actual Amount Disbursed	Interest Rate Range	Nature of Loan	Transaction Amount	Reasons for Necessary Short-term Financing	Amount of Allowance for Loss	Collateral		Limit of Loans to Individual Borrowers	Total Loaning Limit	Remarks
													Name	Value			
0	The Company	Leadhope International	Other receivables - related parties	Yes	26,596	26,596	26,596	3%	Short-term financing	-	Repayment of borrowings	(26,596)	None	-	101,109	404,435	Note 3
1	Leadhope International	Blueside Inc.	〃	〃	26,596	26,596	26,596	3%	Transaction	48,000		(26,596)	None	-	-	-	Note 4

Note 1 : According to the “Procedures of Loaning of Funds” of the Company, if there is a need for short-term inter-company or inter-firm financing, the total amount of funds loaned shall not exceed 40% of the Company’s net worth. For those with whom the Company has business transactions, the total amount of loans shall not exceed the total amount of the business transactions or 40% of the Company's net worth, whichever is lower. If there is a need for short-term inter-company or inter-firm financing, the individual amount of loan shall not exceed 10% of the net worth of the Company.

Note 2 : According to the “Procedures of Loaning of Funds” of Leadhope International, if there is a need for short-term inter-company or inter-firm business transactions, the total amount of funds loaned shall not exceed 100% of the Leadhope International’s net worth, and the individual amount of loan shall not exceed the total amount of business transactions between both parties within 24 months before loaning of funds, or 80% of the net worth of Leadhope International, whichever is lower.

Note 3 : The Company loaned funds to Leadhope International, and Leadhope International loaned all of this amount to Blueside Inc. Since Blueside Inc. failed to repay the loan according to the repayment plan, the loan was overdue and Leadhope International could not make full repayment. An improvement plan was submitted to the board of directors on March 14, 2018, and follow-up status was reported to each board meetings afterward.

Note 4 : Loaning of funds to others by Leadhope International complied with the limit requirement. Later, however, due to the decrease in net worth, the balance of the loan exceeded the limit.

2. Endorsements/guarantees to others:

Unit: NTD thousand

No.	Endorser/ Guarantor	Endorsee/Guarantee		Endorsement and Guarantee Limit to a Single Company	Current Max. Endorsement/ Guarantee Balance	Closing Endorsement/ Guarantee Balance	Actual Amount Disbursed	Endorsement /Guarantee Amount Secured by Property	Ratio of Accumulated Endorsement/Guarantee Amount to Net Worth in Latest Financial Statement	Max. Endorsement/ Guarantee Limit	Endorsement/ Guarantees by Parent to Subsidiary	Endorsement/ Guarantees by Subsidiary to Parent	Endorsement/ Guarantee in Mainland China
		Company	Relationship										
0	The Company	Leadtek Shanghai	100% owned sub-subsidiary	303,326	48,638	-	-	-	- %	404,435	Y	N	Y

Note: According to the "Procedures for Making of Endorsements/Guarantees" of the Company, the amount of endorsement/guarantee provided by the Company to a single company shall not exceed 30% of the Company's net worth; the total limit of endorsement/guarantee to external counterparties shall not exceed 40% of the Company's net worth.

3. Securities held at the end of the period (excluding investment in subsidiaries, affiliates and joint ventures):

Unit: Thousand shares

Companies Owned	Type and Name of Securities	Relationship with Securities Issuer	Title	End of Period				Remarks
				Number of Shares	Book Value	Shareholding Percentage	Fair Value	
The Company	H3 Platform Inc.	None	Financial assets measured at fair value through profit or loss - non-current	-	30,100		30,100	
The Company	Acrored Technologies, Inc.	〃	Financial assets measured at fair value through other comprehensive income - non-current	1,150	2,397	5.47 %	2,397	
〃	Touch Cloud Inc.	〃	〃	869	1,921	6.53 %	1,921	
					4,318		4,318	

4. Cumulative amount of the same securities purchased or sold reaching NTD 300 million or more than 20% of the paid-in capital: None.
5. The amount of acquisition of property reaching NTD 300 million or more than 20% of the paid-in capital: None
6. The amount of disposal of property reaching NTD 300 million or more than 20% of the paid-in capital: None
7. The amount of the purchase or sale with related parties reaching NTD 100 million or more than 20% of the paid-in capital:

Unit: NTD thousand

Purchasing (Selling) Company	Name of Counterparty	Relationship	Transaction Status				Description and Reasons for Differences in Trading Conditions from Regular Transactions		Notes/Accounts Receivable (Payable)		Remarks
			Purchase (Sale)	Amount	Percentage in Total Purchase (Sale)	Credit Period	Unit Price	Credit Period	Balance	Percentage in Total Notes/Accounts Receivable (Payable)	
The Company	Leadtek Shanghai	100% owned sub-subsidiary	Sale	(606,126)	(26.05)%	OA45 - 90 days	No significant difference from general transactions	-	Accounts receivable 95,520	30.03%	
Leadtek Shanghai	The Company	Parent company	Purchase	606,126	25.92%	OA45 - 90 days		-	Accounts payable (95,520)	(69.15)%	

8. The amount of the receivables from related parties reaching NTD 100 million or more than 20% of the paid-in capital: None.
9. Engagement in derivative transactions: None.

(II) Information on investees:

The investees of the Company in 2023 are as follows (excluding investees in Mainland China):

Unit: Thousand shares

Investor	Investee	Location	Main Business Item	Initial Investment Amount		Held at End of Period			Investee Profit/Loss for the Current Period	Investment Profit/Loss Recognized for the Current Period	Remarks
				End of Current Period	End of Last Year	Number of Shares	Ratio	Book Value			
The Company	LR BVI	British Virgin Islands	Investment Holding	255,328	255,328	7,500	100.00 %	504,738	76,747	77,145	Note 1 , Note 4
The Company	LR JPY	Japan	Responsible for marketing of the Company's products and provision of after-sales services in Japan.	10,688	10,688	3	100.00 %	3,022	1,818	1,818	〃
The Company	Leadhope International	Taiwan	Software agency, brokerage, trading, and operations	165,749	165,749	1,657	71.36 %	(3,188)	(897)	(640)	Note 1
The Company	Aiborn	Taiwan	Installation of computer equipment and data processing	10,000	10,000	1,000	100.00 %	2,073	(1,025)	(1,025)	〃
The Company	Wegene	Taiwan	Research and development, agency, and sales of medical devices and health food	24,317	24,317	100	100.00 %	618	173	173	〃
The Company	Samoa Wegene	Samoa	Investment Holding	10,077	10,077	320	100.00 %	(7,119)	(959)	(959)	Note 1 , Note 4
The Company	ApoDx	Taiwan	Sale of medical equipment and information software	3,746	3,746	2,255	13.58 %	-	-	-	Note 2
The Company	LR CS	Swaziland	Wireless communication cloud service and e-commerce	3,302	3,302	50	50.00 %	-	-	-	〃
								500,144	75,857	76,512	
Leadhope International	Leadhope (H.K.)	Hong Kong	Software agency, brokerage, trading, and operations	129,690	129,690	-	100.00 %	60	(81)	(81)	Note 3 , Note 4
Wegene	ApoDx	Taiwan	Sale of medical equipment and information software	1,350	1,350	1,175	7.08 %	-	-	-	Note 2

Note 1 : Subsidiaries over which the Company has control.
Note 2 : Investees valuated under the equity method.
Note 3 : Sub-subsidiaries over which the Company has control.
Note 4 : All the amounts in NTD in this table are translated based on the exchange rate on the balance sheet date.

(III) Information on investments in Mainland China:

1. Information on investments in Mainland China:

Foreign currency unit: Thousand

Investee in Mainland China	Main Business Item	Paid-in Capital	Investment Method	Accumulated Investment Amount Remitted from Taiwan at the Beginning of Current Period	Investment Amount Remitted/ Recovered for Current Period		Accumulated Investment Amount Remitted from Taiwan at the End of Current Period	Investee Profit/Loss for the Current Period	The Company's Shareholding Percentage in Direct/Indirect Investment	Investment (Loss) Gain Recognized for Current Period	Book value of Investment at the End of Current Period	Repatriated Investment Income up to the Current Period
					O/R	Recovered						
Leadtek Shanghai	Responsible for promotion, marketing, and service of the Company's products in mainland China.	168,878 (USD5,500)	Note 1	168,878 (USD5,500)	-	-	168,878 (USD5,500)	76,747	100%	76,747	512,999	-
Shenyang Wegene	Production and sale of medical devices	9,826 (USD320)	Note 1	9,826 (USD320)	-	-	9,826 (USD320)	(959)	100%	(959)	(7,090)	-
Zero TC Cloud Computing (Shanghai) Co., Ltd. (Zero TC)	Cloud computing software services	7,702 (CNY1,780)	Note 2	-	-	-	-	266	45%	120	4,041	-

2. Investment limit in Mainland China:

Company	Accumulated Investment Amount Remitted from Taiwan to Mainlan d China at the End of Current Period	Investment Amount Approved by the MOEA Investment Review Committee	Limit on Investment in Mainland China Required by MOEA Investment Review Committee
The Company	178,704(USD5,820)	178,704(USD5,820)	606,652

Note 1: Reinvestment in companies in Mainland China is made through companies set up in a third region.
Note 2: Reinvestment in companies in Mainland China is made through an investee there.
Note 3: Except for Weijin Shenyang and Zero TC, for which investment gain or loss is recognized based on the internal financial statements of the investee because of their immateriality, the investment gain or loss of Leadtek Shanghai is recognized based on the financial statements audited by the CPAs of the parent company in Taiwan.
Note 4: All the amounts in NTD in this table are translated based on the exchange rate on the balance sheet date.

3. Material transactions:

For details of the Company's material transactions with investee companies in Mainland China in 2023, either directly or indirectly, For details, please refer to the description in the "Information on Material Transactions."

(IV) Information of major shareholders:

Name of Major Shareholder	Shares	
	Number of Shares Held	Shareholding Percentage
Ablecom Technology Inc.	16,667,000	19.85%
Compuware Technology Inc.	8,333,000	9.92%

Note: (1) The information on major shareholders are acquired from the data of the Taiwan Depository & Clearing Corporation with respect to the shareholders holding aggregately 5% or more of the common stocks of the Company that have been registered and delivered in dematerialized form on the last business day at the end of each quarter. The share capital stated in the consolidated financial statements of the Company may be different from the number of stocks that have been actually registered and delivered in dematerialized form due to different bases of compilation and calculation.

(2) In case any shareholder transferred his stocks to a trustee, the information on such shareholder was disclosed based on the account of the principal subject to the trust account opened by the trustee. As for the shareholder who declares insider shares of more than 10% shareholdings pursuant to the securities and exchange regulations, the number of shares held includes the shares of the shareholder and the shares that he/she transferred to a trustee and for which he/she has the right to determine the application of the trust property. For more information on the declaration of insider shares, refer to the MOPS.

XIV. Segment information

For details, please refer to the 2023 consolidated financial statements.

VI. Impact on the company's finance of financial difficulties, if any, of the company and affiliates in the most recent year and by the date of report publication: None.

Seven. Review and analysis of the financial position and operational performance and risk management:

I. Financial position

Comparison of financial position of the past two years:

Unit: NTD thousands

Item \ Year	2023	2022	Difference	
			Amount	%
Current assets	2,204,072	1,629,505	574,567	35.26
Property, plant, and equipment	199,895	192,806	7,089	3.68
Other assets	204,044	205,935	(1,891)	(0.92)
Total assets	2,608,011	2,028,246	579,765	28.58
Current liabilities	1,478,881	1,375,160	103,721	7.54
Non-current liabilities	119,323	143,974	(24,651)	(17.12)
Total liabilities	1,598,204	1,519,134	79,070	5.20
Share capital	839,460	589,460	250,000	42.41
Capital surplus	419,475	475	419,000	88210.5
Retained earnings	(232,283)	(95,862)	(136,421)	142.31
Other equity interest	(15,565)	(6,725)	(8,840)	131.45
Non-controlling interests	(1,280)	(1,023)	(257)	25.12
Total equity	1,009,807	509,112	500,695	98.35

Major causes and impacts of significant changes in assets, liabilities, and equity in the past two years, and the future response plan (difference up to 20% and more than NT$10 million).

(1) The increase in current assets was mainly due to the increases in advance payment.

(2) The increase in share capital was due to the private placement of 25,000,000 shares.

(3) The increase in capital surplus was due to the private placement of 25,000,000 shares at the premium price.

(4) The increase in total equity was due to the private placement of 25,000,000 shares.

II. Financial performance

(I) Comparison of operational results in the past two years

Unit: NTD thousands

Year / Item	2023	2022	Increased (reduced) amount	Change ratio %
Operating revenue	4,276,117	5,311,418	(1,035,301)	(19.49)
Operating costs	3,647,838	4,704,607	(1,056,769)	(22.46)
Gross profit	628,279	606,811	21,468	3.54
Operating expenses	726,800	759,073	(32,273)	(4.25)
Non-operating income and expenses	(34,275)	(49,161)	14,886	(30.28)
Profit (loss) from continuing operations before tax	(132,796)	(201,423)	68,627	(34.07)
Tax expense (income)	27,190	(5,717)	32,907	(575.60)
Profit (loss)	(159,986)	(195,706)	35,720	(18.25)
Other comprehensive income	(8,319)	5,993	(14,312)	(238.81)
Total Comprehensive income	(168,305)	(189,713)	21,408	(11.28)
Major causes of significant changes in the revenue, net income, and net income before tax in the past two years: (Analysis of differences up to 20% and an amount over NT$10 million). (1)The decrease in operating cost was due to the decrease in operating revenue, which was resulted from the economy slump in 2023. (2)The decrease in non-operating income and expenses was due to loss in currency exchange. (3)The increase in tax expense was due to income before tax from Leadtek Research (Shanghai) Inc. in the current year.				

(II) Estimated sales volume and the basis, the potential impacts on the company’s future operations, and counteractions:

In the computer industry, continuous sales growth is expected in VD systems during the development towards cloud computing, and massive sales growth in consumer graphics cards is foreseeable due to mining and blockchain application. Significant sales growth is also expected in workstation graphics cards and server HPC cards in the deep learning and AI domains. We will continuously invest in R&D to develop new technology and new products to maintain long-term competitiveness against the changes in the industry.

III. Cash flow:

Analysis of cash flow in the most recent year:

Consolidated financial statements

Unit: NTD thousands

Opening cash balance	Annual net cash flow from operating activities	Annual net cash flow from investing activities	Annual net cash flow from fundraising activities	Effects of changes in foreign exchange rates	Year-end cash balance
236,872	(52,294)	(36,749)	170,954	(9,433)	309,350

1. Analysis of changes in cash flow in 2023:
   (1) Operating activities (52,294) NTD thousand
   The operating loss and substantial increase in advance payment resulted in cash outflow in the current year.
   (2) Investing activities: (36,749) NTD thousand
   Due to purchase on equipment and intangible assets in the current year, the cash flow from investing activities was negative..
   (3) Financing activities: 170,954 NTD thousand
   Because the private placement of 25,000,000 shares is completed, and most of short term borrowings were repaid, cash flow from fundraising activities was positive.
2. Improvement plan for inefficient liquidity: None.
3. Analysis of cash liquidity in the next year:

Opening cash balance	Expected annual net cash flow from operating activities	Expected annual cash in/out flows	Expected amount of cash balance (deficiency)	Remedy for expected cash deficiency	
				Investment plans	Financial management plans
309,350	196,433	(83,211)	422,572	-	-

Analysis of changes in cash flow in 2024:
(1) Operating activities: It is expected that the profit from operation will generate cash inflow.
(2) Investing activities: It is expected to generate cash outflow by acquiring operating assets.
(3) Financing activities: It is expected to return current borrowings by cash inflow from operation income.

IV. Influence of major capital spending on financial position and operation in the most recent year: None.

V. Re-investment policies, main causes of gains/losses, and improvement plans in the most recent year, and investment plans in the next year:

(I) Re-investment policy:
Overseas subsidiaries are established in response to the Company’s operational needs to develop and complete marketing network and provide quick after-sale service. In consideration of the future development strategy, we seek investment partners based on the Company’s product ranges and industry.

(II) Analysis of gains or losses on re-investment:
The gains from re-investment recognized according to the equity method in 2023 were NT$ 120 thousand. We adopt the equity method for long-term strategic investments. The losses are within the Company’s control.

(III) Re-investment plans in the next year:
Capital increase and marketing channel deployment of existing investees are the Company’s major principle. We also invest in companies with unique technology to ensure technological eadership and thereby maintain the Company’s competitiveness and growth.

VI. Risk matters required for analysis and assessment in the most recent year and by the date of report publication:

(I) Impact of interest rate, exchange rate, and inflation on the company’s financial position and counteractions:

1. Interest rate: We trade on principle with USD and NTD. As the

raw material price soared after the outbreak of the Russo-Ukrainian War, the USA will continue to raise interest rates to suppress domestic inflation. The Central Bank of Taiwan also followed suit. In the future, we will repay loans with operating cash inflows to lower the interest rate risk.

2. Exchange rate: Over 90% of our revenues are gained from export trade mainly using USD. Natural hedging is our main control of currency risk. Other methods include reducing assets in foreign currencies and the net balance of foreign currency liabilities and hedging currency risk with forward exchange contracts for positions with higher foreign currency income.
3. Inflation: Inflation is more significant than before as the raw material price soared after the outbreak of the Russo-Ukrainian War. We adjust sales prices and purchase/sales terms at any time in respect of the market condition. It is expected that the impact of inflation on the Company will be limited.

(II) Policies, main reason(s) for gains or losses, and future counteractions for engaging in high-risk and high-leverage investments, lending, offering guarantees and endorsements, and derivatives transactions.

So far, we have not engaged in high-risk or high-leverage investments. Loans, guarantees, and endorsements for others and derivatives transaction are implemented according to the policies and counteractions stipulated in the Company's "Procedures for Acquisition and Disposal of Assets", "Procedures for Engagement with Derivatives Transactions", "Procedures of Loaning of Funds", and "Procedures for Making of Endorsements/Guarantees"

(III) Future R&D projects and planned R&D funds:

The R&D projects for computer and smart healthcare products are implemented as scheduled, and the R&D fund is about 3-6% of the Company's revenue.

(IV) Influence of significant changes in policies and laws at home or abroad on finance and operations and counteractions: None.

(V) Influence of changes in technology (including cybersecurity risks) and industry on finance and operations and counteractions:

We deal with changes in technology and industry by strengthening R&D capability and keep track on the direction of technological and market development at home and abroad. Additionally, changes in technology also come with business opportunities. Hence, apart from improving product functions and enhancing cost control at ordinary times, we also actively engage in new product R&D to cope with the unpredictable changes in the industry.

(VI) Influence of changes in market presence on crisis management and counteractions: None.

(VII) Expected benefits and potential risks of mergers and acquisitions and countermeasures: None.

(VIII) Expected benefits and potential risks of factory expansion and counteractions: None.

(IX) Potential risk of purchase or sales centralization and counteractions: None.

(X) Influence and potential risk of the massive transfer or exchange of shares of the directors or major shareholders holding over 10% of the shareholding and counteractions: None.

(XI) Influence and risks of management changes and counteractions: None.

(XII) Litigious and non-litigious events: List the major litigious events, non-litigious events, or administrative remedies with confirmed verdicts or in progress of the company and its directors, president, actual person-in-charge, and major shareholders holding over 10% of the shareholding; subsidiaries; and affiliates, and disclose the facts in dispute, target amount, starting date of litigation, major parties involving in the litigation, and the status by the date of report publication when the results of such may significantly affect the equity or stock prices: None.

(XIII) Other material risks and counteractions:

Recently, the U.S. government has expanded its ban on the export of high-standard GPU products to China, including the products represented by our company, which has affected our sales performance in China. The Company will continue to pay close attention to changes in the general environment, flexibly adjust its organization and business, and at the same time strengthen working capital to respond to various changes.

VII. Other important matters: None.

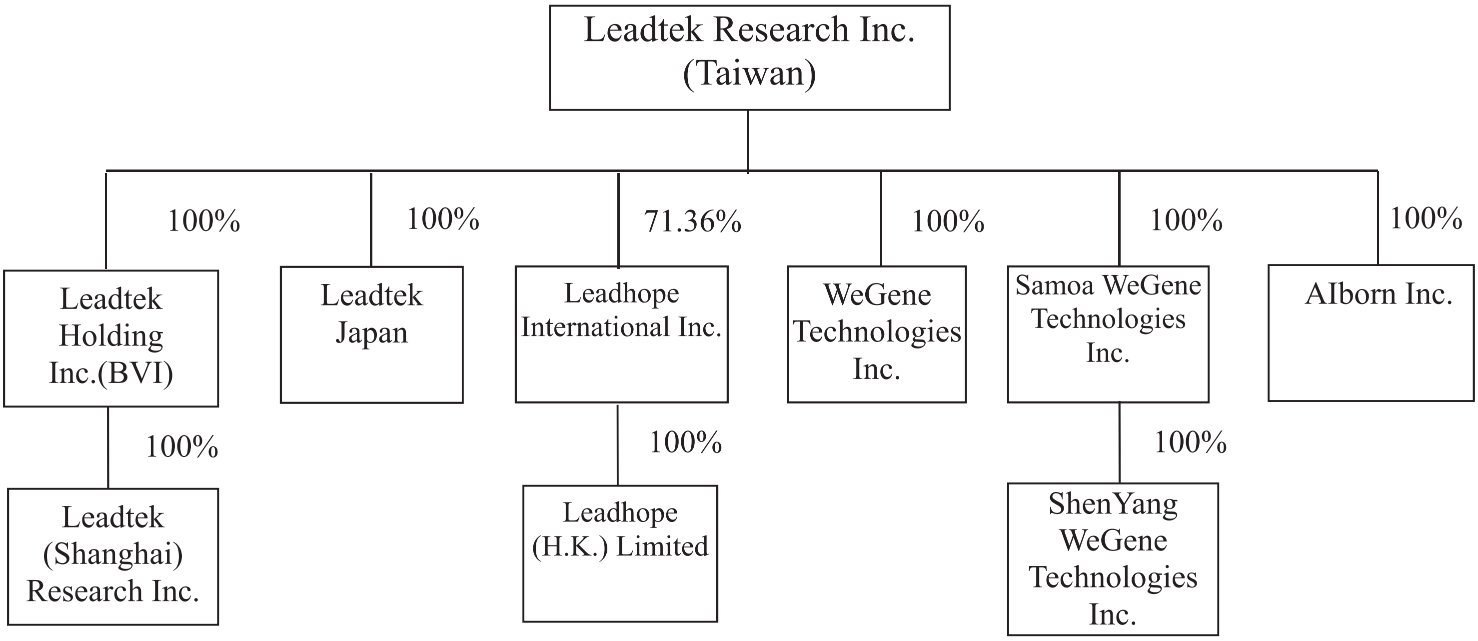
Eight. Special Remarks

I. Information of affiliates

(1) Consolidated business report

1. Overview of affiliates

(1) Organizational chart of affiliates



(2) Basic data of affiliates

Unit: NTD thousand

Name	Date of establishment	Address	Paid-in capital	Major services or products
Leadtek Holding Inc.	Sep. 2001	Beaufort House, P.O. Box 438, Road Town, Tortola British Virgin Islands	USD7,500	Overseas holdings company.
Leadtek Japan	Sep. 2002	8F, L-Kakuei Sasazuka BL., 2-19-2 Sasazuka Shibuya-ku, Tokyo, Japan	JPY30,000	Take charge of the Company's sales and after-sales service in Japan.
Leadhope International Inc.	Mar. 2002	18F., No.166, Iian 1st Rd., Zhonghe Dist., New Taipei City, Taiwan, R.O.C.	NTD232,286	Software agency, brokerage, trading, and operations
WeGene Technologies Inc.	Oct. 2000	18F., No.166, Iian 1st Rd., Zhonghe Dist., New Taipei City, Taiwan, R.O.C.	NTD1,000	R&D, agency, and sales of medical devices and health food
Samoa WeGene Technologies Inc.	Jun. 2003	P.O. Box 217, Apia, Independent State of Samoa	USD320	Overseas holdings company.
AIborn Inc.	Oct. 2017	8F., No.166, Iian 1st Rd., Zhonghe Dist., New Taipei City, Taiwan, R.O.C.	NTD10,000	Installation of computer equipment and data processing
Leadtek (Shanghai) Research Inc.	May 2002	Room 502C, Block E, No. 1978, Lianhua Road, Minxing District, Shanghai City, P.R.C.	USD5,500	Take charge of the promotion, marketing, and service of the Company's products in mainland China.
Leadhope (H.K.) Limited	Feb. 2013	Rm 604, Kalok Building 720 Nathan Rd., Kln, Hong Kong	USD4,280	Software agency, distribution, and trading.
ShenYang WeGene Technologies Inc.	Sep. 2003	No. 15-6, Suzheng Street, Linsheng Village, Linsheng Town, Sujiatun District, Shenyang City, P.R.C.	USD320	Agency, and sales of medical devices.

(3) Data of common shareholders inferred to have control or to be in a subordinate relationship in accordance with Article 369-3, *Company Act*: None.

(4) Description of services of affiliates

A. Established Leadtek Holding Inc. in September 2001 as the Company's overseas holdings company.

B. Established Leadtek Japan in September 2002 for expansion to the Japanese market and improve local customer service.

C. Established Leadhope International Inc. in March 2002 to engage with the agency, brokerage, trading, and operations of computer-related software.

D. Established Wegene Technology, Inc. in October 2000 to engage in the R&D, agency, and sales of medical devices and health food.

E. Established Wegene Technology (Samoa) Inc. in June 2003 as an overseas holdings company.

F. Established Aiborn Inc. in November 2017 to engage in the installation of computer equipment and data processing.

G. Established Leadtek (SHANGHAI) Research Inc. in May 2002 through investment of Leadtek Holding Inc. to take charge of the marketing and after-sale services of the Company's products in mainland China.

H. Established Leadhope (H.K.) Limited in February 2003 to engage with the agency, brokerage, trading, and operations of computer-related software.

I. Established Wegene Technology (Shenyang) Inc. in September 2003 through investment of Wegene Technology (Samoa) Inc to take charge of the production and sales of the Company's healthcare products in mainland China.

(5) Data of directors, supervisors, and president of affiliates

Name	Title	Name or name of representative	Shareholding Number of shares	Shareholding percentage	Contribution amount
Leadtek Holding Inc.(BVI)	Chairman & President	Leadtek Research Inc. (Representative: Lu Kun-Shan)	7,500,000	100%	US$ 7,500,000
Leadtek Japan	Chairman & President	Leadtek Research Inc. (Representative: Ma Wei Yuan)	3,000	100.00%	JPY30,000,000
	Director	Leadtek Research Inc. (Representative: Lu Kun-Shan)	3,000	100.00%	JPY30,000,000
	Director	Leadtek Research Inc. (Representative: KuChien PoShih)	3,000	100.00%	JPY30,000,000
	Director	Leadtek Research Inc. (Representative: HsiaoKou ChenYi)	3,000	100.00%	JPY30,000,000
	Supervisor	LingMuYiLang	-	-	-
Leadhope International Inc.	Chairman & President	Leadtek Research Inc. (Representative: Lu Kun-Shan)	1,657,496	71.36%	NT$16,574,960
	Director	Leadtek Research Inc. (Representative: Yang Chin-Tien	1,657,496	71.36%	NT$16,574,960
	Director	Leadtek Research Inc. (Representative: Huang Chi-Cheng	1,657,496	71.36%	NT$16,574,960
	Director	N3 Games (Representative: Sang Yoon Lee)	287,500	12.38%	NT$2,875,000
	Director	Blueside Inc. (Representative:Se Jung Kim)	205,360	8.84%	NT$2,053,600
	Supervisor	Yu Chin-Chang	7,700	0.47%	NT$77,000

Name	Title	Name or name of representative	Shareholding Number of shares	Shareholding percentage	Contribution amount
	Supervisor	Hsiung Mu Wen	963	0.06%	NT$9,630
WeGene Technologies Inc.	Chairman & President	Leadtek Research Inc (Representative: Lu Kun-Shan)	100,000	100%	NT$1,000,000
	Director	Leadtek Research Inc (Representative: Yu Chin-Chang	100,000	100%	NT$1,000,000
	Director	Leadtek Research Inc (Representative: Yang Chin-Tien)	100,000	100%	NT$1,000,000
	Director	Leadtek Research Inc (Representative: Lee Wen Te)	100,000	100%	NT$1,000,000
	Director	Leadtek Research Inc (Representative: Yu Chao-Jung	100,000	100%	NT$1,000,000
	Supervisor	Leadtek Research Inc (Representative: Lee Wei Yu)	100,000	100%	NT$1,000,000
Samoa WeGene Technologies Inc.	Chairman & President	Leadtek Research Inc (Representative: Lu Kun-Shan)	320,400	100%	US$320,400
AIborn Inc.	Chairman & President	Leadtek Research Inc (Representative: Lu Kun-Shan)	1,000,000	100%	NT$10,000,000
	Director	Leadtek Research Inc (Representative: Chou Shih-Wei)	1,000,000	100%	NT$10,000,000
	Director	Leadtek Research Inc (Representative: Chang Shen)	1,000,000	100%	NT$10,000,000

Name	Title	Name or name of representative	Shareholding Number of shares	Shareholding percentage	Contribution amount
	Supervisor	Leadtek Research Inc. (Representative: Lee Wen Te)	1,000,000	100%	NT$10,000,000
Leadtek (Shanghai) Research Inc.	Chairman	Leadtek Holding Inc (Representative: Yang Chin Tien)	-	100%	US$ 5,500,000
	Director	Leadtek Holding Inc (Representative: Lu Kun-Shan)	-	100%	US$ 5,500,000
	Director	Leadtek Holding Inc (Representative: Chou Shih-Wei)	-	100%	US$ 5,500,000
	Supervisor	Leadtek Holding Inc. (Representative: Liang Ching-Ling)	-	100%	US$ 5,500,000
	President	Wang Feng	-	-	-
Leadhope (H.K.) Limited	Chairman & President	Lu Kun-Shan	-	100%	US$4,280,000
ShenYang Wegene Technologies Inc.	Chairman & President	Samoa Wegene Technologies Inc. (Representative: Wang Feng)	-	100%	US$320,300-

2. Status of operations of affiliates:

2023.12.31 Unit: NTD thousands

Name	Share capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit (loss)	Current net profit (after tax)	EPS (NTD)
Leadtek Holding Inc.(BVI)	230,288	513,009	-	513,009	-	-	76,747	68.40
Leadtek Japan	6,516	9,063	6,041	3,022	19,530	1,803	1,818	1,007.32
Leadhope International Inc.	23,229	111	31,174	(31,063)	44	(18)	(897)	(13.37)
WeGene Technologies Inc.	1,000	754	136	618	555	149	173	6.18
SamoaWeGene Technologies Inc.	9,838	(7,082)	-	(7,082)	-	-	(959)	(22.10)
AIborn Inc.	10,000	2,198	125	2,073	221	(1,039)	(1,025)	2.07
Leadtek (Shanghai) Research Inc.	168,878	1,536,236	1,023,238	512,998	2,551,727	103,117	76,747	11.56
Leadhhope (H.K.) Limited	131,417	203	143	60	7	(82)	(81)	0.01
ShengYang WeGene Technologies Inc.	9,835	2,816	9,906	(7,090)	1,731	(977)	(959)	(3.28)

(II) Statement of consolidated financial statements of affiliates

The Company's financial statements for the year of the Republic of China (from January 1, 2023 to December 31, 2023) shall be included in the preparation of consolidated financial statements of related companies in accordance with the "Company Standards for Consolidated Financial Statements and Reports of Related Companies". The company is the same company that should be included in the preparation of the consolidated financial statements of the parent and subsidiary companies in accordance with IFRS No. 10 approved by the Financial Supervisory Commission, and the relevant information that should be disclosed in the consolidated financial statements of the related companies is in the consolidated financial statements of the parent company and the subsidiary company. It has been disclosed so that the company will no longer prepare separate consolidated financial statements of related enterprises.

(III) Relationship report: Our affiliates include: Leadtek Holding Inc. (BVI), Leadtek Japan, Leadhope International Inc., WeGene Technologies Inc., SamoaWeGeneTechnologies Inc., AIborn Inc., Leadtek (Shanghai) Research Inc., Leadhope (H.K.) Limited, and ShenYang WeGene Technologies Inc. As none of them is a public company, a relationship report by law is thus not necessary.

II. Private placement of securities in the most recent year and by the date of report publication: None.

III. Holding or disposal of the Company’s shares by subsidiaries in the most recent year and by the date of report publication: None.

IV. Other supplementary information: None.

V. Matters with significant impact on equity or stock prices as stipulated in Article 36, paragraph 2, subparagraph 2, *Securities and Exchange Act* in the most recent year and by the date of report publication: None.

Leadtek Research Inc.

2023 Private Placement

Items	2023 Private Placement to Issue Common Shares Issue Date: November 21, 2023
Approved Date by Shareholders' Meeting and share Amount	The company resolved to raise fund by private placement of 25,000,000 shares at shareholders' meeting on October 4th, 2023, and authorized the board to carry out the private placement one time within one year.
The basis and rationale for the setting of the price	(1)The referenced price for this private placement project is calculated based on: the simple arithmetic mean of the closing price of common stocks on any one of the first, third, and fifth business days before the price setting date deducting the ex-right and ex-dividend stock dividend price and then adding back the stock price after right resumption; or the simple arithmetic mean of the closing price of common stocks of 30 days before the price setting date deducting the ex-right and ex-dividend stock dividend price and then adding back the stock price after the right resumption, whichever price is higher. (2)The EGM is asked to authorize the Board to determine the actual private placement price and actual price setting date after the discussion with the prospective investors and the market condition in the future. However, the actual private placement price shall not be lower than 70% of the referenced price. The company shall engage an independent expert, Chi-Rou Tai, from L.H. CHEN & CO., CPAs. to provide an Opinion on the Reasonableness of the price of Private Placement. (3) Followed by the rule of setting price, the company adopted October 6th, 2023 as the price setting date. The simple arithmetic mean of the closing price of common stocks on any one of the first, third, and fifth business days before the price setting date is NT$38.80, NT$38.67, and NT$38.23 respectively. The company compared NT$38.23, and NT$36.56 on basis, the simple arithmetic mean of the closing price of common stocks of fifth and 30 days before the price setting date, and chose higher price NT$38.23 as the referenced price. The actual private placement price shall not be lower than 70% of the referenced price. Therefore, the actual setting price for this private placement is NT$26.76.
Selection of prospective investors	(1) The prospective investors of the private placement shall meet the requirements as stipulated in Article 43-6 of the Security and Exchange Act and Letter (91) Tai-Cai-Zheng-Yi-Zi No. 0910003455 issued by the Financial Supervisory Commission on June 13, 2002. (2) Strategic investors as prospective investors: Methods and purpose of selection: Individuals or companies facilitating the Company's technological advancement, product development, cost reduction, market expansion, or customer relationship improvement will be selected to improve the Company's operational performance or profitability with their experience, know-how, knowledge, or channels.
Reasons for private placement	Private placement is more quickly and more convenient to attract investors. Private placement based on the Company's actual operational needs as determined by the Board through authorization can effectively increase the mobility and flexibility of fund-raising for the Company.
Completed Date	October 19th, 2023

<table>
<tr><td rowspan="3">Information of Prospective Investor</td><td>Name of Investors</td><td>Qualification</td><td>Acquired Volume</td><td>Relation</td><td>Involved in Operation</td></tr>
<tr><td>AblecomTechnologyInc.</td><td rowspan="2">Meet the requirements as stipulated in Article 43-6-1-2 of the Security and Exchange Act</td><td>16,667,000 shares</td><td>None</td><td>None</td></tr>
<tr><td>Compuware Technology Inc.</td><td>8,333,000 shares</td><td>None</td><td>None</td></tr>
<tr><td>Actual setting price</td><td colspan="5">NT$26.76 per share</td></tr>
<tr><td>Difference between the actual price and referenced price</td><td colspan="5">The actual price is 70% of the referenced price.</td></tr>
<tr><td>The influence of private placement to the shareholders’ equity</td><td colspan="5">It is expected to improve financial structure, enhance operating performance, and strengen the company’s competition.</td></tr>
<tr><td>The fund usage of private placement and executed schedule as planned.</td><td colspan="5">The fund of NT$669,000,000 by private placement is used to return the bank borrowings, enrich working capital; The capital usage plan was executed during October 21~31 and expected to complete the plan.</td></tr>
<tr><td>The benefits of private placement</td><td colspan="5">Enrich working capital, enhance the capital level, increase flexibility of capital management.
Improve financial structure, enhance liquid ratio, and lower libility ratio.
The 2023 Q3 Consolidated financial statement showed the liquidity ratio is 104.04%, and the liability ratio is 86.35%
After the private placement completed, the 2023 Q4 Consolidated financial statement showed the liquidity ratio is 149.04%, and the liability ratio is 61.28%.</td></tr>
</table>

Leadtek Research Inc.

Lu Kun-Shan, Chairman

麗臺科技股份有限公司

Leadtek Research Inc.

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