

研揚科技股份有限公司
AAEON Technology Inc.

STOCK CODE: 6579

Printed on March 31, 2024

2023 ANNUAL REPORT



Website: www.aaeon.com

Annual Report: mops.twse.com.tw

(Translation - In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.)

AAEON[®]
an ASUS assoc. co.



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None

(VI) COMPANY WEBSITE

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Table of Contents

I. Letter to the Shareholders	1
II. Company Profile.....	4
1. Date of Incorporation.....	4
2. Company history	4
III. Corporate Governance Report	6
1. Organizational chart	6
2. Background information of Directors, Supervisors, President, V.P., Assistant V.P., and the heads of various departments and branches.....	9
3. Directors', Supervisors' President's and V.P.' remuneration	22
4. Corporate governance	26
5. Disclosure of CPAs' remuneration.....	97
6. Information of CPA:	98
7. Company Chairperson, President, or Any Managerial Officer in Charge of Finance or Accounting Matters in the Most Recent Fiscal Year Holding a Position at the Company's CPA Accounting Firm or at an Affiliated Enterprise of Such Accounting Firm.....	98
8. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests (During the Most Recent Fiscal Year or During the Current Fiscal Year up to the printing date of the Annual Report) by a Director, Supervisor, Managerial Officer, or Shareholder with a Stake of More than 10 Percent.....	98
9. Relationship information, if among the company's ten largest shareholders any one is a related party or a relative within the second degree of kinship of another.....	100
10. Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, Its Directors and Supervisors, Managers, and Any Companies Controlled Either Directly or Indirectly by the Company.....	101
IV. Funding Status.....	103
1. Capital and shares	103
2. Bonds.....	109
3. Preference shares.....	109
4. Global Depository Receipts	109
5. Employee Stock Options.....	110
6. Employee stock options restriction	111

7.	Status of New Share Issuance in Connection with Mergers and Acquisitions	112
8.	Financing Plans and Implementation	113
V.	Business Performance.....	114
1.	Content of business	114
2.	Market and Sales Overview	122
3.	The number of employees employed for the 2 most recent fiscal years, and during the current fiscal year up to the printing date of the annual report.....	130
4.	Environmental protection expenditure	130
5.	Labor relations	131
6.	Information security management	131
7.	Important Contracts.....	132
VI.	Financial summary	133
1.	Five-Year Balance Sheets and Statement of Comprehensive income summary.....	133
2.	Five-Year Financial Analysis	137
3.	Audit committee's report in the most recent year	140
4.	Annual Consolidated Financial statements in the most recent years..	140
5.	Annual parent company only financial statements in the most recent years.....	140
6.	If the company or its affiliates have experienced financial difficulties, the annual report shall explain how said difficulties will affect the company's financial situation	140
VII.	Review of financial conditions, financial performance, and risk management	141
1.	Financial Analysis.....	141
2.	Operation results Analysis	142
3.	Cash Flow Analysis.....	143
4.	Major Capital Expenditure Items:	143
5.	Investment Policy in Last Year, Main Causes for Profits or Losses; Improvement Plans and the Investment Plans for the Coming Year..	143
6.	Risk management analysis.....	144
7.	Other important disclosures.....	148
VIII.	Special Disclosure	149
1.	Summary of Affiliated companies	149

2.	Private placements of securities in the Most Recent Years	156
3.	The shares in the Company Held or Disposed of by subsidiaries in the Most Recent Years	156
4.	Other supplementary information	156
5.	Any Events in the most recent fiscal year and as of the printing date of this annual report that had significant impacts on shareholders' right or security prices as stated in Item 3 Paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan	156
	Attachment 1: Audit Committees' Review Report.....	157
	Attachment 2: 2023 Consolidated Financial Report	158
	Attachment 3: 2023 Individual Financial Report.....	244

I. Letter to the Shareholders

Dear Shareholders:

Thank you for attending the 2024 General Shareholders' Meeting.

The overall business performance of AAEON in 2023 was not satisfactory. Due to the impact of inflation in the macro environment, the terminal demand decreased. In addition, the shortage of materials in 2022 led to serious over-booking by customers; as the problem of excessive inventory had to be handled first, many requested to postpone shipment. At the same time, no new orders would be placed until the inventory level was back to normal. Therefore, consolidated revenue declined by 3%. Fortunately, as the material conditions were back to normal and prices decreased, the gross profit margin increased to 35%, and the overall operation was stable and developing.

Moreover, we acquired Jetway Information in April 2023 with a 35% equity, officially merging Jetway into AAEON. The synergies generated by the complementarity of products, production bases and markets of both parties are expected to bring another growth opportunity for both sides.

Details are as follows:

1. The 2023 Business result

(I) Business performance

1. Revenues and profits: AAEON's consolidated operating income in 2023 was \$8,073,203 thousand, gross profit was \$2,834,374 thousand, operating revenue was \$1,006,423 thousand, net income after tax was \$1,167,250 thousand, net profit attributable to the parent company was \$969,345 thousand, while earnings per share (EPS) was \$8.42.
2. Revenue analysis: In terms of regions, except for emerging markets that maintained a positive growth of 10%, we witnessed negative growth in all other regions, particularly China and the U.S., with a negative growth of 29% and 31%, respectively. As for product lines, except for rugged tablets which still maintained a positive growth of 5%, almost all the other product lines had negative growth. The industrial mainboards (-48%) and the UP products (-45%) had the worst performance, but the other product lines also showed negative growth of -5% to -15%.
3. Budget implementation: The Company did not publish our financial forecast in 2023.
4. Client management: Although the existing clients adjusted their inventory in 2023 and the orders decreased accordingly, we still maintained good relationships with the clients, and the existing projects were continued. Meanwhile, we did not stop the development of new customers and new projects for even once. In 2023, we obtained new projects with a total value of about US\$40 million; the number of AI-related new projects especially increased in a continuous manner.
5. Other operational results:
 - Won the 3rd place in the Middle-Standing Enterprises Group of the CSR Awards of the CommonWealth magazine Certified with Taiwan i Sports
 - Received ESG Corporate Sustainability Award from the Global Views Monthly Magazine.
 - Earned the Interbrand Emerging Brand Award

(II) Research and development and innovations

1. We launched a number of products related to the AI edge computing platform, with the computing power ranging from 5 TOPS to 2000 TOPS.

2. We became the first company in the industry to introduce Intel Alder Lake N products.

(III) Marketing and promotion

1. The Company's official website traffic continued to hit new heights, with the annual traffic exceeding 1.8 million visits.
 2. We participated in the brand ranking and selection of InterBrand for the first time, and were selected as one of the emerging brands ranked 21 to 40.
 3. Focusing on the market of AI edge computing platforms, the Company won the recognition of the major chip manufacturers Nvidia and Intel for joint promotion of edge AI solutions.
2. 2024 business plan

AAEON has been focusing on the AI market for years, and now our efforts have gradually come to fruition. This is especially true in 2023, where the entire AI market changed from discriminative AI to generative AI—ChatGPT became an instant hit, the application of AI began to expand in all walks of life, and the originally POC-based projects have started to be launched. The business opportunities of the whole AI market have gradually transferred from the cloud to the edge. AAEON has always been in a good position in the AI market; hence, the revenue share of our AI business is expected to increase rapidly.

(I) Business strategy

1. Enhance customized services, improve the customized process, and provide flexible, quick, and high-quality customized services.
2. Actively develop the AI edge computing platform market: Work with partners to form a complete ecosystem and become a leading business in AI edge computing platforms.
3. Continue to innovate products and processes, launch competitive products, and improve operational effectiveness.
4. Enter new markets or increase market share through joint ventures or mergers and acquisitions.

(II) Important strategies

1. Provide a complete portfolio of AI hardware products to meet different needs, and integrate value-added software to boost product differentiation at the same time.
2. Enhance business training and develop AI projects.
3. Increase brand promotion and hold seminars on AI.
4. Improve the relationship with business partners and jointly organize marketing activities.

3. Long-term development strategies

The evolution of AI technology is getting faster. With AI application becoming more accepted in different markets and diverse, the overall direction of growth is slowly moving from the cloud to the edge. AAEON has excellent embedded design capabilities, adopts 5 constant innovation as the main strategy for product development, and takes customized services as our core competitive advantage, while our superior quality is our commitment to our clients. AAEON is not only a hardware manufacturer, but also a technological service provider, providing hardware design, software development, production and manufacturing, logistics management, and after-sales services. We provide customers with industrial computing platforms of high quality, and become their trustworthy partner.

AAEON's "AA" stands for good but better, that is, we must constantly challenge ourselves, keep innovating, and pursue excellence. We will live up to our consistent business philosophy:

focus, agility, and competitiveness, and will achieve sustainable operation, continuous growth, and become a leader in AI edge computing.

Today, we would like to express our appreciation to you all, for taking the time to participate in the annual general meeting despite your busy schedule. Finally, we hope that all you will continue to support, encourage, and provide suggestions to our Company.

AAEON Technology Inc.



Chairman: Yung-Shun Chuang



President: Chien-Hung, Lin



Chief of Accounting Officer: Jen-Chung Wang



II. Company Profile

1. Date of Incorporation
Found on December 1, 2010.
2. Company history

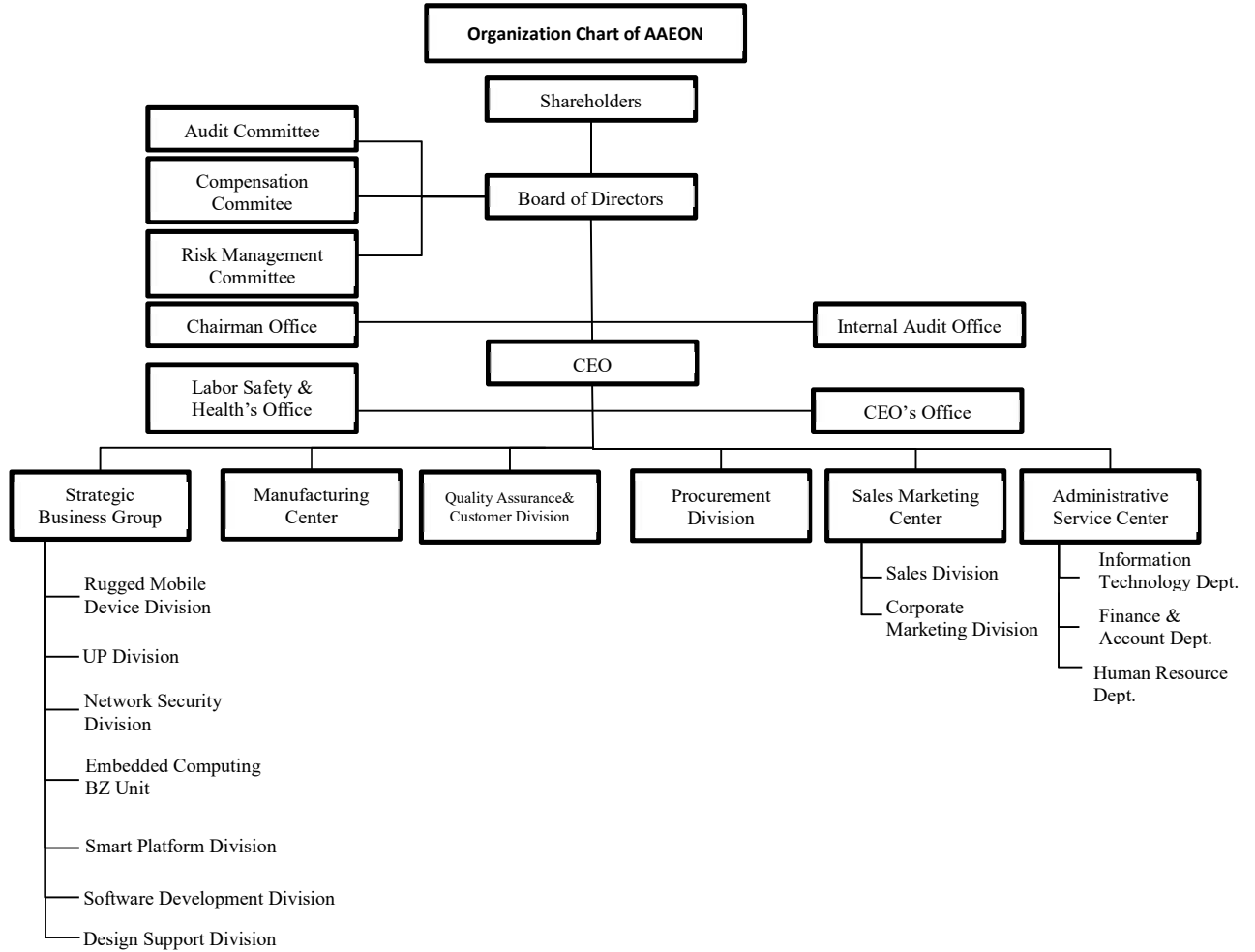
Year	Timeline of Important Events
2010	<ul style="list-style-type: none"> • The original name of the Company was “Giant Sun Tech Co., Ltd,” founded on December 1, 2010.
2011	<ul style="list-style-type: none"> • The Company merged with “AAEON Technology Inc.” (referred to as Original AAEON), on June 1, 2011. The Company is the surviving company, and changed its name to “AAEON Technology Inc.” ASUSTeK Computer Inc is the parent company of AAEON. Over the years, the Original AAEON had been developing innovative products each year, and won the “Taiwan Excellence Award” every year. • In this year, AAEON won Taiwan Excellence Achievement Award from Bureau of Foreign Trade, Ministry of Economic Affairs. • In that year, 8 products of AAEON won the Taiwan Excellence Award.
2012	<ul style="list-style-type: none"> • In this year, four products were in line with product innovation, energy saving and carbon reduction and environmental protection functions. They not only took into account the aesthetic and product efficiency, and won the Taiwan Excellence Award.
2013	<ul style="list-style-type: none"> • Eight products were enrolled in the Taiwan Excellence Awards, all of which were favored by the jury members and won the Taiwan Excellence Awards.
2014	<ul style="list-style-type: none"> • Four products were enrolled in the Taiwan Excellence Awards, all of which were favored by the jury members and won the Taiwan Excellence Awards.
2015	<ul style="list-style-type: none"> • Six products won the Taiwan Excellence Awards. The award-winning products from ranged from rackmount network appliances, rugged tablet computers, single board computers, etc., highlighting the innovation and uniqueness of AAEON products. • The Japan Branch was founded to establish a distribution network, and expand business in Japan.
2016	<ul style="list-style-type: none"> • The Company's subsidiary, Onyx Healthcare, was listed in TPEx on December 21, 2016. • AAEON was listed in emerging stock market on June 6, 2016. • AAEON won the Top 10 Corporate of Golden Peak Award. • AAEON was awarded the 8th place of Commonwealth Magazine Corporate Citizen Award. • AAEON's PIC-BT01 series has won the 100 I.T. Innovative Elite Award from Information Technology Month.
2017	<ul style="list-style-type: none"> • The Company proposed its initial public offering on the TWSE in August 21, 2017. • The Company moved from 537th place (2016) to 454th place (2017) in the world's top 1000 manufacturing industry ranking. • The Company won 5th place of Commonwealth Magazine Corporate Citizen Award. • The Company was awarded the 2017 Taiwan Excellence Award.
2018	<ul style="list-style-type: none"> • The Company conducted a share swap with IBASE Technology Inc. on September 29, 2018. • The Company was awarded the Commonwealth Magazine Corporate Citizen Award.

Year	Timeline of Important Events
	<ul style="list-style-type: none"> • The Company was awarded Taiwan Corporate Sustainability Awards. • The Company was awarded the 2018 Taiwan Excellence Award. • Three products won the Computex d&I Award. • BOXER-6640M won the Vision Systems Design Award.
2019	<ul style="list-style-type: none"> • The Company was awarded the Commonwealth Magazine Corporate Citizen Award. • The Company was awarded Taiwan Corporate Sustainability Awards. • Two products of the Company were awarded the 2019 Taiwan Excellence Award • Two products won the Computex d&iAward.
2020	<ul style="list-style-type: none"> • The Company was awarded the Commonwealth Magazine Corporate Citizen Award. • The Company was awarded the 2020 Taiwan Excellence Award.
2021	<ul style="list-style-type: none"> • The Company was awarded the 26th MBNQA - Comprehensive Excellence Award • The Company was awarded the Commonwealth Magazine Corporate Citizen Award • Four products of the Company were awarded the 2021 Taiwan Excellence Award • The innovative Atlas Roadside Unit (RSU) wons honors at the 2021 System integration Award • The innovative Atlas Roadside Unit (RSU) wons honors at the 2021 Computex d&i Awards
2022	<ul style="list-style-type: none"> • Won the Excellence in Corporate Social Responsibilities Award. • Two products won the Taiwan Excellence Awards. • BOXER-8240AI won the Gold Award of the Best Choice Awards at COMPUTEX Taipei.
2023	<ul style="list-style-type: none"> • The Company was awarded the Global Views Magazine ESG Award. • The Company was awarded the Commonwealth Magazine Corporate Citizen Award. • The Company was awarded the Commonwealth Magazine Talent Sustainability Award.

III. Corporate Governance Report

1. Organizational chart

(I) Organization of the Company



(II) Department Function Description:

Department	Functions
Chairman Office	The Company's business strategy planning, operating target formulation and supervision of the Company's overall operation, as well as co-ordination of the Company's stock business, and convening of the Board Meeting and Shareholders' Meeting.
CEO's Office	Implementation and management of the Company's operating strategy, the promotion and implementation of operating objectives, communication and coordination, and the execution of tasks of various departments.
Internal Audit Office	Establishment, operation, audit and review of various internal control systems and suggestions for improvement.
Labor Safety & Health Office	Planning, supervision and operation of the Company's occupational safety and health management system.
Rugged Mobile Device Division	Responsible for product planning, research and development, and design improvement of rugged portable products and tablets.
UP Division	UP product development, UP brand promotion and customized services derived from UP. And with the UP product line, AAEON becomes a bridge between innovators and industrial applications.
Network Security Division	R&D, design and improvement and product planning of systems including network security products (FWS) and network monitoring platform (NVR).
Embedded Computing BZ Unit	Responsible for the research, development, design, and improvement of embedded single-board and modular motherboard products, as well as product planning. Responsible for establishing a RISC product line, promoting it in the market, and providing technical support and services. Leveraging the RISC product line to enhance the company's competitiveness in markets such as smart cities and related applications.
Smart Platform Division	Responsible for the research, development, design, and improvement, as well as product planning, of artificial intelligence edge computing platforms and industrial automation products.
Software Development Division	Responsible for the R&D of mutual technology for all departments, software development process design and document design, implementation of modularization and common maintenance mechanism, and acceleration of system development and quality improvement.
Design Support Division	Motherboard power circuit design, PCB Layout service, motherboard I/O function test, assistance in R&D's application of product parts and compartments.
Quality Assurance & Customer Division	Planning, implementation and management of the Company's overall quality management system including ISO related systems, supervision of the formulation and implementation of quality systems to achieve quality policies and goals, establishment of relevant standards, systems and procedures for complete quality verification and inspection, and continual improvement of product design, manufacture, and customer service to comply with quality policy implementation.

Department	Functions
Manufacturing Center	Implementation and progress control of the overall production plan. Product manufacturing quality management, and improvement, planning and management of production efficiency.
Procurement Division	Ensure the smooth progress of procurement matters, and supply the production operations and all requisitioning units at the right quality, the right price, the right time and the right amount.
Sales Division	Marketing, sales projects and customer development outside the overseas branches, including product marketing, collection, establishment of customer relationships, sales business development and promotion, and development and promotion of sales in Taiwan.
Corporate Marketing Division	Establishment of the Company's overall brand image, marketing strategy formulation and marketing information establishment, execution and evaluation, gathering of market trends and industry dynamic analysis. Customer opinion survey to assist in the establishment of business development tools, market-demand oriented online marketing multimedia applications to assist drawing up of marketing plans of product division and sales division.
Administrative Service Center	Responsible for financial and accounting operations and planning, budget control analysis, tax processing, establishment and execution of financial accounting systems, fund allocation and utilization, handling of various accounts and tax-related accounting tasks. Facilitating communication and coordination for important meetings such as board of directors meetings and shareholder assemblies. Managing human resources, establishing salary and reward systems, overseeing employee relations and organizing corporate cultural activities. Handling administrative affairs, procurement, fixed asset management, and establishment and implementation of administrative policies. Planning, developing, designing, and managing information system operations, overseeing major information projects and providing professional technical services. Maintaining and managing computer software and systems, hardware maintenance, and data processing. Responsible for network information security management.

2. Background information of Directors, Supervisors, President, V.P., Assistant V.P., and the heads of various departments and branches

(I) Directors and Supervisors

1. Information of directors

March 31, 2024; Unit: shares; %

Title	Nationality and Registry	Name	Gender	Ages			Date elected	Term	Date first elected	Shareholding when Elected		Current shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks (Note 1)
				41-60	61-70	71-75				Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
				Chairman	Republic of China	Jui Hai Investment Co.,Ltd.								May 27, 2022	3 years	Nov. 22, 2011	4,515,000			2.81%	4,515,000	2.81%	
Republic of China	Representative: Yung-Shun, Chuang	Male				V	May 27, 2022	3 years	Nov. 22, 2011	19,664,000	12.22%	19,664,000	12.22%	-	-	-	-	Honorary Doctorate in Engineering National Taiwan University of Science and Technology Chairman of AAEON Technology Inc.	President of the Company Other concurrent positions (Note 2)	Director	Fu-Chun, Chuang	first-degree	-
Director	Republic of China	Jui Hai Investment Co.,Ltd.					May 27, 2022	3 years	Nov. 22, 2011	4,515,000	2.81%	4,515,000	2.81%	-	-	-	-	-	-	None	None	None	-
	Republic of China	Representative: Ying-Chen Li	Male			V	May 27, 2022	3 years	Nov. 22, 2011	1,113,000	0.69%	1,000,000	0.62%	-	-	-	-	Ph.D. Electrical Engineering National Taiwan University Chairman of LITEMAX ELECTRONICS INC. CSO of AAEON Technology Inc.	CSO of the Company Other concurrent positions (Note 3)	None	None	None	-

Title	Nationality and Registry	Name	Gender	Ages			Date elected	Term	Date first elected	Shareholding when Elected		Current shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks (Note 1)
				41-60	61-70	71-75				Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	Republic of China	Jui Hai Investment Co., Ltd.					May 27, 2022	3 years	May 27, 2022	4,515,000	2.81%	4,515,000	2.81%	-	-	-	-	-	-	None	None	None	-
	Republic of China	Representative: Fu-Chun, Chuang	Male	V			May 27, 2022	3 years	May 27, 2022	133,000	0.08%	-	-	-	-	-	-	Bachelor of Electrical Engineering, Cornell University Master of Engineering Management, University of Southern California (USC) Northwestern University Electrical Engineering Master's Program President of ONYX HEALTHCARE INC.	(Note 4)	Director	Yung-Shun, Chuang	first-degree	-
Director	Republic of China	ASUSTeK Computer Inc.					May 27, 2022	3 years	Nov. 22, 2011	43,756,000	27.20%	43,756,000	27.20%	-	-	-	-	-	-	None	None	None	-
	Republic of China	Representative: Jonny Shih	Male	V			May 27, 2022	3 years	Nov. 22, 2011	-	-	-	-	-	-	-	-	MBA of National Chiao Tung University Chairman of ASUS	(Note 5)	Director	Jonathan Tsang	second-degree	-
Director	Republic of China	ASUSTeK Computer Inc.					May 27, 2022	3 years	Nov. 22, 2011	43,756,000	27.20%	43,756,000	27.20%	-	-	-	-	-	-	None	None	None	-
	Republic of China	Representative: Jonathan Tsang	Male	V			May 27, 2022	3 years	Nov. 22, 2011	-	-	-	-	-	-	-	-	MBA of Houston University President of ASUS	(Note 6)	Director	Jonny Shih	second-degree	-
Director	Republic of China	ASUSTeK Computer Inc.					May 27, 2022	3 years	Feb. 21, 2019	43,756,000	27.20%	43,756,000	27.20%	-	-	-	-	-	-	None	None	None	-
	Republic of China	Representative: S.Y. Hsu	Male	V			May 27, 2022	3 years	Feb. 21, 2019	-	-	-	-	-	-	-	-	EMBA, National Taiwan University / Fudan University	(Note 7)	None	None	None	-
Director	Republic of China	IBASE Technology Inc.					May 27, 2022	3 years	May 31, 2019	41,698,468	25.92%	41,698,468	25.92%	-	-	-	-	-	-	None	None	None	-

Title	Nationality and Registry	Name	Gender	Ages			Date elected	Term	Date first elected	Shareholding when Elected		Current shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks (Note 1)
				41-60	61-70	71-75				Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
	Republic of China	Representative: Chiu-Hsu, Lin	Male		V		May 27, 2022	3 years	May 31, 2019	-	-	-	-	-	-	-	-	Department of Electronic Engineering National Kaohsiung University of Applied Sciences Senior Vice President of Taiwan Mycomp Co., Ltd. Chairman and CSO of IBASE Technology Inc.	Chairman and CSO of IBASE Technology Inc. Corporate Directors of WIBASE Industrial Solutions Inc. Representative of IBASE Inc. Representative of IBT Director of NOVAKON CO., LTD.	None	None	None	-
Director	Republic of China	IBASE Technology Inc.					May 27, 2022	3 years	May 31, 2019	41,698,468	25.92%	41,698,468	25.92%	-	-	-	-	-	-	None	None	None	-
	Republic of China	Representative: Yu-Nan, Chen	Male	V			May 27, 2022	3 years	May 31, 2019	-	-	-	-	-	-	-	-	Department of Electronics Sihai Institute of Technology Manager of R&D Department Taiwan Mycomp Co., Ltd., Director and President of IBASE Inc.	Chairman and President of IBASE Technology Inc. Representative of IBT	None	None	None	-
Independent Director	Republic of China	Daho Yen	Male		V		May 27, 2022	3 years	May 31, 2019	-	-	-	-	-	-	-	-	LL.M, The Methodist University of U.S.A The Deputy Minister of Ministry of Justice The Attorney General of The Highest Prosecutors Office	(Note 8)	None	None	None	-
Independent Director	Republic of China	Kun-Chih, Chen	Male	V			May 27, 2022	3 years	May 31, 2019	-	-	-	-	-	-	-	-	Ph.D., University of Southern California Associate Professor, National Taiwan University	Associate Professor, National Taiwan University Independent Director of Cowealth Medical Holding Co., Ltd.	None	None	None	-

Title	Nationality and Registry	Name	Gender	Ages			Date elected	Term	Date first elected	Shareholding when Elected		Current shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks (Note 1)
				41-60	61-70	71-75				Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	Republic of China	Xiulian Lin	Female	V			May 27, 2022	3 years	May 27, 2022	-	-	-	-	-	-	-	-	Drexel University Research Institute Department of Accounting, National Taiwan University Partner of Deloitte United Accounting Firm	(Note 9)	None	None	None	-

- Note 1: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest-level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto.
- Note 2: Chairman of the following companies: ONYX HEALTHCARE INC., AAEON TECHNOLOGY (SUZHOU) INC., EverFocus Co., Ltd., JETWAY INFORMATION CO., LTD. Director of the following companies: AAEON Electronics, Inc., AAEON Technology (Europe) B.V., AAEON Technology GmbH, AAEON Technology Singapore Pte. Ltd., ATECH OEM INC., LITEMAX ELECTRONICS INC., King Core Electronics Inc., Allied Biotech Corp., MACHVISION, INC., Co., Ltd., Xac Automation Corp., IBASE Technology Inc., WINMATE INC., Top Union Electronics Corp. Independent director of the following companies: TAIFLEX SCIENTIFIC CO., LTD.
- Note 3: Chairman of the following companies: LITEMAX ELECTRONICS INC. Director of the following companies: AAEON TECHNOLOGY (SUZHOU) INC., Eutech Microelectronics Inc., Litemax Technology, Inc., Yen Shun Technology Corp., IBASE TECHNOLOGY INC., JET ONE TECHNOLOGY CO., LTD., Independent director of the following companies: Arcadyan Technology Corp., Axix Corp. Executive Director of LITEMAX Electronics (Shanghai) Inc.
- Note 4: Director of the following companies: Fu Li Investment Co., Ltd., Jui Hai Investment Co., Ltd., YanXin Investment Co., Ltd., PROTECTLIFE INTERNATIONAL BIOMEDICAL INC., Atech OEM Inc.
- Note 5: Chairman of the following companies: ASUSTEK COMPUTER INC., Computer Inc., Hua-Cheng Venture Capital Corp., Hua-Min Investment Co., Ltd., ASUSTOR INC., ASUS INTERNATIONAL LIMITED, CHANNEL PILOT LIMITED. Director of the following companies: ASKEY, SHINEWAVE INTERNATIONAL INC., ASUS TECHNOLOGY INCORPORATION, iMozen Group Inc., GAIUS HOLDINGS LIMITED, Youngmen Computer Co., Ltd., TeYang Tech Inc., Ming-Chun Computer & eCrowd Media, Inc. & eCrowd Media, Inc. and GAIUS AUTOMOTIVE INC.
- Note 6: Chairman of the following companies: ASUS TECHNOLOGY PTE. LIMITED, and ASUS GLOBAL PTE. LTD. Director of the following companies: ASUSTEK COMPUTER INC., UNIMAX ELECTRONICS INC., Hua-Cheng Venture Capital Corp., Hua-Min Investment Co., Ltd. and KARTIGEN BIOMEDICINE INC.
- Note 7: Chairman of UPI Semiconductor Corp. Director of the following companies: ASUSTEK COMPUTER INC., Hua-Cheng Venture Capital Corp., APAQ TECHNOLOGY CO., LTD. and ASUS COMPUTER INTERNATIONAL.
- Note 8: Director of the following companies: Taishin Charity Foundation & TATUNG COMPANY. Independent Director of the following companies: TAIPEI STAR BANK & SYNCMOLD ENTERPRISE CORP. & Taiwan FamilyMart Co., Ltd.
- Note 9: Note 14: Director of the following companies: Pinyou United Accounting Firm & Pinyou Real Estate Appraiser Office & Chengxin Land and Political Bureau. Chairman of Human Management Consulting Co., Ltd. Independent Director of the following companies: PLEASANT HOTELS INTERNATIONAL INC., PRODUCTION FILM CO.

2. Corporate shareholders' main shareholders

Mar. 31,2024

Name of corporate shareholder	Corporate shareholders' main shareholders
ASUSTeK Computer Inc. (Note 1)	Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF(4.94%),Jonney Shih (4.05%),Silchester International Investors International Value Equity Trust (3.41%),Cathay United Bank managed Expert Union Limited Investment account (2.78%),ASUS's Certificate of Depository with CitiBank (Taiwan)(2.64%), Yuanta Taiwan High Dividend Fund Account (2.44%), New Labor Pension Fund((2.08%),Silchester International Investors International Value Equity Group Trust(1.43%),Fubon Life Insurance Co., Ltd. (1.35%), VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS(1.32%)
Jui Hai Investment Co., Ltd. (Note 2)	FU LI INVESTMENT CO., LTD.(49.58%), Hui-Mei,Huang(23.87%), Yung-Shun, Chuang (11.43%), Fu-Chieh, Chuang(7.56%), Fu-Chun, Chuang(7.56%)
IBASE Technology Inc. (Note 3)	AAEON Technology Inc. (27.14%), Taipei Fubon Commercial Bank Co., Ltd. entrusted custody of Fuh Hwa Taiwan Technology High Dividend ETF Securities Investment Trust Fund Special Account (3.08%), Chunbao Investment Co., Ltd. (1.38%), WINMATE INC. (1.10%), Lin Qiuxu (0.82%), New Labor Retirement Fund (0.75%), AMPIRE CO., LTD. (0.74%), Standard Chartered International Commercial Bank Branch entrusted custody of SPDR (R) Index Funds belonging to the SPDR Emerging Markets ETF Investment Special Account (0.68%), Chen Yangmeilin entrusted trust property special account (0.67%), Lai Xuehuang entrusted trust property special account (0.62%).

Note 1: The above information is as of Apr. 11, 2023 provided by ASUSTeK Computer Inc.

Note 2: The above information is provided by the Department of Commerce of the Ministry of Economic Affairs and Jui Hai Investment Co., Ltd.

Note 3: The above information is as of Jul. 24, 2023 provided by IBASE Technology Inc.

3. Major shareholders of the major shareholders that are juridical persons

Mar. 31,2024

Name of corporate shareholder	Corporate shareholders' main shareholders
FU LI INVESTMENT CO., LTD. (Note 1)	Yung-Shun, Chuang (43.75%), Hui-Mei, Huang (37.49%), Fu-Chieh, Chuang (9.38%), Fu-Chun, Chuang (9.38%)
Chun Bao Investment Co., Ltd. (Note 2)	Wu Suying Xu (28.51%), Yu-Yao Xu (23.86%), Wu-Chun Xu (20.50%), Li-Ping, Lin (18.82%), Wenbin Xu (8.31%).
WINMATE INC. (Note 3)	Advantech Co., Ltd. (15.73%), Onyx Healthcare Inc.(13.43%), IBase Technology Inc.(6.38%), JuiHai Investment Co., Ltd.(5.64%), Premier Touch Corporation(4.14%), Ru-Yong, Liu(3.04%), Kevin Yeh (2.56%), Bi-Ling, Liu (1.70%), Ken Lu (1.54%), Wei-Sheng, Wang (1.40%)
AMPIRE CO., LTD.(Note 4)	AMICCOM ELECTRONICS CORPORATION (5.49%), IBASE TECHNOLOGY INC. (3.06%), Su Hanjie (2.96%), Beiga Investment Corporation Limited(2.53%), Chen Zhiyong(2.31%), Weikuan Investment Development Corporation Limited (2.28%), HSBC Trustee Morgan Stanley International Limited(2.18%), TOP TAIWAN XII VENTURE CAPITAL CO., LTD.(1.69%), Jane Full Investment Corporation Limited(1.01%), Hu Xiaofu(0.91%)

Note 1: The above information is provided by the Department of Commerce of the Ministry of Economic Affairs and FU LI INVESTMENT CO., LTD.

Note 2: The above information is provided by the Department of Commerce of the Ministry of Economic Affairs and Chun Bao Investment Co., Ltd.

Note 3: The above information is as of Apr. 1, 2023 provided by WINMATE INC.

Note 4: The above information is provided by the Department of Commerce of the Ministry of Economic Affairs and AMPIRE CO., LTD.

4. Directors' Professional Qualifications and Independent Analysis

Name	Criteria Professional qualifications and experience	Independence situation	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Yung-Shun, Chuang	Graduated from the National Taiwan University of Science and Technology with an honorary doctor of engineering, he is currently the chairman of the company, the chairman of ONYX HEALTHCARE INC. and other listed companies. Committed to the field of industrial computer for nearly 30 years, with professional leadership, marketing, operation management and strategic planning capabilities.	There is no one of the circumstances of Section 30 of the Company Law.	1
Jonny Shih	Graduated from MBA of National Chiao Tung University, he is currently the chairman of ASUS. He has more than five years of work experience required for business company business, and has the ability of industrial operation and technology research and development.	There is no one of the circumstances of Section 30 of the Company Law.	
Jonathan Tsang	Graduated from MBA of Houston University, he is currently the President of ASUS. He has more than five years of work experience required for business, finance and corporate business, and has the ability of industrial operation and marketing management.	There is no one of the circumstances of Section 30 of the Company Law.	
S.Y. Hsu	Graduated from EMBA of National Chengchi University, is currently the co-CEO of ASUS, has more than five years of work experience required for business and corporate business, and has the ability to industrial management and technology research and development.	There is no one of the circumstances of Section 30 of the Company Law.	
Ying-Chen Li	Ph.D. Electrical Engineering National Taiwan University, is currently the CSO of AAEON Technology Inc, Chairman of LITEMAX ELECTRONICS INC. has more than five years of work experience required for business and corporate business, with professional skill of leadership, marketing, operational management and strategy planning.	There is no one of the circumstances of Section 30 of the Company Law.	2
Chiu-Hsu, Lin	Graduated from Electronic Engineering National Kaohsiung University of Applied Sciences, he is currently the chairman and CSO of IBASE Technology Inc., with more than five years of work experience required for business and corporate business, and has the ability to have industrial management and technology research and development.	There is no one of the circumstances of Section 30 of the Company Law.	
Yu-Nan, Chen	Graduated from the Electronics Sihai Institute of Technology, he is currently the chairman and President of IBASE Technology Inc. He has more than five years of work experience required for business and corporate business, and has the ability to have industrial management and technology research and development.	There is no one of the circumstances of Section 30 of the Company Law.	

Criteria Name	Professional qualifications and experience	Independence situation	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Fu-Chun, Chuang	Graduated from the University of Southern California (USC) with a master's degree in engineering management and the Northwestern University with a master's degree in electrical engineering; is the President of Onyx Healthcare USA, Inc.; has five years or more of work experience in commerce and the Company's business and has business administration skills in the industry.	There is no one of the circumstances of Section 30 of the Company Law.	
Daho Yen	Graduated from the University of South America with a Master of Laws degree, is a member of the company's audit committee and compensation committee, and has more than five years of professional occupations such as judges, prosecutors, lawyers, accountants or other national examinations required by the company's business to obtain certificates and the work experience required by the technician.	In the two years before the election and during the term of office, the following independence assessment conditions have been met:	3
Kun-Chih, Chen	Graduated from the University of Southern California with a Ph.D. in Accounting, and is currently an associate professor of the Accounting Department of National Taiwan University. He is the convener of the Company's Audit Committee and a member of the Compensation Committee. He has more than five years of business, legal, financial, accounting or corporate business -related materials. Work experience required for lecturers in colleges and universities.	<ul style="list-style-type: none"> (1) Not an employee of the Company or any of its affiliates. (2) Not a director or supervisor of the company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or 	1

Xiulian Lin	<p>Graduated from Drexel University with a master's degree; is the head of the CHAMPiON group (accounting firm and appraisal firm) and the head of the Chengxin Land Administration Agency; is the convener of the Company's Auditing Committee and a member of the Company's Compensation Committee; has five years or more of experience working as a lecturer (or above) in commerce, law, finance, accounting, or any disciplines relevant to the Company's business at a public or private tertiary institution.</p>	<p>any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.</p> <p>(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under another's name, in an aggregate amount of one percent or more of the total number of issued. one of its top ten shareholders.</p> <p>(4) Not a manager of (1), or spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of (2) or (3)</p> <p>(5) Not a director, supervisor, or employee of an institutional shareholder that directly holds 5% or more of the total number of issued shares of the Company, or ranks as of its top five shareholders, or was appointed pursuant to Article 27 Paragraph 1 or 2 of the Company Act. (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)</p> <p>(6) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (The same does</p>	2
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		<p>not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)</p> <p>(7) Not the same person as the Company's Chairperson, President or person with equivalent position, or the director, supervisor or employee of company or institution of the spouse thereof. (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)</p> <p>(8) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company or ranks among its top five shareholders. (The same does not apply, however, in cases where the corporate/institution holds 20% or more and no more than 50% of the total number of issued shares of the Company, or the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan</p>	
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		<p>or with the laws of the country of the parent company or subsidiary.)</p> <p>(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company in the most recent 2 years with an accumulated service compensation of less than NT\$ 500 thousand, or a spouse thereof. This restriction does not apply to any member of the Compensation Committee, public tender offers Audit Committee or mergers and acquisition special committee, who exercises powers pursuant to the relevant regulations of the Securities and Exchange Act and Business Mergers and Acquisitions Act.</p> <p>(10) Not a spouse or relative of the second degree or closer to any other directors.</p> <p>(11) Does not meet any descriptions stated in Article 30 of The Company Act.</p> <p>(12) Not elected as a government or corporate representative according to Article 27 of The Company Act.</p>	
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(II) Background information of President, V.P., Assistant V.P., and Departments Heads.

March 31, 2024; Unit: shares; %

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remarks (Note 1)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	Republic of China	Yung-Shun, Chuang	Male	Aug. 12, 2016	19,664,000	12.22%	-	-	-	-	Honorary Doctorate in Engineering National Taiwan University of Science and Technology Chairman of AAEON Technology Inc.	Other concurrent positions (Note 2)	-	-	-	-
CSO	Republic of China	Ying-Chen Li	Male	Aug. 12, 2016	1,000,000	0.62%	-	-	-	-	Ph.D. Electrical Engineering National Taiwan University Chairman of LITEMAX ELECTRONICS INC. CSO of AAEON Technology Inc.	Other concurrent positions (Note 3)	-	-	-	-
President	Republic of China	Chien-Hung, Lin	Male	Nov. 25, 2014	410,000	0.25%	2,000	0%	-	-	MS in Electrical Engineering National Taiwan University Vice Sales Manager of HP / Agilent President of Advantech Co., Ltd. (Europe Region) Vice President of Advantech Co., Ltd.	Director of the ONYX HEALTHCARE INC. General Manager of JETWAY INFORMATION CO., LTD.	-	-	-	-
Vice President of Office of the President	Republic of China	Kuo-Chiang, Wang	Male	Nov. 1, 2013	40,000	0.02%	-	-	-	-	B.B.A. in Business Administration, Tunghai University President of Twinhead International Corp. (China Branch) President of Advantech Co., Ltd. (Shanghai Branch) President Nexcom International Co., Ltd. (Shanghai Branch)	None	-	-	-	-
Manager of Rugged Portable Device Division	Republic of China	Da-De, Yang	Male	Mar. 15, 2021	10,000	0.01%	-	-	-	-	MS in Mechanical Engineering, National Central University Product Manager of Quanmax Inc Product Manager of AAEON	None	-	-	-	-
Assistant V.P. of OEM Product Division	Republic of China	Li-Kai, Lai (Note 4)	Male	Apr. 1, 2015	23,000	0.01%	-	-	-	-	University of Southern California, Electrical Engineering, M.S. Manager of AAEON	Director of the ONYX HEALTHCARE INC.	-	-	-	-
Assistant V.P. of OEM Product Division	Republic of China	Jen-Chieh, Huang	Male	Apr. 1, 2015	0	0%	-	-	-	-	M.S. in Electrical and Control Engineering National Chiao Tung University Manager of AAEON	None	-	-	-	-
Vice President of Embedded Single Board Product Division	Republic of China	Yu-Yu, Chu	Male	Jun. 27, 2011	80,000	0.05%	-	-	-	-	M.B.A. Yuan Ze University Division Chief of ICP Electronics Inc.	None	-	-	-	-
Senior Assistant V.P. of System Platform Product Division	Republic of China	Shao-Chou, Hsueh	Male	Oct. 1, 2012	61,000	0.04%	-	-	-	-	B.S. in Mechanical Engineering National Cheng Kung University M.B.A. National Taipei University Product Manager of Axiomtek Product Manager of Advantech Co., Ltd.	None	-	-	-	-
Assistant V.P. of Network Security Product Division /	Republic of China	Wen-Ming, Ni	Male	Apr. 1, 2015	20,000	0.01%	-	-	-	-	B.S. Electronic Engineering China University of Science and Technology R&D Manager of Lanner Electronics	None	-	-	-	-

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remarks (Note 1)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Design Support Division																
Vice President of Manufacturing Division / Procurement Division	Republic of China	Chi-Hung, Liao	Male	Mar. 16, 2016	4,000	0%	-	-	-	-	B.S. in Electrical Engineering National Taiwan University of Science and Technology M.S. in Electrical and Computer Engineering University of Arizona	Director of the JETWAY INFORMATION CO., LTD.	-	-	-	-
Senior Assistant V.P. of Business Division	Republic of China	Shu-Chen, Li	Female	Nov. 3, 2015	2,000	0%	-	-	-	-	EMBA, National Chengchi University CEO Specialist / Assistant V.P. of Advantech Co., Ltd. President of Zippy Technology Corp. (China region) Vice Sales General Manager of Good Way Technology Co., Ltd.	None	-	-	-	-
Senior Assistant V.P. Service Division	Republic of China	Yun-Chen, Tu	Female	Apr. 1, 2015	6,000	0%	-	-	-	-	B.B.A. in Accounting Chung Yuan Christian University Manager of LiteOn Technology	Supervisor of ONYX HEALTHCARE (SHANGHAI) LTD. Supervisor of AAEEON Technology (Suzhou) Inc. Director of the JETWAY INFORMATION CO., LTD.	-	-	-	-
Accounting Manager of Resource Service Division	Republic of China	Jen-Chung Wang	Female	Feb. 26, 2020	11,000	0.01%	-	-	-	-	M.B.A. in Business Administration Long Island University Assistant Manager of PwC Taiwan Assistant Manager of LiteOn Technology	None	-	-	-	-
Internal Audit Manager	Republic of China	Wan-Hui, Chiu	Female	Apr. 1, 2015	0	0%	-	-	-	-	Chinese Institute of Municipal Administration Auditor of Chien Kuo Construction Co., Ltd. Senior Auditor of Wang Film Productions Co., Ltd.	None	-	-	-	-
Governance manager	Republic of China	Ming-Han Hsieh	Male	Nov. 5, 2021	0	0%	-	-	-	-	B.S. in Law National Taiwan University Legal Manager of Cyber Power Systems, Inc.	None	-	-	-	-
Assistant V.P. of Manufacturing Center-Board Manufacturing Div.	Republic of China	Jansin Lee	Male	Apr. 1, 2023	11,000	0.01%	-	-	-	-	B.S in Electrical and Electronic Engineering, St. John's & St. Mary's Institute of Technology Manager of Axiomtek Assistant V.P. of Avalue Technology	None	-	-	-	-
Assistant V.P. of Corporate Marketing Division	Republic of China	Chris Chuang	Male	Apr. 1, 2023	22,000	0.01%	-	-	-	-	B.S in International Business National Taiwan University Senior Manager of ATEN International Co., Ltd	None	-	-	-	-
Assistant V.P. of Information technology Dept.	Republic of China	Hank Peng	Male	Apr. 1, 2023	36,000	0.02%	-	-	-	-	M.B.A. in Business Administration University of Northern Virginia Manager of Advantech Co., Ltd. Manager of EATON PHOENIXTEC MMPL CO., LTD	None	-	-	-	-

- Note 1: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest-level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto.
- Note 2: Chairman of the following companies: ONYX HEALTHCARE INC., AAEON TECHNOLOGY (SUZHOU) INC., EverFocus Co., Ltd., JETWAY INFORMATION CO., LTD. Director of the following companies: AAEON Electronics, Inc., AAEON Technology (Europe) B.V., AAEON Technology GmbH , AAEON Technology Singapore Pte. Ltd., ATECH OEM INC., LITEMAX ELECTRONICS INC., King Core Electronics Inc., Allied Biotech Corp., MACHVISION,INC., Co., Ltd., Xac Automation Corp., IBASE Technology Inc., WINMATE INC., Top Union Electronics Corp. Independent director of the following companies: TAIFLEX SCIENTIFIC CO., LTD.
- Note 3: Chairman of the following companies: LITEMAX ELECTRONICS INC. Director of the following companies: AAEON TECHNOLOGY (SUZHOU) INC., Eutech Microelectronics Inc., Litemax Technology, Inc., Yen Shun Technology Corp., IBASE TECHNOLOGY INC., JET ONE TECHNOLOGY CO., LTD., Independent director of the following companies: Arcadyan Technology Corp., Axix Corp. Executive Director of LITEMAX Electronics (Shanghai) Inc.
- Note 4: Assistant V.P. Li-Kai, Lai was on unpaid leave from Dec. 2019.

3. Directors', Supervisors' President's and V.P. remuneration

1. Remuneration of Directors

Unit: NT\$ thousand / thousand shares

Title	Name	Directors' remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Remuneration of part-time employee								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)	Compensation Paid to Supervisors from an Invested Company Other than the Company's Subsidiary		
		Base Compensation (A)		Severance Pay (B)		Remuneration to Directors (C) (Note 2)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Remuneration to employees (G) (Note 2)							
		The Company	Companies in the financial statements	The Company	Companies in the financial statements	The Company	Companies in the financial statements	The Company	Companies in the financial statements	The Company	Companies in the financial statements	The Company	Companies in the financial statements	The Company	Companies in the financial statements	The Company		Companies in the financial statements				The Company	Companies in the financial statements
																Cash amount	Stock amount	Cash amount	Stock amount				
Chairman	Jui Hai Investment Co.,Ltd. - Yung-Shun, Chuang																						
Director	Jui Hai Investment Co.,Ltd. - Ying-Chen Li																						
Director	Jui Hai Investment Co.,Ltd. - Fu-Chun, Chuang																						
Director	ASUSTeK Computer Inc. - Jonny Shih																						
Director	ASUSTeK Computer Inc. - Jonathan Tsang	1,800	1,800	0	0	7,200	8,000	372	372	0.97%	1.05%	8,893	15,508	108	164.7	3,965	0	6,226	0	2.30%	3.31%	83,352	
Director	ASUSTeK Computer Inc. - S.Y. Hsu																						
Director	IBASE Technology Inc. - Chiu-Hsu, Lin																						
Director	IBASE Technology Inc. - Yu-Nan, Chen																						
Independent Director	Daho Yen																						
Independent Director	Kun-Chih, Chen																						
Independent Director	Xiulian Lin																						

1. Please state the policy, system, standards and structure of independent directors' remuneration payment, and describe the relevance to the amount of payment of remuneration according to the responsibilities, risks, time invested and other factors: according to the company's "Rules of Independent Directors' Duties" stipulates that the remuneration of independent directors of the company should be stipulated in the articles of association of the company, and reasonable remuneration different from that of general directors can be determined.

2. In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services, such as being independent consultant: \$ 0.

Note 1: The Company's 2023 profit after tax was \$969,345 thousand.

Note 2: The remuneration to Directors and employees for the year 2023 is not yet distributed. The above is only an estimate.

Remuneration Bracket

Range of Remuneration	Name of directors			
	Total of (A+B+C+D)		The total of the aforementioned 7 items (A+B+C+D+E+F+G)	
	The Company	Companies in the financial statements	The Company	Companies in the financial statements
Less than 1,000,000	Jui Hai Investment Co., Ltd.,ASUSTeK Computer Inc., Daho Yen, Kun-Chih, Chen, Xiulian Lin, Chiu-Hsu, Lin, Yu-Nan, Chen, Yung-Shun, Chuang, Ying-Chen Li, Fu-Chun, Chuang	Jui Hai Investment Co., Ltd.,ASUSTeK Computer Inc.,Daho Yen, Kun-Chih, Chen, Xiulian Lin, Chiu-Hsu, Lin, Yu-Nan, Chen, Yung-Shun, Chuang, Ying-Chen Li, Fu-Chun, Chuang	Jui Hai Investment Co., Ltd., ASUSTeK Computer Inc., Daho Yen, Kun-Chih, Chen, Xiulian Lin, Chiu-Hsu, Lin, Yu-Nan, Chen, Fu-Chun, Chuang	Jui Hai Investment Co., Ltd., ASUSTeK Computer Inc., Daho Yen, Kun-Chih, Chen, Xiulian Lin, Chiu-Hsu, Lin, Yu-Nan, Chen
1,000,000(inclusive)~2,000,000 (exclusive)				
2,000,000(inclusive)~3,500,000 (exclusive)				
3,500,000(inclusive)~5,000,000 (exclusive)				Fu-Chun, Chuang
5,000,000(inclusive)~10,000,000 (exclusive)			Yung-Shun, Chuang, Ying-Chen Li	Ying-Chen Li
10,000,000(inclusive)~15,000,000 (exclusive)				Yung-Shun, Chuang,
15,000,000(inclusive)~30,000,000 (exclusive)				
30,000,000(inclusive)~50,000,000 (exclusive)				
50,000,000(inclusive)~100,000,000 (exclusive)				
> \$100,000,000				ASUSTeK Computer Inc.,
Total	10 persons	10 persons	10 persons	10 persons

Note: Yung-Shun, Chuang, Ying-Chen Li are concurrently the Company's employees.

2. Remuneration to Supervisors: The Company has established the Auditing Committee in place of Supervisors on Jun. 30, 2016.

3. Remuneration of President and Vice President

Unit: NT\$ thousand / thousand shares

Title	Name	Salary (A) (Note 2)		Severance Pay (B)		Bonuses and allowances (C)		Remuneration to employees (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation Paid to Supervisors from an Invested Company Other than the Company's Subsidiary
		The Company	Companies in the financial statements	The Company	Companies in the financial statements	The Company	Companies in the financial statements	The Company		Companies in the financial statements		The Company	Companies in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
Chairman	Yung-Shun, Chuang	17,261	21,382	526.8	526.8	15,292	17,153	12,603	0	16,890	0	4.71%	5.77%	7,952
CSO	Ying-Chen Li													
President	Chien-Hung, Lin													
Vice President	Kuo-Chiang, Wang													
Vice President	Chi-Hung, Liao													
Vice President	Yu-Yu, Chu													

Note 1: The Company's 2023 profit after tax was \$969,345 thousand.

Note 2: The remuneration to Directors and employees for the year 2023 is not yet distributed. The above is only an estimate.

Table of salaries scale

Range of Remuneration	Names of the Presidents and the V.P.	
	The Company	Companies in the financial statements
Less than 1,000,000		
1,000,000(inclusive)~2,000,000 (exclusive)		
2,000,000(inclusive)~3,500,000 (exclusive)	Kuo-Chiang, Wang	
3,500,000(inclusive)~5,000,000 (exclusive)		Kuo-Chiang, Wang
5,000,000(inclusive)~10,000,000 (exclusive)	Yung-Shun, Chuang, Ying-Chen Li, Chi-Hung, Liao, Yu-Yu, Chu	Ying-Chen Li, Chi-Hung, Liao, Yu-Yu, Chu
10,000,000(inclusive)~15,000,000 (exclusive)		Yung-Shun, Chuang
15,000,000(inclusive)~30,000,000 (exclusive)	Chien-Hung, Lin	Chien-Hung, Lin
30,000,000(inclusive)~50,000,000 (exclusive)		
50,000,000(inclusive)~100,000,000 (exclusive)		
> \$100,000,000		
Total	6 persons	6 persons

4. Remuneration to Management in the most recent fiscal year:

Unit: NT\$ thousand

	Title	Name	Stock amount	Cash amount	Total	Total as a percentage of after-tax net profit (%) (Note 1)
Executive	Chairman	Yung-Shun, Chuang	0	21,203	21,203	2.19%
	CSO	Ying-Chen Li				
	President	Chien-Hung, Lin				
	Vice President	Chi-Hung, Liao				
	Vice President	Kuo-Chiang, Wang				
	Senior Assistant V.P.	Yun-Chen, Tu				
	Vice President	Yu-Yu, Chu				
	Assistant V.P.	Jen-Chieh, Huang				
	Assistant V.P.	Li-Kai, Lai (Note 3)				
	Senior Assistant V.P.	Shao-Chou, Hsueh				
	Assistant V.P.	Wen-Ming, Ni				
	Senior Assistant V.P.	Shu-Chen, Li				
	Manager	Jen-Chung Wang				
	Internal Audit Manager	Wan-Hui, Chiu				
	Governance manager	Ming-Han Hsieh				
	Assistant V.P.	Hank Peng				
	Assistant V.P.	Chris Chuang				
Assistant V.P.	Jansin Lee					

Note 1: The Company's 2023 profit after tax was \$969,345 thousand.

Note 2: Assistant Vice President Li-Kai, Lai was on unpaid leave from Dec. 2019

(IV) Compare and explain the company's and all companies in the consolidated statement in the past two years of the total amount of remuneration of the company's directors, supervisors, general managers and deputy general managers as a percentage of the net profit after tax and after having explained the policies, standards, combination of remuneration; setting remuneration procedures; and the relevance of the business performance and the future risks.

1. The remuneration to the Company's Director as the percentage of the net profit after tax in the last two years:

Unit: NT\$ thousand; %

Item	2022		2023	
	The Company	Consolidated financial statements	The Company	Consolidated financial statements
Total remuneration to Directors, Supervisors, President, and Vice President as a percentage of the net profit after tax (%)	6.68%	7.26%	5.68%	6.82%

2. Policy, standard and combination of the remuneration, remuneration setting procedures, and the relevance of the business performance and the future risks:

(1) Policy, standard and combination of the remuneration, and remuneration setting procedures.

(A) Director

The company's directors' remuneration shall be authorized in accordance with the company's articles of association and the regulations on remuneration of directors and managers, according to the degree of participation in the company's operations and the value of their contributions, and considering domestic and foreign industry standards, the company's operating performance, future operations and risk appetite. Determined by the board of directors. The distribution of directors' remuneration shall be based on the company's articles of association. After deducting accumulated losses from the profits of the current year (that is, the pre-tax profits have not yet deducted the distribution of employee remuneration and director's remuneration expenses), if there is any remaining balance, no more than 1% shall be appropriated as directors' remuneration. Independent Directors do not participate in the distribution of another directors' remuneration.

(B) Presidents and the V.P.

In accordance with the regulations on remuneration of directors and managers, the remuneration of the general manager and deputy general managers includes salary, bonus and employee remuneration. the salary level is determined according to the position held by the company, the responsibility or performance achieved and negotiated with reference to the industry standard; the distribution standard of employee remuneration is in accordance with the company's articles of association, submitted to the board of directors and issued after the resolution and approval of the shareholders' meeting.

(2) The relevance of the business performance and the future risks

Regarding the procedure for determining remuneration, the overall operating performance of the Company and the individual's contribution to the Company's performance are taken into consideration to determine a reasonable remuneration. In addition, in order to reduce future operating risks, the Company will review the remuneration system at any time in accordance with the actual operating performance and relevant laws and regulations in order to maintain the Company's sustainable operations and risk control. To sum up, the Company's policies and procedures for distribution of remuneration to Directors, President and Vice President are positively related to operating performance.

4. Corporate governance

(I) The operation of the Board of Directors

The Board of Directors held 6 meetings(A) in the most recent fiscal year (2023).

The record of the Directors' attendances is shown below:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Chairman	Jui Hai Investment Co.,Ltd. Representative: Yung-Shun, Chuang	6	0	100%	Re-elected at the May 27, 2022 General Shareholders' Meeting.

Director	Jui Hai Investment Co.,Ltd. Representative: Ying-Chen Li	6	0	100%	Re-elected at the May 27, 2022 General Shareholders' Meeting.
Director	ASUSTeK Computer Inc. Representative: Jonny Shih	6	0	100%	Re-elected at the May 27, 2022 General Shareholders' Meeting.
Director	ASUSTeK Computer Inc. Representative: Jonathan Tsang	6	0	100%	Re-elected at the May 27, 2022 General Shareholders' Meeting.
Director	ASUSTeK Computer Inc. Representative: S.Y. Hsu	5	1	83%	Re-elected at the May 27, 2022 General Shareholders' Meeting.
Director	Jui Hai Investment Co., Ltd. Representative: Fu-Chun, Chuang	6	0	100%	New elected at the May 27, 2022 General Shareholders' Meeting. (should attendance in person 3 meetings)
Director	IBASE Technology Inc. Representative: Chiu-Hsu, Lin	6	0	100%	Re-elected at the May 27, 2022 General Shareholders' Meeting
Director	IBASE Technology Inc. Representative: Yu-Nan, Chen	6	0	100%	Re-elected at the May 27, 2022 General Shareholders' Meeting
Independent Director	Daho Yen	6	0	100%	Re-elected at the May 27, 2022 General Shareholders' Meeting
Independent Director	Kun-Chih, Chen	6	0	100%	Re-elected at the May 27, 2022 General Shareholders' Meeting
Independent Director	Xiulian Lin	6	0	100%	New elected at the May 27, 2022 General Shareholders' Meeting. (should attendance in person 3 meetings)
Other remarks:					
I. If any of the following circumstances happens in the operation of the Board of Directors, it shall describe the date, term, agenda, opinion of independent directors and the Company's treatment of these opinions:					
(1) The provision of the Securities and Exchange Act, Article 14-3:					

Board of Directors	Agenda	Items listed in Article 14-3 of Securities and Exchange Act	Opinion of independent director	Company's treatment of the opinions	Resolution
The 4th time of the 5th term (Jan. 09, 2023)	Proposal for the Distribution of Year-End Bonuses for Managers for 2022	V	None	None	Except for the interested parties, approved by all the attendees.
The 4th time of the 5th term (Jan. 09, 2023)	Proposal for the Allocation of Employee Compensation and Director Remuneration for 2022 (Estimated)	V	None	None	Except for the interested parties, approved by all the attendees.
The 5th time of the 5th term (Feb. 24, 2023)	Case of Internal Control Effectiveness and Declaration of Internal Control System for 2022	V	None	None	Approved by all the attendees.
The 5th time of the 5th term (Feb. 24, 2023)	Case of Profit Distribution for 2022	V	None	None	Approved by all the attendees.
The 5th time of the 5th term (Feb. 24, 2023)	Case of Changing the Company's Signing Accountant	V	None	None	Approved by all the attendees.
The 5th time of the 5th term (Feb. 24, 2023)	Donation of NTS2 million to AAEON EDUCATION FOUNDATION.	V	None	None	Except for the interested parties, approved by all the attendees.
The 5th time of the 5th term (Feb. 24, 2023)	Proposal for Managerial Salary Adjustment for 2023	V	None	None	Except for the interested parties, approved by all the attendees.
The 6th time of the 5th term (Mar. 23, 2023)	Case of Issuing New Shares Through Capital Increase and Transfer of Shares	V	None	None	Approved by all the attendees.
The 7th time of the 5th term (May. 10, 2023)	Case of Applying for Comprehensive Credit Facility and Derivative Financial Instruments Trading Limit (Renewal)	V	None	None	Approved by all the attendees.
The 8th time of the 5th term (Aug. 09, 2023)	Proposal for the Distribution of Director Remuneration for 2022	V	None	None	Except for the interested parties, approved by all the attendees.
The 8th time of the 5th term (Aug. 09, 2023)	Proposal for the Distribution of Managerial Employee Compensation for 2022	V	None	None	Except for the interested parties, approved by all the attendees.
The 9th time of the 5th term (Nov. 08, 2023)	Revision of Internal Control and Internal Audit System for 2023	V	None	None	Approved by all the attendees.
The 9th time of the 5th term (Nov. 08, 2023)	Internal Audit Plan for 2024	V	None	None	Approved by all the attendees.
The 9th time of the 5th term (Nov. 08, 2023)	Proposal for ATECH OEM INC., a Related Party, to Lease Office Space on Baoqiao Road from AAEON TECHNOLOGY INC.	V	None	None	Except for the interested parties, approved by all the attendees.

(2) If an Independent Director has a dissenting or qualified opinion which is on record or stated in a written statement regarding a motion not mentioned above: None.

II. With respect to the avoidance of conflicting interest agenda, describe the names of directors, details of the relevant agenda, reasons for avoiding conflict of interest, and the voting decisions:

Date	Agenda	Name of director	Reason for interest avoidance	Participation in Resolution
Jan. 09, 2023	Proposal for the Distribution of Year-End Bonuses for Managers for 2022	Yung-Shun, Chuang, Ying-Chen Li,	Yung-Shun, Chuang, Ying-Chen Li, are the concerned parties	Yung-Shun, Chuang, YingChen Li, avoided the conflict interest pursuant to the law, and did not participate in the voting.
Jan. 09, 2023	Proposal for the Allocation of Employee Compensation and Director Remuneration for 2022 (Estimated)	Yung-Shun, Chuang, Ying-Chen Li, Fu-Chun, Chuang, Jonny Shih, Jonathan Tsang, S.Y. Hsu, Chiu-Hsu, Lin, Yu-Nan, Chen	Yung-Shun, Chuang, YingChen Li, Fu-Chun, Chuang, Jonny Shih, Jonathan Tsang, S.Y. Hsu, Chiu-Hsu, Lin, Yu-Nan, Chen are the concerned parties	Yung-Shun, Chuang, Ying-Chen Li, Fu-Chun, Chuang, Jonny Shih, Jonathan Tsang, S.Y. Hsu, ChiuHsu, Lin, Yu-Nan, Chen avoided the interest pursuant to the law, and did not participate in voting.
Feb. 24, 2023	Donation of NT\$2 million to AAEON EDUCATION FOUNDATION.	Yung-Shun, Chuang	Yung-Shun, Chuang, is the concerned parties	Yung-Shun, Chuang, avoided the conflict interest pursuant to the law, and did not participate in the voting.
Feb. 24, 2023	Proposal for Managerial Salary Adjustment for 2023	Yung-Shun, Chuang, Ying-Chen Li	Yung-Shun, Chuang, Ying-Chen Li, are the concerned parties	Yung-Shun, Chuang, YingChen Li, avoided the conflict interest pursuant to the law, and did not participate in the voting.
Aug. 9, 2023	Proposal for the Distribution of Director Remuneration for 2022	Yung-Shun, Chuang, Ying-Chen Li, Fu-Chun, Chuang, Jonny Shih, Jonathan Tsang, S.Y. Hsu, Chiu-Hsu, Lin, Yu-Nan, Chen	Yung-Shun, Chuang, YingChen Li, Fu-Chun, Chuang, Jonny Shih, Jonathan Tsang, S.Y. Hsu, Chiu-Hsu, Lin, Yu-Nan, Chen are the concerned parties	Yung-Shun, Chuang, Ying-Chen Li, Fu-Chun, Chuang, Jonny Shih, Jonathan Tsang, S.Y. Hsu, ChiuHsu, Lin, Yu-Nan, Chen avoided the interest pursuant to the law, and did not participate in voting.
Aug. 9, 2023	Proposal for the Distribution of Managerial Employee Compensation for 2022	Yung-Shun, Chuang, Ying-Chen Li	Yung-Shun, Chuang, Ying-Chen Li, are the concerned parties	Yung-Shun, Chuang, YingChen Li, avoided the conflict interest pursuant to the law, and did not participate in the voting.
Nov. 8, 2023	Proposal for ATECH OEM INC., a Related Party, to Lease Office Space on Baoqiao Road from AAEON TECHNOLOGY INC.	Yung-Shun, Chuang, Fu-Chun, Chuang	Yung-Shun, Chuang, Fu-Chun, Chuang, are the concerned parties	Yung-Shun, Chuang, Fu-Chun, Chuang, avoided the conflict interest pursuant to the law, and did not participate in the voting.

III. The information on the frequency, period, scope, method and content of TWSE/TPEX listed company's Board of Director self-evaluation (or peer assessment) shall be disclosed. The status of the Board evaluation:

Frequency	Period	Scope	Method	Content
Once a year	January 1, 2023 to December 31, 2023	Board of Directors	Performance assessment results of the Board	1. The degree of participation in the company's operations. 2. Improvement in the quality of decision making by the board of directors.

				<ol style="list-style-type: none"> 3. The composition and structure of the board of directors. 4. Director election and continuing education. 5. Internal controls.
		Members of Board of Directors	Survey of assessment on members of Board of Directors	<ol style="list-style-type: none"> 1. Their grasp of the company's goals and missions. 2. Their recognition of director's duties. 3. The degree of participation in the company's operations. 4. Their management of internal relationships and communication. 5. Their professionalism and continuing professional education. 6. Internal controls.
		Audit Committee	Survey of assessment on members of Audit Committee	<ol style="list-style-type: none"> 1. The degree of participation in the company's operations. 2. Understanding in the Audit Committee's duties. 3. Improvement on decision making quality of the Audit Committee. 4. Composition and election of Audit Committee members. 5. Internal controls.
		Compensation Committee	Survey of assessment on members of Compensation Committee	<ol style="list-style-type: none"> 1. The degree of participation in the company's operations. 2. Understanding in the Compensation Committee's duties. 3. Improvement on decision-making quality of the Compensation Committee. 4. Composition and election of Compensation Committee members. 5. Internal controls.
		Risk Management Committee	Risk Management Committee self-evaluation questionnaire	<ol style="list-style-type: none"> 1. The degree of participation in the company's operations. 2. Understanding in the Risk Management Committee's duties. 3. Improvement on decision-making quality of the Risk management Committee. 4. Composition and election of Risk management Committee members.

				5. Internal controls.
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Details:

On Jul. 25, 2017, the Board has approved the “Self-Evaluation or Peer Assessment of the Board of Directors”, and stipulated that the evaluation must be completed before the deadline and submitted to the Board. In Dec. 2019, the Board made the 1st amendment to the “Self-Evaluation or Peer Assessment of the Board of Directors.” the results of the board performance evaluation for the year 2023 were reported to the Board of Directors on Feb. 29, 2024.

2023 Evaluation results: Board self-evaluation and peer-assessment: Excellent; Audit Committee self-evaluation: Excellent; Compensation Committee self-evaluation: Excellent; Risk Management Committee self-evaluation: Excellent.

Suggestions for the Board of Directors’ performance external evaluation results:

- (1) Per the advice in the 2021 external board performance evaluation results, each one of the Company's directors is specialized in a certain field, but, at present, all directors are male. It is suggested that the Company increase the number of female directors and that the number of independent directors reach one-third of all directors, to achieve board diversity. The Company has increased the number of female directors during an election of new directors at the 2022 shareholders' meeting and will draw up a plan to increase the ratio of independent directors in the future.
- (2) Per the advice in the 2021 external board performance evaluation results, to keep abreast of challenges and opportunities more effectively in the future, it is suggested that the Company establish relevant functional committees gradually, such as a nomination committee, a sustainability committee, or information security committee, to assist the board of directors in supervising the Company, protect investors’ rights, and facilitate its sustainable development. The Company is still at the stage of discussion, will discuss the establishment of a nomination committee.

The assessment results will serve as a reference for Board’s remuneration and re-election.

IV. Enhancements to the functionality of the Board of Directors in the current and the most recent year (e.g., the establishment of an Audit Committee, improving information transparency etc), and the progress of such enhancements:

- 1. The Company has formulated the “Rules for Board Meetings” which sets out the relevant requirements for convening Board Meetings to follow. The Company has also encouraged Directors to participate in professional courses to enhance the functions of the Board and its ability to govern the Company.
- 2. The Company has established Independent Directors and the Audit Committee in its aim to strengthen the Board’s governance of the Company, and to supervise the compliance of Board’s operation to “Scope of Independent Directors”.
- 3. The Company has established Compensation Committee to assist Directors with determining the overall company remuneration and benefit system, and review on a regular basis the appropriateness of Directors and Managers.
- 4. The Company urges all Directors to participate in all external seminars and occupational trainings to enhance governance capability of the Company.
- 5. Please refer to [Attachment 3] “(III) Corporate Governance and Operation, Differences from the Corporate Governance Best Practice Principles for the TWSE/ GTSM Listed Companies and Reasons.”

(II) The operations of the Auditing Committee:
The Audit Committee held 5 meetings (A) in the most recent fiscal year (2023). The record of the Independent Directors' attendances is shown below:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Members	Daho Yen	5	0	100%	Re-elected at the May 27, 2022 General Shareholders' Meeting
Members	Kun-Chih, Chen	5	0	100%	Re-elected at the May 27, 2022 General Shareholders' Meeting
Members	Xiulian Lin	5	0	100%	New elected at the May 27, 2022 General Shareholders' Meeting.

Other remarks:

I. For the operations of the Audit Committee in any of the following circumstances, please specify the date, term, the contents of the proposals, the opinions of all Auditing Committee members, and the Company's response to the opinions proposed by the Audit members:

(I) On issues stated in Article 14-5 of the Securities and Exchange Act:

Audit Committee	Agenda	Items listed in Article 14-5 of Securities and Exchange Act	Opinion of independent director	Company's treatment of the opinions	Resolution
The 3rd time of the 3rd term (Feb. 24, 2023)	1. Effectiveness of Internal Control System and Internal Control System Statement for 2022 2. Financial Report for 2022 3. The distribution of 2022 retained earnings 4. Donation of NT\$2 million to AAEON EDUCATION FOUNDATION. for 2023 5. Changing the Company's Signing Auditor 6. Pre-approval of Auditor's Non-Assurance Services in Accordance with the International Ethics Standards for Accountants (IESBA Code)	V	None	None	Approved by all the attendees.
The 4th time of the 3rd term (Mar. 23, 2023)	1. Case of Issuing New Shares Through Capital Increase and Transfer of Shares	V	None	None	Approved by all the attendees.
The 5th time of the 3rd term (May. 10, 2023)	1. 2023 Q1 financial report 2. Approval for Non-Assurance Services by Auditors	V	None	None	Approved by all the attendees.
The 6th time of the 3rd term (Aug. 9, 2023)	1. 2023 Q2 financial report	V	None	None	Approved by all the attendees.
The 7th time of the 3rd term (Nov. 8, 2023)	1. 2023 Q3 financial report	V	None	None	Approved by all the attendees.

(II) In addition to the aforementioned motions, other motions without approval by the Auditing Committee but passed by the Board with 2/3 of the Directors: None.

II. Situation of the implementation of the Independent Directors' avoidance of interest. If such situation exists, name of Independent Directors, motion, reason for interest avoidance and their participation in resolution shall be stated as follows: None. All members have fully expressed their opinions at the meetings.

III. Enforcement of Corporate Governance Implemented by the Company and Reasons for Discrepancy (incl. material matters in the communication, method and results of the Company's financial position, sales performance):

(I) Communication between independent directors and the Internal audit manager.

1. According to the annual audit plan execution status, submit the audit report for the previous month by the end of each month, and prepare improvement tracking reports quarterly for review by each committee member. If there are any doubts, communicate fully via phone or email at any time.
2. Hold quarterly meetings with the internal audit director to communicate with independent directors, audit committees, and board members, reporting on the company's audit business. In case of significant abnormalities, immediate reports should be made to all committee members for review and verification. During this fiscal year, communication between independent directors and the internal audit director occurred on February 24, 2023, regarding the provision for inventory losses at subsidiary Mediplus in the 2022 internal control self-assessment, which was identified as an area for improvement in internal control procedures. Amendments were made to the internal control self-assessment form. Additionally, proposals were reported to the audit committee and board of directors regarding the 2022 internal control system declaration, supplementing information about areas requiring strengthening in internal control procedures, specifically regarding the provision for inventory losses at subsidiary Mediplus, with improvements tracked and completed by January 2023.
3. Regular communication with independent directors via phone, email, or in-person meetings as needed, maintaining good communication.

(II) Summary of communication between independent directors and the Internal audit manager in 2023:

Date	Attendee	Communication focus	Communication results
2023/2/24	Independent Director Xiulian, Lin Independent Director DaHo, Yen Independent Director Kun-Chih, Chen Internal audit manager Wan-Hui, Chiu	1. 2022.10~2023.1 Internal Audit Implementation Report. 2. 2022 Statement of Internal Control	In 2022, during the internal control self-assessment, the provision for inventory losses at subsidiary ONYX was identified and included in the areas requiring strengthening in the internal control system and improvement plan. The internal control self-assessment form was also revised accordingly. A proposal report was submitted to the audit committee and board of directors regarding the fiscal year 2022 internal control system declaration, supplementing information about the need for strengthening internal control procedures, specifically addressing the provision for inventory losses at subsidiary Mediplus. It was noted that improvement tracking for this matter was completed by January of fiscal year 2023.
2023/5/10	Independent Director Xiulian, Lin Independent Director DaHo, Yen Independent Director Kun-Chih, Chen Internal audit manager Wan-Hui, Chiu	2023.01-03 Internal Audit Implementation Report.	No question raised.

2023/8/9	Independent Director Xiulian, Lin Independent Director DaHo, Yen Independent Director Kun-Chih, Chen Internal audit manager Wan-Hui, Chiu	2023.01-06 Internal Audit Implementation Report.	No question raised.
2023/11/8	Independent Director Xiulian, Lin Independent Director DaHo, Yen Independent Director Kun-Chih, Chen Internal audit manager Wan-Hui, Chiu	1. 2023.01-09 Internal Audit Implementation Report. 2. Revision of Internal Control and Internal Audit Systems for 2023. 3. Plan of internal audit in 2024.	No question raised.

(III) Communication between the independent directors and CPA:

1. The CPA explained the audit (review) matters for the financial statements and the audit results related to the key audit matters for the financial statements at an Audit Committee meeting and engaged in discussion with the independent directors, and the communication was smooth.
2. In addition to the communication in the Audit Committee meetings, if independent directors have any question, they can communicate with the CPA by phone, video, or email at any time.

(IV) Summary of communication between the independent directors and the CPA in 2023:

Date	Attendee	Communication focus	Implementation results
2023/12/27	Independent Director Kun-Chih Chen Independent Director DaHo Yen Independent Director Xiulian Lin CPA Shu-Chiung, Chang	Updated the audit plan for the 2023 consolidated financial statements and the Individual financial statements before the audit.	1. CAP independently report to the independent directors on the 'updates on communications during the audit planning phase with the governance unit'. The communications include discussions on risk assessment, audit planning, audit materiality, significant matters discussed with management, and explanations of related topics. The accountants also respond to relevant inquiries from the independent directors regarding the audit planning.. 2. All the attending independent directors were informed and agreed.

IV. The following matters as the major works of the year:

1. The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Assessment of the effectiveness of the internal control system.
3. The adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
4. Matters in which a director is an interested party.
5. Asset transactions or derivatives trading of a material nature.
6. Loans of funds, endorsements, or provision of guarantees of a material nature.
7. The offering, issuance, or private placement of equity-type securities.
8. The hiring or dismissal of a certified public accountant, or their compensation.
9. The appointment or discharge of a financial, accounting, or internal audit officer.
10. Annual and semi-annual financial reports.
11. Other material matters as may be required by this Corporation or by the competent authority.

(III) Corporate Governance and Operation, Differences from the Corporate Governance Best Practice Principles for the TWSE/ GTSM Listed Companies and Reasons

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
I. Will the Company based on the “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” set up and disclose the Company’s corporate governance best-practice principles?	V		The Company has formulated the "Code of Corporate Governance Practice”	No discrepancy
II. Shareholding structure and shareholders’ equity				
(I) Will the Company have the internal procedures regulated to handle shareholders’ proposals, doubts, disputes, and litigation matters; also, have the procedures implemented accordingly?	V		(I) The Company has set up a spokesperson and a deputy spokesperson to report on the Shareholders’ suggestions or questions in a timely manner. In circumstances of disputes regarding share issues, the spokesperson and the deputy spokesperson will also assist the Shareholders in a fair and reasonable way.	No discrepancy
(II) Will the Company possess the list of the Company’s major shareholders and the list of the ultimate controllers of the major shareholders?	V		(II) The Company keeps track of the shareholdings of Directors, Supervisors, Managers and major shareholders holding more than 10% of the shares.	No discrepancy
(III) Will the Company establish and implement the risk control and firewall mechanisms with the related parties?	V		(III) The Company has formulated regulations regarding related party transactions, guarantee and endorsement, loan to others. Also, the Company has also formulated regulations regarding internal control and internal audit stipulating its subsidiaries in accordance to the “Regulations Governing Establishment of Internal Control Systems by Public Companies”.	No discrepancy

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
(IV) Will the Company set up internal norms to prohibit insiders from utilizing the undisclosed information to trade securities?	V		(IV) The Company has formulated “Procedures for the Prevention of Insider Trading”, and has strengthened publicity to insiders to avoid the occurrence of insider trading.	No discrepancy
III. The constitution and obligations of the board of directors (I) Has the board devised diversified guidelines and implemented them based on member makeup?	V		(I) In accordance to Article 23 of “Corporate Governance Best Practice Principles”, the composition of the Board of Directors shall be 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. It is advisable that the policy include, without being limited to, the following two general standards: 1. Basic requirements and values: Gender, age, nationality, and culture. 2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience. In order to achieve the ideal goals of corporate governance, the Board of Directors should possess the following abilities: operational judgment, accounting and financial analysis, business management, crisis management, industrial knowledge, international market outlook, leadership, and decision-making.	No discrepancy

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
(II) Will the Company, in addition to setting the Compensation Committee and Audit Committee lawfully, have other functional committee set up voluntarily?	V		<p>The Board of Directors of the Company has rich qualifications. 90% of the directors are professionals who have been working in various fields and are over 41 years. Currently, there are 11 Directors, including 3 Independent Directors and 8 juridical director representatives., their nationality is Republic of China, and 2 Directors are also employees of the Company. The Board members are of various professional background (e.g., law, accounting, marketing, technology) and ability to carry their duties (operational judgment, accounting and financial analysis, business management, crisis management, industrial knowledge, international market outlook, leadership, and decision-making). Please refer to [Attachment 1] for more details.</p> <p>The Company continues to work hard to achieve the specific management objectives of the board diversity policy. We have appointed a female director with the professional background in accounting and finance when selecting board members in 2022.</p>	No discrepancy

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
(III) Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis? Are the results of the evaluation reported at the Board Meeting and used as reference for remuneration and the nomination for re-election?	V		(III) On Jul. 25, 2017, the Board has approved the “Self-Evaluation or Peer Assessment of the Board of Directors”, and stipulated that the evaluation must be completed before the deadline and submitted to the Board. In Dec. 2019, the Board made 1 st amendment to the “Self-Evaluation or Peer Assessment of the Board of Directors”. For the year 2023, Results of self-evaluation by members of the the Board of directors: Excellent, External evaluation: Good, Auditing Committee self-evaluation: Excellent. Compensation Committee self-evaluation: Excellent. Results of self-evaluation by members of the Risk Management Committee: Excellent.	No discrepancy
(IV) Will the Company have the independence of the public accountant evaluated regularly?	V		(IV) In the year 2023, revised the 'Corporate Governance Practices Guidelines' through a resolution by the board of directors. It stipulates that Audit Quality Indicators (AQIs) should be referenced regularly (at least once a year) to assess the independence and suitability of appointed accountants. The results are then submitted for review by the Audit Committee and subsequently approved by the board of directors. In the year 2023, the Finance & Accounting Dept. conducted assessments of the independence and suitability of appointed accountants based on Audit Quality Indicators (AQIs), all of which complied with the company's standards for independence and suitability. They are deemed capable of serving as the	No discrepancy

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			company's signing accountants. They have obtained independence statements from signing accountants. These assessments were reviewed and approved by the Audit Committee and the board of directors on February 29, 2024. For detailed assessment results, please refer to [Attachment 2].	
IV. Does the TWSE/TPEX listed company set up a full/part-time corporate governance unit or personnel to be in charge of corporate governance affairs including, but not limited to, providing directors and supervisors with required information for business execution, handling relevant matters with board meetings and shareholders meetings according to the laws, processing corporate registration and amendment registration, and preparing minutes of board meetings and shareholders meetings?	V		<p>The Chief Corporate Governance Officer Hsiao-Jung, Liu, has resigned in October, 2021, the manager Ming-Han Hsieh took over the position after approved by the board of directors on Nov. 5, 2021, responsible for corporate governance related matters. Main responsibilities of Chief Corporate Governance Officer are as follows:</p> <p>I. Provide the content of “Corporate Governance Best Practice Principles” or “Corporate Governance Evaluation” to facilitate the agenda working unit to conduct Board Shareholders Meetings in accordance with relevant corporate governance standards.</p> <p>II. Provide the content of “Corporate Governance Best Practice Principles” or “Corporate Governance Evaluation” to facilitate the agenda working unit to complete Board Shareholders Meetings minutes in accordance with relevant corporate governance standards.</p> <p>III. Assist with Directors’ taking of office and continuing education</p> <p>IV. Provide Directors with information required for business operation.</p>	No discrepancy

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			<p>V. Assist the Board of Directors in the compliance of laws and regulations.</p> <p>VI. Other matters as required by the Company's Article of Incorporation or contract.</p> <p>The professional service in 2023 is as follows:</p> <ol style="list-style-type: none"> 1. Assist independent directors and general directors in performing their duties, provide required information, and arrange continuing education for directors. 2. Assist with the compliance matters for the Board of Directors and shareholders' meeting procedures and resolutions. 3. Assist the Board of Directors in releasing material information about important resolutions, after a meeting, to help investors keep abreast of trading information. 4. Remind the dedicated Board meeting group: To notify the directors of the Board meeting agenda seven days in advance, convene meetings, and provide meeting materials, and remind directors of recusal in advance, if applicable, and complete the Board meeting minutes within 20 days after each meeting. 5. Reminder to the Board: Process filing of Shareholders' Meeting and to produce meeting notice within the legally-stipulated deadline, meeting agenda, meeting minutes, and to file for changes when amendment of the Company's Articles of Incorporation or Procedures of Elections for Directors shall take place. 	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			For details on continuing education of Directors and Chief Corporate Governance Officer in the year of 2023, please refer to [Attachment 3] and [Attachment 4].	
V. Has the Company established a communication channel with the stakeholders (including but not limited to the shareholders, employees, customers, and suppliers), set up a stakeholder section on the Company's website, and responded appropriately to the important corporate social responsibility concerns of the stakeholders?	V		<p>Company's Spokesperson as stated in this annual report Name: Yun-Chen, Tu Title: Senior Assistant V.P. TEL: (02)8919-1234 E-mail: speaker@aaeon.com.tw</p> <p>Company's Deputy Spokesperson Name: Chris Chuang Title: Assistant V.P. TEL: +886-2-8919-1234 E-mail: speaker@aaeon.com.tw</p> <p>Due to the communication windows of various stakeholders, the relevant information will be adjusted from time to time due to actual business situations and planning factors. For the latest information, please refer to the Company's official website. The Company has set up a stakeholder section on the website.</p> <p><u>AAEON and employees</u></p> <ul style="list-style-type: none"> ● Through the suggestion box and a hotline for sexual harassment complaints, the employees can express their opinions at any time and get a response from relevant departments of the Company. 	No discrepancy

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			<ul style="list-style-type: none"> ● At regular employee-management meetings and welfare committee employee representatives meet the Company representatives and communicate face-to-face. The Company's employees do not form a trade union by themselves, so they do not need to sign a collective agreement in accordance with the Collective Agreement Act. However, employee-management meetings are held in accordance with relevant procedures as a regular communication channel between the company and employees. On Mar. 2, Jun. 29, Sep. 28, Dec. 28, 2023, 4 employee-management meetings were held. A total of 50 representatives of employees and management participated the meetings. and a total of 1 proposal was successfully adopted throughout the year. ● Through the Company's internal mailbox, relevant health and epidemic prevention information is sent to the employees from time to time. ● Internal customer satisfaction surveys, and pay attention to the voice of internal customers and employees. ● Other non-scheduled thematic questionnaires <p><u>AAEON and Shareholders</u> The Company's "Shareholding structure and shareholders' equity", "The constitution and obligations of the board of directors", "Establishment of Communication Channels with Stakeholders" and "Disclosure of</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			<p>information” are implemented in accordance to the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” formulated by the FSC and AAEON’s “Corporate Governance Best Practice Principles”. In addition to the annual report issued every year, the Company's financial, business, and equity changes are also disclosed to the investors and the public at the MOPS.</p> <p><u>AAEON and Customers</u></p> <p>The "Customer Satisfaction Survey" for global customers is conducted every year. Surveys are conducted on marketing support, product management, logistics, quality, and service. This customer satisfaction survey is an important basis for the Company's continuous improvement. Regular dealer seminars and local product exhibitions are held to understand customer needs and make the most direct communication and response.</p> <p><u>AAEON and Suppliers</u></p> <p>In accordance with the Company's quality policy, environmental policy and environmental protection concept, we proactively carry out written communications with suppliers, including the "Environmental Protection Concept Declaration Letter", proclaiming our quality policy and environmental declaration, and invite them to work together for environmental improvement. We also administer the “Quality and Environmental Management Survey Form, inviting them to jointly comply with the</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			<p>relevant government environmental protection laws and regulations, in waste reduction and environmental protection. An ISO 9001 and ISO 14000 certified company will be listed as a priority supplier. Supplier evaluation and site visits: On-site inspection and communication with suppliers about their delivery stability and quality.</p> <p><u>AAEON and Community</u> Through the AAEON EDUCATION FOUNDATION's arts and culture activities and the public welfare activities, we discuss and communicate with the local companies in the community, organize arts and cultural displays, blood donation and other public welfare activities. We proactively arrange art and cultural displays in public areas manufacturers and employees, creating a clean and tidy environment atmosphere.</p> <p><u>AAEON and Government and other Agencies</u></p> <ul style="list-style-type: none"> ● We actively participate in seminars or symposia organize by governments or competent authorities. ● We participate in activities organized by external associations: Taipei Computer Association: obtain information about education, training, markets, or exhibitions through member participation; or medical institutions related to employee health promotion. ● We participate in community management committees, such as the Far East Century ABC Management Committee: we participation in the development of industrial park communities. 	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
VI. Has the Company commissioned a professional stock service agent to handle shareholders affairs?	V		The Company has appointed a professional stock agent (KGI Securities Co., Ltd.) to handle shareholders affairs.	No discrepancy
VII. Disclosure of information (I) Does the Company have a website setup and the financial business and corporate governance information disclosed? (II) Has the Company adopted other information disclosure methods (such as, establishing an English website, designating a responsible person for collecting and disclosing information of the Company, substantiating the spokesman system, placing the juristic person seminar program on the Company's website, etc.)? (III) Does the company announce and report the annual financial report within two months after the end of the fiscal year, and announce and report Q1, Q2, Q3 financial reports and the operating status of each month in advance of the prescribed deadline?	V V V		(I) The Company have disclosed the financial business and corporate governance information on company website. (II) The Company has a designated person responsible for the collection of disclosed information, in accordance with the relevant authority's regulations on information disclosure, and implement the spokesman system. (III) The Company announces and discloses relevant information within the time limit. For related situations, please refer to MOPS.	No discrepancy No discrepancy No discrepancy
VIII. Are there any other important information (including but not limited to the interests of employees, employee care, investor relations, supplier relations, the rights of stakeholders, the advanced study of directors and supervisors, the	V		<u>Employees' rights and care to employees:</u> The Company strictly abides by the provisions of various labor laws, the Company does not discriminate employees by age, gender, race, religion, color, nationality, etc. and employer and employees sign an employment contract with their own their consent. The Company establishes	No discrepancy

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
implementation of risk management policies and risk measurement standards, the execution of customer policy, the purchase of liability insurance for the Company's directors and supervisors) that are helpful in understanding the corporate governance operation of the Company?			<p>various communication channels. If any employees need to communicate and interact directly with the management, they can directly submit opinions or suggestions to the management via telephone or email at any time, and they will definitely receive feedback in a timely manner. The Company provides a high-quality and suitable working environment, implements smoke-free workplace policies, regular environmental inspections, safe and clean employee restaurants, regularly organizes various arts and cultural displays and provides colleagues with various arts and cultural activities within the Company. Inside the Company, there are art corridors and literature halls to improve the art culture appreciation of employees and relieve their physical and mental pressure. The Company also has an employee benefit insurance plan. The insurance policy includes: life insurance, accident insurance, medical insurance and cancer insurance.</p> <p><u>Investor relations:</u> Shareholders' rights and interests are valued by AAEON. We focus on the Company's operating results and long-term strategies, through the disclosure of correct, real-time and transparent information, through corporate briefings, shareholder meetings, annual reports and financial statements audited by CPAs. AAEON hopes to provide investors and the public with a way to understand the operating status and performance.</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			<p><u>AAEON and customer relations:</u> Customer partnership is one of AAEON's core values: In order for customers to accumulate diverse technical support and related product specifications in their vertical industry application market, AAEON presents thousands of internal data on the website, shares relevant technical information to help customers better understand the development of industrial computers. In addition to the Company's annual visits with customers, the Company also arranges dealer seminars, or local exhibitions to understand customers' voices. The Company also conducts annual customer satisfaction surveys on its own in order to understand customers' needs in marketing, product design, logistics management, technical services, maintenance services, etc. The customers may list their recommendations to ensure that their needs are understood and properly handled.</p> <p><u>Supplier relations:</u> When AAEON is handling RoHS, the main principle is "source management". "Source" refers to a group of suppliers of raw materials. All suppliers must submit a test report from a third testing laboratory party and provide documents to AAEON specifying that they do not use harmful materials. In the procurement process, relevant controls must be incorporated to ensure that the purchased parts meet the specifications. In addition, through the green procurement platform, we provide the cooperation process</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			<p>of parts recognition from suppliers. In addition, AAEON self-purchased testing equipment, and regularly conducts screening of hazardous materials. Whether the input of raw materials meets the requirements of the RoHS, in order to manage the green supply chain, the mechanism is integrated with the existing production management system for complete management and control.</p> <p><u>Rights of interested parties:</u> The Company's interested parties can contact the Company directly through the mailbox on the official website at any time.</p> <p><u>Status of continuing education of Directors and Supervisors:</u> The Directors of the Company have participated in the courses related to corporate governance, and they are also informed at any time about the updates of laws and regulations related to corporate governance.</p> <p><u>Risk management policies and risk assessment standards:</u> I. In order to implement corporate governance and improve the risk management system, in August 2020, the Board of Directors approved the establishment of a Risk Management Committee under the Board of Directors, and approved the Risk Management Regulations of AAEON Technology Inc. and the Risk Management Committee Charter of AAEON</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			<p>Technology Inc., with the aim of reducing the potential risks of corporate operations and integrating risk management and response into daily and decision-making operations.</p> <p>II. Risk management policy and scope</p> <p>(I) Policy: In view of various risks, the Risk Management Committee shall formulate management objectives, organizational structure, scope of responsibilities, risk management procedures, and other mechanisms, and implement risk management policies, so as to effectively identify, measure, and control the Company's various risks. It shall also control the risks arising from business activities to an acceptable range to reduce the possibility and consequences of damage, consider the opportunities brought about by risk crises, and ensure the achievement of operational and performance targets and the sustainable operation of the Company.</p> <p>(II) Scope: It shall devise relevant appropriate procedures and implement risk management operating procedures in the aspects, ranging from strategic risk, operational risk, financial risk, information security, intellectual property patents, climate change, risks arising from environmental protection- and climate-related regulations and other international regulatory</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			<p>agreements, public health to all business activities related to the Company's products, production, and service processes (six management dimensions of production, marketing, human resources, research and development, finance, and strategy execution).</p> <p>III. Risk measurement standards According to the principle of materiality, it shall provide appropriate risk management for all stakeholders through enterprise risk management operations, and measure the frequency of risk incidents and the severity of the impact on the Company's operations using a risk matrix, while defining the priority and risk levels of risks and adopting the corresponding risk management strategy according to each risk level.</p> <p>IV. Operations of the Risk Management Committee (I) Members: The Risk Management Committee consists of 3 independent directors (one of which serves as the chair of the committee), 1 Chairman, and 1 President, with a total of 5 members. (II) Meeting attendance rate: 1 meeting was held in January, 2024, totaling 1 time, and attendance rates were 100%. (III) Meeting contents:</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			<p>Risk Response Report for New Announcement "Restrictions on Internet Shopping Packaging Usage and Implementation Methods. (IV) Report to the Board of Directors on the operation status of the Risk Management Committee: January 8, 2024.</p> <p><u>Implementation of customer policies:</u> In addition to regularly visiting customers and convening dealer meetings, the Company also conducts annual customer satisfaction surveys to understand the actual needs of customers in marketing, logistics management, and technical services, and the customers may list the recommendations to ensure that customer needs are understood and properly addressed.</p> <p><u>The purchase of Liability Insurance for Directors and Supervisors:</u> The Company has purchased Liability Insurance for Directors and Supervisors.</p>	
<p>IX. Please describe the improvement performed according to the corporate governance evaluation results published by the Corporate Governance Center of Taiwan Stock Exchange in recent years, and proposes the matters with priority for improvement and the respective measures. (Company that does not participate in the evaluation please leave blank): Self-assessment results of the 10th Corporate Governance Evaluation by the Corporate Governance Center of Taiwan Stock Exchange Corporation Limited indicate that there are expected to be 70 scored items and 10 expected unscored items. Among the expected unscored items, priority improvement areas include: "Is the company's sustainability report verified by a third party?" and "Is the company uploading an English version of the sustainability report on the Taiwan Stock Exchange website and the company's website?"</p>				

[Attachment 1] Individual directors for diversification of Board members

As for the composition of the Board of Directors, an appropriate diversification policy is formulated based on its operations, operation type, and development needs, which shall include but not limited to the following two major standards

- (I) Basic conditions and values: Gender, age, nationality, culture, etc.
- (II) Professional knowledge and skills: Professional background, professional skills, and industry experience, etc.

The members of the Board of Directors are selected base on the Company's operations, operation type and development needs, and all have different expertise in various fields. There are currently 11 directors, including 3 independent directors (2 with less than 3 years in term of office; 1 with 3 years (inclusive) to 9 years in term of office), 8 representatives of institutional directors. They are all of R.O.C. nationality, and 2 of them serve as employees of the Company concurrently. They have extensive experiences and qualifications, all of whom are over 41 years old and have worked in various fields for many years. with stable and outstanding professionals, with diversified professional backgrounds and ability to perform duties.

The company continues its efforts to achieve specific management goals related to board diversity policy. In the selection of board members in 2022, a female director with an accounting and finance background was added to the board.

Diversification Items Name	Profile							Professional Background						Performance Abilities								
	Nationality	Gender	Employee of the Company	Age			Term of independent directors		Law	Accounting	Finance	Industry	Marketing	Technology	Operational judgment	Accounting and financial analysis	Business Management	Crisis Management	Knowledge of Industry	International market view	Leadership	Decision-making
				41 to 60	61 to 70	71 to 75	Under 3 years	3~9 years														
Yung-Shun, Chuang	Republic of China	Male	V			V						V	V	V	V	V	V	V	V	V	V	V
Jonny Shih	Republic of China	Male			V							V	V	V	V	V	V	V	V	V	V	V
Jonathan Tsang	Republic of China	Male			V							V	V	V	V	V	V	V	V	V	V	V
S.Y. Hsu	Republic of China	Male		V								V		V	V	V	V	V	V	V	V	V
Ying-Chen Li	Republic of China	Male	V			V						V	V	V	V	V	V	V	V	V	V	V
Fu-Chun, Chuang	Republic of China	Male		V								V	V	V	V	V	V	V	V	V	V	V
Chiu-Hsu, Lin	Republic of China	Male			V							V	V	V	V	V	V	V	V	V	V	V
Yu-Nan, Chen	Republic of China	Male		V								V	V	V	V	V	V	V	V	V	V	V
Daho Yen	Republic of China	Male				V		V	V								V				V	V
Kun-Chih, Chen	Republic of China	Male		V				V		V					V							V
Xiulian Lin	Republic of China	Female		V			V		V		V				V	V			V		V	

Explanation: Please put a "V" in corresponding boxes.

AAEON Technology Inc.
Accountant Independence and Suitability Assessment Form

Year period: 2023

CPA Firm: PricewaterhouseCoopers, Taiwan/ CPA: Shu-Chiung Chang and Lin, Chun-Yao

Basis of Assessment:

Referring to Article 47 of the Accountants Act and Bulletin No. 10 of the Code of Professional Ethics for Accountants in the Republic of China (Taiwan) on "Independence in Auditing and Review", as well as the establishment of Audit Quality Indicators (AQIs)

Audit Quality Indicators Assessment Form

Item	AQIs	Assessment item	Result (Y/N)
Scope 1 : Professionalism			
1-1	Audit experience	Does the senior audit personnel possess sufficient audit experience to carry out audit work effectively?	Y
1-2	Training hours	Are accountants and senior audit personnel receiving adequate annual education and training to continuously acquire professional knowledge and skills?	Y
1-3	Turnover Rate	Does the firm maintain sufficient senior human resources?	Y
1-4	Professional support	Does the firm have sufficient professional staff to support the audit team?	Y
Scope 2 : Quality contrl			
2-1	Accountant Workload	Is the workload of the accountant too heavy?	N
2-2	Audit Engagement	Are audit team members appropriately involved in each stage of the audit?	Y
2-3	EQCR review	Is the EQCR accountant devoting sufficient time to perform the review of audit engagements?	Y
2-4	Quality Control Support Capability	Does the firm have sufficient quality control manpower to support the audit team?	Y
Scope 3 : Independency			
3-1	Non-audit fee	Understand the impact of the proportion of fees from non-audit services on independence?	Y
3-2	Customer Familiarity	Understand the impact of cumulative years of auditing engagements on the firm's annual financial statements on independence	Y
Scope 4 : Communication			
4-1	External Inspection Deficiencies and Penalties	Understand if the firm's quality control and audit engagements are conducted in accordance with relevant laws and standards	Y
4-2	Regulatory Authority's Letter for Improvement	Understand if the firm's quality control and audit engagements are conducted in accordance with relevant laws and standards	Y
Scope 4 : Innovation Capability			
5-1	Innovation Planning or Initiatives	Understand the firm's commitment to enhancing audit quality, including the innovation capability and planning of the accounting firm	Y

Accounting Independence Assessment Form :

Item	Assessment item	Result (Y/N)	Independence (Y/N)
1	Does the accountant have any direct or significant indirect financial interests with the company?	N	Y
2	Has the accountant engaged in financing or guarantee activities with the company or its directors?	N	Y
3	Does the accountant have close business relationships or potential employment relationships with the company?	N	Y
4	Have the accountant or members of their audit team held positions as directors, executives, or in other roles significantly affecting audit work during the audit period?	N	Y
5	Has the accountant provided non-audit services to the company that could directly impact audit work?	N	Y
6	Has the accountant acted as an intermediary for the issuance of the company's stocks or other securities?	N	Y
7	Has the accountant acted as a legal representative for the company or coordinated conflicts with third parties?	N	Y
8	Does the accountant have any familial relationships with directors, executives, or individuals in positions significantly affecting audit work within the company?	N	Y

Assessment Result: Based on the evaluation, Accountant Shu-Chiung, Chang and Accountant Chun-Yao, Lin from PricewaterhouseCoopers, Taiwan. both comply with the standards of independence and suitability

Chairman:



Manager:



Accounting Supervisor:



[Attachment 3] 2023 Continuing Education of Directors:

Title	Name	Training date		Organizer	Course name	Training hours	Total Training hours of the year	Notes
		Start	End					
Director	Yung-Shun, Chuang	2023/03/27	2023/03/27	Chinese National Association of Industry and Commerce	The Seminar for Company Directors and Supervisors - "Corporate Resilience and Taiwan's Competitiveness"	3	6	
		2023/04/13	2023/04/13	Taiwan Academy of Banking and Finance	Board Governance Workshop: A Guide to Understanding Financial Statements for Non-Financial Background Directors and Supervisors	3		
Director	Ying-Chen Li	2023/04/13	2023/04/13	Taiwan Academy of Banking and Finance	Board Governance Workshop: A Guide to Understanding Financial Statements for Non-Financial Background Directors and Supervisors	3	6	
		2023/07/12	2023/07/12	Greater China Financial and Economic Development Association	AI Thinking and Digital Transformation	3		
Director	Fu-Chun, Chuang	2023/06/07	2023/06/07	Taiwan Institute of Directors	The Future of Enterprises Amidst the Battlefield: Strategic Repositioning and Transformation	3	12	
		2023/07/12	2023/07/12	Greater China Financial and Economic Development Association	AI Thinking and Digital Transformation	3		
		2023/08/09	2023/08/09	Greater China Financial and Economic Development Association	The Impact of Carbon Pricing on Business Operations	3		
		2023/10/11	2023/10/11	Greater China Financial and Economic Development Association	Talent Competition in Enterprises: Exploring Key Issues in Employee Compensation Strategies	3		
Director	Jonny Shih	2023/05/12	2023/05/12	Corporate Governance Association in Taiwan	Practical Sustainability Governance in Corporate Succession and Transformation	3	6	
		2023/07/19	2023/07/19	Corporate Governance Association in Taiwan	The Impact and Opportunities of AI on Industries	3		
Director	Jonathan Tsang	2023/05/12	2023/05/12	Corporate Governance Association in Taiwan	Practical Sustainability Governance in Corporate Succession and Transformation	3	6	
		2023/07/19	2023/07/19	Corporate Governance Association in Taiwan	The Impact and Opportunities of AI on Industries	3		
Director	S.Y. Hsu	2023/05/12	2023/05/12	Corporate Governance Association in Taiwan	Practical Sustainability Governance in Corporate Succession and Transformation	3	6	
		2023/07/19	2023/07/19	Corporate Governance Association in Taiwan	The Impact and Opportunities of AI on Industries	3		

Title	Name	Training date		Organizer	Course name	Training hours	Total Training hours of the year	Notes
		Start	End					
Director	Chiu-Hsu, Lin	2023/06/30	2023/06/30	Securities and Futures Institute	"Trends and Regulations in ESG Information Disclosure Related to Sustainable Development Action Plans of Listed Companies"	3	6	
		2023/11/15	2023/11/15	Securities and Futures Institute	The Green Industrial Revolution of 2030/2050	3		
Director	Yu-Nan, Chen	2023/06/14	2023/06/14	Securities and Futures Institute	Analysis of the Latest Corporate Governance Policies, Regulations, and Common Deficiencies	3	6	
		2023/11/15	2023/11/15	Securities and Futures Institute	The Green Industrial Revolution of 2030/2050	3		
Independent Director	Daho Yen	2023/04/13	2023/04/13	Taiwan Academy of Banking and Finance	Board Governance Workshop: Practical Case Analysis of Criminal Liability for Directors and Supervisors	3	6	
		2023/05/11	2023/05/11	Taiwan Academy of Banking and Finance	Board Governance Workshop: A Guide to Understanding Financial Statements for Non-Financial Background Directors and Supervisors	3		
Independent Director	Kun-Chih, Chen	2023/03/28	2023/03/28	Independent Director Association Taiwan	How Directors (Independent Directors) Can Avoid Pitfalls: Identifying Financial Red Flags from Cases of Financial Misrepresentation	3	6	
		2023/08/25	2023/08/25	Corporate Governance Association in Taiwan	Exploring Financial Statement Fraud in Enterprises: Cases and Discussions	3		
Independent Director	Xiulian Lin	2023/07/04	2023/07/04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	6	6	

Note: According to the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies”, the continuing education of new and re-elected Directors of the Company in 2023 meets the hours requirements, and according to relevant measures, the number of Directors' training hours are disclosed annual reports, public information observatory and company website.

[Attachment 4] Status of continuing education of Chief Corporate Governance Officer

Title	Name	Training date		Organizer	Course name	Training hours	Training hours for the year
		Start	End				
Governance Manager	Ming-Han Hsieh	2023/12/20	2023/12/20	Accounting Research and Development Foundation	Seminar on Integrity Management Guidelines for Directors, Supervisors (including Independent), and Corporate Governance Executives	3	12
		2023/12/21	2023/12/21	Accounting Research and Development Foundation	Seminar on Enhancing the Credibility of Corporate Sustainability Reports for Directors, Supervisors (including Independent), and Corporate Governance Executives	3	
		2023/12/21	2023/12/21	Accounting Research and Development Foundation	Seminar on Economic Outlook and Industry Trends in 2024 for Directors, Supervisors (including Independent), and Corporate Governance Executives	3	
		2023/12/22	2023/12/22	Accounting Research and Development Foundation	Seminar on Introduction to and Case Analysis of Insider Trading by Company Insiders for Directors, Supervisors (including Independent), and Corporate Governance Executives	12	

(IV) Status the operation of the Compensation Committee

Identity Name		Criteria	Professional Qualification and Experience	Independence Criteria (Note)	Number of other public companies in which the individual is concurrently serving as a Compensation Committee of these companies.
Independent Director (Chairperson)	Kun-Chih, Chen		Graduated from the University of Southern California with a Ph.D. in Accounting, and is currently an associate professor of the Accounting Department of National Taiwan University. He is the convener of the Compensation Committee and a member of the Company's Audit Committee. He has more than five years of business, legal, financial, accounting or corporate business-related materials. Work experience required for lecturers in colleges and universities.	Meet the independence requirements	1
Independent Director	Daho Yen		Graduated from the University of South America with a Master of Laws degree, is a member of the company's audit committee and compensation committee, and has more than five years of professional occupations such as judges, prosecutors, lawyers, accountants or other national examinations required by the company's business to obtain certificates and the work experience required by the technician.	Meet the independence requirements	3
Independent Director	Xiulian Lin		Graduated from Drexel University with a master's degree; is the head of the CHAMPiON group (accounting firm and appraisal firm) and the head of the Chengxin Land Administration Agency; is the convener of the Company's Auditing Committee and a member of the Company's Compensation Committee; has five years or more of experience working as a lecturer (or above) in commerce, law, finance, accounting, or any disciplines relevant to the Company's business at a public or private tertiary institution.	Meet the independence requirements	2

Note : the member met the following conditions during the time of active duty and two years prior to the elected date.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under another's name, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders.
- (4) Not a manager of (1), or spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of (2) or (3).
- (5) Not a director, supervisor, or employee of institutional shareholder that directly holds 5% or more of the total number of issued shares of the Company, or ranks as of its top five shareholders, or was appointed pursuant to Article 27 Paragraph 1 or 2 of the Company Act. (The same does

- not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)
- (6) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)
 - (7) Not the same person as the Company's Chairperson, President or person with equivalent position, or the director, supervisor or employee of company or institution of the spouse thereof. (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)
 - (8) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company or ranks as of its top five shareholders. (The same does not apply, however, in cases where the corporate/institution holds 20% or more and no more than 50% of the total number of issued shares of the Company, or the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)
 - (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company in the most recent 2 years with an accumulated service compensation of less than NT\$ 500 thousand, or a spouse thereof. This restriction does not apply to any member of the Compensation Committee, public tender offers Audit Committee or mergers and acquisition special committee, who exercises powers pursuant to relative regulations of the Securities and Exchange Act and Business Mergers And Acquisitions Act.
 - (10) Does not meet any descriptions stated in Article 30 of The Company Act.

2. Information on the operation of the Compensation Committee

- (1) The Compensation Committee consists of 3 committee members.
- (2) Term of office of current committee members:

4th Committee: May. 27, 2022 to May. 26, 2025. There was 3 Compensation Committee meeting in the most recent fiscal year (2023). The attendance is as follows:

Title	Name	Actual attendance (B)	By Proxy	Attendance Rate (B/A)	Remarks
Members	Daho, Yen	3	0	100 %	
Members	Kun-Chih, Chen	3	0	100 %	
Members	Xiulian, Lin	3	0	100 %	
<p>Other remarks:</p> <ol style="list-style-type: none"> 1. The Board may not accept the recommendations of the Compensation Committee, or revise the recommendations, specify the date of the Board meeting, the term, the content of the motion, the resolution of the Board, and the response of the Board towards the opinions of the Compensation Committee (e.g., the remuneration package passed by the Board is superior to the recommendation of the Compensation Committee, specify the difference and the reasons): None. 2. Where members of the Compensation Committee may have adverse opinions or qualified opinions in their resolutions on record or in written declaration, specify the date and session of the committee, the content of the motion, the opinions of all other members, and the responses to the adverse opinions: None. 					

(3) Discussion Matters and Resolutions of Compensation Committee Meetings

Compensation Committee	Details of the relevant agendas and the subsequent	Resolution	Company's response to Compensation Committee's opinions
2 nd times of the 4 th term Jan. 9, 2023	<ol style="list-style-type: none"> 1. Submission of Proposed Allocation for Employee Compensation and Director Remuneration for 2022 (Estimated Figures). 2. Submission of Proposed Distribution of Year-End Bonuses for Management for 2022. 	Approved by all committee members	Submitted to the Board and was approved by all Board members.
3 rd times of the 4 th term Feb. 24, 2023	<ol style="list-style-type: none"> 1. Submission of Actual Allocation for Employee Compensation and Director Remuneration for 2022. 2. Submission of Incentive Bonus Scheme for Non-Sales Non-SBU for 2023. 3. Submission of Proposed Salary Adjustments for Management for 2023. 	Approved by all committee members	Submitted to the Board and was approved by all Board members.
4 th times of the 4 th term Aug. 9, 2023	<ol style="list-style-type: none"> 1. Submission of Proposed Distribution of Director Remuneration for 2022. 2. Submission of Proposed Distribution of Employee Compensation for Management for 2022. 	Approved by all committee members	Submitted to the Board and was approved by all Board members.

(V) Status the operation of the risk management committee

1. In order to implement corporate governance and improve the risk management system, the board of directors approved the establishment of a risk management committee under the board of directors in August 2019, and approved "Risk-Management Measures" and "Risk Management Committee Organization Regulation" The purpose is to reduce the potential risks of the company's operations, and integrate risk management and handling into daily operations and decision-making operations.
2. Policy

As per the Risk Management Regulations of AAEEON approved by the Board of Directors: In view of various risks, the Risk Management Committee shall formulate management objectives, organizational structure, scope of responsibilities, risk management procedures, and other mechanisms, and implement risk management policies, so as to effectively identify, measure, and control the Company's various risks. It shall also control the risks arising from business activities to an acceptable range to reduce the possibility and consequences of damage, consider the opportunities brought about by risk crises, and ensure the achievement of operational and performance targets and the sustainable operation of the Company.

3. Strategy

Implement environmental, social, and governance (ESG) risk management assessment on a regular basis, conduct appropriate risk management for all stakeholders, and measure the frequency of risk incidents and the severity of the impact on the Company's operations using a risk matrix, while defining the priority and levels of risks as per the principle of materiality and adopting the corresponding risk management strategy according to each risk level.

4. Scope

As for the scope of risk management: It shall devise relevant appropriate procedures and implement risk management operating procedures in the aspects, ranging from strategic risk, operational risk, financial risk, information security, intellectual property patents, climate change, risks arising from environmental protection- and climate-related regulations and other international regulatory agreements, public health to all business activities related to the Company's products, production, and service processes (six management dimensions of production, marketing, human resources, research and development, finance, and strategy execution).

5. Authority and member of risk management committee

(1) Authority

According to the 4 terms of "Risk Management Committee Organization Regulation", the authorities of risk management committee as follows,

- Manage the overall risk management of the company, and propose revisions to risk management policies, structures, and organizational functions based on qualitative and quantitative reference materials.
- Report to the board of directors on a regular basis, and timely reflect the implementation of risk management to the board of directors, and make necessary improvement suggestions.
- Execute the risk management decisions of the board of directors, and regularly review the development, establishment and execution effectiveness of the company's overall risk management mechanism.
- Set risk appetite, tolerance and targets, and review and manage overall company risk.
- Assist and supervise the company's risk management activities.
- Adjust the risk category, risk limit allocation and assumption method according to changes in the environment.

(2) Members

There are currently 5 members, including 3 independent directors, 1 chairman and 1 president as follows,

Identity		Criteria
Name		Professional Qualification and Experience
Independent Director (Chairperson)	Daho Yen	Law.
Independent Director	Kun-Chih, Chen	Accounting

Identity Name		Criteria	Professional Qualification and Experience
Independent Director	Xiulian Lin		Accounting
Chairman	Yung-Shun Chuang		Business risk management
President	Chien-Hung, Lin		Business risk management

Note: The term of office of the members of the Risk Management Committee is the same as that of the appointed Board.

6. Organization structure, basis and description of risk management

Organization	Basis	Description
Board of Directors	Article 19-2 of the Articles of the company	<ol style="list-style-type: none"> The Company may set up functional committees under the Board of Directors. The organization and power of such committees should be subject to the regulations prescribed by the competent authority. The Risk Management Committee shall report its operation to the Board of Directors at least once a year.
Risk Management Committee	"Risk-Management Measures" and "Risk Management Committee Organization Regulation"	<ol style="list-style-type: none"> They are evaluated quarterly. Topics, such as information security, intellectual property patents, climate change, regulations on environmental protection or climate and risks from other international regulations and agreements, public health, or new forms of irregular risks, will be arranged after approved by committee members. The operation of the risk management team is reviewed at least once a year.
Risk Management team	QR2-002 Risk Management Operation Standard	<ol style="list-style-type: none"> The content of the risk assessment items is reviewed from June to July every year. The content of the risk assessment items includes strategic risk, operational risk, and financial risk, as well as business operations related to the Company's products, production, and service processes (six management dimensions: production, marketing, human resources, research and development, finance, and strategy execution).

7. Information on the operations of the Risk Management Committee

There was 1 Risk Management Committee meeting in the most recent fiscal year (2023). The attendance is as follow

(1) Attendance

Title	Name	Number of meetings (A)	Attendance (B)	Percentage of attendance (%) [B/A]
Independent Director (Chairperson)	Daho, Yen	1	1	100 %
Independent Director	Kun-Chih, Chen	1	1	100 %
Independent Director	Xiulian, Lin	1	1	100 %
Chairman	Yung-Shun, Chuang	1	1	100 %
President	Chien-Hung, Lin	1	1	100 %

(2) Date and content of meeting

Date	Content
Jan. 08, 2024	Risk Response Report for New Announcement "Restrictions on Internet Shopping Packaging Usage and Implementation Methods.

(3) Date of the latest report to the Board of Directors on the business implemented by the Risk Management Committee: January 8, 2024.

(VI) Implementation of the promotion of sustainable development and the differences and reasons for the code of practice for sustainable development of listed OTC companies

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Abstract Illustration	
I. Does the company establish a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, which is authorized by the board of directors to handle senior management, and the board of directors supervises the situation?	V		<p>In accordance with Article 9 of the Sustainable Development Best Practice Principles of AAEON Technology Inc., the Company has established an ESG Office, a sustainable development unit, under the Chairman’s Office to improve the management of sustainable business development. The ESG Office has established a sustainable development promotion organization to be committed to corporate governance, sustainable environment, happy workplace, shared prosperity with society, and a sustainable value chain, to meet AAEON’s commitment to business administration stakeholders, environmental protection, and social charity, thereby fulfilling our responsibilities as a corporate social citizen.</p> <p>The sustainability policy of AAEON Technology Inc. is as follows: "Emphasizing Corporate Governance", "Practicing Corporate Commitments", "Expanding Social Engagement", and "Promoting Environmental Protection". It also references the United Nations' 17 Sustainable Development Goals (SDGs) and carries out various initiatives through the Sustainability (ESG) Office. The Sustainability (ESG) Office is established in accordance with sustainability practices and reports annually to the board of directors on the progress of relevant initiatives.</p>	No significant difference

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Abstract Illustration	
II. Does the Company conduct risk assessments of environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	V		<p>I. In August 2020, the Board of Directors approved the establishment of a Risk Management Committee under the Board of Directors, and approved the “Risk Management Regulations of AAEON Technology Inc.” and the “Risk Management Committee Charter of AAEON Technology Inc.”</p> <p>II. Risk management scope In accordance with Article 4 of the “Risk Management Regulations of AAEON Technology Inc.” regarding the risk management scope, the committee shall devise relevant appropriate procedures and implement risk management operating procedures in the aspects, ranging from “strategic risk,” “operational risk,” “financial risk,” “information security,” “intellectual property patents,” “climate change,” risks arising from environmental protection- and climate-related regulations and other international regulatory agreements, public health to all business activities related to the Company's products, production, and service processes (six management dimensions of production, marketing, human resources, research and development, finance, and strategy execution).</p> <p>III. Risk management policy In view of various risks, the Risk Management Committee shall formulate management objectives, organizational structure, scope of responsibilities, risk management procedures, and other mechanisms, and implement risk management policies, so as to effectively identify, measure, and control the Company’s various risks. It shall also control</p>	No significant difference

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Abstract Illustration	
			<p>the risks arising from business activities to an acceptable range to reduce the possibility and consequences of damage, consider the opportunities brought about by risk crises, and ensure the achievement of operational and performance targets and the sustainable operation of the Company.</p> <p>IV. According to the principle of materiality, it shall be responsible for environmental, social, and corporate governance issues related to the Company’s operations, and measure the frequency of risk incidents and the severity of the impact on the Company’s operations using a risk matrix, while defining the priority and risk levels of risks and adopting the corresponding risk management strategy according to each risk level. The daily operation is carried out by the risk management team according to the risk management operating standards.</p>	
<p>III. Environmental issues</p> <p>(I) Does the Company have an appropriate environmental management system established in accordance with its industrial character?</p>	V		<p>(I) The Company establishes a safe working environment in accordance with the Occupational Safety and Health Act. The Company regularly inspects the water quality and carbon dioxide concentration of the water in the water dispenser in accordance with the law, and publicly discloses the relevant test results in the Company's bulletin board. Regular inspection of the water quality of the water dispenser: Two samples are taken every quarter (in January, April, July and October of each year), and the results are placed on the wall of each water dispenser.</p>	No significant difference

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Abstract Illustration	
(II) Is the Company committed to enhance the utilization efficiency of resources and use renewable materials that are with low impact on the environmental?	V		<p>Regular detection of carbon dioxide concentration: The carbon dioxide concentration is measured semi-annually (in March and September every year), and the inspection results are publicly disclosed in the Company's announcement column.</p> <p>(II) The Company sorts, recycles and reuses resources. The use of hazardous substances is prohibited in product manufacturing, and the design and development are in compliance with regulations of RoHS, REACH, WEEE of EU.</p> <p><u>Waste and Resource Recycling Management</u> AAEON's waste generated internally reached a total of 32.715 metric tons during 2023, of which waste plastics accounted for 45.9%, occupying the largest portion, including plastic trays, tubes, empty cans; and packaging materials from incoming materials (IC tubes, trays, reels and plastic panels), Mixed Plastic Waste, occupying the second largest portion, which accounted for 45.0%, and scrap edges ranked third at 6.4%; 100% of the waste was recycled and reused.</p> <p><u>Industrial Waste Management</u> The Company's industrial waste manufacturers are selected in accordance with the Environmental Protection Administration's regulations. They are selected among the list provided by the website of Industrial Waste Report and Management System, Environmental Protection Administration, Executive Yuan. The factories' information is obtained from the "Permit Inquiry". Our partner manufacturers have provided Waste Treatment</p>	No significant difference

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Abstract Illustration	
(III) Does the Company assess the potential risks and possibilities of climate changes to the Company now and in the future, and take measures to respond to climate-related issues?	V		<p>Permit issued by the Environmental Protection Administration, or Recycling Permit issued by the Ministry of Economy Affairs, indicating their code of waste types permitted is aligned with the Company’s waste. The industrial waste and liquid waste generated by AAEON during the production and operation process are all handled by qualified factories, and relevant information is regularly uploaded to government websites in accordance with laws and regulations.</p> <p><u>Proceeds from Recoverables</u></p> <p>In 2023, a total of 1,997 metric tons of tin slag were processed, resulting in the production of 940 kgs of lead-free tin bars. Additionally, the recycling of other business waste yielded a total of NT\$18,278 in revenue.</p> <p>(III) The board of directors serves as the highest climate governance unit, setting climate policies, strategies, and goals, and integrating climate risks and opportunities into consideration, overseeing risk management and disclosure. The board regularly discusses climate issues, reviews risk assessment results, and holds periodic educational training sessions to enhance awareness of climate risks. To strengthen sustainable governance, relevant units are convened by the chairman to periodically review climate-related issues and implementation progress, reporting to the board. The sustainability/environmental team conducts assessments under climate change financial disclosure projects to identify potential risks, opportunities, and financial impacts, and develops corresponding risk management strategies.</p>	No significant difference

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons																		
	Yes	No	Abstract Illustration																			
(IV) Does the Company record the greenhouse gas emissions, water consumption and total weight of waste produced in the past two years, and formulate policies on energy conservation and carbon reduction, greenhouse gas reduction, water consumption or other waste management?	V		<p>(IV) Greenhouse gas emissions: The greenhouse gas emissions data for the past two years, covering Scope 1, 2, and 3 emissions from our Taiwan headquarters, have been compiled. As of the printing date, the data has not yet been verified by a third party. (Unit: ton CO₂e)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Scope1</th> <th>Scope2</th> <th>Scope3</th> <th>total</th> <th>Carbon intensity (Note) (ton CO₂e / Million in Revenue)</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>107.33</td> <td>1,401.70</td> <td>118,611.65</td> <td>120,120.68</td> <td>20.22</td> </tr> <tr> <td>2023</td> <td>108.47</td> <td>1,394.01</td> <td>74,514.54</td> <td>76,017.02</td> <td>16.30</td> </tr> </tbody> </table> <p>(Note: Carbon Intensity= Greenhouse Gas Emissions/Revenue (in millions) Revenue for 2022 in parent company is 5,940.824 million. Revenue for 2023 in parent company is 4,664.543 million.</p> <p><u>Water Usage:</u> Water consumption throughout 2022 = 4,678 m³ = 4,678 metric tons, Water consumption throughout 2023 = 4,372 m³ = 4,372 metric tons, an decrease of 6.54%. reached the annual target of reducing water consumption by 1%. We continued the measures, such as posting water efficiency slogans and offering water efficiency courses, while working with the management unit to study and plan other water efficiency management measures.</p>	Year	Scope1	Scope2	Scope3	total	Carbon intensity (Note) (ton CO ₂ e / Million in Revenue)	2022	107.33	1,401.70	118,611.65	120,120.68	20.22	2023	108.47	1,394.01	74,514.54	76,017.02	16.30	No significant difference
Year	Scope1	Scope2	Scope3	total	Carbon intensity (Note) (ton CO ₂ e / Million in Revenue)																	
2022	107.33	1,401.70	118,611.65	120,120.68	20.22																	
2023	108.47	1,394.01	74,514.54	76,017.02	16.30																	

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons												
	Yes	No	Abstract Illustration													
			<p><u>Total waste amount:</u> It was a total of 15.802 metric tons for 2022 and 32.715 metric tons for 2023. The total weight of waste increased in 2023 due to the absence of general business waste reduction initiatives (such as packaging materials, mixed plastic waste, PE film) in 2022. Consequently, the company will task each unit with coordinating discussions to gradually reduce waste generation practices. (Unit: metric tons)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Hazardous Industrial Waste</td> <td>0.14</td> <td>0.14</td> </tr> <tr> <td>General Business Waste</td> <td>15.662</td> <td>32.575</td> </tr> <tr> <td>Total</td> <td>15.802</td> <td>32.715</td> </tr> </tbody> </table> <p><u>Greenhouse gas inventory:</u> AAEON established a greenhouse gas inventory promotion organization in 2022 to conduct inventories of the Company's headcount, electricity consumption, transportation, and supplies procured. At present, we plan to appoint external consultants for coaching, with the goal of obtaining ISO-14064-1 certification (greenhouse gas verification).</p>	Year	2022	2023	Hazardous Industrial Waste	0.14	0.14	General Business Waste	15.662	32.575	Total	15.802	32.715	
Year	2022	2023														
Hazardous Industrial Waste	0.14	0.14														
General Business Waste	15.662	32.575														
Total	15.802	32.715														
IV. Social Issues (I) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and	V		(I) The Company complies with relevant labor regulations, protects the legitimate rights and interests of employees, and manages employees in a bilateral communication manner. The Company's official website contains the content of the human rights declaration, which reads as follows: AAEON does not	No significant difference												

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Abstract Illustration	
international conventions on human rights?			<p>discriminate against employees based on race, gender, age, party, religion, and disability. The Company’s hiring policy not only in compliance with local minimum age regulations, local laws, EICC and other relevant regulations, but also in accordance with the United Nations Universal Declaration of Human Rights to disclose human rights policy declarations. AAEON’s human rights policy declaration is as follows:</p> <ul style="list-style-type: none"> ● No child labor: comply with local minimum age laws and regulations, no child labor. ● Above minimum wage: Provide employees with the wages and benefits that meet or exceed the requirements of local laws and regulations. ● Working hours: Meet or better than local laws and regulations, provide employees with paid vacation, do not force employees to work more than the maximum daily working hours stipulated by local laws and regulations, and comply with the requirements of overtime wages or necessary compensation. ● Non-discrimination: Discrimination based on race, color, age, gender, sexual orientation, religion, disability, work membership or political orientation is prohibited. Everyone has the right to equal protection without discrimination. 	

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Abstract Illustration	
			<ul style="list-style-type: none"> ● No inhumane treatment: Harassment, physical abuse or threats are prohibited. ● Free choice of occupation: Coercion, guarantee (including debt repayment) or deed to force domestic or foreign workers to work is prohibited. Do not hire involuntary prison workers, servitude or human trafficking, and ensure that all employees work voluntarily. Provide a labor contract written in the employee's mother tongue. Unless required by law, the employee's identity document (ID, passport, work permit or residence permit) must not be withheld. ● Health and safety: Provide a healthy and safe working environment for all employees with mutual trust and respect. ● Freedom of assembly: According to the law, all employees have the right to freedom of assembly and association and to participation in local legal unions. The employer must not interfere or prohibit it. <p>The above items are also implemented in the Company’s various management activities, including work rules and recruitment and appointment regulations, In particular, the work rules also specify the regulations on avoidance of a hostile work environment, anti-discrimination, respect for employees, equal employment opportunity, no child labor, sexual harassment prevention, and labor-management meetings (Articles 15, 16, 17, 20, 80, 81, 82, 83, 84 of the work rules). In addition, the Company has listed sexual harassment prevention as a training topic in the education and training courses for new employees.</p>	

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Abstract Illustration	
(II) Does the Company formulate and implement reasonable employee benefits measures (including remuneration, vacation and other benefits, etc.), and appropriately reflect the results of operating performance in employee compensation?	V		<p>(II) Implementation status of various employee welfare measures (including salary, vacation and other benefits)</p> <p><u>Employee Compensation</u></p> <p>The company provides annual bonuses, as well as bonuses during Dragon Boat Festival, Mid-Autumn Festival, and salary adjustment based on operational performance. According to our company's regulations, after deducting accumulated losses from the year's profit (i.e., pre-tax profit before deducting employee compensation and director remuneration expenses), any surplus should be allocated with no less than 5% for employee compensation and no more than 1% for director remuneration. This is our way of appropriately rewarding our employees for contributing to the company's operational success.</p> <p><u>Workplace Diversity and Equality</u></p> <p>The company ensures equal pay for equal work regardless of gender and provides equal opportunities for promotion without discrimination. We value a diverse and inclusive company culture.</p> <ol style="list-style-type: none"> 1. Female Management Ratio: Our company's female management ratio is 16.7%. 2. Disability Employment Target: We have achieved a 100% target for employing individuals with disabilities. 3. Benefit Policies: All relevant welfare policies are implemented without discrimination based on sexual orientation or gender. 	No significant difference

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Abstract Illustration	
			<p><u>Employee welfare measures and implementation:</u> Our company has established a Staff Welfare Committee to implement various welfare measures. The current welfare measures include cultural and recreational activities, employee trips, emergency relief, holiday bonuses, support for weddings, funerals, and celebrations, as well as childbirth subsidies. Additionally, we offer employee group insurance, club activities, and profit-sharing schemes as part of our welfare initiatives.</p> <p><u>Leave Policies and Implementation</u> Our company operates in accordance with the Labor Standards Act and related regulations, providing a leave system that complies with legal requirements. Currently, the leave system is functioning well. Additionally, we offer regulations and systems that exceed legal requirements.</p> <ol style="list-style-type: none"> 1. We pay the full salary to female employees who have been employed for fewer than six months and apply for maternity leave of five days, one week or four weeks. 2. We added birthday leave and provide one day of paid leave to employees on their birthdays. 3. We adjusted female menstrual leave and provided the maximum of 42 days of half-pay leave throughout the year. 4. We added a new childbirth transportation subsidy with a monthly upper limit of NT\$3,000. 	

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Abstract Illustration	
(III) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	V		<p>5. We increased the childbirth cash gift to NT\$10,000 per child.</p> <p><u>Retirement system and its implementation:</u> The Company f has formulated employee retirement regulations in accordance with the Labor Standards Act and operates under the "Labor Retirement Pension Regulations," adopting a defined contribution plan. Retirement benefits are deducted by our company at a rate of 6% of monthly wages, stored in individual retirement accounts. According to our company's regulations, a certain percentage of the annual profit is allocated for employee compensation, ensuring that operational performance outcomes are appropriately reflected in employee compensation.</p> <p>(III) The Company's work environment shaped for employees' safety and health is as follows</p> <ol style="list-style-type: none"> 1. Regularly provide safety and health education and training As per Articles 16 and 17 of the Occupational Safety and Health Education and Training Rules. <ol style="list-style-type: none"> (1) Provide new employees and operators who replaced old ones with general safety and health education for three hours. (2) Provide on-the-job personnel with safety and health education and training for three hours every three years. 	No significant difference

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Abstract Illustration	
			<p>(3) Provide various safety and health education and training (first aiders; three hours every three years).</p> <p>(4) Provide various safety and health education and training (class-1 managers of occupational safety and health affairs and supervisors in charge of organic solvent operations; six hours every two years.).</p> <p>(5) Provide various safety and health education and training (occupational safety and health administrators, Class-1 occupational safety management specialist;12 hours every two years).</p> <p>(6) Provide various safety and health education and training (occupational health nurses; 12 hours every three years).</p> <p>2. Regularly carry out firefighting drills Strengthen the disaster prevention education in the plants, improve personnel's awareness of disaster prevention, prevent disasters from occurring, and carry out fire training on a regular basis. As per Article 13 of the Fire Services Act and Article 15 of the Enforcement Rules of Fire Services Act, Such a drill is carried out every six months.</p> <p>3. Regularly monitor work environment</p>	

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Abstract Illustration	
			<p>Prevent occupational accidents, protect workers' health, prevent injuries caused by chemical hazards, provide workers with a healthy and comfortable work environment, and regularly monitor the work environment. Perform tests of organic solvents and CO² in the work environment every six months.</p> <p>4. Voluntary safety and health inspections to protect workers' personal safety</p> <p>(1) Regularly inspect firefighting equipment and regularly inspect all firefighting facilities every year.</p> <p>(2) Check and record each protective equipment for the on-site machinery and equipment, such as safety face shields and emergency button switch.</p> <p>5. Formulated the Safety and Health Work Rules formulated as per the Occupational Safety and Health Act and the Enforcement Rules of the Occupational Safety and Health Act and announced the safety and health management regulations for employees to follow.</p> <p>6. Regularly hold health checkups and implement health management and health promotion</p>	

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Abstract Illustration	
			<p>(1) Hold annual health checkups for in-service employees.</p> <p>(2) Implement health management and health promotion and layered management as per Article 15 of the Labor Health Protection Rules, implementation of hierarchical management to protect labor health.</p> <p>(3) Arrange an on-site physician consultation session once a month.</p> <p>Additional information is as follows: The Company's work content does not pose a special health hazard. Regular work-up health inspections for on-the-job workers are carried out, and work safety education and training are implemented. The Company also occasionally organizes activities such as employee travel to help employees develop physical and mental health. For the safety of the work environment of employees, the Occupational Safety Office convenes occupational safety committee meetings on a quarterly basis. Representatives of employees and management are invited to submit proposals for improving the safe and healthy working environment. For physical health, the Company arranged for an employee health examination per year to safeguard their health and for doctors to provide on-site services at the Company every month. The pandemic has caused a great deal of inconvenience during 2022. To maintain employees' health, we</p>	

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Abstract Illustration	
			<p>allowed employees to apply for work from home under the precondition that they could take care of their families and the Company could operate normally, thereby achieving a win-win situation. AAEON cares about employees’ health. In addition to offering health courses from time to time, we have a number of sports clubs in place (boxing, aerobics, Tai Chi, table tennis, badminton, basketball and yoga) and motivate employees to participate in activities often. Therefore, the Company was certified with Taiwan i Sports by the Sports Administration, Ministry of Education, in 2022. In terms of psychological health, we work with the Teacher Chang Foundation, together with our employee assistance program, and regularly provide our employees with the foundation’s column monthly, while psychologists provide employees with one-on-one consulting services at the Company.</p> <p>7. In 2023, various health promotion activities were conducted, including health check-ups, on-site medical services, health lectures, EAP (Employee Assistance Program) assistance, etc., with a total of 879 participations.</p> <p>8. In 2023, the Labor Safety Office conducted annual occupational safety education and training throughout the year (e.g., fire evacuation drills, first aid training, etc.), totaling 627 sessions involving 2,412 hours.</p>	

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Abstract Illustration	
(IV) Does the Company have an effective career capacity development training program established for the employees?	V		<p>9. The company did not experience any fire incidents, and there were no casualties or injuries reported, resulting in a 0% casualty rate compared to the total number of employees.</p> <p>(IV) The Company provides relevant internal and external professional education and training to enrich employees' career skills. The Company also encourages employees to evaluate their interests, skills, values and goals and communicate personal career intentions with their managers for future career plans. The Company organized internal and external education and training in 2023 with 6,566 participants and a total of 12,040 person-hours.</p>	No significant difference
(V) Does the Company comply with relevant laws and regulations and international standards for customer health and safety, customer privacy, marketing and labeling of products and services, and develop relevant consumer protection policies and complaint procedures?	V		<p>(V) The Company strives to achieve the goal of "customer satisfaction" and attaches great importance to protecting customer privacy. Customers can utilize the communication channels to handle customer complaints and provide customers with complete product information. The Company's products comply with relevant regulations and international standards.</p> <p>(VI) The Company devotes in the energy-saving and carbon-reduction functions of the products provided by suppliers and enhance</p>	No significant difference

Evaluation Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and reasons
	Yes	No	Abstract Illustration	
(VI) Does the Company formulate a supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and their implementation?	V		<p>corporate social responsibility. For the implementation of the quality and environmental management system in corporates of long-term cooperation for more than several times a year, in addition to the signing of the "Quality and Environmental Protection Concepts Letter", and the interactive communication about and improvement on environmental protection measures, ethical codes of conduct and corporate social responsibility, we have asked the partners to fill in the questionnaire of "Quality and Environmental Management System and Code of Conduct", which inquires about the status of "Quality Management System", "Labor", "Safety and Health", "Behavioral Ethics", "Enterprises" "Social Responsibility" content, and evaluate the response content as the basis for future counseling and improvement. After completing the questionnaire, the partners of the Company are required to sign a "Clean Transaction Statement" to implement good business ethical behaviors such as honest transactions, no bribery, no bribery, and avoidance of benefits at all stages of business transaction execution.</p> <p>The Company engaged in environmental protection activities with clients and suppliers.</p> <p>Global warming and climate change are daunting issues. The government and various enterprises have set carbon free by 2050 as a common goal, and AAEON is no exception.</p>	No significant difference

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Abstract Illustration	
			<p>1.The Company contributes both money and efforts to energy-saving and carbon reduction projects. We invited the affiliate, Onyx Healthcare Inc., to donate to the Luodong Forest District Office as a afforestation fund. As of 2023, we have donated a total of \$765,200. The Chairman led employees to experience tree planting in person. During the tree planting activity, he stated that the most important thing of tree planting, in addition to water and soil conservation, is to achieve carbon neutrality and reduce carbon emissions. From 2020 through 2023, AAEON has adopted 4.01 tons of forestland and planted a total of 6,015 saplings, which could reduce a total of 189,360 kilograms of carbon emissions (cyclic calculation).</p> <p>2. In addition to tree planting, AAEON adopted Datianliao Beach in Tamsui for cleanup and maintenance, and also engages in environmental protection activities with clients and suppliers. AAEON, Onyx and Litemax organized a joint beach cleanup program together, a total of 751 person-times worked as volunteers during 2023, who picked a total of 1,631.2 kilograms of trash.</p> <p>3.This activity was of particular significance as Yung-Shun Chuang, Chairman of AAEON and Onyx, led the employees and their family members to roll up their sleeves to clean up the beach,</p>	

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Abstract Illustration	
			as a move to show our determination to care for the Earth and support beach cleanup. The experiences of tree planting, beach cleanup and other social charity events, allowed our employees and their family members to realize the importance of maintaining and cherishing the Earth, and they will, in turn, share such concepts to their relatives and friends.	
V. Does the Company prepare its non-financial reports such as Corporate Social Responsibility Report in accordance to the internationally-used reporting standards or guidelines? Have such reports been assured, verified or certified by a third party?	V	V	AAEON's sustainability report is compiled by the Sustainability Development (ESG) Office, referencing the Global Reporting Initiative (GRI) Standards established by the Global Sustainability Standards Board (GSSB). The report includes a GRI Index in the appendix, providing indicators with explanations, corresponding chapters or supplementary information, and page references to facilitate the review of the company's sustainability efforts. For more information, please refer to the relevant content on the company's official website. AAEON's sustainability report is voluntarily compiled by the company, following international and government guidelines. The report currently does not have assurance or guarantees from third-party verification units. Future operations will be conducted based on actual needs and requirements.	No significant difference No significant difference
VI. If the company has its own sustainability guidelines based on the "Practical Guidelines for Sustainable Development of Listed and OTC Companies," please describe how its operations differ from these guidelines: The company has currently established its own Social Responsibility Practices Guidelines, which do not differ significantly from the "Practical Guidelines for Sustainable Development of Listed and OTC Companies."				

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Abstract Illustration	
VII. Other important information contributing to understanding the implementation of sustainable development: The company has been actively complying with relevant legal requirements.				

(VII) Climate-related Information

Item	Implementation status
<p>1. Describe the supervision and governance by the board of directors and management regarding climate-related risks and opportunities.</p>	<p>The board of directors serves as the supreme climate governance body, responsible for approving climate-related policies, strategies, and goals, integrating climate-related risks and opportunities into considerations, and overseeing climate-related risk management and disclosure. In addition to incorporating these issues into corporate operational strategies, the board also supervises the implementation and effectiveness of various management mechanisms to ensure the company's steady operation. This includes regular discussions on climate-related issues, continuous review of risk assessment outcomes, and periodic educational training to enhance overall staff awareness of climate-related risk management.</p> <p>To strengthen sustainability governance, chaired by the chairman, a sustainability development unit along with sustainability environment and supply chain teams regularly review climate-related issues and their implementation, reporting back to the board. The 'Sustainability Environment Team' conducts a comprehensive review of potential climate change risks, opportunities, and financial impacts within the company's operations, based on climate change-related financial disclosure projects. Information is disclosed across four major categories: governance, policy, risk management, and indicators and goals, identifying risk and opportunity issues and formulating risk management strategies as actions to address climate change.</p>
<p>2. Describe how the identified climate risks and opportunities impact the business, strategy, and finances of the company (short-term, medium-term, long-term).</p>	<p>The physical risks primarily stem from extreme weather events such as typhoons and floods, which pose threats to employee safety, cause work disruptions, and result in financial losses while also damaging the company's reputation. Over the long term, the greenhouse gas effect will raise global temperatures, heightening climate-related risks across global operations and increasing operational costs associated with risk management.</p> <p>Transition risks arise from regulatory compliance, leading to increased operational costs, and from shifts in customer demand towards low-carbon products, potentially decreasing demand for non-green products.</p> <p>Climate change presents opportunities, such as developing low-energy products and technologies to meet customer demands, adopting renewable energy and low-carbon materials, and enhancing carbon reduction awareness throughout the supply chain.</p> <p>In response to the above risks and opportunities, the company will implement the</p>

Item	Implementation status
	<p>following measures:</p> <p>Physical Risks:</p> <ul style="list-style-type: none"> ● Develop emergency response plans. ● Enhance employee education and training. ● Implement environmentally friendly activities to raise awareness of carbon reduction. <p>Transition Risks :</p> <ul style="list-style-type: none"> ● Adhere to TCFD guidelines. ● Regularly track performance execution. ● Promote ISO14064-1/GHG greenhouse gas inventory. ● Evaluate the feasibility of purchasing renewable energy. ● Introduce circular economy thinking and develop low-carbon products.
<p>3. Describe the financial impacts of extreme weather events and transition actions.</p>	<p>(1) Extreme weather is classified into immediate risks and long-term risks. Immediate risks include typhoons, heavy rainfall, extreme cold, and heat events, which pose threats to employee safety leading to occupational accidents, subsequently affecting work progress, causing financial losses to the company, and damaging corporate image. Long-term risks involve the continuous global temperature rise, which will increase the probability of floods, wildfires, and heatwaves, thereby necessitating increased risk management operational costs for the company.</p> <p>(2) Transition actions include compliance with international climate-related policies and regulations, adoption of renewable energy technologies, and adjustment to market demands for low-carbon products. These actions will increase the company's investment in operational costs to reduce sensitivity to extreme weather events, while also developing new business opportunities and competitive advantages.</p>
<p>4. Describe how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system.</p>	<p>To understand the impacts of climate change, we conduct an annual inventory of risks and opportunities arising from climate change based on the nature of our business. We identify and assess climate risks and opportunities according to the climate risk and opportunity categories, impact pathways, timing and geographic scope of impacts, position in the value chain, and financial implications as recommended by TCFD (Task Force on Climate-related Financial Disclosures).</p> <p>We use the TCFD framework to identify climate risks and opportunities based on their likelihood, frequency, and potential impacts on the company. We evaluate the risk and</p>

Item	Implementation status
	opportunity values and prioritize the "physical risks," "transition risks," and "climate change opportunities" that require urgent attention.
5. When conducting scenario analysis to assess resilience to climate change risks, it is necessary to specify the scenario, parameters, assumptions, analysis factors, and key financial impacts used in the analysis.	The Company has not yet employed scenario analysis for assessing risks.
6. If there is a transformation plan in place to address climate-related risks, please describe the contents of that plan, including the indicators and objectives used for identifying and managing physical risks and transition risks.	The company adheres to environmental regulations and relevant international standards to appropriately protect the natural environment and is committed to achieving environmental sustainability goals. In the process of conducting operational activities, we assess and enhance resource efficiency and strive to avoid water, air, and land pollution. We make every effort to minimize adverse impacts on human health and the environment, estimate greenhouse gas emissions, and implement measures using the best available pollution prevention and control technologies. We utilize recycled materials with low environmental impact to ensure the sustainable use of Earth's resources.
7. If internal carbon pricing is used as a planning tool, the basis for price determination should be explained.	This company has not yet used internal carbon pricing as a planning tool.
8. If climate-related targets are established, details should be provided on the covered activities, scope of greenhouse gas emissions, planning timeline, progress achieved annually, and if carbon offsets or Renewable Energy Certificates (RECs) are used to achieve these targets, information should be disclosed on the source and quantity of carbon offsets for emissions reduction or the quantity of Renewable Energy Certificates (RECs) used.	<p>Here are the short-term, mid-term, and long-term goals:</p> <p>Short-term (Immediate) By 2024, complete greenhouse gas inventory and third-party verification within the group, implement energy-saving action plans and paper reduction measures, enhance employee awareness of energy conservation, carbon reduction, and environmental protection.</p> <p>Mid-term (Medium) By 2030, achieve a 50% reduction in Scope 1 and Scope 2 carbon emissions compared to the baseline year. Set a scientific-based reduction target of 30% for Scope 3 emissions related to purchased goods and services and emissions from sold products.</p> <p>Long-term (Extended): By 2150, achieve a Science-Based Target (SBT) net-zero commitment and maintain global warming below 1.5°C as a long-term vision.</p>
9. Greenhouse gas inventory and verification status with reduction targets, strategies, and specific action plans.	According to the timeline and schedule outlined in the sustainability roadmap for listed companies, our company's capital falls under the "third phase" for individual company assessments. It is required to complete the Scope 1 and Scope 2 inventory for individual entities by the year 2026.

(VIII) Proper enforcement of business integrity

Items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/ GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
I. Business Integrity Policy and action plans				
(I) Are the Company's guidelines on corporate conduct and ethics provided in internal policies and disclosed publicly? Have the Board of Directors and the management team demonstrated their commitments to implement the policies?	V		(I) The Company has formulated the “Code of Business Conduct”, “Procedures for Ethical Management and Guidelines for Conduct” and “Code of Ethical Conduct”, and request all Directors and Managers to act as role models and abide by the codes to established an honest and trustworthy company.	No discrepancy in general
(II) Has the Company established an evaluation mechanism for the risk of dishonesty behaviors? Does the Company regularly analyze and evaluate business activities with a higher risk of dishonesty in the business scope, and formulate a plan to prevent dishonesty behaviors, which at least covers Paragraph 2 of Article 7 in Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?	V		(II) Besides the “Code of Business Conduct” and “Procedures for Ethical Management and Guidelines for Conduct”, relevant rewards and punishments are set out in the Company's “Employee Handbook” to prevent employee dishonesty.	No discrepancy in general
(III) Has the Company established relevant policies for preventing any unethical conduct? Are the implementation and reviews of the relevant procedures, guidelines and training mechanism provided in the policies?	V		(III) Before establishing a business relationship, the Company evaluates the legality and integrity of the transaction records, avoids dealings with companies of flawed honesty. The Company follows relevant laws and regulations. Each donation and sponsorship is submitted to the authorized level for approval to be processed.	No discrepancy in general

Items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/ GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
<p>II. Proper enforcement of business integrity</p> <p>(I) Does the company have the integrity of the trade counterparty assessed and with the code of integrity expressed in the contract signed?</p>	V		(I) The Company conducts transactions and procurements in accordance with relevant laws and regulations, and reviews the supplier's performance to avoid transactions with those who have records of dishonesty.	No discrepancy in general
<p>(II) Has the Company set up dedicated unit in charge of promotion and execution of the company's corporate conduct and ethics, and report to the Board about any operation policies. and plans and supervision on honesty and integrity and prevention of dishonesty on a regular basis (at least once a year)?</p>	V		<p>(II) The Company's Chairman Office is responsible for the promotion of the integrity management unit and reports to the Board regularly (at least once a year). However, in accordance with the principle of sustainable business, the selection of manager shall be based on integrity. If the principle of integrity management is violated, there will be punishment and such matter will be reported to the Board.</p> <p>1. In January 9, 2023, the implementation status of relevant measures, risk management, and additional audit staff in the month of education and training implementation, are reviewed. Reports regarding the above matters are prepared and reported to the Board. The complaint mailbox for the general personnel: Aaeon.direct@aaeon.com.tw. Matters will be handled by the Chief Internal Auditor.</p>	No discrepancy in general

Items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/ GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
			<p>The complaint mailbox for the senior management and Directors: Aaeon.AC@aaeon.com.tw. Matters will be handled by Chairman of the Audit Committee. As of Dec 31, 2023, both the Chief Internal Auditor and the Chairperson of the Auditing Committee replied “No complaints have been received in the complaint mailbox.”</p> <p>2. In accordance with the requirements of ISO 9001: 2015 and the risk management operating standard (QR2-002), each unit shall review and assess risks at least once a year to ensure the appropriateness of risk assessment. In early July, the Company sent a notice confirming amendments or addition of new assessment items. In view of the globalization and internationalization of the pandemic, the impact is far-reaching. In the face of the threat of various infectious diseases at home and abroad (such as COVID-19), each unit will assess whether such factors need to be included in the risk assessment items of this assessment. The risk assessment work coordination unit will complete the annual risk management assessment results within the planned period.</p>	

Items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/ GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
(III) Does the Company have developed policies to prevent conflicts of interest, provided adequate channel for communication, and substantiated the policies?	V		3. We implement self-assessment of the internal control system on a regular basis every year, evaluate the operation of various ethical management measures, and issue a statement on the internal control system based on the assessment results and report to the Board of Directors. (III) In order to prevent conflicts of interest, administrative reporting channels can be used to proactively explain whether they have potential conflicts of interest with the Company.	No discrepancy in general
(IV) Has the Company established effective accounting and internal control systems for the implementation of policies, prepared audit plans according to the evaluation result of dishonesty risks, and audit such execution and compliance, or hire external auditors to audit such execution and compliance?	V		(IV) The Company's Internal Audit Office carries out its audit work in accordance with the implementation procedures of internal control and auditing system formulated by the FSC, and assigns auditors to conduct auditing operations in accordance with the annual audit plan.	No discrepancy in general
(V) Has the Company organized corporate management internal and external education and training programs on a regular basis?	V		(V) The company conducts online or in-person courses to promote the concept of integrity in business to employees. In the fiscal year 2023, the company organized internal and external education and training related to integrity in business issues, including ethical guidelines, integrity operating	No discrepancy in general

Items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/ GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
			principles, procedures and guidelines for integrity operations, and courses on preventing insider trading. A total of 1,068 participants attended these courses, totaling 1,068 hours.	
<p>III. The operations of the Company's Report System</p> <p>(I) Does the Company have a specific report and reward system stipulated, a convenient report channel established and a responsible staff designated to handle the individual being reported?</p> <p>(II) Has the Company established standard operating procedures for investigations on reports, follow-up measures to be taken after the investigation is completed, and related confidentiality mechanisms?</p> <p>(III) Has the Company taken proper measures to protect the whistle-blowers from suffering any consequence of reporting an incident?</p>	<p>V</p> <p>V</p> <p>V</p>		<p>(I) If issued be found involved in dishonesty, employees can directly report such fraudulent or improper behavior to their senior supervisors. The Company also keeps the identity of the informer and the content of the report confidential to prevent retaliation. The Company has a normal administrative procedure for disciplinary and appeal system and will pose disciplinary punishment on the offenders.</p> <p>(II) The Company's "Code of Business Conduct" and "Procedures for Ethical Management and Guidelines for Conduct" have established standard operating procedures for investigations on reports, follow-up measures to be taken after the investigation is completed, and related confidentiality mechanisms.</p> <p>(III) The Company's "Code of Business Conduct" and "Procedures for Ethical Management and Guidelines for Conduct" have stipulated that the Company shall be held responsible for</p>	<p>No discrepancy in general</p> <p>No discrepancy in general</p> <p>No discrepancy in general</p>

Items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/ GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
			confidentiality of the informer and shall not have any improper punishment.	
IV. Enhanced information disclosure Does the Company have the contents of corporate management and its implementation disclosed on the website and MOPS?	V		The Company has set up a Corporate Governance section on the Company's website and disclosed the established "Code of Business Conduct" in public information.	No discrepancy in general
V. If the Company has established corporate social responsibility principles based on "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies", please describe any discrepancy between the principles and their implementation: The Company has formulated the "Code of Business Conduct" and "Procedures for Ethical Management and Guidelines for Conduct" and has implemented accordingly.				
VI. Other vital information that helps to understand the practice of business integrity of the Company (e.g., the review and revision of the best-practice principles of the Company in business integrity): In order to build a sound corporate culture of integrity management and the sound development of the Company for sound business operations, the Company has formulated the "Code of Business Conduct" and "Procedures for Ethical Management and Guidelines for Conduct", the implementation of which is disclosed in the annual report.				

(IX) Disclosure to the Company's Corporate Governance Principles: The regulations formulated by the Company, such as "Code of Ethical Conduct", "Code of Business Conduct", "Procedures for Ethical Management and Guidelines for Conduct", "Rules for Board Meetings", "Corporate Social Responsibility Best Practice Principles", "Rules and Procedures for Board Meetings", "Rules and Procedures of Shareholders' Meetings", "Procedure for the Election of Directors", "Charter of Audit Committee", "Charter of Compensation Committee", "Code of Corporate Governance Practice", "Self-Evaluation or Peer Assessment of the Board of Directors and Functional Committees", "Corporate Governance Best Practice Principles", "Regulations Governing the Self-Evaluation by the Board of Directors or Peer Evaluation" are disclosed on MOPS and the Company's website.

(X) Other information that facilitates the understanding in the Company's corporate governance should be also disclosed: None.

(XI) Execution status of internal control system that should be disclosed:

1. Declaration of Internal Control Policies



AAEON Technology Inc.

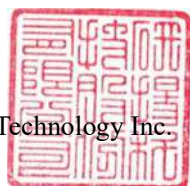
Declaration of Internal Control Policies

Date: Feb. 29, 2024

Based on the findings of a self-assessment, AAEON Technology Inc. (AAEON) states the following with regard to its internal control system during the year 2023:

- I. The Company is aware that the establishment, execution, and maintenance of its internal control policies are the responsibilities of the Company's board of directors and managers. These policies were implemented throughout the Company. The purpose is to provide reasonable assurance on the achievement of operating effectiveness and efficiency (including profits, performance, and assets safeguarding), reporting matters with reliability, timeliness, and transparency, and compliance with the relevant law and regulations.
- II. Internal control policies are prone to limitations. No matter how robustly designed, effective internal control policies merely provide reasonable assurance to the achievements of the three goals above. Furthermore, environmental and situational changes may affect the effectiveness of internal control policies. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.
- III. The Company has based on the criteria of the internal control system effectiveness in the "Regulations Governing the Establishment of Internal Control System by Public Companies" (referred to as the Regulations" hereinafter) to determine the effectiveness of the internal control system design and implementation. The criteria introduced by "The Governing Principles" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, 5. Supervision. Each element further contains several items. Please refer to "The Governing Principles" for details.
- IV. The Company adopted the abovementioned criteria to evaluate the effectiveness of its policy design and execution.
- V. Based on the findings of such evaluation, AAEON believes that, on December 31, 2023, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
- VI. This declaration forms part of the main contents of the company's annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or non-disclosure relating to the public statement above are subject to the legal consequences under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This Statement was passed by the Board of Directors in their meeting held on February 29, 2024, with none of the eleven attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

AAEON Technology Inc.



Chairman: Yung-Shun Chuang



(Seal)

President: Chien-Hung, Lin



(Seal)

2. Report issued by CPA engaged to conduct a special audit of internal control system: None.

(XII) For the most recent fiscal year or during the current fiscal year up to the printing date of the annual report, disclose any sanctions imposed in accordance with the law upon the company or its internal personnel, any sanctions imposed by the company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements: None.

(XIII) Resolutions of the Board of Directors' Meeting and the General Shareholders' Meeting:

1. Shareholders' Meeting:

Type of Meetings	Major Motions	Execution
May 31, 2023 General Meeting of shareholders	1. Adoption of the 2022 Business Report and Financial Statements.	The motion was voted upon and passed, and was the basis for the 2022 surplus distribution.
	2. The distribution of 2022 retained earnings	This motion was passed according to the vote. The Chairman set the ex-dividend date to be July 5, 2023, and the cash dividend payment date to be July 20, 2023.
	3. Amendments to the Company's Procedures of Acquisition or Disposal of Assets.	The motion was passed according to the vote, and was executed in accordance to the resolution at the Shareholders' Meeting.
	4. The amendments to the Articles of Incorporation are submitted for resolution.	The motion was passed according to the vote, and was executed in accordance to the resolution at the Shareholders' Meeting.

2. Board of Directors:

Type of Meetings	Convening date	Important Resolution Items
Board of Directors	2023.01.09	<ol style="list-style-type: none"> 1. Revision of some articles of the company's "Internal Material Information Processing Procedures" 2. Revision of some articles of the company's "Procedures for Preventing Insider Trading Management" 3. Amendments to some articles of the company's "Rules of Procedure for the Board of Directors" 4. Submit the 2022 bonus distribution proposal for managers. 5. Submit the 2022 employee remuneration and director remuneration proposal (estimated amount)
Board of Directors	2023.02.24	<ol style="list-style-type: none"> 1. 2022 internal control effectiveness and internal control system statement 2. 2022 business report and financial statements 3. The distribution of 2022 retained earnings 4. 2023 business plan and budget 5. Convening of the 2023 Annual General Meeting 6. Revision of the company's "Corporate Social Responsibility Code of Practice" and "Corporate Social Responsibility Organization Chart" 7. Revision of some articles of the company's "Corporate Governance Code"

Type of Meetings	Convening date	Important Resolution Items
		<ul style="list-style-type: none"> 8. In the fourth quarter of 2022, the case of converting employee stock option certificates into new shares was executed. 9. Amendments to some articles of the company's "Articles of Association" 10. Accountant Independence Assessment Case 11. The case of changing the company's certified accountant 12. Donation of NT\$2 million to AAEON EDUCATION FOUNDATION. 13. Proposal for 2023 Non-Sales Non-SBU Incentive Bonus Scheme. 14. Submission of the Proposal for Salary Adjustment for Managers in 2023
Board of Directors	2023.03.23	Issuance of new shares by means of capital increase and transfer of shares
Board of Directors	2023.05.10	<ul style="list-style-type: none"> 1. In the 1st quarter of 2023, the case of converting employee stock option certificates into new shares was executed. 2. Case of Applying for Comprehensive Credit Facility and Derivative Financial Instruments Trading Limit (Renewal) 3. 2023Q1 Financial report 4. Termination of Mr. Lin Jian-Hong, General Manager of the Company, Competing Restriction Case
Board of Directors	2023.08.09	<ul style="list-style-type: none"> 1. In the 2nd quarter of 2023, the case of converting employee stock option certificates into new shares was executed. 2. 2023Q2 Financial report 3. Proposal for the Distribution of Director Remuneration for 2022 4. Proposal for the Distribution of Managerial Employee Compensation for 2022
Board of Directors	2023.11.08	<ul style="list-style-type: none"> 1. Revision of Internal Control and Internal Audit System for 2023 2. Internal Audit Plan for 2024 3. Revise the company's "Financial Business Operations Regulations among Related Parties," and abolish the cases of "Regulations on Related Party Transactions" and "Operating Procedures for Related Parties, Specific Companies, and Group Enterprises Transactions." 4. In the 3rd quarter of 2023, the case of converting employee stock option certificates into new shares was executed. 5. 2023Q3 Financial report 6. Proposal for ATECH OEM INC., a Related Party, to Lease Office Space on Baoqiao Road from AAEON TECHNOLOGY INC.

Type of Meetings	Convening date	Important Resolution Items
Board of Directors	2024.01.08	<ol style="list-style-type: none"> 1. Proposal for Amendment of Regulations on Reporting Director and Executive Compensation, and Adjustment of Monthly Compensation for Independent Directors. 2. Proposal for Distribution of Year-end Bonuses for 2023. 3. Proposal for Allocation of Employee Compensation and Director Remuneration for 2023 (Estimated).
Board of Directors	2024.02.29	<ol style="list-style-type: none"> 1. Case of Internal Control Effectiveness and Declaration of Internal Control System for 2023 2. 2023 business report and financial statements 3. The distribution of 2023 retained earnings 4. Proposal to Distribute Stock Dividends at NT\$0.5 per Share from Capital Surplus. 5. Convening of the 2024 Annual General Meeting 6. 2024 business plan and budget 7. Amendment to the "Ethical Corporate Management Best Practice Principles" 8. Amendment to the "Procedures for Ethical Management and Guidelines for Conduct" 9. Amendment to the "Code of Ethical Conduct and English Version". 10. Accountant Independence Assessment Case 11. Fees for Auditor's Certification for 2023 and 2024. 12. In the 4th quarter of 2023, the case of converting employee stock option certificates into new shares was executed. 13. Donation of NT\$2.5 million to AAEON EDUCATION FOUNDATION. 14. Proposal for 2024 Non-Sales Non-SBU Incentive Bonus Scheme 15. Proposal for 2024 Executive Salary Adjustments

(XIV) If the directors or supervisors have different opinions on the resolutions reached by the Board of Directors with a record or written statement made in the most recent year and up to the printing date of the annual report, please state the content of the opinion: None.

(XV) A summary of resignations and dismissals of the Company's chairperson, president, accounting manager, financial manager, chief internal auditor, chief corporate governance officer or research and development officer during the most recent fiscal year and up to the printing date of the Annual Report: None.

5. Disclosure of CPAs' remuneration

Unit: NTD Thousand

Auditor's firm	Name of CPA	Audit period	Audit Fee	Non-audit Fee	Total	Remarks
Pricewaterhouse Coopers, Taiwan	Shu-Chiung, Chang	Jan. 1, 2023 – Dec. 31, 2023	3,194	858	4,052	Note
	Chun-Yao, Lin					

Note: The company's non-audit fees (other) include tax certification fees of 300 thousand, business tax filing for concurrent operations of 54 thousand, inventory destruction supervision of 44 thousand, CFC

(Controlled Foreign Corporation) report of 140 thousand , review of merger and acquisition fundraising procedures and PPA (Purchase Price Allocation) report of 270 thousand , and review of salary information for full-time employees not in managerial positions of 50 thousand .

- (I) If non-audit fees paid to the CPA, to the accounting firm of the CPA, and/or to any affiliated enterprise of such CPA firm are one quarter or more of the audit fees paid thereto: None
- (II) If the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more: None.
6. Information of CPA: None.
7. Company Chairperson, President, or Any Managerial Officer in Charge of Finance or Accounting Matters in the Most Recent Fiscal Year Holding a Position at the Company's CPA Accounting Firm or at an Affiliated Enterprise of Such Accounting Firm: None
8. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests (During the Most Recent Fiscal Year or During the Current Fiscal Year up to the printing date of the Annual Report) by a Director, Supervisor, Managerial Officer, or Shareholder with a Stake of More than 10 Percent
- (I) Share changes by directors, supervisors, managers, and major shareholders

Unit: shares

Title	Name	2023		As of Mar. 31,2024	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Director	Jui Hai Investment Co., Ltd.	-	-	-	-
Institutional Directors, President or Shareholders Holding Greater Than a 10 Percent Stake in the Company	Yung-Shun, Chuang	-	-	-	-
Legal representative and CSO	Ying-Chen Li	(113,000)	-	-	-
Directors and Shareholders Holding Greater Than a 10 Percent Stake in the Company	ASUSTeK Computer Inc.	-	-	-	-
Legal representative	Jonny Shih	-	-	-	-
Legal representative	Jonathan Tsang	-	-	-	-
Legal representative	S.Y. Hsu	(133,000)	-	-	-
Legal representative	Fu-Chun, Chuang	-	-	-	-
Independent Director	Daho Yen	-	-	-	-
Independent Director	Kun-Chih, Chen	-	-	-	-
Independent Director	Xiulian Lin	-	-	-	-
President	Chien-Hung, Lin	-	-	-	-
Vice President	Chi-Hung, Liao	(49,000)	-	-	-
Vice President	Kuo-Chiang, Wang	25,000	-	-	-
Vice President	Yu-Yu, Chu	-	-	80,000	-

Title	Name	2023		As of Mar. 31,2024	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Senior Assistant V.P.	Shu-Chen, Li	(2,000)	-	-	-
Assistant V.P.	Jen-Chieh, Huang	(18,000)	-	-	-
Assistant V.P.	Li-Kai, Lai (Note 1)	-	-	23,000	-
Senior Assistant V.P.	Shao-Chou, Hsueh	-	-	57,000	-
Assistant V.P.	Wen-Ming, Ni	(30,000)	-	-	-
Manager	Wan-Hui, Chiu	(12,000)	-	-	-
Senior Assistant V.P.	Yun-Chen, Tu	(62,000)	-	-	-
Manager	Jen-Chung Wang	5,000	-	-	-
Manager	Ming-Han, Hsieh	-	-	-	-
Assistant V.P.	Chris Chuang	-	-	22,000	-
Assistant V.P.	Hank Peng	-	-	36,000	-
Assistant V.P.	Jansin Lee	-	-	11,000	-

Note 1: Assistant V.P. Li-Kai, Lai was on unpaid leave from Dec. 2019.

(II) The counterparty of equity transfer is a related party: None.

(III) The counterparty of equity pledge is a related party: None.

9. Relationship information, if among the company's ten largest shareholders any one is a related party or a relative within the second degree of kinship of another.

March 31, 2024; Unit: shares

Name	Shares Held In Own Name		Shareholdings of spouse and underage children		Shares Held In The Names Of Others		Among the top 10 shareholders, there are related parties, spouse to each other, and kindred within the 2nd tier under the Civil Code, and the name and affiliation, if applicable.		Remarks
	Shares	Percentage	Shares	Percentage	Shares	Percentage	Name	Relation	
ASUSTeK Computer Inc.	43,756,000	27.20	—	—	—	—	HUA-MIN INVESTMENT CO.,LTD. HUA-CHENG VENTURE CAPITAL CORP.	Parent company and subsidiary Parent company and subsidiary	—
Representative : Jonny Shih	-	-	—	—	—	—	-	-	—
IBASE Technology Inc.	41,698,468	25.92	—	—	—	—	-	-	—
Yung-Shun, Chuang	19,664,000	12.22	—	—	—	—	Jui Hai Investment Co.,Ltd.	Spouse of the company's responsible person	—
HUA-CHENG VENTURE CAPITAL CORP.	8,359,000	5.20	—	—	—	—	ASUSTeK Computer Inc. HUA-MIN INVESTMENT CO.,LTD.	Parent company and subsidiary Affiliate	—
Representative : Jonny Shih	-	-	—	—	—	—	-	-	—
HUA-MIN INVESTMENT CO.,LTD.	8,359,000	5.20	—	—	—	—	ASUSTeK Computer Inc. HUA-CHENG VENTURE CAPITAL CORP.	Parent company and subsidiary Affiliate	—
Representative : Jonny Shih	-	-	—	—	—	—	-	-	—
Chiang- Jan Investment Co., Ltd.	5,054,673	3.14	—	—	—	—	Chiang- Yu Investment Co., Ltd.	Spouse of the company's responsible person	—
Representative : Yeh-Ling, Lee,	676,324	0.42	—	—	—	—			—
Jui Hai Investment Co.,Ltd	4,515,000	2.81	—	—	—	—	Yung-Shun, Chuang	Spouse of the company's responsible person	—
Representative : Hui-Mei, Huang	-	-	—	—	—	—			—
Yu-Ming, Huang	4,127,000	2.57	—	—	—	—	-	-	—

Name	Shares Held In Own Name		Shareholdings of spouse and underage children		Shares Held In The Names Of Others		Among the top 10 shareholders, there are related parties, spouse to each other, and kindred within the 2nd tier under the Civil Code, and the name and affiliation, if applicable.		Remarks
	Shares	Percentage	Shares	Percentage	Shares	Percentage	Name	Relation	
Chiang- Yu Investment Co., Ltd.	1,700,743	1.06	—	—	—	—	Chiang- Jan Investment Co., Ltd.	Spouse of the company's responsible person	—
Representative : Kuan-Chung, Yang	195	0.00	—	—	—	—	—	—	—
Taishin International Commercial Bank entrusted with the Kuan-Chung, Yang Trust Account	1,607,000	1.00	—	—	—	—	—	—	—

10. Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, Its Directors and Supervisors, Managers, and Any Companies Controlled Either Directly or Indirectly by the Company

March 31, 2024; Unit: Thousand shares; %

Invested businesses	Invested by The Company		Held by directors, supervisors, managers, and directly or indirectly controlled enterprises		Aggregate investment	
	Quantity	Shareholdings percentage	Quantity	Shareholdings percentage	Quantity	Shareholdings percentage
AAEON Electronics, Inc.	490,000	100.00	—	—	490,000	100.00
AAEON Technology Co., Ltd.	8,807,097	100.00	—	—	8,807,097	100.00
AAEON Technology (Europe) B.V.	—	100.00	—	—	—	100.00
AAEON INVESTMENT, CO., LTD.	15,000,000	100.00	—	—	15,000,000	100.00
ONYX HEALTHCARE INC.	16,257,179	48.51	4,905,777	14.63	21,162,956	63.14
LITEMAX ELECTRONICS INC. (Note)	5,015,050	11.90	3,934,871	9.34	8,949,921	21.24
IBASE Technology Inc. (Note)	52,921,856	26.72	4,325,625	2.18	57,247,481	28.90
AAEON Technology Singapore Pte. Ltd.	465,840	100.00	—	—	465,840	100.00
JETWAY INFORMATION CO., LTD.	26,450,000	35.27	—	—	26,450,000	35.27
AAEON TECHNOLOGY (SUZHOU) INC.	—	—	—	100.00	—	100.00

Invested businesses	Invested by The Company		Held by directors, supervisors, managers, and directly or indirectly controlled enterprises		Aggregate investment	
	Quantity	Shareholdings percentage	Quantity	Shareholdings percentage	Quantity	Shareholdings percentage
AAEON Technology GmbH	—	—	—	100.00	—	100.00
ONYX Healthcare USA, Inc.	—	—	200,000	100.00	200,000	100.00
ONYX Healthcare Europe B.V.	—	—	100,000	100.00	100,000	100.00
ONYX HEALTHCARE (SHANGHAI) LTD.	—	—	—	100.00	—	100.00
IHELPER INC.	—	—	1,716,000	47.67	1,716,000	47.67
Winmate Tex Inc. (Note)	—	—	14,841,000	18.61	14,841,000	18.61
ProtectLife International Biomedical INC. (Note)	—	—	2,188,000	11.27	2,188,000	11.27
JET WAY COMPUTER CORP.	—	—	380	100.00	380	100.00
JET WAY COMPUTER B.V.	—	—	40	100.00	40	100.00
JET WAY (FAR EAST) INFORMATION COMPANY LIMITED	—	—	3,084,634	100.00	3,084,634	100.00
TOP NOVEL ENTERPRISE CORP.	—	—	17,700,500	100.00	17,700,500	100.00
SCORETIME INVESTMENT LIMITED	—	—	3,034,634	100.00	3,034,634	100.00
CANDID INTERNATIONAL CORP.	—	—	17,050,000	100.00	17,050,000	100.00
FUJIAN CANDID INTERNATIONAL CO., LTD	—	—	—	100.00	—	100.00

Note: Long-term investment under equity method

IV. Funding Status

1. Capital and shares

(I) Source of capital

1. Issued shares

Unit: thousand shares; NT\$ thousand

Month/ Year	Par Value (NT\$)	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	Capital Increased by Assets Other than Cash	Others
2010.12	10	96,000	960,000	1,000	10,000	Established through public share offering of 1,000 thousand shares.	None	Note 1
2011.01	56	108,000	1,080,000	95,000	950,000	Capital increase by cash 95,000 thousand shares	None	Note 2
2017.09	88	108,000	1,080,000	106,800	1,068,000	Capital increase by cash 10,800 thousand shares	None	Note 3
2018.09	10	200,000	2,000,000	148,498	1,484,985	Capital increase by 41,698 thousand shares	Share swap with IBASE Technology Inc.	Note 4
2022.04	10	200,000	2,000,000	148,618	1,486,185	Conversion of stock option into 120 thousand shares	None	Note 5
2022.06	10	200,000	2,000,000	148,655	1,486,555	Conversion of stock option into 37 thousand shares	None	Note 6
2022.08	10	200,000	2,000,000	148,737	1,487,375	Conversion of stock option into 82 thousand shares	None	Note 7
2022.11	10	200,000	2,000,000	149,082	1,490,825	Conversion of stock option into 345 thousand shares	None	Note 8
2023.03	10	200,000	2,000,000	149,225	1,492,255	Conversion of stock option into 143 thousand shares	None	Note 9
2023.05	10	200,000	2,000,000	159,748	1,597,488	Application for the issuance of 10,523 thousand new shares in exchange for shares of JETWAY INFORMATION CO., LTD.	None	Note10
2023.05	10	200,000	2,000,000	160,089	1,600,898	Conversion of stock option into 341 thousand shares	None	Note11
2023.06	10	200,000	2,000,000	160,089	1,600,898	Amendment to Company Articles	None	Note12
2023.09	10	200,000	2,000,000	160,178	1,601,788	Conversion of stock option into 89 thousand shares	None	Note13

Month/ Year	Par Value (NT\$)	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	Capital Increased by Assets Other than Cash	Others
2023.12	10	200,000	2,000,000	160,241	1,602,418	Conversion of stock option into 63 thousand shares	None	Note14
2024.03	10	200,000	2,000,000	160,407	1,604,078	Conversion of stock option into 166 thousand shares	None	Note15

Note 1: Fu-Chan-Ye-Shang-Zi Letter No. 09990227200 dated Dec. 1, 2010.

Note 2: Jing-Shou-Shang-Zi Letter No. 10001019170 dated Jan. 26, 2011.

Note 3: Jing-Shou-Shang-Zi Letter No. 10601137290 dated Sep. 27, 2017.

Note 4: Jing-Shou-Shang-Zi Letter No. 10701131730 dated Oct. 23, 2018.

Note 5: Jing-Shou-Shang-Zi Letter No. 11101044300 dated Apr. 11, 2022.

Note 6: Jing-Shou-Shang-Zi Letter No. 11101087560 dated Jun. 07, 2022

Note 7: Jing-Shou-Shang-Zi Letter No. 11101163000 dated Aug. 26, 2022.

Note 8: Jing-Shou-Shang-Zi Letter No. 11101222520 dated Nov. 24, 2022.

Note 9: Jing-Shou-Shang-Zi Letter No. 11230043040 dated Mar. 21, 2023.

Note 10: Jing-Shou-Shang-Zi Letter No. 11230083150 dated May 24, 2023.

Note 11: Jing-Shou-Shang-Zi Letter No. 11230090300 dated May 31, 2023.

Note 12: Jing-Shou-Shang-Zi Letter No. 11230105310 dated June 15, 2023.

Note 13: Jing-Shou-Shang-Zi Letter No. 11230168790 dated September 1, 2023.

Note 14: Jing-Shou-Shang-Zi Letter No. 11230225820 dated December 5, 2023.

Note 15: Jing-Shou-Shang-Zi Letter No. 11330042090 dated March 26, 2024.

2. Type of Stock

March 31, 2024; Unit: shares

Share Type	Authorized capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Ordinary shares	160,890,830	39,109,170	200,000,000	Approved capital amount, with 5,000 thousand shares reserved for issuance of employee stock options certificates.

Note: This pertains to shares of a listed company. As of March 31, 2024, the outstanding shares in circulation amounted to 160,890,830 shares. However, 483,000 shares are yet to be registered for capital changes due to employee exercise of stock options.

3. Information regarding self-registration: None.

(II) Status of shareholders

March 31, 2024; Unit: shares

Shareholders structure Amount	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	8	37	4,727	23	4,795
Shareholding (shares)	0	3,119,000	114,568,727	42,654,506	548,597	160,890,830
Percentage (%)	0	1.93	71.21	26.52	0.34	100.00

(III) Shareholding distribution status

March 31, 2024; Unit: number of shareholders; shares; %

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 to 999	1,300	171,165	0.11
1,000 to 5,000	2,957	5,369,547	3.34
5,001 to 10,000	261	2,102,586	1.31
10,001 to 15,000	86	1,099,340	0.68
15,001 to 20,000	47	867,000	0.54
20,001 to 30,000	49	1,216,147	0.76
30,001 to 40,000	26	952,561	0.59
40,001 to 50,000	11	500,000	0.31
50,001 to 100,000	26	1,863,837	1.16
100,001 to 200,000	7	992,290	0.62
200,001 to 400,000	10	3,236,784	2.01
400,001 to 600,000	2	932,365	0.58
600,001 to 800,000	1	676,324	0.42
800,001 to 1,000,000	1	1,000,000	0.62

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1,000,001 and above	11	139,910,884	86.95
Total	4,795	160,890,830	100.00

(IV) List of major shareholders

March 31, 2024; Unit: shares; %

Shareholder's Name	Shareholding Shares	Percentage
ASUSTeK Computer Inc.	43,756,000	27.20
IBASE Technology Inc.	41,698,468	25.92
Yung-Shun, Chuang	19,664,000	12.22
HUA-CHENG VENTURE CAPITAL CORP.	8,359,000	5.20
HUA-MIN INVESTMENT CO.,LTD.	8,359,000	5.20
Chiang- Jan Investment Co., Ltd.	5,054,673	3.14
Jui Hai Investment Co.,Ltd.	4,515,000	2.81
Yu-Ming, Huang	4,127,000	2.57
Chiang- Yu Investment Co., Ltd.	1,700,743	1.06
Taishin International Commercial Bank entrusted with the Kuan-Chung, Yang Trust Account	1,607,000	1.00

(V) Market price, net worth, earnings, dividend per share

Unit: NT\$

Item		Year	2022	2023	As of Mar. 31 2024
Market price per share	Highest		95.5	237	185.5
	Lowest		67.8	86.2	148
	Average		79.01	129.12	163.96
Net worth per share	Before dividend distribution		57.92	62.41	
	After dividend distribution		52.92	Not yet appropriated	
Earnings per share	Weighted Average Shares (thousand shares)		107,152	115,061	118,936
	Earnings per share (Note 1)	Cum-dividend	10.03	8.42	
		Ex-dividend	10.03	Not yet appropriated	
Dividends per share	Cash dividends	From retained earnings	5.0	6.5 (Note 2)	
		From capital surplus	-	-	
	Stock dividends	From retained earnings	-	-	
		From capital surplus	-	-	
	Accumulated Undistributed Dividends		-	-	
Price / Earnings Ratio (Note 3)			7.88	15.33	

Return on Investment	Price / Dividend Ratio (Note 3)	15.80	19.86	
	Cash Dividend Yield Rate (Note 3)	6.33%	5.03%	

Note 1: If retrospective adjustment is required due to free allotment or other circumstances, the earnings per share before and after adjustment shall be listed.

Note 2: As of the printing date of this Annual report, Cash dividends distributed to common shareholders from retained earnings would be \$6.5 per share which approved by the resolutions of the board of directors of the Company on February 29, 2024.

Note 3: Price-earnings ratio = Average Market Price / Earnings per Share. Price / dividend ratio = Average Market Price / Cash Dividends per Share. Cash dividend yield rate= Cash dividends per share / Average Market Price

(VI) Dividend policy and implementation status

1. Dividend policies stated in The Company's Articles of Incorporation

When allocating the earnings, the Company shall first estimate and reserve the taxes to be paid, offset its losses, set aside a legal capital reserve at 10% of the remaining earnings. The allocation shall not be subject to the above if the amount of accumulated legal capital reserve has reached the amount of the paid-in capital of the Company. The Company appropriates or reverses special reserve depends on Company's operation needs or relevant laws and regulations. The remaining amount will be combined with the opening undistributed earnings, and proposed by the Board for the distribution of retained earnings, then distributed after approved at the Shareholders' Meeting.

The future distribution of retained earning may be determined based on the Company's financial, sales and operation status to distribute all or part of the retained earnings. However, the total distributed retained earnings must be no less than 5% of the distributable amount. Retained earnings may be distributed in forms of cash or dividends based on the estimation of future cash demands and capital structure. The percentage of cash dividends to be distributed in the future shall not be less than 10% if the dividend, and the actual amounts shall be the amount approved at the Shareholders' Meeting. The procedure for determining remuneration is based on the Company's "Procedure for the Performance Assessment of the Board and Managers". In addition to the Company's overall operating performance, industry risks, and development trends, the Company also takes into consideration the individual performance and contribution to Company to determine a reasonable remuneration. Relevant performance evaluations and reasonableness of the remuneration are reviewed by the Compensation Committee and the Board of Directors. The remuneration system is reviewed at any time in accordance with actual operation status of the Company and relevant laws to ensure the Company's sustainable operation and risk control.

2. Proposed distribution of dividend

The proposal for the distribution of 2023 profits was passed at the meeting of the Board of Directors on Feb. 29, 2024. The proposal for distribution of dividend will be discussed at the annual shareholders' meeting are as follows:

Unit: NT\$

Items	Amount
Opening undistributed earnings	364,725,892
Current year net income after tax	969,345,442
The effects of long-term investments not recognized by shareholding percentage	(2,368,098)
Share-based payment	(139,311)

Profit after tax of current year and undistributed earnings other than profit after tax	966,838,033
Legal reserve appropriated	(96,683,803)
Earnings to be allocated	1,234,880,122
Earnings distribution:	
Dividends to Shareholders (at \$ 6.5 per share)	(1,042,650,895)

(VII) The proposed free share placement in the current year shall have no impact on the Company's operating performance and earnings per share: According to the "Guidelines for Handling Public Financial Forecasts by Publicly Issued Companies," our company has not disclosed a comprehensive financial forecast, therefore there is no requirement to disclose estimated information for the fiscal year 2024.

(VIII) Remuneration for directors and supervisors

1. Percentage or range of remuneration for employees, Directors and Supervisors:

The remuneration to employees and Directors shall be distributed based on the profit of the current year. After accumulated deficits have been set off by the profit in the year (namely profit before tax, before deducting remuneration to employees and Directors), if there shall still be surplus, no less than 5% of which may be distributed to employees and no more than 1% of which may be distributed to Directors as remuneration.

Qualification requirements of the employees who are entitled to receive the employees' compensation may be specified by the Board of Directors.

2. The standard of accruing employee compensation and remuneration of the Board of Directors and Supervisors, the standard of distributing employees' compensation in the form of stock bonus, and the accounting treatment of difference between the actual distribution amount and the accrued amount: No difference between the actual and estimated amount

3. Distribution of Remuneration approved by the Board of Directors:

(1) The amount of remuneration distributed to employees and Directors in forms of cash or shares. If there is a difference from the estimated annual amount of the recognized expenses, the amount, reason and treatment should be disclosed:

The distribution of 2023 remuneration has been approved resolved by the Board of Directors on Feb. 29, 2024. The distribution of remuneration to employees, Directors and Supervisors is as follows, and is the same as the recognized amount:

Remuneration to employees: \$97,518,000

Remuneration to Directors: \$7,200,000

(2) The amount of any employee compensation distributed in stocks as a percentage of the sum of the current after-tax net income and total employee compensation: None.

4. The actual distribution of employee, Director, and Supervisor compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated:

The distribution of 2022 remuneration has been approved by the e-voting result of the shareholders' meeting. on May 31, 2023. The distribution of bonus to employees and remuneration to Directors and Supervisors are as follows:

(1) Actual amount of remuneration distributed to employees, Directors and Supervisors:

Remuneration to employees: \$118,958,000

Remuneration to Directors: \$8,712,000

- (2) If there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated: No discrepancy.

(IX) Buy-back of the Company's shares by the company: None.

2. Bonds
None.
3. Preference shares
None.
4. Global Depository Receipts
None.

5. Employee Stock Options

(I) Issuance of Employee Stock Options

Mar. 31, 2024

The types of employee subscription warrants	2019 employee subscription warrants								
Approval date	Sep. 2, 2019								
Issue date	Nov. 26, 2019								
Units issued	3,000 units								
Shares of stock options to be issued as a percentage of outstanding shares	1.86462								
Duration	The term of the employee subscription warrants is five years. The subscription warrants and the rights thereof cannot be transferred, pledged, gifted to others, or other ways of disposal. However, successor is not limited subject to the above.								
Conversion measures	The Company shall issue new common shares.								
Period and ratio (%) in which subscription is restricted	Employees may exercise their subscription rights according the following vesting schedule two years after issuance. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;"><u>Vesting date</u></th> <th style="text-align: left;"><u>Cumulative vesting</u></th> </tr> </thead> <tbody> <tr> <td>2nd year</td> <td>50%</td> </tr> <tr> <td>3rd year</td> <td>75%</td> </tr> <tr> <td>4th year</td> <td>100%</td> </tr> </tbody> </table>	<u>Vesting date</u>	<u>Cumulative vesting</u>	2 nd year	50%	3 rd year	75%	4 th year	100%
<u>Vesting date</u>	<u>Cumulative vesting</u>								
2 nd year	50%								
3 rd year	75%								
4 th year	100%								
Converted shares	0 shares								
Exercised amount	\$ 0								
Number of shares yet to be converted	735,000								
Adjusted exercise price for those who have yet to exercise their rights	\$60.7								
Unexercised shares as a percentage of total issued shares	0.45683								
Impact on possible dilution of shareholdings	This stock option is vested over three years starting the third year after issuance. The shareholders' equity is diluted year by year, and thus the dilutive effect is limited.								

(II) List of Executives Receiving Employee Stock Options and the Top Ten Employees with Stock Options:

Mar. 31, 2024

	Title	Name	No. of Stock Options (thousand shares)	Stock Options as a Percentage of Shares Issued	Exercised				Unexercised			
					No. of Shares Converted (thousand shares)	Strike Price (NT\$)	Amount (NT\$ thousands)	Converted Shares as a Percentage of Shares Issued	No. of Shares Converted	Strike Price (NT\$)	Amount (NT\$ thousands)	Converted Shares as a Percentage of Shares Issued
Managers	President	Chien-Hung, Lin	1,236	0.77	711	65.7/63.1/60.7	44,520.9	0.44	525	2019 strike price per share: \$ 72.3	31,867.5	0.33
	Vice President	Chi-Hung, Liao										
	Vice President	Kuo-Chiang, Wang										
	Vice President	Yu-Yu, Chu										
	Senior Assistant V.P.	Yun-Chen, Tu										
	Assistant V.P.	Li-Kai, Lai										
	Senior Assistant V.P.	Shu-Chen, Li										
	Senior Assistant V.P.	Shao-Chou, Hsueh										
	Assistant V.P.	Jen-Chieh, Huang										
	Assistant V.P.	Wen-Ming, Ni										
	Manager	Wan-Hui, Chiu										
	Manager	Jen-Chung Wang										
	Manager	Ming-Han Hsieh										
Assistant V.P.	Chris Chuang											
Assistant V.P.	Hank Peng											
Assistant V.P.	Jansin Lee											
Employee	Top Ten Employees (Note 1)		412	0.26	412	65.7/63.1/60.7	25,739.6	0.26	244		14,810.8	0.15

Note 1: For the Salary confidentiality principle, the name and title are non-disclosure.

6. Employee stock options restriction
None.

7. Status of New Share Issuance in Connection with Mergers and Acquisitions

- (I) The evaluation opinion issued by the lead underwriter of securities for the issuance of new shares in the recent quarter for mergers or acquisitions of other companies.

AAEON Technology Inc.

Issuance of new shares for the acquisition of shares of another company in the 2023.

Evaluation opinion from the securities underwriter for the first quarter of the 2024

In the fiscal year 2023, AAEON Technology Inc. (hereinafter referred to as "AAEON") acquired shares from JETWAY INFORMATION CO., LTD. (hereinafter referred to as "JETWAY") through a new share issuance. This transaction was approved by the Taiwan Stock Exchange on April 26, 2023, under letter No. 20231801517, and the share exchange reference date was set as April 28, 2023. The change registration was completed on May 24, 2023, under letter No. 202330083150 issued by the Ministry of Economic Affairs.

According to Article 9, Section 1, Clause 8 of the "Guidelines for the Issuer's Offering and Issuance of Securities," AAEON has contacted the lead underwriter to provide an evaluation opinion on the impact of AAEON's issuance of new shares for acquiring JETWAY on AAEON's finances, operations, and shareholder equity up to the first quarter of 2024.

(1) Impact on Company Financials:

After the completion of this acquisition, both parties will integrate their business resources, leverage customer marketing and product line synergies, and avoid redundant investment in R&D, thereby reducing procurement costs through joint purchasing. Consequently, the revenue increase, cost reduction, and profit improvement should have a positive effect on the company's financials. Additionally, JETWAY's operational and profit performance is good, and AAEON, by acquiring its equity through share exchange, will benefit from its operational profits. AAEON's audited financial statements for the fiscal year 2023 showed a shareholding percentage in JETWAY of 35.27% as of December 31, 2023, with recognized investment income from JETWAY for the fiscal year 2023 amounting to NT\$36,520 thousand, which aligns with expectations.

(2) Impact on Company Operations

After the completion of this acquisition, both parties will continue to deepen their expertise in their respective fields. In the future, leveraging group resource integration and cross-marketing, they can maximize customer marketing and product line synergies, providing more diverse and comprehensive products and services to customers from both sides. This will enhance corporate market visibility and brand value, thereby attracting more opportunities for cooperation with international giants, enhancing overall competitiveness. Therefore, this share exchange alliance will have a positive impact on the company's operations.

(3) Impact on Shareholder Equity

Following the completion of this acquisition, AAEON and JETWAY will strategically ally through a stock exchange, with AAEON issuing 10,523,362 ordinary shares, representing

approximately 6.59% of AAEON's post-new share issuance capital, to exchange for 26,308,406 ordinary shares held by 11 shareholders of JETWAY. Through this share exchange, both parties will complement each other in sales and procurement resource sharing and full cooperation, integrating their business resources to maximize customer marketing and product line synergies, increase economies of scale benefits, and strengthen each other's advantages in their respective fields. This is expected to expand the operational scale and enhance overall operational performance for both parties in the industrial computer industry, creating positive value for their respective shareholders. AAEON's audited financial statements for fiscal year 2023 showed a consolidated net asset value per share of NT\$62.41, an increase compared to NT\$57.92 in the same period of the previous year. Therefore, this acquisition should have a positive impact on AAEON's shareholder equity, aligning with expected benefits.

(4) Visibility of Acquired Benefits:

Through AAEON's acquisition of new shares from JETWAY and the complementary integration of business resources, technology service teams, and customer sales resources, there should be positive benefits to its financials, operations, and shareholder equity. In the long run, as the future cooperation plans between both parties are gradually implemented, the benefits of this share exchange will become increasingly apparent.

(II) Basic Information of Recently Acquired and Acquired Companies in the Last Fiscal Year

Units: NT\$ thousand, except EPS)

Name		JETWAY INFORMATION CO., LTD.
Address		9th Floor, No. 207, Section 3, Beixin Road, Xindian District, New Taipei City, Taiwan
Legal Representative		Yung-Shun, Chuang
Paid-in Capital		749,833
Primary Business Operations		Manufacturing, processing, and trading of industrial motherboards and computer peripherals.
Main product		Revenue from industrial motherboards and computer peripherals.
Financial Information of recently year	Total Assets	1,814,320
	Total Liabilities	364,477
	Total Equity	1,449,843
	Revenue	1,330,751
	Operating profit	490,455
	Operating income	196,960
	Profits for the year	172,411
	Earnings per share	2.30

8. Financing Plans and Implementation
None.

V. Business Performance

1. Content of business

(I) Business scope

1. The main contents of the Company's business are as follows:
 1. CC01070 Telecommunication Equipment and Apparatus Manufacturing
 2. CC01080 Electronic Parts and Components Manufacturing
 3. CC01110 Computers and Computing Peripheral Equipments Manufacturing
 4. CE01010 Precision Instruments Manufacturing
 5. E603050 Cybernation Equipments Construction
 6. E605010 Computing Equipments Installation Construction
 7. F213030 Retail sale of Computing and Business Machinery Equipment
 8. F213040 Retail Sale of Precision Instruments
 9. F213060 Retail Sale of Telecom Instruments
 10. F218010 Retail Sale of Computer Software
 11. F219010 Retail Sale of Electronic Materials
 12. F401010 International Trade
 13. F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
 14. I501010 Product Designing
 15. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
2. Proportion of business

Unit: NT\$ thousand

Item	Year	2022		2023	
		Amount	Proportion	Amount	Proportion
Single board computers and peripherals		4,084,002	48.90%	3,935,498	48.75%
Industrial system products		3,703,443	44.34%	3,613,123	44.75%
Others		564,631	6.76%	524,582	6.5%
Total		8,352,076	100.00%	8,073,203	100.00%

Note: The item "Others" includes revenue from sales of spare parts, goods and labor.

3. Main products:

Embedded single-board computers, industrial-grade motherboards, embedded computers, in-vehicle computers, industrial-grade LCD monitors, industrial-grade Panel PCs, industrial-grade LCD display workstations, PC / 104 single-board computer add-on cards, slot-type single-board computers and Backplanes, industrial-grade innovative development boards, rugged tablet computers, network equipment, Edge AI devices, Edge AI servers, IoT gateways, intelligent vending machines, intelligent street lighting solutions, and DMS design and manufacturing service.

4. New products development:

- (1) Artificial intelligence (AI) modules and Edge Computing devices
- (2) GPU AI accelerator
- (3) Industrial-grade innovative development board and its peripherals
- (4) Server and server boards
- (5) Smart city related IoT solutions

(II) Industry overview

1. Present state of the industry and development

The Company is a professional design and manufacturer of industrial computer products. Its main products are single board computers and peripheral devices and industrial system products. The products are mainly used in intelligent retail, intelligent manufacturing, intelligent transportation, network security, edge computing and other fields. The following describes the current situation of the global industrial PC industry and the market situation of the Company's main applications:

(1) Industrial PC

The early application of Industrial PC was mainly for the automatic control of industrial machinery and equipment. With the evolution of personal computers (PC) and the standardization and popularization of computer platforms, powerful and low-cost personal computer architectures gradually prevail in industrial automation and become the mainstream of industrial automation. In addition to traditional industrial automation applications, due to different customer needs, a variety of control cores of hardware are built, resulting in a diverse and customized design. On the other hand, with the rapid development of commercial and information products and the construction of the Internet, industrial PC applications have also begun to expand rapidly, and taking up a share in markets such as measuring instruments, life information, retail, medical equipment, gaming machines, security monitoring, and portable devices.

(2) Smart retail

The added value of the traditional retail industry mainly depends on the quality, speed and convenience of the store location. The added value that retail in the new era can provide mainly lies in innovation and consumer purchasing behavior. Therefore, how to provide consumers with better shopping experience establishes on a close relationship with consumers and how to create a more valuable business model become the most important parts in their business strategy. Under the development and application of Information and Communication Technology (ICT) in the retail industry, a "intelligent retail" system is constructed through the hardware construction of sensors, displays and actuators, the connection between all kinds of devices and equipment in the retail store, and the combination with the analysis of communication systems and big data, supplemented supported by online payment flow and mobile payment services. This has altered the traditional buying and selling process into virtual and real integrated sales model of sensing technology, data analysis and real-time response.

Point of Sales (POS) is the most basic IT tool used in the retail industry. In the past, it was a traditional electronic cash register (ECR). Its function is mainly for the calculation of total transaction amount and printing invoices and receipts during trading. However, for the easy of inventory management, speeding up checkout and reducing the risk of manual input errors, retailers later introduced computer systems to facilitate the process. Later, the system is incorporated with network, scanners, and touch functions. In addition to basic functions, POS can also perform personnel attendance management, inbound and outbound management, transaction behavior analysis. The POS system is not only used in the retail industry, but also widely used in the catering industry, hotel industry and other industries. Nowadays, many stores are evolving into large and chain-oriented scales. The POS system has become an indispensable management tool for intelligent retail and logistics. Therefore, the POS system has also become one of the development priorities of many industrial PC manufacturers.

(3) Smart manufacturing

Intelligent manufacturing is the introduction of intelligence in the overall manufacturing process. The process is combined with information and communication technologies, such as 5G, IoT and artificial intelligence. It affects every step in the

manufacturing process, selects the appropriate and efficient way to complete the job items, and properly handles the unexpected situation of the manufacturing process.

Affected by the reduction in global labor force, rapid market changes, and shortened production cycles, the rise of the industrial IoT, intelligent manufacturing has become the focus of industrial development in major countries in recent years. Intelligent manufacturing will completely change the process of products in R&D, manufacturing, logistics, sales and other different value activities, and effectively improve the safety of laborers and operating environment to achieve the goal of zero emissions and zero accidents. In addition, intelligent manufacturing can increase the flexibility of the factory, reduce the use of energy, improve the sustainability of environment, reduce product costs, and use of the materials next-generation for the development of new products.

(4) Network Security

The Network Security solution includes network security and traffic management, which are installed in the enterprise computer room. Network security solutions, also known as firewall solutions, are designed to provide security protection when companies connect to the Internet to prevent intrusions from outside networks. This newly developed network traffic management also belongs to this field. The product terminal application is installed in the enterprise computer room. Such companies, including large online game companies, large shopping websites. The network security solution brand factory specializes in software. Each manufacturer has diverse variety of software, requiring hardware products of special specifications to exert its operational benefits. Some hardware is developed and manufactured by industrial PC manufacturers.

The role of industrial PC manufacturers in this application field is becoming increasingly important. Industrial PC manufacturers are good at diverse and rugged industrial computer products in small quantities, and meet the needs of the network security industry. As the number of ports, firmware and heat dissipation function are not standard specifications, high-end products often have functions such as automatic switching device and hot swap.

With the popularity of mobile devices and the user habit of uploading personal data (such as photos, videos, etc.) to network service platforms, global network traffic is experiencing an explosive growth. Under this trend, cloud computing and traffic management are becoming more and more important. With the prevalence of Internet applications and the increasing popularity of cloud computing, the threats and losses caused by computer viruses and hackers are also increasing. Therefore, there is a continuing strong demand for network security systems.

(5) AI Edge computing

Edge computing is a decentralized computing architecture where applications, data, and services are processed on network logic edge nodes instead of network center nodes. Since the edge node is closer to the user terminal device, the speed of data processing and transmission are accelerated and thus delays may be mitigated. Under this structure, the analysis of data and the generation of knowledge are closer to the source of data, so they are more suitable for processing big data. (Source: Wikipedia)

The development of edge computing has accelerated the realization of AI realization. The operation of AI used to rely on the powerful cloud computing capabilities, where all data were uploaded to the cloud, and the results were generated and transferred back to terminal through deep learning. This does not satisfy the need for instantaneous

response and increases the cost of network services. However, as chip capabilities have improved and edge computing platforms have matured, client devices and gateways already have AI inference capabilities, and thus calculations can be completed close to data sources or clients may reduce network transmission delays and quickly obtain the result of data analysis.

Taking self-driving cars as an example, the sensor of a self-driving car generates a large amount of data to be used as the basis for judging the control of the vehicle. If all the data is uploaded to the cloud for computing, the response of the car may be delayed or even out of control when the connection is delayed or interrupted. In such case, the consequences will be unimaginable. If the self-driving system uses edge computing to perform certain part of the calculation and judgment by, and other parts by the cloud, the self-driving car can be safely controlled with the powerful computing power of the cloud. It is foreseeable that with the popularization of IoT and various new services, the importance of AI edge computing will also increase.

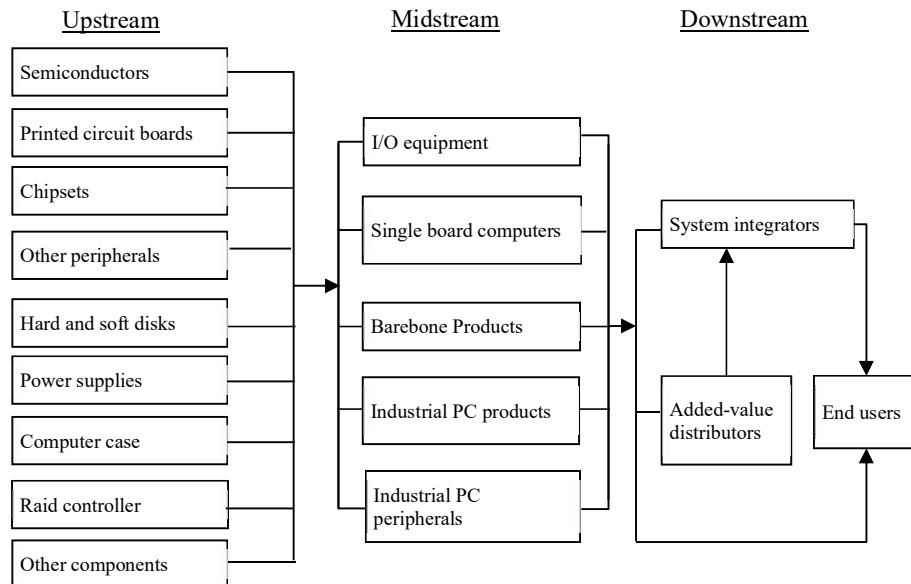
2. Correlation of the upstream, midstream, and downstream of the industry

The Company's main products are single-board computers and industrial computer systems. The upstream and midstream of these products are similar to the general motherboard and computer system manufacturers, but the downstream sales targets are different. Single-board computers or industrial computers are usually sold to system integrators for final system integration, or to dealers with professional engineering backgrounds to develop local potential customers. Association between upstream, midstream, and downstream (detailed as the graph below).

Upstream: Manufacturers of semiconductors, connectors, software, printed circuit boards, hard and hard disk drives, power supplies, and other electronic components.

Midstream: Manufacturers of I/O equipment, single-board computers, industrial computer products, system products and peripherals.

Downstream: system integrators, distributors, and end users.



3. Product development trends and competition

(1) Product development trends

In addition to the stable growth in the application of industrial automation, the embedded PCs, deriving industrial PCs, are serving as basis in the industrial automation applications. In the fields of communications, consumer electronics, information, networking, entertainment, medical, finance, commodity circulation and other industrial fields, there are integrated applications of industrial computer products.

A. Embedded PC

The embedded computer board is similar to the motherboard of a personal computer, but instead, there are usually a built-in embedded central processor, which is small in size and can be customized with different functions and forms according to customer needs. The industry has a high entrance threshold. The products are diverse, produced in small quantities and have a high degree of integration of functions. Moreover, after-sales service is required. Therefore, it is not easy for new competitors to enter the market. As it is applicable in extremely wide areas, the use of EPC as an interface platform in various industrial automation equipment is becoming the future trend, and there is a large market potential. Due to small production quantity and high unit price, the gross profit margin is relatively high, the products find themselves in the niche market. In order to facilitate portability, the development trend of EPC will evolve into a thin, light and small widely popularized PC platform.

B. Industrial PC

The development trend of industrial PCs is constantly expanding. From simple automation control and monitoring of factories in the beginning to the automation monitoring, communication automation, and factory-wide automation of today's buildings, industrial PCs has entered the human life in different forms. In addition, industrial computers specially designed for railway trains and automobiles are increasingly used as vehicle-mounted computers in fleet management, in-vehicle security monitoring, and e-ticket.

C. Panel PC

Panel PC is an all-in-one computer that consists of the PC host, screen, and keyboard, and is fully adaptive to the needs of various spaces. With the prevalence of the Internet and the increasing application of products, ultra-thin Panel PC will be widely used in home automation, network information stations and telecommunications networks in the future.

D. Network Application

With the prevalence of Internet applications and the increasing popularity of cloud computing, the threats and losses caused by computer viruses and hackers are also increasing. Therefore there is a continuing strong demand for network security systems. At present, network equipment manufacturers are focused on developing Unified Threat Management (UTM), to provide a total solution based on firewall and VPN, integrating anti-virus, intrusion detection / defense, spam filtering, content filtering and other functions.

With the diversification of telecommunication service, network and communication have gradually becoming increasingly importance to telecommunications providers. Most providers have turned their focus to network services, but traditional telecommunications equipment manufacturers have difficulties meeting the expectations of providers in satisfying the trend in the change of services. Therefore, the development of software-defined

networking (SDN), network function virtualization (NFV) and virtual user terminal equipment (vCPE) has also become a trend.

E. Rugged Tablet Computer (RTC)

The rugged tablet PC is characterized by its small size, light weight, portability, complete functions, and easy operation. With the popularization of network communication technology, new vertical industry applications are constantly being introduced. Rugged tablet PCs are widely used in field automatic inspection, military units, law enforcement units, transportation, intelligent logistics, intelligent warehousing, intelligent retail and other application fields.

(2) Competition

There hasn't been much change in industrial computer hardware specifications. The biggest difference lies in service. From the pre-sales service in the sales stage to product after-sales service, and the ability to realize the promises given to customers will result in price differences. The required quality also varies greatly. As for the delivery speed, most of the manufacturers with more integration have their own complete production lines, and better production flexibility. Therefore they can better satisfy the customer's delivery. The domestic competitors can be divided to the following four types by degree of vertical integration:

- A. Fully vertically integrated manufacturers: Manufacturers that have R&D, production, testing, and marketing capability.
- B. Without a production line: Manufacturers that have their own R&D and outsourced to other companies for production after the product design is completed. The subsequent product testing and packaging and sales are completed by the manufacturers themselves.
- C. R&D manufacturers: Manufacturers that only engage in product innovation and R&D. After the product design is specified, the design is sold to downstream companies for production and sales.
- D. Trading companies: Companies consisting of only marketing, sales and PM. After formulating the specifications according to customer needs, the specification is commissioned Design House for design, OEM, and manufacture, while the company handles only sales.

In recent years, motherboard manufacturers have entered the competition. Although motherboard manufacturers have considerable advantages in price, they are mainly based on standardized products, and are not as good as industrial computer manufacturers in terms of flexibility, service and product life cycle support.

(III) Technological research and development

1. Annual R&D expenses as of the printing date of this annual report

Unit: NT\$ thousand; %

Year	2022	2023
Item		
Research and development expenses	599,554	624,360
Net revenue	8,352,076	8,073,203
As a percentage of net revenue	7.18%	7.73%

Note 1: As of the printing date of this annual report, there are 2024Q1 financial reports documents to be audited by the CPAs.

2. Successfully developed technologies or products in the most recent fiscal year and as of the printing date of this annual report

2022	<ul style="list-style-type: none"> ● Embedded single-board computers and motherboards /modular computers / industrial-grade motherboards / chassis-type single-board computers and backplanes: GENESYS-CML5、GENESYS-BT05、GENE-SKU6 B12、GENE-EHL5、PICO-V2K4、ESBD-ACIES03、GENE-KBU6-MLD、EPIC-TGH7、COM-TGHB6、GENE-ADP6、NANOCOM-EHL、de next-TGU8、COM-ICDB7、M2AI-2280-720、PICO-TGU4-SEMI、M2AI-2242-720、NANOCOM-BT-A11、PFM-540I A11、GENE-BT06 A12、MINI-AI-720、GENE-BT04 A12、COM-SKHB6 A11、GENESYSM-TGU6、NANOCOM-APL B10、Smarter AI Mirror、PICO-EHL4-A11、PICO-V2K4-SEMI、EPD-AEIATX-K ● Industrial-grade innovative development board / IoT gateway : UP-CHT01 B1.0、MIX-EHLD1、ARES-WHI0、FWS-7541、ICS-6280、FWS-2277、UP-APL03、UPS-EHL01、UPE-NUC12、UPX-ADLP01、UPN-EDGE-EHL01、UPN-APL01 B10、UP-APL01 B1.0、UP-EDGE-APL03、VEND-CRST01、UP-APL03-B1.0、UPS-EDGE-EHL01、FAY-TLU、FAY-EHL、SRG-APL、LS-AK3、SRG-IMX8、SRG-4858P ● Panel PC System / Embedded Computer System / Industrial LCD: ACP-1106MRK、BOXER-8256AI、ACP-1076MUP、BOXER-8240AI-C1 ● Rugged Tablet PC : ROKS 3.0
2023	<ul style="list-style-type: none"> ● Embedded single-board computers and motherboards : Control PC、GENESYSM-EHL5、PICO-ADN4、CEXD-AEIAVB01、GENE-EHL7、COM-R2KC6、GENE-ADN6、PICO-EHL4-SEMI、EPIC-ADN9、EPIC-TGH7-PUC、COM-WHUC6 B10、VL-PRO-PLUS、HPC-ADSC、PICO-EHL1、EPIC-ADS7-PUC、PICO-APL2、de next-V2K8、GENESYSM-ADP6、SRG-TG01、EEB-A10、NOH-EDIN-ED515 ● Industrial computer product : CMIX-H610A1、TPM-8800、MAX-H420A、CX7、CX5、KC5、MIX-ALPSD1、MIX-Q670A1、MIX-ALND1、MAX-Q670A、MIX-Q670D1 ● Network Security Products : VM-MBQ470E、ZEUS-WHI0 ● Durable Portable Products : RTC-1020、RTC-710AP、GT Portable Analyzer ● UP system product : UPX-EDGE-ASL01 (UP Xtreme 7100 EDGE)、UPX-ASL01 (UP Xtreme 7100)、UPX-ADLP A1.1 (UP Xtreme i12)、UP-EDGE-ADLN01(UP 7000 EDGE)、UPS-EDGE-ADLP01 (UP Squared i12 EDGE)、UP-ADLN01(UP 7000)、UPS-ADLP01(UP Squared i12)、BRA-AIARM-APL03、UPN-EDGE-ADLN01(UP Squared Pro 7000 Edge)、UPN-ADLN01(UP Squared Pro 7000)、UPX-EDGE-ADLP(UP Xtreme i12 Edge)、PER-TAIKB1-A10-2242 ● Smart platform product : BOXER-8622AI、BOXER-8652AI、BOXER-8651AI、BOXER-8621AI、BOXER-6617-AND、BOXER-6406-AND、BOXER-8221AI-BLOOLOC、BOXER-6751-ADP、BOXER-8646AI、BOXER-8224AI、BOXER-8640AI、BOXER-6451-ADP、BOXER-6646-ADP、BOXER-8641AI、BOXER-6645-ADS

As of printing date of the annual report	<ul style="list-style-type: none"> ● Embedded Single Board Computers and Motherboard Products: COM-TGUC6 B10, COM-TGHB6 A11, EPIC-RPS9, NOC-BORM-USX ● Intelligent Platform Product: BOXER-6843-ADS ● Industrial Computer Products: OMB-H610, MIX-H610A1 ● Network Security Product: ICS-6280 ● UP Series Product: AXONE NEMO2 EVO
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3. The Company has proposed to invest \$561,000 in R&D by the end of 2024.

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

1. Marketing strategy

(1) Short-term plan

- A. Actively develop new industries and markets in new fields.
- B. Strengthen the image of Intel Titanium Partner and nVidia Elite Partner to increase company awareness and develop new business by co-marketing with Intel and nVidia.
- C. Promote our own brands, to obtain customer recognition through exhibitions and online marketing activities.
- D. Set up AAEMON eShop, provide quick delivery service within 3 ~ 5 working days, so that customers all over the world can receive and test our products in time.

(2) Mid-long-term plan

- A. Set up strongholds in countries with important markets in the world, establish branches / subsidiaries to promote own brands.
- B. Continue to provide high-quality products and after-sales services, gain customer trust, and maintain good long-time relations.
- C. Develop more large-scale ODM / DMS customers.
- D. Strategic alliance with industrial computer manufacturers of complementary product lines, for cross-selling.

2. Production strategy

(1) Short-term plan

- A. Establish a quick and instant production system.
- B. Strategic alliance with professional manufacturers.
- C. Expand the capability of system assembly.

(2) Mid-long-term plan

- A. Meet the quality standards of world-class manufacturing plants.
- B. Establish a competent center-and-satellite system.
- C. Strategic alliance with key component manufacturers.

3. Product development trends

(1) Short-term plan

- A. Produce stable, reliable and competitive single board computers.
- B. Accelerate the customer adoption process with Q Plus Service quick service provided by expert team.
- C. Produce fast, professional and highly reliable ODM products.
- D. Introduce artificial intelligence into different product lines.

(2) Mid-long-term plan

- A. Produce products that meet the needs of vertical industries.
- B. Cooperate with cloud vendors to provide IoT products and services.

- C. Cooperate with application software and sensor manufacturers to provide artificial intelligence solutions.
- D. Develop products that are easy to use, affordable and good in quality.
- E. Create user-friendly and easy-to-use products.
- F. Production of high-quality, low-cost key components.

4. Business operation

(1) Short-term plan

- A. Strive to flatten the organization structure and adopt the strategy of hiring elites.
- B. Take passionate and proactive manner toward team operation.
- C. Organization integration of project management

(2) Mid-long-term plan

- A. Take a focused business strategy.
- B. Each business department is a flexible and strong operating organization, which supports each other under the common resources and strategic leadership of the headquarters, forming a solid enterprise group and establishing the management and marketing capabilities of multinational enterprises.

5. Financial plans

(1) Short-term plan

- A. Effective cost control.
- B. Expand the Company's popularity.
- C. With steady and flexible use of funds to minimize the cost, in order to facilitate the Company's future development.

(2) Mid-long-term plan

- A. Establish potential for financial operation and flexible operation.

2. Market and Sales Overview

(I) Market analysis

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

Unit: NT\$ thousand; %

Area \ Year	2021		2022	
	Sales volume	Percentage	Sales volume	Percentage
Domestic sales	549,582	6.58%	796,487	9.87%
Exports	7,802,494	93.42%	7,276,716	90.13%
Total	8,352,076	100.00%	8,073,203	100.00%

2. Market share

The industrial PCs developed by our Company are sold all over the world, but industrial PCs belong to the niche markets with high diversity and small production quantity. As for their market share, there is no credible domestic statistical data that can clearly indicate the Company's market share.

3. Future market supply/demand and growth potentials

(1) Industrial PC

The industrial PC was originally developed to "upgrade" industrial production into an automated production line. Therefore, the most important application of

industrial PCs is in the automation industry. However, with the increasing demand for automation in various industries, more and more industrial PCs are needed to help form an overall control system, and the application fields are very diverse. In addition to the automated production lines of industrial processes, industrial PCs can be seen in many places including retail, medical, transportation. Basically, as long as the automation equipment is applied, there must be industrial PCs.

According to the research report published by MarketsandMarkets, the industrial PC market size is expected to grow from \$5.0 billion in 2023 to \$6.6 billion by 2028, at a CAGR of 5.5%. The market growth is driven by factors including high demand for industrial IoT by manufacturing companies and steady move of manufacturing sector toward digitalization.

(2) Smart retail

Intelligent retail is to induce production by using the Internet, IoT technology, consumer-oriented approach, in analyzing consumer behavior and predict consumption trends, with an aim to provide consumers with diverse and personalized products and services to bring consumers unique value and differentiated experience. With the integration of technologies such as mobile payment, computer vision, artificial intelligence, big data, cloud computing, self-checkout, unmanned shelves, unmanned stores and other new business models, intelligent retail is changing the style of retail.

According to the report of Meticulous Market Research Pvt. Ltd., it is estimated that the global smart retail market will reach \$91.36 billion in 2030, with a CAGR of 22.4% from 2023 to 2030.

(3) Smart manufacturing

Smart manufacturing is revolutionizing the way goods are produced, utilizing advanced technologies like automation, artificial intelligence, and the Internet of Things (IoT) to optimize processes and boost efficiency. This transformative approach is projected to reach a market value of USD 279.23 billion by 2029, growing at an impressive CAGR of 14.58%, according a report by Mordor Intelligence.

This rapid growth is fueled by several factors, including the increasing adoption of Industry 4.0 solutions, government initiatives promoting digitalization, and a constant focus on innovation by leading industry players. Additionally, the need for greater efficiency and accuracy in production processes is driving the demand for automation across various sectors.

The automotive industry serves as a prime example of smart manufacturing's impact. With the rising demand for electric vehicles and the need for faster production cycles, automotive manufacturers are increasingly turning to smart technologies to optimize their operations. This includes the use of robotics, sensors, and data analytics to improve production efficiency, reduce waste, and enhance product design.

While challenges like cybersecurity concerns and high initial investment exist, the smart manufacturing revolution is undeniably underway. As technologies continue to evolve and costs decline, smart manufacturing is expected to become increasingly accessible, further accelerating its adoption across various industries and shaping the future of production.

(4) Network Security

According to the report of Business Research Insights, the network security appliance market is projected to reach \$16.7 billion by 2031, driven by increasing cyber-attacks, growing cloud adoption, and the need for enhanced data security. Advanced technology, such as cloud-based applications, is fueling market expansion, as is the increasing number of remote workers and mobile device usage.

The market is dominated by North America, with Asia Pacific emerging as a promising region due to rapid economic growth and digital transformation initiatives. The adoption of security-related products in industrial, commercial, and residential spaces is expected to contribute to the region's growth.

(5) Edge computing

The global edge computing market is expected to witness significant growth, valued at \$16.45 billion in 2023 and projected to reach \$150 billion by 2030 with a CAGR of 36.9%, according to a new report by Grand View Research, Inc. This growth is driven by the surge in connected devices, technological advancements in AI and 5G, and the increasing demand for data processing and analysis across various industries.

The COVID-19 pandemic accelerated the adoption of edge computing, particularly in sectors like telecommunications and healthcare. The shift towards remote work and online consultations has highlighted the need for low-latency, high-security networks. Post-pandemic, edge computing is expected to continue its growth trajectory due to the growing emphasis on communications infrastructure development and the rise of industrial internet of things (IIoT) applications.

The market is characterized by a high degree of innovation and merger and acquisition activities. Key players are investing heavily in research and development to enhance their edge computing solutions. The market is also subject to increasing regulatory scrutiny, particularly regarding data privacy and security. The presence of a limited number of technology substitutes for edge computing further contributes to its growth potential.

4. Competitive advantage

The current conditions and niche of the Company in this industry:

(1) Strong R&D capability

The Company has a professional R&D team, and has profound R&D strength and experience. In the past, the Company has led the industry in developing embedded boards and fanless systems. At present, the Company not only designs and innovates for core technologies, but also conduct research based on unique technologies required by different vertical markets. The Company's research scope covers POS technology, ATM technology, industrial automation, network security, medical industry and other fields. Besides, the Company also incorporates R&D results into all kinds of new products, so as to continuously strengthen the uniqueness of products to maintain its leading position in the industry. The Company took the lead in designing the Intel Core iplatform technology into a NanoCom module the size of a business card, which was highly praised by Intel. Recently, the Company has cooperated with Intel to develop the AI artificial intelligence module for Mini PCIe, and became the first collaboration partner of Intel AI: In Production.

(2) Outstanding product quality

Due to the high diversity, small production quantity and high reliability

requirement of industrial PCs, how to maintain product quality under the condition of frequent changes in production processes and designs has become a key competitive element of the industrial PC industry. AAEON designs, develops and completes new products and new product processes in accordance with customer needs. The Group has a high standard and rigorous controls of product quality. In addition to standardized products with professional quality control processes, the Group has also established a set of quality controls procedures for customized products. The Group manages procedures and is committed to maintaining customer satisfaction, and the Group's product technology, product quality and delivery services are meeting customer needs. This shows that the AAEON and its subsidiaries have high competitiveness in the market.

(3) Flexible customized service

The industrial PCs are high diversity and have only small production quantity, this is because the product and production process of Industrial PCs are highly customized and designed according to the special needs of customers. Due to its strong R&D capability, the Group takes into the consideration the scalability of future products when designing its product series. Therefore, it can respond quickly to the customized needs of customers and design products that meet customer needs as quickly as possible. As for the small production quantity and diverse characteristics of industrial PCs, the Company focuses on building high-efficiency production models, and plans the most suitable manufacturing mode according to the product attributes. Therefore, our products have been well received by our customers.

(4) Strategic resource shared with ASUS Group

In 2011, as ASUS was optimistic about the future development of IoT, ASUS acquired the Company, and thus the Company has become a member of the ASUS Group. In addition to expanding sales with its own excellent R&D technology and business development capabilities, the Company also has a strategic alliance with the Asus Group to grasp the industrial business opportunities of IoT. For example, We are in cooperation with Asus Cloud Corp., a member of the ASUS Group, in launching and sales of the IoT solution "AirBox". In addition, due to the small production quantity and diversity of industrial PCs, the procurement of raw materials is less possible to reach economic scale, resulting in higher procurement costs of raw materials. The Company and its subsidiaries have further reduced costs through joint bargaining with the parent company ASUS to strengthen product competitiveness.

5. Favorable and unfavorable factors and response policy of development vision

(1) Favorable factors

(A) The rapid development of PC applications

Due to the rapid advancement of semiconductor and information hardware technology, the functions of personal computers are becoming more and more powerful. At present, the development of global information products such as software services and hardware, is mainly based on the personal computer applications. This trend has enabled industrial PCs to develop with the PC standard architecture and to have considerable advantages in product function enhancement and cost reduction. Due to the rapid advancement of semiconductor and information hardware technology, the functions of personal computers are becoming more and more powerful. At present, the

development of global information products such as software services and hardware, is mainly based on the personal computer applications. This trend has enabled industrial PCs to develop with the PC standard architecture and to have considerable advantages in product function enhancement and cost reduction.

- (B) The booming advancement of IoT and artificial intelligence are the driving force of the new development trend of the industrial PC industry.

With the continuous development of global information and communication technology, and the joint support of new technologies such as cloud computing, big data, artificial intelligence, and edge computing, the application of artificial intelligence of things (AIoT), a combination of artificial intelligence (AI) and the Internet of Things (IoT), is prospering. In the past, the operation of the embedded IoT was to collect data through sensors and embedded devices, and transmit data through the IoT with cloud artificial intelligence to analyze the big data, and then transmit the results of the analysis back to the embedded device for execution. With the addition of artificial intelligence, the computing power of the device is improved. The operation is moved from the cloud to the edge. The computing architecture is then changed to CPU plus GPU, or the CPU with AI accelerators such as VPU, TPU, NPU. The analysis will not affect the work even when the network is not available.

- (C) Complete information industry structure

Taiwan's information industry system has matured, and the industrial structure is complete. Both the advantages of vertical integration and vertical division have taken shape. Domestic manufacturers have also made considerable progress in the development of upstream key components in recent years. Such complete information industry structure can effectively support the development of the industrial PC industry. Therefore, for the industry, the supply of raw materials, abundance of technical talents, and large-scale mass production and management capabilities all contribute to the industrial PC industry competing with foreign manufacturers in terms of product cost and quality competitiveness.

- (2) Unfavorable factors and response policy of development vision

- (A) Rapid changes in specifications

Due to the rapid changes in CPU specifications, matching components must be produced or discontinued in accordance with the pace of changes. However, the life cycle of industrial PC products is long. It's inevitable that users might face discontinuance or shortage of CPUs and components due to the rapid development of information products.

Responsive strategies:

In addition to stock preparation for Last Buy (the last purchase before the end of production), the Company takes a more proactive approach in solving the above problem. The Company cooperates with its parent company, ASUS, to lead the industry in the acquisition of new technologies, accelerate the development of new products and effectively reduce costs, in aim to increase the customers' willingness in purchasing new products instead of repair. When designing products, the Company maintains the compatibility between of the new and old product systems, to reduce barriers in the customers'

change of products, increase the fungibility, reduce the Company's stock pressure of raw materials.

(B) Higher raw material costs

The Company is mainly engaged in the R&D, manufacturing and sales of industrial PC products. It also develops and designs according to the special needs of customers, as it is a customized product. The raw material procurement depends on the specifications and quantities demanded by the customers. After the required quality and specification of products are confirmed, the products are then put into mass production. Therefore, raw material procurement is often done in small quantities and, resulting in high procurement costs and not being able to achieve economic procurement.

Responsive strategies:

The Company reduces the cost of raw materials through joint procurement with the parent company to improve product cost competitiveness.

(C) Increase in labor and rental expenses

In recent years, the number of employees in the manufacturing industry has been decreasing. The recruitment of labor is difficult, and the operating costs such as employee salaries and rents have increased year by year. The proportion of such expenses to manufacturing costs has also increased, which reduces the profitability of the Company and its subsidiaries.

Responsive strategies:

The Company and its subsidiaries strengthened process management, and developed automated equipment to improve production efficiency and yield. The Company replaced its manual reliance with higher technology, to offset the negative effects of rising labor costs. Besides, the Company also strengthens employee education and training to enhance the skills and productivity of employees. The Company takes a proactive approach in creating economies of scale, and to make prudent assessments on the price of orders to reduce the impact of labor costs on operating performance.

(II) Intended use and production processes of the main products

1. Intended use of the main products

(1) Single board computers

Computing functions and various transmission and expansion interfaces are centralized and integrated on a single motherboard. The products come in various sizes to meet the space requirements of different applications. After the system is integrated, it can be applied to ATM, POS, automatic control, public transportation, game console, electronic signage, medical equipment, etc.

(2) System products

Integrate single-board computers and other components, such as memory, storage devices, LCD displays, touch screens, card readers, GPS modules, etc., are integrated into system products according to application requirements. Such system products include embedded computers, Panel PC, network equipment and rugged tablets. The products can be used in Kiosk, human-machine interface, automation equipment, fleet management, network security, on-site inspection, etc.

2. Production processes of the products

(1) SMT production line

- Load substrates automatically → Print soldering paste (of tin or glue) to substrates with automatic PLC monitoring system
(Automatic loader) (Automatic solder paste printer)
- Print adhesive onto substrates automatically → Placing surface mount components onto the substrates automatically
(Adhesive dispenser) (High-speed component moulder, visual component moulder)
- Make corrections by visual inspection on buffer conveyor → Heat by hot air until soldering paste melts and components fused to the substrate
(Substrate buffer conveyor) (Hot air reflow ovens)
- Unload of substrates automatically
(Automatic unloader)

(2) Add-on and touch-up line

- Bake substrates → Adjustable speed chain component insertion conveyor → Automatic tin soldering
(Trolley type hot air oven) (Chain insertion conveyor) (Automatic tin soldering machine)
- Cleaning off tin and flux residue with distilled water with machine → Soldering touch-up and assembly of fragile components
(Cleaning machine + Ultra-pure water machine) (Touch-up conveyor belt)
- Test
(Internal circuit tester)

(3) Test line: Reliability baking testing (Insulation and temperature-tolerant oven)
→ Dynamic burn-in testing → Functional testing

(4) Assembly line: Package or assembly enclosure materials in different stages (unpowered roller conveyor)

(III) The supply of main raw materials

The Company's production materials are mainly divided into electronic materials, enclosure materials and packaging materials. Except for some IC semiconductors and LCDs purchased from abroad, most of the electronic materials are purchased in Taiwan. Most of the enclosure and packaging materials are designed by the Company itself and purchased in Taiwan. The supply of materials is normal and reasonable. The supply of main raw materials is summarized as follows:

Main raw materials	Supply status
IC, CPU	Good
Operating system	Good
DRAM	Good

(IV) List of principal suppliers and clients

1. Names of any suppliers that have supplied 10 percent or more of the Company's procurements in either of the preceding 2 fiscal years

Unit: NT\$ thousand

Item	2022				2023			
	Name	Amount	Percentage of the net purchase of the year (%)	Relationship with the issuer	Name	Amount	Percentage of the net purchase of the year (%)	Relationship with the issuer
1	A	1,284,764	22.40	The parent company	A	661,080	15.91	The parent company
2	B	1,063,826	18.54	None	B	428,370	10.31	None
	Others	3,389,324	59.06	-	Others	3,066,257	73.78	-
	Purchase - net	5,737,914	100.00	-	Purchase - net	4,155,707	100.00	-

Explanation of the reason for any change in the amount: There is no significant changes in the year 2023 and 2022.

2. Names of any clients that have sold 10 percent or more of the Company's sales in either of the preceding 2 fiscal years: None.

(V) Production for the most recent 2 fiscal years

Unit: volume: thousand units/units; value: NT\$ thousand

Production volume and value Major products (or department classification)	Year	2022			2023		
		Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Single board computers and peripherals		338	332	1,597,679	1,163	998	1,847,077
Industrial system products		326	354	2,132,519	200	204	1,933,653
Total		664	685	3,730,199	1,363	1,202	3,780,730

Note: Other items include revenue from sales of spare parts, goods and labor. However, these are not listed due to wide diversity and immateriality of amount.

(VI) Sales for the most recent 2 fiscal years

Unit: volume: thousand; value: NT\$ thousand

Sales Volume/ Value	Year	2022				2023			
		Domestic sales		Overseas sales		Domestic sales		Overseas sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Major products (or department classification)									
Single board computers and peripherals		83	373,045	672	3,710,957	61	382,663	823	3,552,835
Industrial system products		13	127,024	392	3,576,418	28	254,640	368	3,358,483
Others		249	49,513	1,012	515,119	626	159,184	787	365,398
Total		363	549,582	2,077	7,802,494	715	796,487	1,979	7,276,716

3. The number of employees employed for the 2 most recent fiscal years, and during the current fiscal year up to the printing date of the annual report.

Unit: person

Year		2022	2023	As of Mar. 31, 2024
Number of employees	Production	348	479	466
	Construction	240	340	347
	Sale	153	180	181
	Administration	100	169	169
	Total	841	1,168	1,163
Average age		41.93	41.95	42.43
Average years of service		7.45	8.13	8.26
Education	Ph.D	3	2	3
	Masters	156	176	182
	Bachelor's Degree	506	645	649
	Senior High School	164	232	228
	Below Senior High School	13	112	101

4. Environmental protection expenditure

In the most recent year and as of the date of publication of the annual report, the total amount of losses and penalties due to environmental pollution (including compensation and violations of environmental protection laws and regulations as a result of environmental protection audits, should list the date of the punishment, the name of the punishment, the provisions of the violation, the content of the violation, Disposition content) and disclose the estimated amount and countermeasures that may occur at present and in the future. If it cannot be reasonably estimated, it should explain the fact that it cannot be reasonably estimated: None.

5. Labor relations

- (I) Setting forth all employee benefits, continuing education, training, retirement systems, and the status of their implementation, as well as the status of agreements between labor and management, and all measures aimed at preserving the rights and interests of employees.

1. Employee welfare measures and implementation

The Company's current main welfare measures include cultural and recreational activities, employee travel, emergency assistance, festival bonus, weddings and funerals, and maternity subsidies. There is employee group insurance, employee training, community activities, employee dividends and other measures.

2. Retirement system and its implementation

The Company formulates employee retirement policies in accordance with the provisions of the Labor Standards Act, and adopts a defined contribution system in accordance with the "Labor Pension Act". The retirement benefits are paid by the Company with 6% of the monthly salary as pension, which is saved in a personal special account for pensions.

3. Status continuing education and training

In order to improve the quality and work skills of employees, the Company actively encourages employees to participate in various training courses. In addition to planning internal training courses for employees' professional knowledge needs and inheritance, employees must also apply for external education training according to business and work needs.

4. Negotiation between labor and employer

The Company's labor-management philosophy is based on harmony, and so far no major labor disputes have occurred.

5. Various employee rights protection measures

The Company's protection of employees' rights and interests is based on laws and regulations. In addition, the Company also has written measures to clearly define employees' rights and obligations to protect employees' rights and interests.

- (II) List any losses suffered by the company in the most recent 2 fiscal years and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: There is not incidence of labor dispute in the most recent 2 fiscal years and up to the printing date of the annual report.

6. Information security management

- (I) List the information security risk management framework, the information security policy, the specific management plan and the resources invested in the information security management, etc.

1. Information security risk management framework: ISO27001 ISMS.

2. Information security policy: everyone is responsible for the information security.

3. Specific management plan: ISO27001 ISMS Manual.

4. Invest resources in security management: Information Technology Dept.

- (II) List the losses, possible impacts and countermeasures suffered from major information security incidents in the most recent year and up to the date of publication of the annual

report. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated.: None.

7. Important Contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Contract of product procurement	ASUSTeK Computer Inc.	Starting Sep. 1, 2017	Procurement	None
Contract of product sales	Wincor	Starting Nov. 03, 2015	Sales	None
Contract of product supply	NCR	Starting Nov. 29, 2016	Sales	None

VI. Financial summary

1. Five-Year Balance Sheets and Statement of Comprehensive income summary

(I) 1. Condensed balance sheet - IFRS (consolidated)

Unit: NT\$ thousand

Year		Financial information from the past five years (Note 1)				
		2019	2020	2021	2022	2022
Current assets		4,810,234	4,793,844	5,143,956	5,918,961	7,387,004
Property, plant, and equipment		595,882	564,531	800,321	805,741	1,519,684
Intangible assets		23,993	24,669	17,726	13,313	700,153
Other assets		4,247,834	4,194,074	4,254,002	4,664,971	4,770,817
Total assets		9,677,943	9,577,118	10,216,005	11,402,986	14,377,658
Current liabilities	Before distribution	1,234,398	1,088,720	1,519,846	1,659,745	1,697,478
	After distribution	1,709,593	1,534,215	1,980,563	2,405,872	Note 2
Non-current liabilities		127,032	115,945	305,631	380,343	558,785
Total liabilities	Before distribution	1,361,430	1,204,665	1,825,477	2,040,088	2,256,263
	After distribution	1,836,625	1,650,160	2,286,194	2,786,215	Note 2
Equity attributable to shareholders of the parent		7,800,514	7,841,121	7,868,758	8,642,423	10,010,600
Share capital		1,484,985	1,484,985	1,486,185	1,492,255	1,604,078
Capital surplus	Before distribution	5,348,750	5,473,802	5,433,926	5,461,370	6,421,702
	After distribution	5,348,750	5,399,553	5,359,617	5,461,370	Note 2
Retained earnings	Before distribution	1,030,094	935,612	1,013,452	1,701,157	1,921,867
	After distribution	554,899	564,366	627,044	955,030	Note 2
Other equity		(63,315)	(53,278)	(64,805)	(12,359)	62,953
Treasury stock		—	—	—	—	—
Non-controlling interests		515,999	531,332	521,770	720,475	2,110,795
Total equity	Before distribution	8,316,513	8,372,453	8,390,528	9,362,898	12,121,395
	After distribution	7,841,318	7,926,958	7,929,811	8,616,771	Note 2

Note 1: The financial documents in the aforementioned fiscal years have been audited by CPAs. As of the printing date of this annual report, there are 2024 Q1 financial reports documents to be audited by the CPAs.

Note 2: The Company's profit distribution for the year 2023 is not yet approved by the Shareholders' Meeting.

2. Comprehensive income statement - IFRS (consolidated)

Unit: NT\$ thousand

Items	Year	Financial information from the past five years (Note 1)				
		2019	2020	2021	2022	2022
Operating revenues		6,148,380	5,898,185	6,347,704	8,352,076	8,073,203
Operating gross profit		2,063,922	1,930,453	1,855,051	2,753,135	2,834,374
Operating gains and losses		719,959	620,592	548,641	1,194,090	1,006,423
Earnings before tax		110,469	(17,854)	77,392	268,942	434,350
Business units in continuing operation						
Current period net profit		830,428	602,738	626,033	1,463,032	1,440,773
Gain(loss) from discontinued operations		668,245	464,171	513,753	1,177,836	1,167,250
Current period net profit (loss)		—	—	—	—	—
Other comprehensive income for the period (post-tax profit or loss)		668,245	464,171	513,753	1,177,836	1,167,250
Total comprehensive income for the period		(22,694)	7,672	(13,979)	60,583	66,750
Net income attributable to owners of the parent company		645,551	471,843	499,774	1,238,419	1,234,000
Net income attributable to non-controlling interests		552,152	382,810	451,025	1,074,460	969,345
Total comprehensive income attributable to owners of the parent company		116,093	81,361	62,728	103,376	197,905
Total comprehensive income attributable to non-controlling interests		534,151	392,847	439,498	1,126,906	1,042,289
Earnings per share		111,400	78,996	60,276	111,513	191,711
Earnings before tax		5.17	3.58	4.22	10.03	8.42

Note: The financial documents in the aforementioned fiscal years have been audited by CPAs. As of the printing date of this annual report, there are 2024 Q1 financial reports documents to be audited by the CPAs.

3. Condensed balance sheet - IFRS (individual)

Unit: NT\$ thousand

Items		Year	Financial information from the past five years (Note 1)				
			2019	2020	2021	2022	2023
Current assets			3,682,162	3,539,101	3,897,683	4,252,776	4,415,907
Property, plant, and equipment			374,734	360,601	325,869	325,782	358,604
Intangible assets			23,435	19,421	12,899	7,395	7,332
Other assets			4,653,481	4,651,742	4,680,662	5,300,267	6,220,203
Total assets			8,733,812	8,570,865	8,917,113	9,886,220	11,002,046
Current liabilities	Before distribution		890,431	686,650	971,504	1,134,432	883,247
	After distribution		1,365,626	1,132,145	1,432,221	1,880,559	Note 2
Non-current liabilities			42,867	43,094	76,851	109,365	108,199
Total liabilities	Before distribution		933,298	729,744	1,048,355	1,243,797	991,446
	After distribution		1,408,493	1,175,239	1,509,072	1,989,924	Note 2
Equity attributable to shareholders of the parent			7,800,514	7,841,121	7,868,758	8,642,423	10,010,600
Share capital			1,484,985	1,484,985	1,486,185	1,492,255	1,604,078
Capital surplus	Before distribution		5,348,750	5,473,802	5,433,926	5,461,370	6,421,702
	After distribution		5,348,750	5,399,553	5,359,617	5,461,370	Note 2
Retained earnings	Before distribution		1,030,094	935,612	1,013,452	1,701,157	1,921,867
	After distribution		554,899	564,366	627,044	955,030	Note 2
Other equity			(63,315)	(53,278)	(64,805)	(12,359)	62,953
Treasury stock			—	—	—	—	—
Non-controlling interests			—	—	—	—	—
Total equity	Before distribution		7,800,514	7,841,121	7,868,758	8,642,423	10,010,600
	After distribution		7,325,319	7,395,626	7,408,041	7,896,296	Note 2

Note 1: The above financial documents have been audited by CPAs.

Note 2: The Company's profit distribution for the year 2023 is not yet approved by the Shareholders' Meeting.

4. Comprehensive income statement - IFRS (individual)

Unit: NT\$ thousand

Item	Year	Financial information from the past five years (Note 1)				
		2019	2020	2021	2022	2023
Operating revenues		4,265,294	4,085,537	4,430,500	5,940,824	4,664,543
Operating gross profit		1,165,879	1,124,632	1,065,110	1,694,485	1,388,346
Operating gains and losses		461,333	448,619	400,530	950,740	647,592
Non-operating revenues and expenses		197,036	32,978	139,947	344,417	490,732
Earnings before tax		658,369	481,597	540,477	1,295,157	1,138,324
Business units in continuing operation						
Current period net profit		552,152	382,810	451,025	1,074,460	969,345
gain(loss) from discontinued operations		—	—	—	—	—
Current period net profit (loss)		552,152	382,810	451,025	1,074,460	969,345
Other comprehensive income for the period (post-tax profit or loss)		(18,001)	10,037	(11,527)	52,446	72,944
Total comprehensive income for the period		534,151	392,847	439,498	1,126,906	1,042,289
Net income attributable to owners of the parent company		5.17	3.58	4.22	10.03	8.42

Note: The above financial documents have been audited by CPAs.

(II) Names of financial statement auditors in the last 5 years, and their audit opinions

Year	CPA Firm	Name of CPA	Audit opinion
2019	PwC Taiwan	Chang, Shu-Chiung, Lin, Chun-Yao	Unqualified opinion
2020	PwC Taiwan	Weng, Shih-Jung, Lin, Chun-Yao	Unqualified opinion
2021	PwC Taiwan	Weng, Shih-Jung, Lin, Chun-Yao	Unqualified opinion
2022	PwC Taiwan	Weng, Shih-Jung, Lin, Chun-Yao	Unqualified opinion
2023	PwC Taiwan	Chang, Shu-Chiung, Lin, Chun-Yao	Unqualified opinion

2. Five-Year Financial Analysis

1. Financial analysis for the most recent 5 years - IFRS (consolidated)

Year (Note 1) Items of analysis		Financial Analysis for the most recent five years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt to assets ratio	14.07	12.58	17.87	17.89	15.69
	Ratio of long-term capital to property, plant and equipment	1,416.98	1,503.62	1,086.58	1,209.23	834.40
Solvency (%)	Current ratio	389.68	440.32	338.45	356.62	435.18
	Liquid ratio	309.07	358.26	232.69	225.22	341.14
	Interest coverage ratio	140.45	171.46	129.52	245.29	223.96
Operating ability	Account receivable turnover (times)	7.51	7.95	6.64	6.99	7.59
	Days sales in account receivable	49	46	55	52	48
	Inventory turnover (times)	3.75	3.92	3.51	2.90	2.66
	Account payable turnover (times)	7.77	9.78	9.88	11.01	10.93
	Average days in sales	97	93	104	126	137
	Rate of real estate, plant buildings and equipment turnover (times)	10.12	10.17	9.30	10.40	6.94
	Total asset turnover (times)	0.63	0.61	0.64	0.77	0.63
Profitability	Return on assets (%)	6.93	4.85	5.23	10.94	9.10
	Return on shareholders' equity (%)	8.01	5.56	6.13	13.27	10.87
	Income before tax as a percentage of paid-in capital (%)	55.92	40.59	42.12	98.04	89.82
	Net profit margin (%)	10.87	7.87	8.09	14.10	14.46
	Earnings per share (\$)	5.17	3.58	4.22	10.03	8.42
Cash flow	Cash flow ratio (%)	59.91	66.47	(25.60)	48.57	121.76
	Cash flow adequacy ratio (%)	121.74	129.30	68.81	50.43	85.39
	Cash re-investment ratio (%)	1.49	2.84	(9.30)	3.44	10.42
Leverage	Operating leverage	3.02	3.35	3.74	2.49	3.04
	Financial leverage	1.01	1.01	1.01	1.01	1.01

Please describe the reasons for the changes in the financial ratios over the last two years (Effort for analysis may be dispensed with in case of increase/decrease change is below 20%)

1. Ratio of long-term capital to property, plant and equipment : mainly due to the acquisition of JETWAY in 2023. ◦
2. Current ratio : due to the increase in current assets in 2023. ◦
3. Liquid ratio : mainly due to the increase in current assets and decrease in inventory in 2023.
4. Rate of real estate, plant buildings and equipment turnover : mainly due to the acquisition of JETWAY in the year 2023. ◦
5. Cash flow ratio ◦ Cash flow adequacy ratio ◦ Cash re-investment ratio: mainly due to the increased net cash inflow from operating activities in 2023.
6. Operating leverage: mainly due to the decrease in operating profit in 2023.

Note 1: As of the printing date of this annual report, there are 2024 Q1 financial reports documents to be audited by the CPAs.

2. Financial analysis for the most recent 5 years - IFRS (individual)

		Year (Note 1)	Financial Analysis for the most recent five years				
			2019	2020	2021	2022	2023
Items of analysis							
Financial structure (%)	Debt to assets ratio		10.69	8.51	11.76	12.58	9.01
	Ratio of long-term capital to property, plant and equipment		2,093.05	2,186.41	2,438.28	2,686.39	2,821.72
Solvency (%)	Current ratio		413.53	515.42	401.20	374.88	499.96
	Liquid ratio		339.18	430.56	287.67	234.86	404.75
	Interest coverage ratio		853.81	1,733.36	462.95	717.74	888.24
Operating ability	Account receivable turnover (times)		6.86	7.57	6.15	6.28	6.33
	Days sales in account receivable		53	48	59	58	58
	Inventory turnover (times)		4.07	4.30	3.84	3.08	2.63
	Account payable turnover (times)		7.33	9.47	9.75	11.15	11.75
	Average days in sales		90	85	95	119	139
	Rate of real estate, plant buildings and equipment turnover (times)		11.19	11.11	12.91	18.23	13.63
	Total asset turnover (times)		0.49	0.47	0.51	0.63	0.45
Profitability	Return on assets (%)		6.29	4.43	5.17	11.44	9.29
	Return on shareholders' equity (%)		7.04	4.89	5.74	13.01	10.39
	Income before tax as a percentage of paid-in capital (%)		44.34	32.43	36.37	86.79	70.96
	Net profit margin (%)		12.95	9.37	10.18	18.09	20.78
	Earnings per share (\$)		5.17	3.58	4.22	10.03	8.42
Cash flow	Cash flow ratio (%)		39.40	80.24	(49.92)	66.27	156.20
	Cash flow adequacy ratio (%)		104.76	112.92	48.89	47.64	64.77

	Cash re-investment ratio (%)	(3.23)	0.95	(11.58)	3.29	6.18
Leverage	Operating leverage	2.79	2.77	3.07	2.03	2.45
	Financial leverage	1.00	1.00	1.00	1.00	1.00

Please describe the reasons for the changes in the financial ratios over the last two years (Effort for analysis may be dispensed with in case of increase/decrease change is below 20%)

1. Debt to assets ratio, Current ratio, Liquid ratio: primarily due to reductions in accounts receivable, inventory, and current income tax liabilities.
2. Interest coverage ratio: mainly due to a decrease in financial costs during the 2023.
3. Rate of real estate, plant buildings and equipment turnover, Return on assets: due to a reduction in net profit in 2023.
4. Return on shareholders' equity: mainly due to a decline in net income after tax in 2023.
5. Cash flow ratio, Cash flow adequacy ratio, Cash re-investment ratio : mainly due to an increase in net cash inflow from operating activities during 2023.

Note 1: The above financial documents have been audited by CPAs.

Financial analysis calculation formula

1. Financial structure
 - (1) The ratio of total liabilities to total assets = total liabilities / total assets
 - (2) Ratio of long-term capital to property, plant and equipment = (Total equities + noncurrent liabilities) / property, plant and equipment.
2. Solvency
 - (1) Current ratio = current assets / current liabilities.
 - (2) Quick ratio = (current assets - inventories - prepaid expense) / current liabilities
 - (3) Interest coverage ratio = net profit before interest and tax / interest expenses for the current period.
3. Operating ability
 - (1) Receivable (including accounts receivable and notes receivable arising from business operation) Turnover = Net sales / average receivable (including accounts receivable and notes receivable arising from business operation) balance
 - (2) Days sales in account receivable = 365 / Account receivable turnover (times)
 - (3) Inventory turnover (times) = Cost of goods sold / average inventory amount
 - (4) Payable (including accounts payable and notes payable arising from business operation) Turnover = Cost of goods sold / Average payable (including accounts payable and notes payable arising from business operation) balance
 - (5) Average days in sales = 365 / Inventory turnover (times)
 - (6) Property, plant, and equipment turnover (times) = Net sales / Net average property, plant, and equipment
 - (7) Total assets turnover (times) = Net sales / Average total assets
4. Profitability
 - (1) Return on assets = (after tax net profit + interest expenses x (1- tax rate)) / average asset balance
 - (2) Return on shareholders' equity = after tax net profit/ total average equity.
 - (3) Profit ratio = net income / net sales
 - (4) Earnings per share = (profits or loss attributable to owners of the parent company - preferred stock dividend) / weighted average stock shares issued
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 within five years / (capital expenditure + inventory increase + cash dividend) within five years
 - (3) Cash re-investment ratio = (net cash flow from operating activity - cash dividend) / (gross property, plant, and equipment + long-term investment + other noncurrent assets + working capital)
6. Leverage:
 - (1) Operating leverage = (Net operating revenue-variable operating costs and expenses)/Operating profit
 - (2) Financial leverage = Operating profit / (Operating profit - interest expense)
3. Audit committee's report in the most recent year
Please refer to Attachment 1.
4. Annual Consolidated Financial statements in the most recent years
Please refer to Attachment 2.
5. Annual parent company only financial statements in the most recent years
Please refer to Attachment 3.
6. If the company or its affiliates have experienced financial difficulties, the annual report shall explain how said difficulties will affect the company's financial situation
None.

VII. Review of financial conditions, financial performance, and risk management

1. Financial Analysis

Unit: NT\$ thousand

Item \ Year	2022	2023	Difference	
			Amount	Rate of change (%)
Current assets	5,918,961	7,387,004	1,468,043	24.80
Property, plant, and equipment	805,741	1,519,684	713,943	88.61
Intangible assets	13,313	700,153	686,840	5,159.17
Other assets	4,664,971	4,770,817	105,846	2.27
Total assets	11,402,986	14,377,658	2,974,672	26.09
Current liabilities	1,659,745	1,697,478	37,733	2.27
Non-current liabilities	380,343	558,785	178,442	46.92
Total liabilities	2,040,088	2,256,263	216,175	10.60
Share capital	1,492,255	1,604,078	111,823	7.49
Capital reserve	5,461,370	6,421,702	960,332	17.58
Retained earnings	1,701,157	1,921,867	220,710	12.97
Other equity	(12,359)	62,953	75,312	609.37
Non-controlling interests	720,475	2,110,795	1,390,320	192.97
Total shareholders' equity	9,362,898	12,121,395	2,758,497	29.46

1. The annual report shall list the main reasons for any material change in the company's assets, liabilities, or equity during the past 2 fiscal years, and describe the effect thereof (For changes exceeds 20% or amounts to over NT\$ 10 million, explanation shall be provided):

- (1) The increase in current assets is primarily due to the acquisition of JETWAY in 2023.
- (2) The increase in Property, plant, and equipment is primarily due to the acquisition of JETWAY in 2023.
- (3) The increase in intangible assets : primarily due to the acquisition of JETWAY in 2023.
- (4) The increase in total assets : primarily due to the acquisition of JETWAY in 2023.
- (5) The increase in non-current liabilities is primarily due to an increase in deferred tax liabilities.
- (6) The increase in other equity is due to the recognition of unrealized gains and losses on financial assets measured at fair value through other comprehensive income.
- (7) The increase in non-controlling interests is mainly due to the increase in current earnings and the acquisition of JETWAY in the current period.
- (8) The increase in total equity is mainly due to the increase in current earnings and the acquisition of JETWAY in the current period.

2. Measures to be taken in response: no significant adverse impact on the Company.

2. Operation results Analysis

Unit: NT\$ thousand

Item \ Year	2022	2023	Increase (decrease)	Rate of change (%)
Operating revenue - net	8,352,076	8,073,203	(278,873)	(3.34)
Operating cost	5,598,941	5,238,829	(360,112)	(6.43)
Operating gross profit	2,753,135	2,834,374	81,239	2.95
Operating expenses	1,559,045	1,827,951	268,906	17.25
Net Operating Income	1,194,090	1,006,423	(187,667)	(15.72)
Non-operating revenues and expenses	268,942	434,350	165,408	61.50
Earnings before tax	1,463,032	1,440,773	(22,259)	(1.52)
Income tax expense	285,196	273,523	(11,673)	(4.09)
Current period net profit	1,177,836	1,167,250	(10,586)	(0.9)
<p>1. The annual report shall list the main reasons for any material change in the company's operating revenues, operating income, or income before tax during the past 2 fiscal years, and describe the effect thereof (For changes exceeds 20% or amounts to over NT\$ 10 million, explanation shall be provided).</p> <p>Increase in Non-operating revenues and expenses :</p> <p>The increase in net income is mainly attributed to the increase in valuation gains on financial assets measured at fair value through profit or loss, as well as a decrease in the share of profit or loss from associated companies and joint ventures accounted for using the equity method.</p> <p>2. Sales volume forecast and the basis therefor, and describe the effect upon the company's financial operations as well as measures to be taken in response: As the Company has not prepared and announced financial forecasts, the expected sales volume and basis are not applicable, and there has no significant irregularities in the Company 's overall performance, so there is no need to formulate a plan.</p>				

3. Cash Flow Analysis

(I) Analysis of cash flow changes during the most recent fiscal year

Unit: NT\$ thousand

Item \ Year	2022	2023	Increase (decrease)	Variation Ratio (%)
Operating activities	806,202	2,066,827	1,260,625	156.37
Investing activities	29,728	985,443	955,715	3,214.86
Financing activities	(475,761)	(923,044)	(447,283)	(94.01)
Net cash inflow (outflow)	392,683	2,113,773	1,721,090	438.29
Analysis of variance in cash flows:				
(1) Operating activities: : Mainly due to the decrease in Inventory.				
(2) Investing activities: The increase in cash was primarily due to the acquisition of JETWAY in fiscal year 2023, which brought additional cash into the company.				
(3) Financing activities: : primarily due to higher cash dividend payments being made during the period.				

(II) Corrective measures to be taken in response to illiquidity: Not applicable.

(III) Liquidity analysis for the coming year:

Unit: NT\$ thousand

Opening cash balance	Expected net cash flow from operating activities for the year	Expected net cash inflow (outflow) from financing activities for the year	Expected cash surplus (deficit)	Remediation measures against expected cash flow deficit	
				Investment plans	Financing plans
4,347,976	956,581	(1,075,536)	4,229,021	-	-
1. Cash flow analysis for the next year:					
(1) Operating activities: Mainly the increase in expected operating revenue and profit for the coming year.					
(2) Investing activities: There is no proposed major investing activities in the coming year.					
(3) Financing activities: Mainly the distribution of cash dividends.					
2. Remediation measures against expected cash flow deficit: None					

4. Major Capital Expenditure Items:
None.

5. Investment Policy in Last Year, Main Causes for Profits or Losses; Improvement Plans and the Investment Plans for the Coming Year

(1) Reinvestment policies:

The Company's current reinvestment policies are mainly business-related, and the relevant executive departments follow the internal control system "Investment cycle", "Procedures for transaction between group enterprise, specific company and related party" and "Procedures for Acquisition or Disposal of Assets (including Derivatives)". The above measures or procedures are discussed and approved by the Board Meeting or Shareholders' Meeting.

- (2) Investments in other companies for the most recent fiscal year, the main reasons for profit/losses resulting therefrom, plans for improvement thereto:

The investments under equity method of the Company and its subsidiaries are for long-term strategic purposes. In 2023, the investment under equity method made a gain of \$176,426 thousand. In the future, the Company will continue with mainly long-term strategic investment and continue to carefully evaluate the reinvestment plans.

- (3) Investment plans for the coming fiscal year: None..

6. Risk management analysis

- (I) Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

1. Impacts of interest rates on the Company's earnings, and the responsive measures

The interest expenses of the Company and its subsidiaries in 2023 and 2022 were \$6,462 thousand and \$5,989 thousand, respectively, which accounted for 0.45% and 0.41% of the pre-tax net profit, respectively. The interest expense accounts for a small percentage of net profit before tax, indicating that the changes in interest rate have no significant impact on the Company's operations. The Company regularly assesses the interest rate of bank loans and maintains close contact with banks to obtain a more favorable interest rate to reduce interest expenses. In addition, the Company's financial stability and good creditworthiness are based on the principle of conservative and stable capital planning. It is expected that future interest rate changes will not have a significant impact on the overall operation of the Company.

2. Impacts of exchange rates on the Company's earnings, and the responsive measures

The net foreign currency exchange gains (loss) of the Company and its subsidiaries in 2023 and 2022 were \$(14,497) thousand and \$63,175 thousand respectively, accounting for (0.18%) and 0.76% of the operating income. The changes of exchange rate have no significant effect on the Company.

3. Impacts of inflation on the Company's earnings, and the responsive measures

The products of the Company and its subsidiaries are not directly sold to general consumers, so inflation has no direct and immediate impact on the Company and its subsidiaries, and there has been no significant impact of inflation on profit or loss in the most recent year and as of the printing date of the annual report.

- (II) Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

The Company and its subsidiaries are committed to the operation of the industry and are based on the principle of conservatism and stability. In the most recent year and up to the printing date of the annual report, the Company has not engaged in high-risk, high-leverage investments. When granting loans to others, making endorsement or guarantees, and handling derivatives transactions, the Company follows "Procedures for Management of Loans to Others", "Procedures for Management of Endorsement and Guarantees" and "Procedures for Acquisition or Disposal of Assets".

- (III) Future Research & Development Projects and Corresponding Budget

1. Future R&D plans are as follows:

For a long time, the industrial PCs have always had a stable market growth, and the development of peripherals is becoming complete. For R&D, the Company adopts an

approach that is to develop technology and products simultaneously. In terms of technology, in addition to design innovation and improvement for the core technology, the Company also conducts research based on the unique technologies required by different vertical markets. Its scope covers POS, ATM, industrial automation, IoT, artificial intelligence, computer vision, edge computing and other technologies. The Company corporates, the R&D results into the various new products designed to continuously strengthen the uniqueness of the products to obtain the technology of the leading industry, thereby increasing the market share of the products.

In terms of technology, in addition to meeting the needs of various customized and cost-competitive products, the Company develops the next generation of products for the Company's existing and first-tier customers in the target industry, and provides innovative services of refined R&D, quality assessment and product process, to increase the overall sales value and number of collaborative projects to the first-tier customers to achieve a win-win situation. With the advent of Industry 4.0 and the Internet of Things, alongside the rapid development of artificial intelligence, new opportunities and commercial potential have arisen. The Company has actively invested in smart retail, intelligent manufacturing, smart city, network security and other related industrial chains. The Company establishes a partnership with Intel. With Intel's advanced chips, the Company develops IoT gateways for various vertical market applications, industrial-grade innovation development platforms, and artificial intelligence modules and systems. The Company and industry innovation industry peers and developers, expand the IoT product platform, and then cooperate with Intel sales team to jointly develop innovative applications of IoT and artificial intelligence in retail, construction, finance and other professional fields..

In terms of products, the Company's product line covers a wide range. The Company's board products include industrial-grade motherboards, embedded single-board computers, modular single-board computers, industrial-grade innovative development platforms and artificial intelligence modules. System products include two major product lines: touch tablets and embedded controllers. Touch panel PCs are mainly HMI touch tablets and industrial grade touch tablets which come in 10, 12, 15, 15.6, 17, 19, 21.5-inch and other full screen sizes supporting OMNI series modular touch tablet product line supporting full-plane resistance / capacitance and more than 8 expansion modules. The embedded controller are mainly fanless embedded BOX computers, featuring the BOXER product series, and has sub-series such as in-vehicle computers, computer vision computers, and artificial intelligence edge computing platforms. The company's rugged portable products, in response to industry needs, are committed to integrating various related technologies, such as waterproof, dustproof and anti-fall designs, highly integrated sensing settings. Such products support two major hardware platforms, CISC and RISC, and two major operating systems, Microsoft and Android, with functions such as RFID / NFC / Barcode Reader / Magnetic Card Reader / Multi-sensor, etc. to meet the wide demand of customers in mobile and portable products. Besides, there are also SmartPoS series products integrating various payment technologies to meet the increasing demand of mobile payment needs. Regarding network security products, including rack-mounted enterprise-class modular high-performance network security application equipment, mainstream network security application equipment, and desktop network security equipment, supporting various types of high-speed transmission interface varying from traditional copper wire to optical fiber. As for the IoT product, in addition to IoT gateways, the Company provides various sensors, and communication modules, and undertakes customized projects including intelligent cities, intelligent transportation, and intelligent manufacturing. In terms of artificial intelligence, in addition to the

development cooperation with Intel, and its wide application in various types of boards and system artificial intelligence modules. There are also artificial intelligence edge computing systems based on the chips from nVidia, Google and other major manufacturers to strength the product lines.

2. Estimated R&D expenses are as follows:

The estimated R&D expenses to be invested by the Company and its subsidiaries will be based on the development of new products and technologies. In order to ensure and enhance the Company's competitive advantage, the Company continues to invest manpower and material resources in the development of new products, and applies adjustments at any time according to operating conditions and needs. This is to ensure that a high competitive advantage and flexibility to comply with market needs at any time, and thus to strengthen R&D output of new products. The Company has proposed to invest \$561,000 in R&D by the end of 2024.

(IV) Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales

The operation of the Company and its subsidiaries are in compliance with relevant laws and regulations at home and abroad, and are always updated with the latest changes in the legal environment at home and abroad. There has been no effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad in the most recent fiscal year and as of the printing date of the annual report.

(V) Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales:

The Company and its subsidiaries always stay updated to the changes in the evolution of technology development. The company grasps the industry dynamics from the sales side to make relevant plans and countermeasures, and continuously invests in technology R&D and technology improvements to consolidate its own competitiveness. In the most recent year and as of the printing date of the annual report, there have been no technological changes or industrial changes that have had a significant impact on the Company's financial business.

(VI) The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures.

The Company and its subsidiaries uphold the corporate mission of continuous innovation and integrity management, to meet the needs of customers. The Company's own brand "AAEON" has won praise and recognition from most customers and has a good corporate image. Therefore, in the most recent year and as of the printing date of the annual report, there was no change in corporate image and crisis.

(VII) Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: None.

(VIII) Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans None.

(IX) Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

1. Sales operations

The proportion of sales to major customers of the Company and its subsidiaries including system integrators, distributors and manufacturers in the past two years has not exceeded 20%, and there is no concentration of sales.

2. Purchase operations

The Company and its subsidiaries primarily source from distributors and component suppliers, with a focus on industrial motherboards and system products. Although Asus accounted for 20% of our purchases in 2022, it's important to note that Asus is our parent company. As of now, our supplier relationship with Asus remains strong, and we have not experienced any supply shortages or interruptions that would impact our business operations.

(X) Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%: None.

(XI) Effects of, Risks Relating to and Response to the Changes in Management Rights None.

(XII) Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the printing date of the annual report: None.

(XIII) Cyber attack risk:

The company has established a complete network and computer security protection system with ISO27001 certification, to control and maintain the Company's operations, manufacturing, accounting and other important enterprise functions. The Company constructs a high-availability system and a remote host backup mechanism to ensure service operations and data, and transfers the backup data to remote space for storage. The Company also strengthens various computer room simulation tests and emergency response exercises to ensure the normal operation of the information system and data preservation. This is to reduce the risk of system interruption caused by unwarned natural disasters and human negligence to meet the expected target time for system recovery.

However, if a cyber attack from any third party intends to paralyze the system, there is no guarantee that the computer system can completely avoid illegal attack at the Company's internal network system, and the damage to the Company's operations and the Company's goodwill. A severe cyber attack might result in loss of data in the Company's system, and the production line may be shut down indefinitely because the attack is not resolved.

The Company reviews and evaluates its network security regulations and procedures every year to ensure the appropriateness and effectiveness. However, there is no guarantee that the Company will not be affected by new risks and attacks in the rapidly changing network security environment.

Cyber attacks may also attempt to steal the company's business secrets, intellectual property or other confidential information, such as proprietary information of customers or other interested parties, as well as employees' personal information. Malicious hackers can also insert computer viruses, destructive software or ransomware into the company's network system, to interfere with the Company's operations, take control of the Computer system to extort the Company, or spy on confidential information.

In such cases, the Company may have to compensate customers for losses due to delays or interruption of orders. The Company may need to bear huge costs to implement remedies and improvement measures to strengthen the Company's network security system, or may

also cause the Company to assume significant legal responsibility or regulatory investigations caused by the leakage of information about customers or third parties to which the Company has confidential obligations.

In the year 2023 and as of the printing date of the annual report, the Company did not experience any major cyber attacks or incidents that have or may have a significant adverse impact on the Company's business and operations, and has not been involved in any litigation case or Regulatory investigation.

In addition, the Company needs to share highly sensitive and confidential information to some of the third-party vendors that it employs to provide services of the Company and its global relationship companies so that they can provide related services. Although the Company requires its third-party service vendors to comply with confidentiality and / or network security regulations in service contracts, it cannot guarantee that every third-party service vendor will perform or strictly abide by these obligations.

Internal network systems and / or external cloud computing networks (such as servers) maintained by the aforementioned service vendors and / or their contractors may also be at risk of cyber attacks. If the Company or service provider cannot timely resolve the technical problems caused by these cyber attacks, or ensure the reliability and availability of data of the Company's customers or other third parties, or control the computer systems of the Company or its service providers, these cyberattacks can seriously undermine the Company's commitment to customers and other stakeholders, and the Company's operating results, financial status, prospects and reputation may also be materially and adversely affected.

(XIV) Other Major Risks: None.

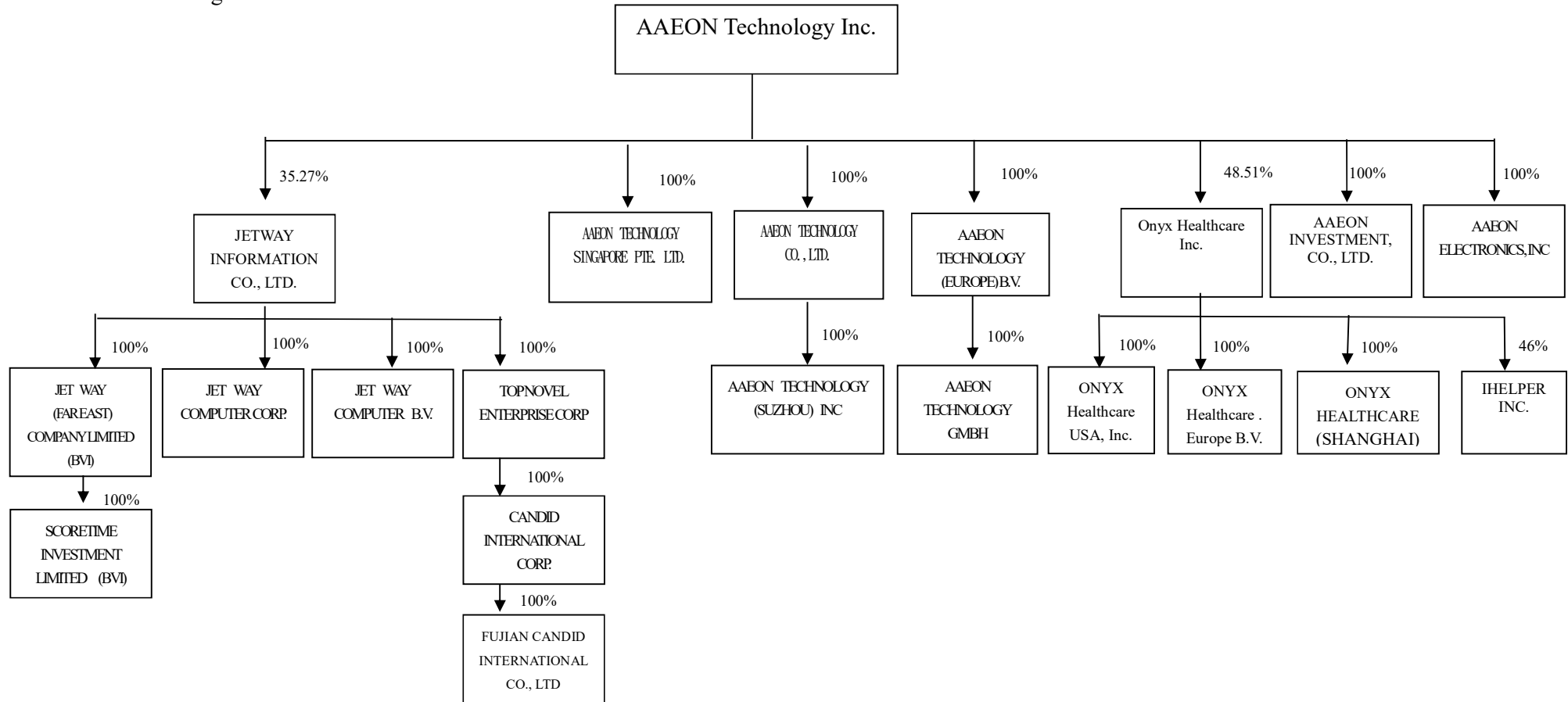
7. Other important disclosures
None.

VIII. Special Disclosure

1. Summary of Affiliated companies

(I) Affiliates consolidated business report

1. Organization chart for affiliates



2. Profiles of the subsidiaries

Name of enterprise	Date of foundation	Location	Paid-in Capital (NT\$ thousand) (Note 1)	Main business activities or products
AAEON Electronics, Inc.	Jun. 6, 1995	U.S.	150,455	Sales of industrial PCs and computer peripherals
AAEON Technology Ltd.	Sep. 11, 2001	BVI	270,422	Investment of industrial PCs and interface cards
AAEON Technology (Europe) B.V.	Mar. 4, 2005	The Netherlands	3,398	Sales of industrial PCs and computer peripherals
AAEON INVESTMENT, CO., LTD.	Jun. 6, 2009	Taiwan	150,000	Investment of industrial PCs and computer peripherals
AAEON Technology Singapore Pte. Ltd.	Mar. 30, 2004	Singapore	13,586	Sales of industrial PCs and computer peripherals
AAEON Technology GmbH	Oct. 23, 2007	Germany	1,019	Sales of industrial PCs and computer peripherals
AAEON Technology (Suzhou) Inc.	Nov. 1, 2001	China	266,835	Production and sales of industrial PCs and interface cards
ONYX HEALTHCARE INC.	Feb. 2, 2010	Taiwan	335,163	Design, manufacture and sales of medical computers
ONYX Healthcare USA, Inc.	Nov. 22, 2011	U.S.	61,410	Sales of medical computers and peripherals
AAEON Technology Europe B.V.	May 16, 2012	The Netherlands	3,398	Sales support and maintenance of medical computers and peripherals
ONYX HEALTHCARE (SHANGHAI) LTD.	Sep. 15, 2014	China	63,566	Sales of medical computers and peripherals
IHELPER INC.	Feb. 26, 2018	Taiwan	36,000	R&D and sales of medical robots
JETWAY INFORMATION CO., LTD	Aug. 04, 1986	Taiwan	749,833	Manufacturing and selling of industrial motherboard and computer peripherals
JET WAY COMPUTER CORP.	Dec. 31, 1999	U.S.	116,679	Selling and repairing of computer peripheral equipment
JET WAY COMPUTER B.V.	Apr. 08, 1998	The Netherlands	676	Selling and repairing of computer peripheral equipment

JET WAY (FAR EAST) INFORMATION COMPANY LIMITED	Nov.17 ,1998	The British Virgin Islands	94,714	Investing of computer peripheral business
TOP NOVEL ENTERPRISE CORP.	Sep. 02, 2009	The Seychelles	543,494	Investing of computer peripheral business
SCORETIME INVESTMENT LIMITED	Dec.12 ,2002	The British Virgin Islands	93,178	Investing of computer peripheral business
CANDID INTERNATIONAL CORP.	Sep 05, 2009	The Seychelles	523,520	Investing of computer peripheral business
FUJIAN CANDID INTERNATIONAL CO., LTD	May 07, 2010	China	521,985	Manufacturing and selling of computer and peripheral equipment

Note 1: For paid-in capital in foreign currencies, the amount in foreign currency has been converted into NT\$ at the exchange rate on Dec. 31, 2023.

3. Entities concluded as the existence of the controlling and subordinate relation under Article 369-3 of the Company Act: None.

4. The industries covered by the business operated by the affiliates overall.

The business operated by the Company and its affiliates is mainly the design, manufacture, processing and sales of computer-related products. There are also a small number of affiliated companies who has investment as their business scope. In general, the situation of division of labor among related Companies lies in the creation of maximum synergy through mutual support of technology, production capacity, sales, and services.

5. The names of the directors, supervisors, and general manager of each affiliate:

Name of enterprise	Title	Name or the representative person	Shares held	
			Shares	%
AAEON ELECTRONICS, INC.	Chairman of the Board	AAEON Technology (representative: Yung-Shun, Chuang)	490,000	100.00
	President	Paul Yang	-	-
AAEON TECHNOLOGY CO., LTD.	Chairman and President	AAEON Technology (representative: Yung-Shun, Chuang)	8,807,097	100.00
AAEON TECHNOLOGY (EUROPE) B.V.	Chairman	AAEON Technology (representative: Yung-Shun, Chuang)	-	100.00
AAEON TECHNOLOGY GMBH	Director	AAEON Technology (Europe) B.V. (representative: Yung-Shun, Chuang)	-	100.00
	Director	AAEON TECHNOLOGY (EUROPE) B.V. (representative: Li-Kai LAI)	-	-

Name of enterprise	Title	Name or the representative person	Shares held	
			Shares	%
AAEON INVESTMENT, CO., LTD.	Chairman and President	AAEON Technology (representative: Yung-Shun, Chuang)	15,000,000	100.00
ONYX HEALTHCARE INC.	Chairman	Rui Hai Investment Co.,Ltd. (representative: Yung-Shun, Chuang)	219,080	0.65
	Director	AAEON Technology (representative: Chien-Hung, Lin)	16,257,179	48.51
	Director	AAEON Technology (representative: Feng-Hsiang, Wang)	-	-
	Director	Rui Hai Investment Co., Ltd. (representative:Li-Kai, Lai)	-	-
	Independent Director	Chih-Hao, Li	-	-
	Independent Director	He-Chun, Tseng,	57,169	0.17
	Independent Director	Hsiu-Mei, Liao	-	-
AAEON TECHNOLOGY SINGAPORE PTE.LTD.	Director	AAEON Technology (representative: Yung-Shun, Chuang)	465,840	100.00
AAEON Technology (Suzhou) Inc.	Chairman	AAEON Technology Co., Ltd. (representative: Yung-Shun, Chuang)	-	100.00
ONYX HEALTHCARE USA, INC.	Chairman	ONYX HEALTHCARE INC. (representative: Yung-Shun, Chuang)	200,000	100.00
ONYX HEALTHCARE EUROPE B.V.	Chairman	ONYX HEALTHCARE INC. (representative: Yung-Shun, Chuang)	100,000	100.00
ONYX HEALTHCARE (SHANGHAI) LTD.	Chairman	ONYX HEALTHCARE INC. (representative: Yung-Shun, Chuang)	-	100.00
	Director	ONYX HEALTHCARE INC. (representative: Chin-Lung, Hsu)	-	-
	Director	ONYX HEALTHCARE INC. (representative: Feng-Hsiang, Wang)	-	-
	Supervisors	ONYX HEALTHCARE INC. (representative: Yun-Chen, Tu)	-	-
IHELPER INC.	Chairman	Kinpo Electronics Inc.(representative: Wei-Chung Chen)	1,584,000	44.00

Name of enterprise	Title	Name or the representative person	Shares held	
			Shares	%
	Director	Kinpo Electronics Inc.(representative: Cheng-Xian Lin)	-	-
	Director	ONYX HEALTHCARE INC. (representative: Yung-Shun, Chuang)	1,656,000	46.00
	Director	ONYX HEALTHCARE INC. (representative: Ying-Te, Chen)	-	-
	Supervisor:	Chih-Yun, Hsi	-	-
	Chairman	AAEON Technology (representative: Yung-Shun, Chuang)	26,450,000	35.27%
JETWAY INFORMATION CO., LTD	Director and President	AAEON Technology (representative: Chien-Hung, Lin)	—	—
	Director	AAEON Technology (representative: Chi-Hung, Liao)	—	—
	Director	AAEON Technology (representative: Yun-Chen, Tu)	—	—
	Independent Director	Ching-I, Chang	—	—
	Independent Director	Chia-Chin, Wu	—	—
	Independent Director	Hsin-Ping, Lee	—	—
	JET WAY COMPUTER CORP.	Chairman	JETWAY INFORMATION CO., LTD (representative: Yung-Shun, Chuang)	380
JET WAY COMPUTER B.V.	Chairman	JETWAY INFORMATION CO., LTD (representative: Yung-Shun, Chuang)	40	100%
JET WAY (FAR EAST) INFORMATION COMPANY LIMITED	Chairman	JETWAY INFORMATION CO., LTD (representative: Yung-Shun, Chuang)	3,084,634	100%
TOP NOVEL ENTERPRISE CORP.	Chairman	JETWAY INFORMATION CO., LTD (representative: Yung-Shun, Chuang)	17,700,500	100%

Name of enterprise	Title	Name or the representative person	Shares held	
			Shares	%
SCORETIME INVESTMENT LIMITED	Chairman	JET WAY (FAR EAST) INFORMATIONCOMPANY LIMITED (BVI) (representative: Yung-Shun, Chuang)	3,034,634	100%
CANDID INTERNATIONAL CORP.	Chairman	TOP NOVEL ENTERPRISE CORP (representative: Yung-Shun, Chuang)	17,050,000	100%
FUJIAN CANDID INTERNATIONAL CO., LTD	Chairman	CANDID INTERNATIONAL CORP. (representative: Yung-Shun, Chuang)	-	100%

6. Operating highlights of the affiliates

Unit: NT\$ thousand

Name of enterprise	Share capital	Total assets	Total liabilities	Net value	Operating revenues	Operating profit	After-tax net profit	Earnings per share
AAEON Electronics, Inc.	150,455	534,184	184,430	349,754	1,277,928	27,184	32,850	-
AAEON Technology Co., Ltd.	270,422	193,098	10	193,088	-	(25)	(43,871)	-
AAEON Technology (Europe) B.V.	3,398	445,737	337,432	108,305	2,001,204	(3,663)	31,218	-
AAEON INVESTMENT, CO., LTD.	150,000	141,585	91	141,494	-	(98)	12,589	0.84
AAEON Technology Singapore Pte. Ltd.	13,586	103,935	34,905	69,030	172,793	1,721	2,481	-
AAEON Technology GmbH	1,019	105,881	82,936	22,945	34,503	1,122	1,281	-
AAEON Technology (Suzhou) Inc.	266,835	281,242	90,785	190,457	452,006	(44,378)	(43,885)	-
ONYX HEALTHCARE INC.	335,163	2,020,360	508,768	1,511,592	1,248,403	211,254	255,262	7.65
ONYX Healthcare USA, Inc.	61,410	169,781	61,075	108,706	515,861	7,491	18,402	-
ONYX Healthcare Europe B.V.	3,398	34,725	12,106	22,619	65,107	2,118	1,779	-
IHELPER INC.	36,000	15,344	164	15,180	-	(1,642)	(1,570)	(0.44)
ONYX HEALTHCARE (SHANGHAI) LTD.	63,566	4,940	816	4,124	23	(2,497)	(2,428)	-
JETWAY INFORMATION CO., LTD	749,833	1,736,500	286,657	1,449,843	964,172	168,807	172,411	2.30
JET WAY COMPUTER CORP.	116,679	247,808	67,616	180,192	443,539	36,935	28,456	-
JET WAY COMPUTER B.V.	676	33,303	5,129	28,174	122,798	2,118	1,657	-
JET WAY (FAR EAST) INFORMATION COMPANY LIMITED	94,714	127,931	12,150	115,781	-	-	1,714	-
TOP NOVEL ENTERPRISE CORP.	543,494	427,257	-	427,257	-	-	(19,220)	-
SCORETIME INVESTMENT LIMITED	93,178	127,019	12,150	114,869	-	-	1,702	-

Name of enterprise	Share capital	Total assets	Total liabilities	Net value	Operating revenues	Operating profit	After-tax net profit	Earnings per share
CANDID INTERNATIONAL CORP.	523,520	423,645	-	423,645	-	-	(21,474)	-
FUJIAN CANDID INTERNATIONAL CO., LTD	521,985	548,324	126,256	422,068	369,531	(28,306)	(21,494)	-

(II) Consolidated financial reports auditor's report

For the year ended December 31, 2023, the companies that are required to be included in the consolidated financial statements of affiliates, are the same as the companies required to be included in the consolidated financial statements under International Financial Reporting Standards 10. And if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare consolidated financial statements of affiliates.

(III) Consolidated financial statements of affiliated enterprises: Not applicable.

2. Private placements of securities in the Most Recent Years
None.
3. The shares in the Company Held or Disposed of by subsidiaries in the Most Recent Years
None.
4. Other supplementary information
None.
5. Any Events in the most recent fiscal year and as of the printing date of this annual report that had significant impacts on shareholders' right or security prices as stated in Item 3 Paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan
None.

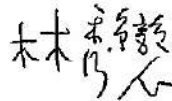
Attachment 1: Audit Committees' Review Report

Audit Committee's Review Report of AAEON Technology Inc.

The Board of Directors has prepared the AAEON Technology Inc. (“the Company”) 2023 Business Report, financial statements, and proposal for earnings distribution. The CPA firm of PwC was retained to audit the Company’s financial statements and has issued an audit report relating to financial statements. The above Business Report, financial statements, and earnings distribution proposal have been examined and determined to be correct and accurate by the Audit Committee of AAEON Technology Inc. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

AAEON Technology Inc.

Chairman of the Audit Committee: Ms. Xiulian Lin

Handwritten signature in Chinese characters, likely reading '林秀蓮' (Lin Xiulian).

February 29, 2024

Attachment 2: 2023 Consolidated Financial Report

AAEON Technology Inc. and Subsidiaries

REPRESENTATION LETTER

The entities that are required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as those included in the consolidated financial statements of AAEON Technology Inc. and its subsidiaries prepared in conformity with the International Financial Reporting Standard 10“Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates is included in the consolidated financial statements of AAEON Technology Inc. and its subsidiaries. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Hereby certify.

Company Name: AAEON Technology Inc.

Representative: Yung-Shun Chuang



February 29, 2024

INDEPENDENT AUDITORS' REPORT

(2024) Tsai-Shen-Bao-Tzi No.23003350

To the Board of Directors and Shareholders of
AAEON Technology Inc.:

Opinion

We have audited the accompanying consolidated balance sheets of AAEON Technology Inc. and its subsidiaries (the "Group") as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of the other independent auditors, (please refer to the "Other Matters"), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023, and 2022, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Independent Auditors' Responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of the other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matters for the Group's consolidated financial statements in the current period are stated as follows:

Assessment of the Reasonableness of the Acquired Price Allocation in Significant Mergers Transactions

Description

The Group acquired Jetway Information Co., Ltd. in April 2023. The acquisition transaction was treated as an acquisition method, and explanations can be found in Note 4 (33) of the consolidated financial statements. The accounting items related to this acquisition are explained in Note 6 (27) of the consolidated financial statements. The allocation of the purchase price is based on an external expert report commissioned by the management. Since the allocation of the purchase price involves management judgment and has a significant impact on the financial statements due to the assets (including goodwill and intangible assets) and liabilities arising from the acquisition transaction,

this acquisition is considered one of the key audit matters for the current year.

How our audit addressed the matter

Our audit procedures performed in AAEON for the above matter are as follow:

1. Evaluating the competence and objectivity of external valuation experts appointed by management.
2. To review the reasonableness of the measurement of identifiable assets and liabilities in the acquisition price allocation report prepared by external experts, including the reasonableness of the original data and key assumptions used. The procedures performed by the auditors and the internal valuation experts employed by the auditors are as follows:
 - (1) To review the valuation methods and calculation formulas employed by external valuation experts.
 - (2) To review the projected revenue growth rate and gross profit margin used, and compare them with historical results, economic forecasts, and industry literature.
 - (3) To review the discount rate used and compare it with the return rates of similar assets in the market.
3. To review the accounting treatment and financial statement presentation and disclosure of this transaction.

Existence of sales revenue

Description

Refer to Note 4(31) for the accounting policies on revenue recognition, and Note 6(19) for the details of operating revenue.

The Group is primarily engaged in the design, manufacturing, and sale of industrial computers and peripherals. As product project orders are susceptible to the product project cycles of customers, efforts are required to explore new markets and undertake new project orders. Therefore, the revenue from products may vary due to market trends in each period. Referring to industry reports and information from peers, the overall market trend has declined this period, while revenue from certain products has grown significantly. Consequently, we consider the existence of the aforementioned sales revenue as one of the most important audit matters for the current year.

How our audit addressed the matter

We have performed primary audit procedures for the above matter as follows:

1. Assess and test the financial statements, the internal control procedures of sales transactions are based on the Group's internal control system, and confirm the accuracy of the classification of products by the group.
2. Acquire and sample-check relevant documents of the aforementioned sales revenue transactions to confirm that customers have obtained control of the goods and assumed the risks of the goods before recognizing revenue.

Evaluation of inventories

Description

Refer to Note 4(14) for the accounting policies on the evaluation of inventories; Note 5 for the uncertainty of accounting estimate and assumptions for evaluation of inventories, and Note 6(5) for the details of inventory.

The Group is primarily engaged in design, manufacturing and sales of industrial computers, medical computers and peripherals. Given long production cycle of industrial computer and

medical computer products, some products or spare parts have long inventory period due to long-term supply and maintenance needs of customers. The order adjustments or lower-than-expected market conditions may lead to fluctuations in product prices or low inventory correction, which may result in higher risk in inventory devaluation or obsolescence. The Group's inventories are measured at the lower of inventory cost and net realizable value. For the inventories that exceeds its age and are individually identified to be out of date and obsolete, losses based on the policy of allowance for inventory impairment are recognized through individual assessment.

Corresponding the sales market and development strategies, the Group readily adjusts its stocking demands, with significant inventory balances as industrial computers and medical computers are the main products. In addition, given high uncertainty from the management's subjective estimates on the net realizable value used in evaluating obsolete inventories, the allowance for inventory devaluation is listed as one of the key audit matters.

How our audit addressed the matter

We have performed primary audit procedures for the above matter as follows:

1. Assess the policy on allowance for inventory valuation loss based on our understanding of the operations and industry of the Group.
2. Inspect the managements individually identified out-of-date inventory list and checked the related supporting documents.
3. Test the basis of market value used in calculating the net realizable valued of inventory and validated the accuracy of net realizable value calculation of selected samples.

Other matters – Reference to the audits of other independent auditors

We did not audit the financial statement of certain investments accounted for under equity method. These investments accounted for under equity method amountded to \$4,104,236 thousand and \$4,143,549 thousand, constituting 28.55% and 36.34% of total assets as of December 31, 2023 and 2022, respectively, and the comprehensive income of subsidiaries, associates, and joint ventures accounted for under equity method amounted to \$261,687 thousand and \$340,359 thousand, respectively, constituting for 21.21% and 27.48% of total comprehensive income for the years ended December 31,2023 and 2022 respectively. The financial statements of these investments accounted for under equity method were audited by other independent auditors whose reports thereon have been furnished to us and our opinion expressed herein, insofar as it relates to the amounts included in the separate financial statements and information disclosed relative to these investments, is based solely on the reports of other independent auditors.

Other matters – Parent company only financial reports

We have audited and expressed an unmodified opinion with Other Matters section on the parent company only financial statements of AAEON Technology Inc. as of and for the years ended December 31, 2023 and 2022.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Those charged with governance, including the Audit Committee, are responsible for overseeing the Group's financial reporting process.

Independent auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

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

We also provide those charged with governance with a statement that we have complied with

relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

PwC Taiwan
Certified Public Accountant

Chang, Shu-Chiung

Lin, Chun-Yao

(Formerly known as) Financial Supervisory Commission, Executive Yuan

Approval reference: FSC No. 0990042602

(Formerly known as) Securities and Futures Commission, The Ministry of Finance

Approval reference: (85) Taiwan Finance Certificate (6) No. 68702

February 29, 2024

Note to Readers

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


The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.



AAEON Technology Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2023 AND 2022
(Expressed In Thousands of New Taiwan Dollars)

	Assets	Notes	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current asset						
1100	Cash and cash equivalents	6. (1)	\$ 4,347,976	30	\$ 2,234,203	20
1110	Financial asset at fair value through profit or loss - current	6. (2)	423,284	3	307,675	3
1136	Financial assets measured at amortized cost-current	8	62,331	1	-	-
1150	Net notes receivable	6. (4)	13,400	-	17,615	-
1170	Net accounts receivable	6. (4) and 7	919,566	6	1,135,029	10
1200	Other receivables	7	17,377	-	25,059	-
1220	Current tax assets		2,084	-	16,518	-
130X	Inventories	6. (5)	1,491,105	10	2,088,345	18
1410	Prepayments		105,134	1	92,483	1
1479	Other current liabilities - other	8	4,747	-	2,034	-
11XX	Total current assets		<u>7,387,004</u>	<u>51</u>	<u>5,918,961</u>	<u>52</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6. (2)	62,631	-	55,503	1
1517	Financial assets at fair value through other comprehensive income - non-current	6. (3)	68,756	1	27,536	-
1550	Investments accounted for under equity method	6. (6)	4,138,921	29	4,143,549	36
1600	Property, plant and equipment	6. (7), 7 and 8	1,519,684	11	805,741	7
1755	Right-of-use assets	6. (8)	186,616	1	121,490	1
1760	Investment property	6. (9)	191,792	1	222,929	2
1780	Intangible assets	6.(10) and 7	700,153	5	13,313	-
1840	Deferred tax assets	6. (25)	88,741	1	74,247	1
1900	Other non-current assets	8	33,360	-	19,717	-
15XX	Total non-current assets		<u>6,990,654</u>	<u>49</u>	<u>5,484,025</u>	<u>48</u>
1XXX	Total assets		<u>\$ 14,377,658</u>	<u>100</u>	<u>\$ 11,402,986</u>	<u>100</u>

(Continued)


 AAEON Technology Inc. and Subsidiaries
 CONSOLIDATED BALANCE SHEET
 DECEMBER 31, 2023 AND 2022
 (Expressed In Thousands of New Taiwan Dollars)

	Liabilities and equity	Notes	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
	Current liability					
2100	Short-term borrowings	6. (11) and 8	\$ 27,000	-	\$ -	-
2130	Contract liability - current	6. (19)	225,564	2	255,211	2
2150	Notes payables		2	-	19	-
2170	Accounts payables		452,725	3	365,065	3
2180	Accounts payables-related parties	7	69,941	1	70,908	1
2200	Other payables	6. (13), and 7	672,350	5	593,533	5
2230	Current tax liabilities		105,243	1	253,864	2
2250	Provisions - current		41,519	-	34,423	-
2280	Lease liability - current		44,717	-	38,406	1
2320	Long-term liabilities-current Portion	6. (12), 8	10,476	-	10,376	-
2399	Other current liabilities - other		47,941	-	37,940	1
21XX	Total current liabilities		<u>1,697,478</u>	<u>12</u>	<u>1,659,745</u>	<u>15</u>
	Non-current liabilities					
2527	Contract liability - non-current	6. (19)	58,686	-	73,425	1
2540	Long-term borrowings	6. (12), 8	134,499	1	144,910	1
2550	Provisions - non-current		14,507	-	11,317	-
2570	Deferred tax liabilities	6. (25)	230,873	2	57,861	-
2580	Lease liability - non-current		103,720	1	84,768	1
2670	Other non-current liabilities - other		16,500	-	8,062	-
25XX	Total non-current liabilities		<u>558,785</u>	<u>4</u>	<u>380,343</u>	<u>3</u>
2XXX	Total liabilities		<u>2,256,263</u>	<u>16</u>	<u>2,040,088</u>	<u>18</u>
	Equity					
	Equity attributable to owners of parent					
	Share capital	6. (16)				
3110	Share capital-common stock		1,602,418	11	1,490,825	13
3140	Advance receipts for share capital		1,660	-	1,430	-
	Capital surplus	6. (15) (17)				
3200	Capital surplus		6,421,702	45	5,461,370	48
	Retained earnings	6. (18)				
3310	Legal reserve		577,944	4	470,533	4
3320	Special reserve		12,359	-	64,805	1
3350	Undistributed retained earnings		1,331,564	9	1,165,819	10
	Other Equity					
3400	Other Equity		62,953	-	(12,359)	-
31XX	Total equity attributable to owners of parent		<u>10,010,600</u>	<u>69</u>	<u>8,642,423</u>	<u>76</u>
36XX	Non-controlling interests	4. (3)	<u>2,110,795</u>	<u>15</u>	<u>720,475</u>	<u>6</u>
3XXX	Total equity		<u>12,121,395</u>	<u>84</u>	<u>9,362,898</u>	<u>82</u>
	Significant contingent liabilities and 9 unrecognized contract commitments					
	Significant events after the balance 11 sheet date					
3X2X	Total liabilities and equity		<u>\$ 14,377,658</u>	<u>100</u>	<u>\$ 11,402,986</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.

Chairman: Yung-Shun Chuang




Manager: Chien-Hung Lin



Accounting Supervisor: Jen-Chung Wang




 AAEON Technology Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
 (Expressed In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Item	Notes	2023		2022	
		Amount	%	Amount	%
4000 Operating income	6. (19), 7	\$ 8,073,203	100	\$ 8,352,076	100
5000 Operating cost	6. (5) (23) (24), and 7	(5,238,829)	(65)	(5,598,941)	(67)
5900 Operating profit		<u>2,834,374</u>	<u>35</u>	<u>2,753,135</u>	<u>33</u>
Operating expenses	6. (23)(24) and 7				
6100 Selling expense		(715,843)	(9)	(588,291)	(7)
6200 General and administrative expenses		(489,745)	(6)	(368,231)	(5)
6300 Research and development expenses		(624,360)	(8)	(599,554)	(7)
6450 Expected credit impairment loss or (gain)	12. (2)	<u>1,997</u>	<u>-</u>	(<u>2,969</u>)	<u>-</u>
6000 Total operating expense		(<u>1,827,951</u>)	(<u>23</u>)	(<u>1,559,045</u>)	(<u>19</u>)
6900 Operating income		<u>1,006,423</u>	<u>12</u>	<u>1,194,090</u>	<u>14</u>
Non-operating income and expenses					
7100 Interest income		75,796	1	7,242	-
7010 Other income	6. (20)	32,228	-	35,953	-
7020 Other gains and losses	6. (21)	156,362	2	(85,293)	(1)
7050 Financial costs	6. (22)	(6,462)	-	(5,989)	-
7060 Share of the profit of the associates and joint ventures accounted for under equity method	6. (6)	<u>176,426</u>	<u>3</u>	<u>317,029</u>	<u>4</u>
7000 Total non-operating income and expenses		<u>434,350</u>	<u>6</u>	<u>268,942</u>	<u>3</u>
7900 Profit before income tax		1,440,773	18	1,463,032	17
7950 Income tax expense	6. (25)	(273,523)	(4)	(285,196)	(3)
8200 Profit for the year		<u>\$ 1,167,250</u>	<u>14</u>	<u>\$ 1,177,836</u>	<u>14</u>

(Continued)

AAEON Technology Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Item	Notes	2023		2022	
		Amount	%	Amount	%
Other comprehensive income (loss)					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Gains (losses) on remeasurements of defined benefit plans	\$ 422	-	\$ -	-
8316	Unrealized gains(losses) on financial assets at FVOCI	(5,394)	-	(4,845)	-
8320	Share of other comprehensive income of associates and joint ventures accounted for under equity method - not to be reclassified to profit or loss in subsequent periods	76,426	1	16,347	-
8349	Income tax relating to items that will not be reclassified	(86)	-	-	-
8310	Total amount not to be reclassified to profit or loss in subsequent periods	<u>71,368</u>	<u>1</u>	<u>11,502</u>	<u>-</u>
To be reclassified to profit or loss in subsequent periods					
8361	Financial statements translation differences of foreign operations	(10,755)	-	52,621	1
8370	Share of other comprehensive income of associates and joint ventures accounted for under equity method - to be reclassified to profit or loss in subsequent periods	3,985	-	6,983	-
8399	Income tax relating to the components of other comprehensive income	2,152	-	(10,523)	-
8360	Total amount to be reclassified to profit or loss in subsequent periods	<u>(4,618)</u>	<u>-</u>	<u>49,081</u>	<u>1</u>
8300	Net Other comprehensive income	<u>\$ 66,750</u>	<u>1</u>	<u>\$ 60,583</u>	<u>1</u>
8500	Total comprehensive income	<u>\$ 1,234,000</u>	<u>15</u>	<u>\$ 1,238,419</u>	<u>15</u>
Net income attributable to:					
8610	Shareholders of the parent	\$ 969,345	12	\$ 1,074,460	13
8620	Non-controlling interest	197,905	2	103,376	1
		<u>\$ 1,167,250</u>	<u>14</u>	<u>\$ 1,177,836</u>	<u>14</u>
Total comprehensive income attributable to:					
8710	Shareholders of the parent	\$ 1,042,289	13	\$ 1,126,906	14
8720	Non-controlling interest	191,711	2	111,513	1
		<u>\$ 1,234,000</u>	<u>15</u>	<u>\$ 1,238,419</u>	<u>15</u>
Basic earnings per share					
9750	Total basic earnings per share	<u>\$ 8.42</u>		<u>\$ 10.03</u>	
Diluted earnings per share					
9850	Total diluted earnings per share	<u>\$ 8.32</u>		<u>\$ 9.86</u>	

The accompanying notes are an integral part of these consolidated financial statements.

Chairman: Yung-Shun Chuang



Manager: Chien-Hung Lin



Accounting Supervisor: Jen-Chung Wang





AAEON Technology Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
 (Expressed in thousands of New Taiwan Dollars)

	Notes	Equity attributable to owners of the parent											
		Share Capital		Retained Earnings					Other Equity				
		Common share capital	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Undistributed retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total	Non-controlling interests	Total
For the year ended December 31, 2022													
Balance at January 1, 2022		\$ 1,484,985	\$ 1,200	\$ 5,433,926	\$ 425,624	\$ 53,278	\$ 534,550	(\$ 65,407)	\$ 2,733	(\$ 2,131)	\$ 7,868,758	\$ 521,770	\$ 8,390,528
Profit to the period		-	-	-	-	-	1,074,460	-	-	-	1,074,460	103,376	1,177,836
Other comprehensive income		-	-	-	-	-	-	44,002	8,444	-	52,446	8,137	60,583
Total comprehensive income		-	-	-	-	-	1,074,460	44,002	8,444	-	1,126,906	111,513	1,238,419
Appropriations of 2021 earnings:	6. (18)	-	-	-	44,909	-	(44,909)	-	-	-	-	-	-
Legal reserve		-	-	-	44,909	-	(44,909)	-	-	-	-	-	-
Special reserve		-	-	-	-	11,527	(11,527)	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	(386,408)	-	-	(386,408)	-	(386,408)	
Capital surplus-cash dividend	6. (17) (18)	-	-	(74,309)	-	-	-	-	-	(74,309)	-	(74,309)	
Differences between share price and book value from acquisition or disposal of subsidiaries	6. (17)	-	-	19,802	-	-	-	-	-	19,802	(19,802)	-	
Recognition of changes in ownership interest in subsidiary	6. (17)	-	-	1,630	-	-	-	-	-	1,630	(1,630)	-	
Effect from long-term investment that has not been recognized based on shareholding percentage	6. (6) (17)	-	-	(443)	-	-	-	-	-	(443)	-	(443)	
Change in associates and joint ventures accounted for under equity method	6. (6) (17)	-	-	37,860	-	-	-	-	-	37,860	-	37,860	
Share-based Payment	6. (15) (17)	-	-	10,363	-	-	(347)	-	-	10,016	4,375	14,391	
Employee stock options exercised	6. (15) (17)	5,840	230	32,541	-	-	-	-	-	38,611	-	38,611	
Changes in non-controlling interests-subsi-dary increase cash capital		-	-	-	-	-	-	-	-	-	-	172,266	172,266
Changes in non-controlling interests-cash dividends	4 (3)	-	-	-	-	-	-	-	-	-	(68,017)	(68,017)	
Balance at December 31, 2022		\$ 1,490,825	\$ 1,430	\$ 5,461,370	\$ 470,533	\$ 64,805	\$ 1,165,819	(\$ 21,405)	\$ 11,177	(\$ 2,131)	\$ 8,642,423	\$ 720,475	\$ 9,362,898

(Continued)



AAEON Technology Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
 (Expressed in thousands of New Taiwan Dollars)

	Notes	Equity attributable to owners of the parent												
		Share Capital		Retained Earnings					Other Equity				Non-controlling interests	Total
		Common share capital	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Undistributed retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total			
For the year ended December 31, 2023														
Balance at January 1, 2023		\$ 1,490,825	\$ 1,430	\$ 5,461,370	\$ 470,533	\$ 64,805	\$1,165,819	(\$ 21,405)	\$ 11,177	(\$ 2,131)	\$ 8,642,423	\$ 720,475	\$ 9,362,898	
Profit fo the period		-	-	-	-	-	969,345	-	-	-	969,345	197,905	1,167,250	
Other comprehensive income		-	-	-	-	-	-	742	72,083	119	72,944	(6,194)	66,750	
Total comprehensive income		-	-	-	-	-	969,345	742	72,083	119	1,042,289	191,711	1,234,000	
Appropriations of 2022 earnings:	6. (18)													
Legal reserve		-	-	-	107,411	-	(107,411)	-	-	-	-	-	-	
Special reserve		-	-	-	-	(52,446)	52,446	-	-	-	-	-	-	
Cash dividends		-	-	-	-	-	(746,127)	-	-	-	(746,127)	-	(746,127)	
Issuance of new shares in exchange for other company's shares	6. (16) (17)	105,233	-	848,183	-	-	-	-	-	-	953,416	-	953,416	
Recognition of changes in ownership interest in subsidiaries	6. (17)	-	-	(3,935)	-	-	-	-	-	-	(3,935)	3,935	-	
Effect from long-term investment that has not been recognized based on shareholding percentage	6. (6)(17)	-	-	162	-	-	-	-	-	-	162	-	162	
Change in associates and joint ventures accounted for under equity method	6. (6) (17)	-	-	64,235	-	-	-	-	-	-	64,235	-	64,235	
Share-based Payment	6. (15) (17)	-	-	4,728	-	-	(140)	-	-	-	4,588	1,842	6,430	
Employee stock options exercised	6. (15) (17)	6,360	230	46,959	-	-	-	-	-	-	53,549	15,776	69,325	
Disposal of financial assets at fair value through other comprehensive income		-	-	-	-	-	(2,368)	-	2,368	-	-	-	-	
Changes in non-controlling interests-subsiary acquisition	6 (27)	-	-	-	-	-	-	-	-	-	-	1,383,476	1,383,476	
Changes in non-controlling interests- cash dividends 4 (3)		-	-	-	-	-	-	-	-	-	-	(206,420)	(206,420)	
Balance at December 31, 2023		\$ 1,602,418	\$ 1,660	\$ 6,421,702	\$ 577,944	\$ 12,359	\$1,331,564	(\$ 20,663)	\$ 85,628	(\$ 2,131)	\$ 10,010,600	\$ 2,110,795	\$12,121,395	

The accompanying notes are an integral part of these consolidated financial statements.

Chairman: Yung-Shun Chuang



Manager: Chien-Hung Lin




Accounting Supervisor: Jen-Chung Wang




 AAEON Technology Inc. and Subsidiaries
 CONSOLIDATED STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
 (Expressed in thousands of New Taiwan Dollars)

	Notes	For the years ended December 31,	
		2023	2022
<u>Cash flows from operating activities</u>			
Profit before tax		\$ 1,440,773	\$ 1,463,032
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6 (7) (8) (23)	125,992	84,830
Amortization expenses	6 (10) (23)	63,422	16,175
Expected credit impairment losses (gains)	12 (2)	(1,997)	2,969
Costs of share-based payment awards	6 (15)	6,430	22,565
Interest income		(75,796)	(7,242)
Dividends income	6 (20)	(11,390)	(18,256)
Interest expenses	6 (22)	6,462	5,989
Net (gain) or loss from financial assets and liabilities at fair value through profit or loss	6 (2) (21)	(130,978)	177,760
Losses on disposal of property, plant and equipment	6 (7) (21)	2,631	2,190
Transferred to expenses and losses		2,639	2,443
Depreciation expense of investment property (other gains and losses)	6 (9) (21)	6,277	6,613
Share of profit of associates accounted for under equity method	6 (6)	(176,426)	(317,029)
Gain on lease modification	6. (8)(21)	(18)	(36)
Changes in operating assets and liabilities			
Net changes in operating assets			
Financial assets and liabilities at fair value through profit or loss		-	(104,919)
Notes and accounts receivable		298,714	41,585
Other receivables		9,171	31,821
Inventories		970,866	(570,310)
Prepayments		7,399	(3,068)
Net changes in operating liabilities			
Contract liability		(86,244)	55,064
Notes and accounts payable (including related-parties)		(30,661)	(144,919)
Other payables		(22,600)	158,877
Other current liabilities		8,086	4,428
Provisions for liabilities		(5,109)	10,315
Other non-current liabilities		(3,836)	5,906
Net cash from operating activities		2,403,807	926,783
Interest received		75,796	7,242
Interest paid		(6,457)	(6,012)
Income taxes paid		(406,319)	(121,811)
Net cash flows from operating activities		2,066,827	806,202

(Continued)


 AAEON Technology Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
 (Expressed in thousands of New Taiwan Dollars)

	Notes	For the years ended December 31,	
		2023	2022
Cash flows from investing activities			
Acquired financial assets at fair value through profit or loss		\$ -	(\$ 5,168)
Disposal of financial assets at fair value through profit or loss		8,241	59,672
Acquisition of intangible asset	6 (10)	(8,548)	(10,068)
Acquired financial asset measured at amortized cost-current		(31,626)	-
Disposal of financial asset measured at amortized cost-current		100,035	-
Acquired financial assets at fair value through other comprehensive income		(71,769)	-
Increase in other current assets		(258)	(403)
Acquisition of investments accounted for under equity method	6 (6)	(14,380)	(15,802)
Acquisition of property, plant and equipment	6 (28)	(117,977)	(150,453)
Increase in other non-current assets		(9,198)	(38,515)
Dividends received		376,787	190,465
Acquisition of subsidiary, net of cash received	6 (27)	754,136	-
Net cash flows from investing activities		<u>985,443</u>	<u>29,728</u>
Cash flows from financing activities			
Increase (decrease) in short-term borrowings	6 (29)	27,000	(105,000)
Reimbursement in long-term borrowings	6 (29)	(10,311)	(10,501)
Repayment of lease principal	6 (29)	(56,511)	(42,403)
Cash dividends paid	6 (18)	(746,127)	(460,717)
Changes in non-controlling interests - cash dividends for non-controlling interests	4 (3)	(206,420)	(68,017)
Changes in non-controlling interests-subsiary increase cash capital		-	172,266
Employee share options exercised	6 (15)	69,325	38,611
Net cash flows from financing activities		<u>(923,044)</u>	<u>(475,761)</u>
Effects due to changes in exchange rate		<u>(15,453)</u>	<u>32,514</u>
Increase in cash and cash equivalents		2,113,773	392,683
Cash and cash equivalents at the beginning of periods		<u>2,234,203</u>	<u>1,841,520</u>
Cash and cash equivalents at the end of periods		<u>\$ 4,347,976</u>	<u>\$ 2,234,203</u>

The accompanying notes are an integral part of these consolidated financial statements

Chairman: Yung-Shun Chuang




Manager: Chien-Hung Lin



Accounting Supervisor: Jen-Chung Wang




AAEON Technology Inc. and Subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan Dollars, except as of otherwise indicated)

I. Company Profile

AAEON Technology Co., Ltd. ("the Company") was established in the Republic of China. The main businesses of the company and its subsidiaries ("the Group") include the manufacturing, processing and imports and exports of computer peripherals, electronic components, computer test instruments, computer PCB functional testing, and radio telecommunication equipment and its components; the R&D, design, manufacturing, processing and trading of various industrial computers, medical computers, industrial controllers, quantity controllers and components; industrial computer automation design and services, as well as the import/export of related materials. The Company has been listed on Taiwan Stock Exchange since August 2017. Asustek Computer Co., Ltd. holds 37.70% of the Company's shares (including indirect holdings) and is the Group's ultimate parent company.

II. Date and Procedures for the Authorization of Financial Reports

These consolidated financial reports were approved by the board of directors on February 29, 2024.

III. New or Revised Standards and Applied Interpretation

(I) The impact of adopting standards or interpretations issued, revised or amended by IASB which are endorsed by the Financial Supervisory Commission (hereinafter referred to as FSC)

Standards or interpretations issued, revised or amended by IASB which are endorsed by FSC at 2022 are listed below:

<u>Newly issued revised or amended standards and interpretations</u>	<u>Effective date issued by IASB</u>
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
Amendments to IAS 12, "International tax reform - pillar two model rules"	May 23, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(II) Effect of new issuances of or amendments to International Financial Reporting Standards as endorsed by the FSC but not yet adopted by the Group

New standards interpretations and amendments endorsed by the FSC effective from 2024 are as follows:

<u>Newly issued revised or amended standards and interpretations</u>	<u>Effective date issued by IASB</u>
Amendments to IFRS 16, "Lease liability in a sale and lease back"	January 1, 2024
Amendments to IAS 1, "Classification of liabilities as current or non- current"	January 1, 2024
Amendments to IAS 1, "Non-current liabilities with covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7, "Supplier finance arrangements"	January 1, 2024

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(III) International Financial Reporting Standards issued by IASB but not yet endorsed by the FSC

Standards or interpretations issued, revised or amended, by IASB but not yet endorsed by FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 10 and IAS 28, “Sale or contribution of assets between an investor and its associate or joint venture”	To be determined by International Accounting Standards Board
IFRS 17, “Insurance contracts”	January 1, 2023
Amendments to IFRS 17, “Insurance contracts”	January 1, 2023
Amendments to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 - comparative information’	January 1, 2023
Amendments to IAS 21, “Lack of exchangeability”	January 1, 2025

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

IV. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(I) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(II) Basis of preparation

1. Except for the following significant items, these consolidated financial statements have been prepared under the historical cost convention:
 - (1) Financial assets and financial liabilities (including derivatives) that have been measured at fair value through profit of loss.
 - (2) Financial assets and financial liabilities that have been measured at fair value through other comprehensive income.
 - (3) Defined benefit liabilities recognized at the net amount of pension fund assets less present value of defined benefit obligation.
2. The critical accounting estimates and assumptions used in preparation of financial statements and the critical judgements in applying the Group’s accounting policies are disclosed in Note 5.

(III) Basis of consolidation

1. Preparation principle of consolidated financial statement:
 - (1) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable

returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

- (2) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (3) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests.
- (4) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- (5) When the Group loses the control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

2. The subsidiaries included in the consolidated financial statements:

Investor	Investee	Business	Ownership interest		Notes
			2023/12/31	2022/12/31	
AAEON.	AAEON ELECTRONICS, INC. (AEI)	Sales of IPC and PC peripherals	100%	100%	
AAEON.	AAEON TECHNOLOGY CO., LTD (ATCL)	Investment of IPC and interface card	100%	100%	
AAEON.	AAEON TECHNOLOGY (EUROPE) B.V.(ANI)	Sales of IPC and PC peripherals	100%	100%	
AAEON.	AAEON INVESTMENT, CO., LTD. (AAEONI)	Investment of IPC and PC peripherals	100%	100%	
AAEON.	ONYX HEALTHCARE INC. (ONYX)	Design, manufacture and sales of medical PC	48.51%	48.88%	Note1 and Note 2

Investor	Investee	Business	Ownership interest		Notes
			2023/12/31	2022/12/31	
AAEON.	AAEON TECHNOLOGY SINGAPORE PTE. LTD (ASG)	Sales of IPC and PC peripherals	100%	100%	
AAEON.	JETWAY INFORMATION CO., LTD. (JETWAY)	Manufacturing and selling of industrial motherboard and computer peripherals	35.27%	-	Note 3
ATCL	AAEON TECHNOLOGY (SUZHOU) INC.(ACI)	Production and sales of IPC and interface card	100%	100%	
ANI	AAEON TECHNOLOGY GMBH(AGI)	Sales of IPC and PC peripherals	100%	100%	
ONYX	ONYX HEALTHCARE EUROPE B.V. (ONI)	Marketing support and maintenance of medical PC and peripherals	100%	100%	
ONYX	ONYX HEALTHCARE USA, INC. (OHU)	Sales of medical PC and peripherals	100%	100%	
ONYX	ONYX HEALTHCARE (SHANGHAI) LTD (OCI)	Sales of medical PC and peripherals	100%	100%	
ONYX	IHELPER INC. (IHELPER)	R&D and sales of medical robots	46%	46%	Note 2
JETWAY	JETWAY COMPUTER CORP.(USA) (JETWAYUS)	Selling and repairing of computer peripheral equipment	100%	-	Note 3
JETWAY	JETWAY COMPUTER B.V. (Netherlands) (JETWAYNL)	Selling and repairing of computer peripheral equipment	100%	-	Note 3
JETWAY	JETWAY (FAR EAST) INFORMATION COMPANY LIMITED (JETWAYFE)	Investing of computer peripheral business	100%	-	Note 3
JETWAY	TOP NOVEL ENTERPRISE CORP. (TOPNOVEL)	Investing of computer peripheral business	100%	-	Note 3
JETWAYFE	SCORETIME INVESTMENT LIMITED (SCORETIME)	Investing of computer peripheral business	100%	-	Note 3

Investor	Investee	Business	Ownership interest		Notes
			2023/12/31	2022/12/31	
TOPNOVEL	CANDID INTERNATIONAL AL CORP. (CANDID)	Investing of computer peripheral business	100%	-	Note 3
CANDID	FUJIAN CANDID INTERNATIONAL AL CO., LTD. (FUJIAN)	Manufacturing and selling of computer and peripheral equipment	100%	-	Note 3

Note 1: ONYX has increased cash capital in March, 2022, be invested in different shareholding by the Company.

Note 2: Although the Group does not hold more than 50% shareholding, it is included in the preparation of the consolidated financial report as it has control over the Company's financial, operating and personnel policies.

Note 3: The Company has increased its capital by issuing 10,523 thousand common shares in exchange for 26,308 thousand common shares held by 11 shareholders of JETWAY on April 28, 2023. Consequently, AA EON acquired a total of 35.27% of the shares of JETWAY including 0.19% equity interest held by the Company before the combination, and became the single largest shareholder of JETWAY. Considering the participation of other shareholders and the voting records of major resolutions during JETWAY's past shareholders' meetings, which indicated that the Group has substantial capability to lead relative activities, JETWAY was included in the Group's consolidated financial statements from that date (the acquisition date). In June, 2023, JETWAY held director elections, and the Company has granted more than half of a company's directors.

3. Subsidiaries not included in the consolidated financial statements: None.
4. Adjustments for subsidiaries with different end of the financial reporting period: None.
5. Significant restrictions: None.
6. Subsidiaries that have non-controlling interests that are material to the Group:

The Group's total non-controlling interests as of December 31, 2023 and 2022 were \$2,110,795 and \$720,475, respectively. The Group's subsidiaries with significant non-controlling interests are as follows:

Subsidiary Name	Main business location	Non-controlling interests		Non-controlling interests	
		2023/12/31		2022/12/31	
		Amount	Ownership interest	Amount	Ownership interest
ONYX	Taiwan	\$ 778,295	51.49%	\$ 711,430	51.12%
JETWAY	Taiwan	\$ 1,323,547	64.73%		

Summarized financial information of subsidiaries:

Balance sheet

	ONYX	
	2023/12/31	2022/12/31
Current asset	\$ 870,965	\$ 939,028
Non-current assets	1,177,243	1,027,880
Current liability	(305,151)	(318,887)
Non-current liabilities	(222,511)	(247,132)
Total Net Assets	<u>\$ 1,520,546</u>	<u>\$ 1,400,889</u>

	JETWAY	
	2023/12/31	
Current asset	\$ 1,325,707	
Non-current assets	1,231,257	
Current liability	(313,690)	
Non-current liabilities	(198,413)	
Total Net Assets	<u>\$ 2,044,861</u>	

Statement of comprehensive income

	ONYX	
	For the years ended December 31,	
	2023	2022
Income	\$ 1,492,860	\$ 1,600,265
Profit before tax	\$ 305,000	\$ 242,034
Income tax expense	(49,830)	(38,896)
Net income	255,170	203,138
Other comprehensive income (net amount after tax)	(1,088)	15,970
Total comprehensive income	<u>\$ 254,082</u>	<u>\$ 219,108</u>
Total comprehensive income attributable to non-controlling interests	\$ 130,399	\$ 111,459
Dividends paid to non-controlling interests	<u>\$ 85,087</u>	<u>\$ 68,017</u>

	From April 28 to December 31, 2023	
Income	\$ 944,712	
Profit before tax	\$ 136,019	
Income tax expense	(32,487)	
Net income	103,532	
Other comprehensive income (net amount after tax)	(7,698)	
Total comprehensive income	<u>\$ 95,834</u>	
Total comprehensive income attributable to non-controlling interests	\$ 61,404	
Dividends paid to non-controlling interests	<u>\$ 121,333</u>	

Cash flow statement

	ONYX	
	For the years ended December 31,	
	2023	2022
Net cash inflow (outflow) from operating activities	\$ 350,222	\$ 161,791
Net cash flows used in investing activities	(184,357)	(31,032)
Net cash flows from financing activities	(128,537)	6,032
Effects of exchange rate changes on cash and cash equivalents	553	9,202
Decrease in current cash and cash equivalents	<u>37,881</u>	<u>145,993</u>
Cash and cash equivalents at the beginning of periods	328,886	182,893
Cash and cash equivalents at the end of periods	<u>\$ 366,767</u>	<u>\$ 328,886</u>

	From April 28 to December 31, 2023
Net cash inflow (outflow) from operating activities	\$ 219,780
Net cash flows used in investing activities	97,996
Net cash flows from financing activities	(193,624)
Effects of exchange rate changes on cash and cash equivalents	(17,200)
Decrease in current cash and cash equivalents	<u>106,952</u>
Cash and cash equivalents at the beginning of periods	758,967
Cash and cash equivalents at the end of periods	<u>\$ 865,919</u>

(IV) Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in “New Taiwan Dollars (NTD)”, which is the Group’s functional and presentation currency.

1. Foreign currency transaction and account balances

- (1) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (2) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange difference arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (3) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates

prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

- (4) All foreign exchange gains and losses are presented in the statement of comprehensive income within “other gains and losses”.

2. Translation of foreign operations:

The operating results and financial position of all the group entities, associates and joint arrangement that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- C. All resulting exchange differences are recognized in other comprehensive income.

(V) Classification of current and non-current items

1. Assets that meet one of the following conditions are classified as current assets:

- (1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (2) Assets held mainly for trading purposes.
- (3) Assets that are expected to be realized within twelve months from the balance sheet date;
- (4) Cash or a cash equivalent, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

Otherwise they are classified as non-current assets.

2. Liabilities that meet one of the following conditions are classified as current liabilities:

- (1) Liabilities that are expected to be settled within the normal operating cycle;
- (2) Liabilities arising mainly from trading activities;
- (3) Liabilities that are to be settled within twelve months from the balance sheet date;
- (4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Otherwise they are classified as non-current liabilities.

(VI) Cash equivalents

Cash equivalents refer to short-term and highly liquid investment readily convertible into known amounts of cash which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

1. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
2. On a regular way purchase or sale basis, financial assets at fair value through profit or

loss are recognised and derecognised using trade date accounting.

3. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
4. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(VIII) Financial asset at fair value through other comprehensive income

1. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (1) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (2) The assets' contractual cash flows represent solely payments of principal and interest.
2. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using transaction date accounting.
3. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity instruments are recognized as other comprehensive income, while all other gains and losses are recognized in other comprehensive income. Those amounts are derecognized without being reclassified to profit or loss and would be transferred to retained earnings. Dividends revenue should be recognized when the right to receive payment is established, provided that it is probable that the economic benefits will flow to the enterprise and the amount of revenue can be measured reliably.

(IX) Financial assets measured at amortized costs

The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(X) Accounts and notes receivable

1. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
2. The short-term accounts and notes receivables without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(XI) Impairment of financial assets

For accounts receivable that have a significant financing component, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(XII) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

1. The contractual rights to receive the cash flows from the financial assets expire.
2. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
3. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(XIII) Leasing arrangements (lessor) – operating leases

Lease income from an operating lease net of any incentives given to the lessee is recognized in profit or loss on a straight-line basis over the lease term.

(XIV) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(XV) Investments accounted for under equity method

1. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20% or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
2. The Group's share of its associates' post-acquisition profits or losses or other comprehensive income is recognized as current profit or loss or other comprehensive income as appropriate. When the Group's share of losses in an associate equals or exceeds its interest in the associate (including any other unsecured receivables), the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.
3. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes change in ownership interests in the associate in "capital surplus" in proportion to its ownership.
4. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
5. When the affiliate issues additional shares, if the Group does not subscribe or acquire based on the proportion, which lead to a change in investment proportion but still with significant influence, the increase or decrease in net equity value are adjusted against the "capital reserve" and "investments accounted for using the equity method". If the Group's investment is reduced, apart from the above adjustments, the Group reclassifies to profit or loss the proportion of the gain or loss previously recognized in other comprehensive income relative to that reduction in ownership interest.
6. Upon loss of significant influence over an associate, the Group remeasures any

investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.

7. When the Group loses significant influence at the disposal of an affiliate, the Group shall account for all amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the Group had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by the Group would be reclassified to profit or loss on the disposal of the related assets or liabilities, the gain or loss from equity is reclassified to profit or loss when the Group loses significant influence. If the Group still has significant influence on the affiliate, the proportionate amount of the gains or losses previously recognized in other comprehensive income is reclassified.
8. When the Group loses significant influence at the disposal of an affiliate, the related capital reserve shall be recognized as profit or loss; if the Group still has significant influence on the affiliate, capital reserve are transferred to profit or loss based on disposal ratio.
9. For the reciprocal investments between the Company and another company, investment income or loss was recognized under equity method based on the amount prior to recognition of profit or loss.

(XVI) Property, plant and equipment

1. Property, plant and equipment are stated at cost, and the amount of interest incurred during the construction period are capitalized.
2. Subsequent costs are included in the carrying amount of an asset or recognized as an asset only if it is probable that future economic benefits associated with the item will flow to the Group, and the cost of the item can be measured reliably. The carrying amount of those parts that are replaced shall be derecognized. All other repair and maintenance costs are recognized in profit or loss as incurred.
3. Except for land which is not depreciated, other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant, it should be depreciated separately.
4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each end of the financial reporting period. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change. The estimated economic lives of various assets are as follows:

Buildings	40~50 years
Machinery and equipment	2~10 years
Other equipment	3~10 years

(XVII) Leasing arrangements (lessee) - right-of-use assets/lease liabilities

1. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
2. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease

payments are fixed payment, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

3. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (1) The amount of the initial measurement of lease liability;

- (2) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

4. With regard to the modification on reducing lease scope, lessee would decrease the carrying amount of right of use asset to reflect the termination of partial or overall lease contract, the difference in carrying amount and the amount of lease liability remeasurement is recognized in profit or loss.

(XVIII) Investment property

Investment properties are measured initially at cost, and are subsequently measured using the cost model. Except for land, investment property is depreciated on a straight-line basis over its useful life of 28-50 years.

(XIX) Intangible assets

1. Intangible assets mainly consist of computer software costs are amortized on a straight-line basis over their estimated useful lives of 1 to 10 years.
2. Customer relationship, patent and expertise arise in a business combination, recognized at fair value on the date of acquisition, the basis of fair value accounting is based on the appraisal report with straight-line method basis over their useful lives over 6 to 7 years.
3. Goodwill arise in a business combination accounted for by applying the acquisition method.

(XX) Impairment of non-financial assets

1. The Group assesses at the end of the financial reporting period the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized at the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or decrease, the impairment loss shall be reversed to the extent of the loss previously recognized in profit or loss. However, the reversal should not exceed the carrying amount, net of depreciation or amortization had the impairment not been recognized.
2. The recoverable amounts of goodwill and intangible assets with an indefinite useful life shall be evaluated periodically. An impairment loss is recognized at the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.
3. Goodwill is allocated to cash-generating units for impairment testing purposes. Such

allocation is based on the identification of operating segments, distributing goodwill to the cash-generating units or groups of cash-generating units expected to benefit from the goodwill arising from business combinations.

(XXI) Borrowings

Borrowings is recognized initially at fair value, net of transaction costs incurred. after deducting transaction costs at initial recognition. Subsequently, any difference between the proceeds net of transaction costs and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(XXII) Accounts and notes payable

1. Liabilities incurred for purchase of materials or supplies, goods, or services on credit, as well as other notes payables arising from non-operating activities.
2. Short-term accounts and notes payables with no stated interest rate may be measured at the original invoice amount as the effect of discounting is immaterial.

(XXIII) Financial liabilities at fair value through profit or loss

1. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges.
2. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognized in profit or loss.

(XXIV) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the relevant contract is discharged, cancelled or expired.

(XXV) Non-hedging derivatives

Non-hedging derivatives are initially recognized at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognized in profit or loss.

(XXVI) Provisions

Provisions (warranties) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(XXVII) Employee benefits

1. Short-term employee benefits
Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized in expenses in that period when the employees render service.
2. Pensions

(1) Defined contribution plans

For defined contribution plans, the contributions are recognized in pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(2) Defined benefit plans

A. The liability recognized in the balance sheets in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the financial reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of government bonds or interest rates of return of high-quality investments that have terms to maturity approximating to the terms of the related pension liability.

B. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as other equity.

3. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized in expenses and as liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(XXVIII) Share-based payment for employees

The equity-settled share-based payment arrangement equals the grant-date fair value of equity instruments based on the employee's services, and is recognized as compensation costs over the vested period with relative adjustments in equity. Fair value reflects the effect of changes in vesting and non-vesting conditions of market price when they take place. Recognition of compensation costs are adjusted with the number of awards which will meet service conditions and non-market vesting conditions. The final measure of compensation cost is recognized as the vesting quantity on the vesting date.

(XXIX) Income tax

1. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the financial reporting period in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings.
3. Deferred income tax is recognized, using the balance sheets liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of

an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the end of the financial reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At the end of the financial reporting period, unrecognized and recognized deferred income tax assets are reassessed.
5. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheets when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheets when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXX) Dividend

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(XXXI) Revenue recognition

1. Sales of products

- (1) The Group manufactures and sells products related to industrial computers and medical computers, and sales revenue is recognized when control is transferred to the customer, that is, upon delivery of the product. The wholesaler has full discretion over the channel and price to sell the products, and there is no unsatisfied performance obligations that could affect the wholesaler's acceptance of products. Delivery does not occur until the products have been shipped to the specified location, the risk of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- (2) Revenues from sales of products related to industrial computers and medical computers are recorded based on the contract price net of the estimated volume discounts and returns at the time of sale. The quantity discounts and sales discounts given to customers are usually calculated on the basis of 6 months of cumulative sales. The Group estimates sales discounts based on historical experience under the expected value method, with revenue amount included to the extent that it is highly probable a significant reversal in the amount of cumulative revenue recognized will not occur, while estimates are updated at the end of the reporting period. The estimated sales discount provided to customers as of the end of the reporting period is recognized as refund liability. The terms for sales transactions are payment 30-60 days EOM. As the interval between transfer of the promised goods or services and payment by the customer is less than 12 months, the Group has not adjusted

transaction price to reflect the time value of money.

- (3) The Group provides product warranty for the goods sold, and has the obligation to provide refund for the defective goods sold, while the provisions for sales return should be recognized.
- (4) Accounts receivable is recorded when the Group has the unconditional right to the consideration at that time since payment is due based only upon the passage of time.

2. Warrant income

The Group's services for advance warranty income for extended warranties are reclassified as revenue based on length of the remaining warranty period.

(XXXII) Government grants

Government grants are recognized when there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received, recognized in fair value. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expense for the related costs for which the grants are intended to compensate.

(XXXIII) Business combinations

1. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.
2. If the total of the fair values of the consideration of acquisition and any non-controlling interests in the acquiree as well as the acquisition-date fair value of any previous equity interest in the acquiree is higher than the fair value of the Group's share of the identifiable net assets acquired and liabilities assumed, the difference is recorded as goodwill, if the total of the fair values of the consideration of acquisition and any non-controlling interests in the acquiree as well as the acquisition-date fair value of any previous equity interest in the acquiree is higher than the fair value of the Group's share of the identifiable net assets acquired and liabilities assumed, the difference is recorded as profit.

(XXXIV) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, identified as the Board, is responsible for allocating resources and assessing the performance of the Group's operating segments.

V. Significant Accounting Judgments, Estimations and Major Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions at the end of the financial reporting period and estimates concerning future events. The resulting accounting

estimates and assumptions might be different from the actual results, and will be continually evaluated and adjusted based on historical experience and other factors; These estimates and assumptions have the risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, and the related information is addressed below:

Significant Accounting Estimations

1. Evaluation of inventories

Since inventory should be valued at the lower of cost and net realizable value, the Group must judge and estimate net realizable value of inventories at the reporting period. Due to the rapidly changing technology, the Group assesses the amount of inventories at the end of the reporting period due to normal wear and tear, obsolescence or no market value and write down inventories to net realizable value. Inventory evaluation is mainly based on the estimate of product demand during a specific future period, which may lead to significant changes.

As of December 31, 2023, the carrying amount of the Group's inventory was \$1,491,105.

VI. Details of significant accounts

(I) Cash and cash equivalents

	<u>2023/12/31</u>	<u>2022/12/31</u>
Cash on hand and petty cash	\$ 4,392	\$ 1,003
Checking accounts and demand deposits	2,397,774	1,828,790
Time deposit	1,945,810	404,410
Total	<u>\$ 4,347,976</u>	<u>\$ 2,234,203</u>

1. Due to good credit quality of the Group's principal financial institutions and the Group's relationships with multiple financial institutions, the exposure to a diversified set of risks would lower the probability of a default.
2. Please refer to Note 8 for the Group's collateral provision in the form of cash and cash equivalent guarantees.
3. Time deposits with original maturities exceeding three months of the Group's have been reclassified under 'Financial assets measured at amortized cost'.

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

<u>Item</u>	<u>2023/12/31</u>	<u>2022/12/31</u>
Current:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed and OTC stocks	\$ 91,428	\$ 98,777
Emerging stocks	3,000	3,000
Unlisted and non-OTC stocks	73,744	73,744
Beneficiary certificates	25,000	25,000
Convertible bond	104,900	104,900
	<u>298,072</u>	<u>305,421</u>
Valuation adjustment	125,212	2,254
Subtotal	<u>\$ 423,284</u>	<u>\$ 307,675</u>

Item	2023/12/31	2022/12/31
Non-current:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted and non-OTC stocks	\$ 59,070	\$ 59,070
Hybrid instrument	10,832	10,832
	69,902	69,902
Valuation adjustment	(7,271)	(14,399)
Subtotal	\$ 62,631	\$ 55,503

1. The hybrid instrument is a contract that contains both a host contract and embedded options of the unlisted company V-net AAEON Corporation Ltd. (hereinafter referred to as V-net). The options provide original shareholders the right to resell/repurchase stocks of the Company and V-net at the original transaction price. Please refer to Note 12 (3) 8 for the fair value as of December 31, 2023 and 2022.
2. Amounts recognized in profit of loss in relation to financial assets and liabilities at fair value through profit or loss are listed below:

	For the years ended December 31,	
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Equity instrument	\$ 118,888	(\$ 181,119)
Beneficiary certificates	322	142
Convertible bond	12,600	3,500
Derivatives	(279)	(19)
Hybrid instrument	(553)	(264)
Total	\$ 130,978	(\$ 177,760)

3. The Group has no financial assets measured at fair value through profit or loss pledged as collaterals.

(III) Financial asset at fair value through other comprehensive income

Item	2023/12/31	2022/12/31
Non-current:		
Equity instrument		
Listed and OTC stocks	\$ 71,769	\$ -
Unlisted and non-OTC stocks	39,334	69,334
Valuation adjustment	(42,347)	(41,798)
Total	\$ 68,756	\$ 27,536

1. The Group has elected to classify investment on MELTEN CONNECTED HEALTHCARE INC. and PROTECTLIFE INTERNATIONAL BIOMEDICAL INC, which are considered to be strategic investments as financial assets measured at fair value through other comprehensive income. The fair value of the investments

amounted to \$68,756 and \$27,536 on December 31, 2023, and 2022 separately.

- Amounts recognized in profit of loss in relation to financial assets at fair value through other comprehensive income are listed below:

	For the year ended December 31,	
	2023	2022
Financial asset at fair value through other comprehensive income		
Recognized in other comprehensive income (loss)	(\$ 5,394)	(\$ 4,845)
Transfer to retained earnings from derecognition of financial assets	(\$ 4,845)	\$ -

- The Group has no financial assets measured at fair value through other comprehensive income pledged to others.

(IV) Notes and accounts receivable

	2023/12/31	2022/12/31
Notes receivable	\$ 13,400	\$ 17,615
Accounts receivable	\$ 939,430	\$ 1,156,626
Less: Loss allowance	(19,864)	(21,597)
	\$ 919,566	\$ 1,135,029

- The aging of accounts and notes receivable are as follows:

Notes receivable	2023/12/31	2022/12/31
Not past due	\$ 13,400	\$ 17,615
Accounts receivable	2023/12/31	2022/12/31
Not past due	\$ 763,274	\$ 886,337
Within 30 days	115,098	202,075
31-60 days	43,877	38,215
61-90 days	106	13,849
91-180 days	2,199	2,973
Over 181 days	14,876	13,177
	\$ 939,430	\$ 1,156,626

The aging analysis above is based on the number of days past due.

- The Group does not hold any financial assets as security for accounts and notes receivables.
- Balances of accounts and notes receivable as of December 31, 2023 and 2022 had arisen entirely from customers' contracts. Balance receivable on customers' contracts and allowance for losses as of January 1, 2023 were \$1,216,157 and \$18,403, respectively.
- Regardless of any collateral held or other credit enhancements, the maximum exposure to the credit risk of notes receivables as of December 31, 2023, and 2022 were \$13,400, \$17,615, respectively, and the maximum exposure to the credit risk of accounts receivable as of December 31, 2023 and 2022 were \$919,566 and \$1,135,029, respectively.

5. Please refer to Note 12 (2) for credit risk information of notes and accounts receivable.

(V) Inventories

	2023/12/31		
	Cost	Valuation allowance	Carrying amount
Raw material	\$ 831,349	(\$ 120,623)	\$ 710,726
Work in progress	472,702	(23,411)	449,291
Finished good	333,185	(44,587)	288,598
Merchandise Inventories	64,595	(22,105)	42,490
Total	\$ 1,701,831	(\$ 210,726)	\$ 1,491,105

	2022/12/31		
	Cost	Valuation allowance	Carrying amount
Raw material	\$ 1,104,134	(\$ 92,359)	\$ 1,011,775
Work in progress	705,935	(23,097)	682,838
Finished good	397,401	(29,049)	368,352
Merchandise Inventories	27,351	(1,971)	25,380
Total	\$ 2,234,821	(\$ 146,476)	\$ 2,088,345

The Group's cost of inventories recognized as expenses of the current period:

	For the years ended December 31,	
	2023	2022
Cost of inventory sold	\$ 5,213,295	\$ 5,496,345
Inventories obsolescence and devaluation loss	24,203	71,813
Losses on disposal of inventories	339	11,724
Other operating costs	-	17,847
Others	992	1,212
	\$ 5,238,829	\$ 5,598,941

(VI) Investments accounted for under equity method

	2023	2022
At January 1	\$ 4,143,549	\$ 3,922,180
Increase in investments accounted for under equity method	14,380	15,802
Reclassification	25,155	-
Share of investment income accounted for under equity method	176,426	317,029
Distribution of investment income accounted for under equity method	(365,397)	(172,209)
Changes in capital surplus	64,397	37,417
Changes in other equity	80,411	23,330
At December 31	\$ 4,138,921	\$ 4,143,549

Investee	2023/12/31		2022/12/31	
	Ownership (%)	Book value	Ownership (%)	Book value
LITEMAX ELECTRONICS INC.	11.91	\$ 114,718	11.97	\$ 116,696
IBASE TECHNOLOGY INC.	26.82	3,359,992	28.61	3,420,216
WINMATE INC.	13.08	629,526	13.99	606,637
PROTECTLIFE INTERNATIONAL BIOMEDICAL INC.	11.27	34,685	-	-
		<u>\$ 4,138,921</u>		<u>\$ 4,143,549</u>

1. On June 11, 2018, the Company signed a share exchange agreement with IBASE TECHNOLOGY INC. and increased its capital by issuing 41,698 thousand new shares for the exchange of 52,922 thousand common shares from IBASE TECHNOLOGY INC. The record date of the share exchange was September 29, 2018. The share exchange entitles the Group holds 30% equity interest and significant influence in IBASE; for this reason, IBASE has been accounted using the equity method since then. According to the share exchange agreement, the two parties agree to notify the other party of the transaction terms and conditions in writing, providing the preferential right of subscription for the following changes in shareholdings:

- (1) Either party wishes to reduce shares of the other party which are acquired based on the share exchange agreement.
- (2) Either party wishes to increase its shareholding in the other party within three years after the contract is signed.

2. Summarized aggregated financial information of the Group's share in these associates is as follows:

Balance sheet

	IBASE TECHNOLOGY INC.	
	2023/12/31	2022/12/31
Current asset	\$ 6,386,855	\$ 5,616,501
Non-current assets	7,183,821	6,795,424
Current liability	(2,686,379)	(2,078,957)
Non-current liabilities	(2,255,564)	(2,924,708)
Net assets fair value of trade marks, other intangible and tangible assets adjustment	1,269,201	1,887,254
Adjusted net assets	<u>\$ 9,897,934</u>	<u>\$ 9,295,514</u>
Share of net assets of the affiliate	\$ 2,381,574	\$ 2,441,798
Goodwill	978,418	978,418
Book value of affiliates	<u>\$ 3,992,216</u>	<u>\$ 3,420,216</u>

Statement of comprehensive income

	For the years ended December 31,	
	2023	2022
Income	\$ 5,996,862	\$ 6,774,831
Net income of continuing operations	662,686	1,139,571
Other comprehensive income (net amount after tax)	266,351	53,740
Total comprehensive income	929,037	1,193,311
Fair value adjustment	(152,307)	(152,762)
Adjusted total comprehensive income	\$ 776,730	\$ 1,040,549
Dividends received from associates	\$ 295,539	\$ 114,552

3. The Group's share of their operating results of associates that are individually not significant to the Group:

	For the years ended December 31,	
	2023	2022
Net income of continuing operations	\$ 81,698	\$ 88,701
Other comprehensive income (net amount after tax)	4,059	11,759
Total comprehensive income	\$ 85,757	\$ 100,460

4. The fair value of the Group's associates which have quoted market price is as follows:

	2023/12/31	2022/12/31
LITEMAX ELECTRONICS INC.	\$ 237,713	\$ 189,067
IBASE TECHNOLOGY INC.	4,270,794	4,090,859
WINMATE INC.	1,254,890	850,252
	\$ 5,763,397	\$ 5,130,178

5. Although the Group holds less than 20% of the voting power of Litemax Electronics Inc., it has significant influence to Litemax and has adopted the equity method for evaluation as its shareholding percentage is the highest, and has also been serving as a director of Litemax.
6. Although the Group holds less than 20% of the voting power of Winmate Inc., it has adopted the equity method for evaluation as its subsidiary Onyx has served as a director of Winmate Inc.
7. The Group originally holds 6.3% equity stake of PROTECTLIFE INTERNATIONAL BIOMEDICAL INC. After participating in its cash capital increase on February 9, 2023, the Group's ownership percentage increased to 11.54%. Although it holds less than 20%, when considering the group's shares together with those held by another related party, FU LI INVESTMENT INC. (a subsidiary with its chairman serving as a director of ONYX), the ownership percentage reached 20%. And the chairman of the subsidiary, who holds a significant influence, serves as a director of PROTECTLIFE INTERNATIONAL BIOMEDICAL INC. Therefore, starting from February 9, 2023, the equity method is applied for the evaluation of the investment. Additionally, the Group's participated in its cash capital increase on July 21, 2023, the ownership percentage increased to 11.27%.

8. The Group holds 26.82% of the voting power of IBASE TECHNOLOGY INC., as the single largest shareholder. Considering the participation of other shareholders in the previous shareholders' meeting and the voting rights of major proposals, the Group has no actual ability to direct relevant activities. Therefore, the Group has no control over the company and only has a significant influence.
9. The Group holds 11.91% of the voting power of LITEMAX ELECTRONICS INC., as the single largest shareholder. Considering that the remaining 88.09% of LITEMAX's equity is concentrated in investors from other parties, the number of votes for the minority voting rights holders to act together has surpassed that of the Group, Therefore, the Group has no control over the company and only has significant influence on LITEMAX.

(VII) Property, Plant and Equipment

2023						
	Land	Buildings	Machinery and equipment	Other equipment	Construction in progress and equipment under installation	Total
January 1						
Cost	\$ 490,453	\$ 319,367	\$ 98,346	\$ 197,458	\$ 8,370	\$ 1,113,994
Accumulated depreciation and impairment	-	(111,140)	(47,422)	(149,691)	-	(308,253)
	<u>\$ 490,453</u>	<u>\$ 208,227</u>	<u>\$ 50,924</u>	<u>\$ 47,767</u>	<u>\$ 8,370</u>	<u>\$ 805,741</u>
January 1	\$ 490,453	\$ 208,227	\$ 50,924	\$ 47,767	\$ 8,370	\$ 805,741
Additions (Note 1)	37,523	15,295	10,029	38,805	14,820	116,472
Disposal	-	(2)	(95)	(2,534)	-	(2,631)
Reclassification (Note 2)	-	32,970	8,542	8,363	(22,847)	27,028
Depreciation expense	-	(23,307)	(15,484)	(29,512)	-	(68,303)
Effects due to changes in consolidated entities	186,298	438,154	8,592	13,288	-	646,332
Net exchange differences	(13)	(4,741)	(221)	20	-	(4,955)
December 31	<u>\$ 714,261</u>	<u>\$ 666,596</u>	<u>\$ 62,287</u>	<u>\$ 76,197</u>	<u>\$ 343</u>	<u>\$ 1,519,684</u>
December 31						
Cost	\$ 714,261	\$ 977,482	\$ 239,666	\$ 283,009	\$ 343	\$ 2,214,761
Accumulated depreciation and impairment	-	(310,886)	(177,379)	(206,812)	-	(695,077)
	<u>\$ 714,261</u>	<u>\$ 666,596</u>	<u>\$ 62,287</u>	<u>\$ 76,197</u>	<u>\$ 343</u>	<u>\$ 1,519,684</u>

	Land	Buildings	Machinery and equipment	Other equipment	Construction in progress and equipment under installation	Total
January 1						
Cost	\$ 511,982	\$ 310,595	\$ 69,224	\$ 200,338	\$ 1,307	\$ 1,093,446
Accumulated depreciation and impairment	-	(101,534)	(45,528)	(146,063)	-	(293,125)
	<u>\$ 511,982</u>	<u>\$ 209,061</u>	<u>\$ 23,696</u>	<u>\$ 54,275</u>	<u>\$ 1,307</u>	<u>\$ 800,321</u>
January 1	\$ 511,982	\$ 209,061	\$ 23,696	\$ 54,275	\$ 1,307	\$ 800,321
Additions (Note 1)	-	-	3,310	15,121	133,584	152,015
Disposal	-	-	-	(2,190)	-	(2,190)
Reclassification (Note 2)	(29,152)	(271)	31,819	5,598	(126,521)	(118,527)
Depreciation expense	-	(8,566)	(7,918)	(25,450)	-	(41,934)
Net exchange differences	7,623	8,003	17	413	-	16,056
December 31	<u>\$ 490,453</u>	<u>\$ 208,227</u>	<u>\$ 50,924</u>	<u>\$ 47,767</u>	<u>\$ 8,370</u>	<u>\$ 805,741</u>
December 31						
Cost	\$ 490,453	\$ 319,367	\$ 98,346	\$ 197,458	\$ 8,370	\$ 1,113,994
Accumulated depreciation and impairment	-	(111,140)	(47,422)	(149,691)	-	(308,253)
	<u>\$ 490,453</u>	<u>\$ 208,227</u>	<u>\$ 50,924</u>	<u>\$ 47,767</u>	<u>\$ 8,370</u>	<u>\$ 805,741</u>

Note 1: The Group has purchased real estate from related-parties in September, 2022, please refer to Note 7 (3) 7.

Note 2: Mainly reclassified from property, plant and equipment to investment property

1. The above property, plant and equipment are assets for self-use requirement.
2. Please refer to Note 8 for the property, plant and equipment as collaterals for loans.

(VIII) Lease transactions - lessee

1. The Group leases various assets including land use right, buildings, transportation equipment and other equipment. The rental contracts of land use right are 43 years, remaining are typically made for periods of 1 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions, the lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
2. The lease term of part of the Group's houses and transportation equipment is no more than 12 months, with leases of office equipment which are low-value assets.
3. The carrying amount of right-of-use assets and the amount of depreciation expense recognized are as follows:

	2023/12/31	2022/12/31
	Carrying amount	Carrying amount
Buildings	\$ 136,523	\$ 113,403
Transportation equipment	7,482	6,415
Land use right	41,367	-
Other equipment	1,244	1,672
	<u>\$ 186,616</u>	<u>\$ 121,490</u>

	For the years ended December 31,	
	2023	2022
	Depreciation expense	Depreciation expense
Buildings	\$ 50,960	\$ 36,635
Transportation equipment	5,554	5,833
Land use right	746	-
Other equipment	429	428
	<u>\$ 57,689</u>	<u>\$ 42,896</u>

4. For the years ended December 31, 2023 and 2022 to the acquisitions of right-of-use assets were \$57,359 and \$83,727, respectively.

5. The information on income and expense accounts relating to lease contracts is as follows:

<u>Items affecting profit or loss</u>	For the years ended December 31,	
	2023	2022
	Depreciation expense	Depreciation expense
Interest expense on lease liabilities	\$ 3,497	\$ 3,244
Expense on short-term lease contract	16,774	19,455
Expense on leases of low-value assets	153	59
Gain on lease modification	18	36

6. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases was \$76,935 and \$65,161, respectively.

(IX) Investment property

		2023		
		Land	Buildings	Total
January 1				
Cost	\$	128,073	\$ 192,206	\$ 320,279
Accumulated depreciation and impairment		-	(97,350)	(97,350)
	\$	128,073	\$ 94,856	\$ 222,929
		Land	Buildings	Total
January 1	\$	128,073	\$ 94,856	\$ 222,929
Reclassification (Note 1)		-	(24,145)	(24,145)
Depreciation expense		-	(6,277)	(6,277)
Net exchange differences		-	(715)	715
December 31	\$	128,073	\$ 63,719	\$ 191,792
		Land	Buildings	Total
December 31				
Cost	\$	128,073	\$ 146,443	\$ 274,516
Accumulated depreciation and impairment		-	(82,724)	(82,724)
	\$	128,073	\$ 63,719	\$ 191,792
		2022		
		Land	Buildings	Total
January 1				
Cost	\$	-	\$ 169,788	\$ 169,788
Accumulated depreciation and impairment		-	(90,030)	(90,030)
	\$	-	\$ 79,758	\$ 79,758
		Land	Buildings	Total
January 1	\$	-	\$ 79,758	\$ 79,758
Reclassification (Note 2)		128,073	20,979	149,052
Depreciation expense		-	(6,613)	(6,613)
Net exchange differences		-	732	732
December 31	\$	128,073	\$ 94,856	\$ 222,929
		Land	Buildings	Total
December 31				
Cost	\$	128,073	\$ 192,206	\$ 320,279
Accumulated depreciation and impairment		-	(97,350)	(97,350)
	\$	128,073	\$ 94,856	\$ 222,929

Note 1: Mainly reclassified from investment property to property, plant and equipment.

Note 2: Mainly reclassified from property, plant and equipment to investment property.

1. Rent income and related direct operating cost & expense of the investment property:

	For the year ended December 31,	
	2023	2022
Rent income	\$ 12,393	\$ 13,101
Related direct operating cost & expense	\$ 6,277	\$ 6,613

2. The fair value of investment property for the year ended December 31, 2023, and 2022 was \$348,631 and \$484,540 which base on the evaluation results of nearby transaction prices.

(X) Intangible assets

	Patent and Expertise	Computer Software	Goodwill	Customer Relationship	Total
January 1, 2023					
Cost	\$ 385	\$ 66,511	\$ -	\$ -	\$ 66,896
Accumulated amortization and impairment	(59)	(53,524)	-	-	(53,583)
	<u>\$ 326</u>	<u>\$ 12,987</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,313</u>
January 1, 2023	\$ 326	\$ 12,987	\$ -	\$ -	\$ 13,313
Additions- from acquisitions	-	8,548	-	-	8,548
Additions- due to changes in consolidated entities	70,306	721	204,390	465,859	741,276
Amortization	(7,842)	(10,764)	-	(44,368)	(62,974)
Net exchange differences	1	(11)	-	-	(10)
December 31, 2023	<u>\$ 62,791</u>	<u>\$ 11,481</u>	<u>\$ 204,390</u>	<u>\$ 421,491</u>	<u>\$ 700,153</u>
December 31, 2023					
Cost	\$ 70,691	\$ 75,780	\$ 204,390	\$ 465,859	\$ 810,786
Accumulated amortization and impairment	(7,900)	(64,299)	-	(44,368)	(94,408)
	<u>\$ 62,741</u>	<u>\$ 11,481</u>	<u>\$ 204,390</u>	<u>\$ 421,491</u>	<u>\$ 700,153</u>
	Patent and Expertise	Computer Software	Goodwill	Customer Relationship	Total
January 1, 2022					
Cost	\$ 329	\$ 55,645	\$ -	\$ -	\$ 55,974
Accumulated amortization and impairment	(91)	(38,157)	-	-	(38,248)
	<u>\$ 238</u>	<u>\$ 17,488</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,726</u>
January 1, 2022	\$ 238	\$ 17,488	\$ -	\$ -	\$ 17,726
Additions- from acquisitions	56	10,012	-	-	10,068
Reclassification	-	854	-	-	854
Amortization	-	(15,367)	-	-	(15,367)
Net exchange differences	32	-	-	-	32
December 31, 2022	<u>\$ 326</u>	<u>\$ 12,987</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,313</u>

	Patent and Expertise	Computer Software	Goodwill	Customer Relationship	Total
December 31, 2022					
Cost	\$ 385	\$ 66,511	\$ -	\$ -	\$ 66,896
Accumulated amortization and impairment	and (59)	(53,524)	-	-	(55,583)
	<u>\$ 326</u>	<u>\$ 12,987</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,313</u>

A. Please refer to the Note 6 (27) for business combinations.

- As of December 31, 2023, the goodwill generated by JETWAY due to the acquisition of the Group is tentatively recognized at \$204,390, and the impairment test of goodwill is to allocate goodwill to the cash generating units related to JETWAY, and the use value is used as the basis for the recoverable amount, and the use value is estimated based on the cash flow of the five-year financial budget approved by management.

Management determines the budget gross margin based on previous performance and its expectations of market development. The weighted average growth rate used is consistent with the industry report's forecast. The discount rate used is an after-tax rate and reflects the specific risks of the relevant operating sector. The after-tax discount rate used in the main assessment of December 31, 2023 was 17.35%.

There's no impairment loss of goodwill recognized from the above assessment mentioned in the year in ended December 31, 2023.

- The details of Amortization as below:

	For the year ended December 31,	
	2023	2022
Operating cost	\$ 248	\$ 1,632
Selling expense	624	796
General and administrative expenses	55,997	4,369
Research and development expenses	6,105	8,570
	<u>\$ 62,974</u>	<u>\$ 15,367</u>

(XI) Short-term borrowings

Nature of the borrowing	2023/12/31	Interest rate range	Collateral
Borrowings from banks			
Credit borrowings	<u>\$ 27,000</u>	0.50%	Refer to Note 8

- The short-term borrowing for the year ended December 31, 2022: None.
- For the year ended December 31, 2023 and 2022, interest expenses recognized through profit or loss were \$142 and \$364, respectively.

(XII) Long-term borrowings

Type of borrowing	Period and Repayment method	Interest rate range	Collateral	2022/12/31
Borrowings from banks				
Guaranteed borrowings	2022.5.28-2036.5.28 Monthly amortization of principal and interest	1.85%	Land, Buildings	\$ 144,975
Less: Current portions of long-term loans				(10,476)
				<u>\$ 134,499</u>

Type of borrowing	Period and Repayment method	Interest rate range	Collateral	2022/12/31
Borrowings from banks				
Guaranteed borrowings	2022.5.28-2036.5.28 Monthly amortization of principal and interest	1.73%	Land, Buildings	\$ 155,286
Less: Current portions of long-term loans				(10,376)
				<u>\$ 144,910</u>

1. The interest recognized in profit or loss for the year ended December 31, 2023 and 2022 were \$2,718 and \$2,097, respectively.

2. Please refer to Note 8 for the details of collateral.

(XIII) Other payables

	2023/12/31	2022/12/31
Accrued payroll, employee's compensation and bonuses	\$ 446,691	\$ 375,968
Accrued technical service fee (Note 7 (3) 6.)	37,691	37,859
Accrued commission fee	78,349	65,546
Others	109,619	114,160
	<u>\$ 672,350</u>	<u>\$ 593,533</u>

Please refer to Note 7 (3) 6. for the details

(XIV) Pension

1.(1) JETWAY have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 5% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contribution for the deficit by next March.

(2) The amounts recognized in the balance sheets are as follows:

	2023/12/31
Present value of defined benefit obligations	(\$ 18,986)
Fair value of plan assets	29,123
Net defined benefit liability	<u>\$ 10,137</u>

(3) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets (liability)
January 1	\$ -	\$ -	\$ -
Current service cost	(201)	-	(201)
Interest (expense) income	(430)	404	(26)
	<u>(631)</u>	<u>404</u>	<u>(227)</u>
Remeasurements:			
Change in financial assumptions	(71)	-	(71)
Experience adjustments	381	112	493
	<u>310</u>	<u>112</u>	<u>422</u>
Pension fund contribution	-	11,968	11,968
Pension payment	11,951	(11,951)	-
Effect due to consolidated entities	(30,616)	28,590	(2,026)
December 31	<u>(\$ 18,986)</u>	<u>\$ 29,123</u>	<u>\$ 10,137</u>

(4) The Bank of Taiwan was commissioned to manage the Fund of the Company's and its domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and its domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and its domestic subsidiaries are unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(5) The principal actuarial assumptions used are as follows:

	2023
Discount rate	<u>1.30%</u>
Future salary increases rate	<u>2.00%</u>

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases rate	
	Increase	Decrease	Increase	Decrease
	0.5%	0.5%	0.5%	0.5%
December 31, 2023				
Effect on present value of defined benefit obligation	(\$ 998)	\$ 1,230	\$ 1,215	(\$ 997)

The sensitivity analysis above was determined based on the change of one assumption while the other conditions remain unchanged. In practice, the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheets are the same

- (6) Expected contribution to the defined benefit pension plans of the Group for the year ending December 31, 2024 is \$0.
- (7) As of December 31, 2023, the weighted average duration of that retirement plan is 10 years. The maturity analysis of pension payments is as follows:

Less than 1 year	\$	13,705
1~2 years		2,424
2~5 years		1,658
Over 5 years		647
	\$	18,434

- 2.(1) Since July 1, 2005, the Company and its domestic subsidiaries have established certain retirement payout methods applicable for domestic employees in accordance with the "Labor Pension Act." The Company and its domestic subsidiaries choose to apply the labor pension system stipulated in the "Labor Pension Act" and allocate pensions on a monthly basis to the individual labor pension account managed by the Bureau of Labor Insurance at 6% of monthly wage. Based on the principal and accrued dividends from an employee's individual labor pension account, labor pension shall be paid by monthly pension payments or by lump-sum payment upon retirement.
- (2) In accordance with the pension insurance system formulated by the People's Republic of China, ACI, OCI and FUJIAN has allocated provisions for pension insurance based on a specified ratio of the overall wage of local employees. Each employee's retirement pension is managed by the government, and ACI, OCI and FUJIAN have no further obligations except to be responsible for monthly allocation.
- (3) AEI and OHU currently have a personal pension scheme under the Company's support. The Company and the employees are jointly liable for the employee's pension fund, of which the company allocates 3% of total wage, and the pension is capped by the amount paid by employees.
- (4) ASG, ANI, AGI ,ONI and JETWAYUS shall allocate pensions in accordance with local laws and regulations.
- (5) Pension costs recognized by AAEON in accordance with the above retirement policy for were \$50,857, and \$40,352 for the years ended December 31, 2023 and 2022, respectively.

(XV) Share-based Payment

1. The Company

(1) The Company had the following share-based payment agreement active for the nine-months periods ended December 31, 2023 and 2022:

<u>Arrangement type</u>	<u>Grant date</u>	<u>Quantity granted (thousand)</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Plan of employee stock options	2019.11.26	3,000	5 years	Service of 2~4 years

All of the above arrangements are for equity-settled share-based payments.

(2) Details of the aforementioned share-based payment arrangement:

	<u>For the year ended December 31, 2023</u>	
	<u>No. of units (shares in thousands)</u>	<u>Weighted average exercise price (in dollars)</u>
Options outstanding at beginning of period	1,877	\$ 63.1
Options exercised	(659)	62.3
Options outstanding at the end of period	<u>1,218</u>	60.7
Options exercisable at the end of period	<u>1,218</u>	

	<u>For the year ended December 31, 2022</u>	
	<u>No. of units (shares in thousands)</u>	<u>Weighted average exercise price (in dollars)</u>
Options outstanding at beginning of period	2,556	\$ 65.7
Options exercised	(607)	63.6
Options forfeited	(72)	65.7
Options outstanding at the end of period	<u>1,877</u>	63.1
Options exercisable at the end of period	<u>1,236</u>	

(3) The maturity date and exercise price of outstanding share options at the end of the reporting period are as follows:

<u>Arrangement type</u>	<u>Authorized issue date</u>	<u>Maturity date</u>	<u>2023/12/31</u>	
			<u>Number of shares (in thousands)</u>	<u>Exercise price (in dollars)</u>
Plan of employee stock options	2019.11.26	2024.11.25	1,218	\$ 60.7

Arrangement type	Authorized issue date	Maturity date	2022/12/31	
			Number of shares (in thousands)	Exercise price (in dollars)
Plan of employee stock options	2019.11.26	2024.11.25	1,877	\$ 63.1

(4) The fair value of employee stock options is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Arrangement type	Grant date	Quantity granted (thousand)	Stock price	Exercise price	Expected price Volatility	Expected option life	Risk-free interest rate	Fair value per unit (in dollars)
Plan of employee stock options	2019.11.26	3,000	\$ 72.3	\$ 72.3	26.88%	3.875 years	0.58%	\$ 15.7445

(5) Expenses of share-based payment transaction:

	For the years ended December 31,	
	2023	2022
Equity settlement	\$ 2,840	\$ 5,605

2. Subsidiary- ONYX HEALTHCARE INC. (ONYX)

(1) ONYX had the following share-based payment agreement active for the years ended December 31, 2023 and 2022:

Arrangement type	Grant date	Quantity granted (thousand)	Contract period	Vesting conditions
Plan of employee stock options	2020.08.06	1,000	5 years	Service of 2~4 years
Increase cash capital reserved for employees	2022.01.25	418	Not applicable	Immediately

All of the above arrangements are for equity-settled share-based payments.

(2) Details of the aforementioned share-based payment arrangement:

	For the year ended December 31, 2023	
	No. of units (shares in thousands)	Weighted average exercise price (in dollars)
Options outstanding at beginning of period	872	\$ 114.7
Options adjusted	52	-
Options exercised	(255)	111.0
Options expired	(44)	-
Options outstanding at the end of period	625	110.5
Options exercisable at the end of period	405	-

	For the year ended December 31, 2022	
	No. of units (shares in thousands)	Weighted average exercise price (in dollars)
Options outstanding at beginning of period	1,000	\$ 121.5
Options expired	(128)	-
Options outstanding at the end of period	872	114.7
Options exercisable at the end of period	436	-

(3) The maturity date and exercise price of outstanding share options at the end of the reporting period are as follows:

Arrangement type	Authorized issue date	Maturity date	2023/12/31	
			No. of units (shares in thousands)	Exercise price (in dollars)
Plan of employee stock options	2020.08.06	2025.08.06	625	\$ 110.5

Arrangement type	Authorized issue date	Maturity date	2022/12/31	
			No. of units (shares in thousands)	Exercise price (in dollars)
Plan of employee stock options	2020.08.06	2025.08.06	872	\$ 114.7

(4) The fair value of employee stock options is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Arrangement type	Grant date	Quantity granted (thousand)	Stock price	Exercise price	Expected price Volatility	Expected option life	Risk-free interest rate	Fair value per unit (in dollars)
Plan of employee stock options	2020.08.06	1,000	\$ 139.5	\$ 139.5	32.26%	3.88 years	0.29%	\$ 35.39
Increase cash capital reserved for employees	2022.01.25	418	\$ 107.5	\$ 88.0	18.32%	0.16 years	0.34%	19.5567

(5) Expenses of share-based payment transaction:

	For the year ended December 31,	
	2023	2022
Increase cash capital reserved for employees	\$ -	\$ 8,174
Equity settlement	3,590	8,786
	<u>\$ 3,590</u>	<u>\$ 16,960</u>

(XVI) Share capital

- As of December 31, 2023, the Company's authorized capital was \$2,000,000 (including 5,000 thousand shares reserved for issuing employee stock options), with paid-in capital of \$1,604,078 (including capital collected in advance \$1,660), divided into 160,407 thousand shares, each at par value of \$10 per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows (unit: shares in thousands):

	2023	2022
1/1	149,225	148,618
Employee stock options exercised	659	607
Issuance of new shares in exchange for other company's shares	10,523	-
12/31	<u>160,407</u>	<u>149,225</u>

- On April 30, 2019, the Company passed the issuance of employee stock options (ESOs) by resolution of the board of directors, which was amended on November 12, 2019 by resolution of the board of directors. A total of 3,000 ESOs were issued, and each ESO granted the right to buy 1,000 shares. A total of 3,000 thousand new common shares were issued for exercising the ESOs, of which the exercise price per share are set in accordance with relevant regulations.
- As of December 31, 2023, AAEON's associates - IBASE owned 41,698 thousand of AAEON's shares.
- The Company has increased its capital by issuing 10,523 thousand common shares in exchange for 26,308 thousand common shares held by 11 shareholders of JETWAY in April, 2023. The project mentioned above has reported to TWSE and took effect, which completed registration in May, 2023.

(XVII) Capital surplus

Pursuant to the R.O.C. Company Law, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2023						
	Share premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Recognition of changes in ownership interest in subsidiary	Affiliate company net equity changes	Employee Share option	Others	Total
January 1	\$ 4,804,131	\$ 233,002	\$ 229,677	\$ 164,713	\$ 27,438	\$ 2,409	\$ 5,461,370
Recognition of changes in ownership interest in subsidiary	-	-	(3,935)	-	-	-	(3,935)
Employee stock options exercised	44,819	-	12,516	-	(10,376)	-	46,959
Effect from long-term investment that has not been recognized based on shareholding percentage	-	-	-	162	-	-	162
Change in associates and joint ventures accounted for under equity method	-	-	-	64,235	-	-	64,235
Issuance of new shares in exchange for other company's shares	848,183	-	-	-	-	-	848,183
Share-based Payment	-	-	1,748	-	2,980	-	4,728
December 31	<u>\$ 5,697,133</u>	<u>\$ 233,002</u>	<u>\$ 240,006</u>	<u>\$ 229,110</u>	<u>\$ 20,042</u>	<u>\$ 2,409</u>	<u>\$ 6,421,702</u>

	2022						
	Share premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Recognition of changes in ownership interest in subsidiary	Affiliate company net equity changes	Employee Share option	Others	Total
January 1	\$ 4,837,089	\$ 213,200	\$ 223,636	\$ 127,296	\$ 30,524	\$ 2,181	\$ 5,433,926
Cash dividends	(74,309)	-	-	-	-	-	(74,309)
Differences between share price and book value from acquisition or disposal of subsidiaries	-	19,802	-	-	-	-	19,802
Changes in ownership interest in subsidiary	-	-	1,630	-	-	-	1,630
Employee stock options exercised	41,351	-	-	- (8,810)	-	-	32,541
Options expired	-	-	-	- (228)	228	-	-
Effect from long-term investment that has not been recognized based on shareholding percentage	-	-	- (443)	-	-	-	(443)
Change in associates and joint ventures accounted for under equity method	-	-	-	37,860	-	-	37,860
Share-based Payment	-	-	4,411	-	5,952	-	10,363
December 31	\$ 4,804,131	\$ 233,002	\$ 229,677	\$ 164,713	\$ 27,438	\$ 2,409	\$ 5,461,370

(XVIII) Retained earnings

1. Under the Company's Article of Incorporation, the profit in a fiscal year, shall first be utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings at the beginning of the period shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.
2. Future dividend distributions shall be made based on considerations including financial, operational, and managerial factors. For the current year's distributable earnings, a portion or all may be allocated as dividends. At least 50% of distributable earnings must be allocated as dividends to shareholders, with the cash dividend not less than 50% of the total dividend amount. The actual amount distributed shall be determined by approval at the shareholders' meeting.
3. Unless losses have been covered or where legal reserve is distributed by the issuance of new shares or by cash in proportion to the shareholders' existing shareholding, the Company shall not make distributions out of legal reserve, of which only the portion of legal reserve which exceeds 25 percent of the paid-in capital may be distributed.
4. (1) For surplus distribution, the Company shall appropriate special reserve to the debit balance of other equity on the end of the reporting period. When the debit balance of other equity is reversed, the reversal amount can be included in distributable surplus.
- (2) When adopting IFRSs for the first time, the special surplus reserve provided as of March 31, 2021, under the Financial Supervisory Commission's letter numbered 1090150022, shall be reversed proportionally upon subsequent use, disposal, or reclassification of related assets by the company.

5. The Company's appropriations of 2022 and 2021 earnings had been approved by the resolutions of the board of directors of the Company on May 31, 2023 and May 27, 2022 respectively. Details are summarized below:

	2023		2022	
	Amount	Dividends per share (in NT dollars)	Amount	Dividends per share (in NT dollars)
Provision (reversal) of Special reserve	(\$ 52,446)		\$ 11,527	
Legal reserve	107,411		44,909	
Cash dividends	746,127	\$ 5.00	386,408	\$ 2.60
	<u>\$ 801,092</u>		<u>\$ 442,844</u>	

Cash dividends distributed to common shareholders from the capital surplus would be \$74,309 (\$0.5 per share) which approved by the resolutions of the board of directors of the Company on May 27, 2022.

The result of appropriations of 2022 and 2021 which were the same as the proposal submitted by the Board of Directors

6. The 2023 surplus distributions approved by the resolutions of the board of directors of the Company on February 29, 2024 are as follows:

	2023	
	Amount	Dividends per share (in dollars)
Legal reserve	96,684	
Cash dividends	1,042,651	\$ 6.50
	<u>\$ 1,139,335</u>	

Furthermore, on February 29, 2024, the company proposed by the board of directors to allocate \$80,204 from the capital surplus derived from the issuance of shares above par value, to increase capital and issue 8,020 thousands new shares at a par value of \$10 per share.

As of February 29, 2024, the result of appropriations of 2023 earnings stated above has not been resolved by the shareholders.

(XIX) Operating income

	For the years ended December 31,	
	2023	2022
Revenue from contracts with customers	\$ 8,073,203	\$ 8,352,076

1. Disaggregation of revenue from contracts with customers

The Group's revenue come from the provision of goods and services that are transferred over time and at a point in time. The revenues are segmented into the following major product lines:

For the year ended December 31, 2023	IPC	Medical PC	Total
Revenue from Contracts with Customers	\$ 6,582,319	\$ 1,490,884	\$ 8,073,203
Timing of revenue recognition			
At a point time	\$ 6,580,318	\$ 1,469,117	\$ 8,049,435
Over time	2,001	21,767	23,768
Total	\$ 6,582,319	\$ 1,490,884	\$ 8,073,203

For the year ended December 31, 2022	IPC	Medical PC	Total
Revenue from Contracts with Customers	\$ 6,767,876	\$ 1,584,200	\$ 8,352,076
Timing of revenue recognition			
At a point time	\$ 6,765,117	\$ 1,542,652	\$ 8,307,769
Over time	2,579	41,548	44,307
Total	\$ 6,767,876	\$ 1,584,200	\$ 8,352,076

2. Contract liability

(1) Recognized contract liabilities relative to revenue from contracts with customers are as follows:

	2023/12/31	2022/12/31	2022/1/1
Contract Liability - Current:			
Advances from customers	\$ 216,338	\$ 244,311	\$ 212,285
Warranty contract	9,226	10,900	13,946
Contract Liability - Non-current:			
Advances from customers	44,848	54,939	26,024
Warranty contract	13,838	18,486	21,317
Total	\$ 284,250	\$ 328,636	\$ 273,572

(2) Recognized income of contract liabilities at January 1

	For the years ended December 31,	
	2023	2022
Beginning balance of contract liabilities		
Recognized income		
Advances from customers	\$ 187,645	\$ 156,854
Warranty contract	10,900	13,971
Total	\$ 198,545	\$ 170,825

(XX) Other income

	For the years ended December 31,	
	2023	2022
Rental income	\$ 20,838	\$ 17,697
Dividend income	18,390	18,256
Total	\$ 32,228	\$ 35,953

(XXI) Other gains and losses

	For the years ended December 31,	
	2023	2022
Net loss on financial assets and liabilities at fair value through profit or loss	\$ 130,978	(\$ 177,760)
Loss on Foreign currency exchange	(14,497)	63,175
Loss on disposal of property, plant and equipment	(2,631)	(2,190)
Depreciation of investment property, buildings.	(6,277)	(6,613)
Gain on lease modification	18	36
Government subsidy	4,407	546
Other income	44,364	37,513
	<u>\$ 156,362</u>	<u>(\$ 85,293)</u>

(XXII) Financial costs

	For the years ended December 31,	
	2023	2022
Interest expenses	\$ 2,965	\$ 2,745
Interest expense on lease liabilities	3,497	3,244
	<u>\$ 6,462</u>	<u>\$ 5,989</u>

(XXIII) Extra information regarding the nature of cost and expenses

	For the years ended December 31,					
	2023			2022		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits expenses	\$ 350,255	\$ 1,201,677	\$ 1,551,932	\$ 316,924	\$ 1,079,148	\$ 1,396,072
Depreciation expense	51,433	74,559	125,992	36,382	48,448	84,830
Amortization expenses	270	63,152	63,422	1,684	14,491	16,175

(XXIV) Employee benefit expenses

	For the years ended December 31,	
	2023	2022
Salaries and wages	\$ 1,375,325	\$ 1,251,308
Labor and health insurance fees	106,454	87,989
Pension costs	51,084	40,352
Other personnel expenses	19,069	16,423
	<u>\$ 1,551,932</u>	<u>\$ 1,396,072</u>

1. According to the Articles of Incorporation of the Company, the Company accrued employees' compensation at rates of no less than 5% and remuneration of directors and supervisors at rates of no higher than 1%, of the remaining profit after deducting accumulated losses.

2. For the years ended December 31, 2023 and 2022, based on the percentage stipulated in the Articles of Incorporation, employee compensation were estimated at \$97,518 and \$118,958, respectively, while the remuneration of directors were estimated at \$7,200 and \$8,712, respectively, which are recognized as salaries and wages.

The amounts recognized in the financial statements for employee compensation and director remuneration for the fiscal year 2022, as resolved by the board of directors, are consistent with the amounts of \$118,958 and \$8,712, respectively. Employee compensation was distributed in cash.

The relevant information regarding employee and director remuneration approved by the board of directors can be accessed one “Market Observation Post System” for the Company.

(XXV) Income tax

1. Income tax expense

(1) Components of income tax expense:

	For the years ended December 31,	
	2023	2022
Current income tax:		
Income tax from current income	\$ 235,284	\$ 292,050
Surtax on undistributed Retained Earnings	18,889	915
Adjustments in respect of prior period	(5,732)	866
Total current income tax	<u>248,441</u>	<u>293,831</u>
Deferred tax		
Origination and reversal of temporary differences	25,082	(8,635)
Income tax expense	<u>\$ 273,523</u>	<u>\$ 285,196</u>

(2) Income tax relative to other comprehensive income:

	For the years ended December 31,	
	2023	2022
Currency translation differences	(\$ 2,152)	\$ 10,523
Remeasurement amounts of defined benefit obligations	86	-
	<u>(\$ 2,066)</u>	<u>\$ 10,523</u>

2. Reconciliation between income tax expense and accounting profit

	For the years ended December 31,	
	2023	2022
Income tax calculated by based on profit before tax and statutory tax rate (Note)	\$ 347,482	\$ 333,022
Expenses disallowed by tax regulation	18	5
Tax exempt income by tax regulation	(97,758)	(51,395)
Temporary differences unrecognized as deferred tax assets	10,624	1,783
Prior year income tax overestimation	(5,732)	866
Income tax on undistributed earnings	18,889	915
Income tax expense	<u>\$ 273,523</u>	<u>\$ 285,196</u>

Note: The basis of the applicable tax rate is depends on the the relevant country regulation.

3. Amounts of deferred tax assets as a result of temporary differences and tax loss are as follows:

	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Additions- due to changes in consolidated entities	Effect of exchange rate changes	December 31
Deferred tax assets:						
Temporary differences:						
Unrealized provisions for warranty	\$ 9,148	(\$ 1,120)	\$ -	\$ 2,997	\$ -	\$ 11,025
Unrealized gross margin	17,752	(7,091)	-	8,483	-	19,144
Decline in value of inventories	28,758	(8,643)	-	8,603	-	28,718
Investment income from foreign investees	3,127	(3,127)	-	-	-	-
Currency translation differences	633	-	2,194	2,175	-	5,002
Others	14,829	911	-	9,087	25	24,852
Subtotal	<u>\$ 74,247</u>	<u>\$ 19,070</u>	<u>\$ 2,194</u>	<u>\$ 31,345</u>	<u>\$ 25</u>	<u>\$ 88,741</u>
Deferred tax liabilities:						
Investment income from foreign investees	(\$ 55,747)	(\$ 16,309)	\$ -	(\$ 246)	\$ -	(\$ 72,688)
Depreciation Tax difference	-	11,842	-	(159,468)	-	(147,626)
Actuarial gains and losses on defined benefits	-	-	(86)	(2,140)	-	(2,226)
Currency translation differences	(2,109)	-	(42)	-	-	(2,151)
Others	(5)	(1,159)	-	(5,053)	35	(6,182)
Sub-total	<u>(\$ 57,861)</u>	<u>(6,012)</u>	<u>(128)</u>	<u>(166,907)</u>	<u>35</u>	<u>(\$ 230,873)</u>
Total	<u>\$ 16,386</u>	<u>\$ 25,082</u>	<u>\$ 2,066</u>	<u>(135,562)</u>	<u>\$ 60</u>	<u>(\$ 142,132)</u>

	2022				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Effect of exchange rate changes	December 31
Deferred tax assets:					
Temporary differences:					
Unrealized provisions for warranty	\$ 7,085	\$ 2,063	\$ -	\$ -	\$ 9,148
Unrealized gross margin	12,707	5,045	-	-	17,752
Decline in value of inventories	20,525	8,233	-	-	28,758
Investment income from foreign investees	-	3,127	-	-	3,127
Currency translation differences	9,047	-	(8,414)	-	633
Others	8,193	6,480	-	156	14,829
Subtotal	<u>\$ 57,557</u>	<u>\$ 24,948</u>	<u>(\$ 8,414)</u>	<u>\$ 156</u>	<u>\$ 74,247</u>
Deferred tax liabilities:					
Investment income from foreign investees	(\$ 39,438)	(\$ 16,309)	\$ -	\$ -	(\$ 55,747)
Currency translation differences	-	-	(2,109)	-	(2,109)
Others	-	(4)	-	(1)	(5)
Sub-total	<u>(\$ 39,438)</u>	<u>(16,313)</u>	<u>(2,109)</u>	<u>(1)</u>	<u>(\$ 57,861)</u>
Total	<u>\$ 18,119</u>	<u>\$ 8,635</u>	<u>(\$ 10,523)</u>	<u>\$ 155</u>	<u>\$ 16,386</u>

4. Income tax returns of the Company and domestic subsidiaries have been assessed and approved by the Tax Authority as follows:

	Certification
The Company, AAEONI, ONYX, IHELPER and JETWAY	2021

(XXVI) Earnings per share

	For the year ended December 31, 2023		
	Amount after-tax	Weighted average outstanding shares (in thousand)	Losses per share (in dollars)
<u>Basic (diluted) losses per share</u>			
Profit attributable to ordinary shareholders of parent company	<u>\$ 969,345</u>	115,061	<u>\$ 8.42</u>
<u>Diluted earnings per share</u>			
Dilutive effect of potential ordinary shares			
Employee stock options		645	
Employees' bonuses		862	
Profit attributable to ordinary shareholders of parent company plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 969,345</u>	<u>116,568</u>	<u>\$ 8.32</u>

	<u>For the year ended December 31, 2022</u>		
	<u>Amount</u>	<u>Weighted average</u>	<u>Losses per</u>
	<u>after-tax</u>	<u>outstanding shares</u>	<u>share</u>
		<u>(in thousand)</u>	<u>(in dollars)</u>
<u>Basic (diluted) losses per share</u>			
Profit attributable to ordinary shareholders of parent company	\$ 1,074,460	107,152	\$ 10.03
<u>Diluted earnings per share</u>			
Dilutive effect of potential ordinary shares			
Employee stock options		327	
Employees' bonuses		<u>1,483</u>	
Profit attributable to ordinary shareholders of parent company plus assumed conversion of all dilutive potential ordinary shares	\$ 1,074,460	<u>108,962</u>	\$ 9.86

The Company applies the equity method for the exchange of shares with IBASE, and applies the treasury stock method for investments on IBASE. In calculating earnings per share, the Company recognizes IBASE's shareholding as treasury shares which is a deduction from equity.

(XXVII) Business combinations

1. On April 28, 2023, the Company increased its capital by issuing 10,523 thousand common shares in exchange for 26,308 thousand common shares held by 11 shareholders of JETWAY. Consequently, AAEON acquired a total of 35.27% of the shares of JETWAY including 0.19% equity interest held by the Company before the combination, and became the single largest shareholder of the company. Considering the participation of other shareholders and the voting records of major resolutions during JETWAY's past shareholders' meetings, which indicated that the Group has substantial capability to lead relative activities and control over the company, JETWAY was included in the Group's consolidated financial statements from the acquisition date. The Group expects to expand the operating scale of both parties and improve the overall operating performance through the integration of corporate resources.

- On the acquisition date, the consideration paid for JETWAY, the fair value of identified assets and liabilities, non-controlling interests in the identified net assets of the acquiree.

	<u>2023/4/28</u>
Acquisition consideration	
Equity instrument	\$ 953,416
Fair value of equity interest held by the Company before the acquisition date	4,949
Non-controlling interests in the identified net assets of the acquiree	1,383,476
	<u>2,341,841</u>
The fair value of identified assets and liabilities	
Cash	758,967
Financial assets measured at amortized cost-current	130,740
Accounts receivable	76,993
Other receivables	1,490
Current tax assets	51
Inventories	373,626
Prepayments	20,050
Other current assets	2,453
Property, plant and equipment	646,332
Right-of-use assets	67,528
Intangible assets	536,886
Deferred tax assets	31,345
Other non-current assets	10,418
Contract liability - current	(41,858)
Accounts payables and Notes payables	(117,337)
Other payables	(102,917)
Current tax liabilities	(34,942)
Provisions - current	(15,396)
Lease liability	(25,883)
Other current liabilities - other	(1,915)
Deferred tax liabilities	(166,907)
Other non-current liabilities	(12,273)
Total value of identified net assets	<u>2,137,451</u>
Goodwill	<u>\$ 204,390</u>

- The fair value totaling \$953,416 of 10,523 thousand shares of the Company's ordinary shares issued as part of the consideration paid for JETWAY was based on the published share price on April 28, 2023.
- The Group had 0.19% equity interest in JETWAY before the combination, and recognized a gain on disposal of investments of \$118 as a result of remeasuring at fair value.
- From the April 28, 2023 to the end of December 31, 2023, JETWAY had contributed

the revenue and profit before income tax were \$944,712 and \$136,019 separately. If the acquisition date from the beginning of the year, the consolidated revenue and profit before income tax of the Group would be \$8,459,24 and \$1,477,692.

(XXVIII) Supplemental cash flow information

Investing activities with partial cash payments:

	For the years ended December 31,	
	2023	2022
Acquisition of property, plant and equipment	\$ 116,472	\$ 152,015
Add: Opening balance of payable on equipment	4,322	2,760
Less: Ending balance of payable on equipment	(2,817)	(4,322)
Cash paid during the period	\$ 117,977	\$ 150,453

(XXIX) Changes in liabilities arising from financing activities

	2023			
	Short-term borrowings	Long-term borrowings (including current portion)	Lease liability	Total
January 1	\$ -	\$ 155,286	\$ 123,174	\$ 278,460
Changes in cash flow from financing	27,000	(10,311)	(56,511)	(39,822)
Effect on changes in exchange rate	-	-	912	912
Effects due to changes in consolidated entities			25,883	25,883
Changes in others without cash flow	-	-	54,979	54,979
Cash paid during the period	\$ 27,000	\$ 144,975	\$ 148,437	\$ 320,412

	2022			
	Short-term borrowings	Long-term borrowings (including current portion)	Lease liability	Total
January 1	\$ 105,000	\$ 165,787	\$ 82,942	\$ 353,729
Changes in cash flow from financing	(105,000)	(10,501)	(42,403)	(157,904)
Effect on changes in exchange rate	-	-	1,270	1,270
Changes in others without cash flow	-	-	81,365	81,365
Cash paid during the period	\$ -	\$ 155,286	\$ 123,174	\$ 278,460

VII. Related party transaction

(I) Parent and ultimate controlling party

The Company is controlled by ASUSTEK COMPUTER INC. (incorporated in R.O.C.), the

ultimate parent of the Company with 37.70% ownership (including indirect shareholdings) of the Company.

(II) Related parties

Name of related party	Relation
ASUSTEK COMPUTER INC.	Ultimate parent company
IBASE TECHNOLOGY INC.	Associate - Investee accounted for under the equity method
IBASE GAMING INC.	Associate - Subsidiary of IBASE TECHNOLOGY INC.
IBASE (SHANGHAI) TECHNOLOGY INC.	Associate - Subsidiary of IBASE TECHNOLOGY INC.
LITEMAX ELECTRONICS INC.	Associate - Investee accounted for under the equity method
WINMATE INC.	Associate - Investee accounted for under the equity method by the Company's subsidiary
PROTECTLIFE INTERNATIONAL BIOMEDICAL INC.	Associate - Investee accounted for under the equity method by the Company's subsidiary (Note)
ATECH OEM INC.	Other related party - the Company's Chairman as a director
MACHVISION INC.	Other related party - the Company's Chairman as a director
FU LI INVESTMENT INC.	Other related party - the Company's Chairman as Fuli's Chairman
FU-YANG INVESTMENT INC.	Other related party - the Company's Chairman is spouse of FU-YANG INVESTMENT INC.'s Chairman
EVERFOCUS ELECTRONICS CORP.	Other related party - the Company's Chairman as EVERFOCUS ELECTRONICS CORP's Chairman
AAEON EDUCATION FOUNDATION	Other related party - the Company's Chairman as a director
WT MICROELECTRONICS CO.	Other related party - Investee accounted for under the equity method by the Company's Fellow subsidiary
TECHMOSA INTERNATIONAL INC.	Other related party - Investee accounted for under the equity method by the Company's Fellow subsidiary
MORRIHAN INTERNATIONAL CORP.	Other related party - Investee accounted for under the equity method by the Company's Fellow subsidiary
NUVISION TECHNOLOGY, INC.	Other related party - Investee accounted for under the equity method by the Company's Fellow subsidiary
MAXTEK TECHNOLOGY CO., LTD.	Other related party - Investee accounted for under the equity method by the Company's Fellow subsidiary
SPARK TECHNOLOGIES INC.	Other related party - the Company's Chairman is spouse of SPARK TECHNOLOGIES INC.'s Chairman
LYDS TECH.	Other related party - the Company's Chairman is spouse of LYDS TECHNOLOGIES INC.'s Chairman
MEDALLIANCE INC.	Other related party - the Company's Chairman is first degree relative of MEDALLIANCE INC.'s Chairman
JUI HAI INVESTMENT Co., Ltd.	Other related party - the Company's Chairman is spouse of JUI HAI INVESTMENT Co., Ltd.'s Chairman
PORTWELL Co., Ltd.	Fellow subsidiary — same as ultimate parent entity
ASUS COMPUTER INTERNATIONAL	Fellow subsidiary — same as ultimate parent entity
ASKEY COMPUTER CORP.	Fellow subsidiary — same as ultimate parent entity
ASUS GLOBAL PTE. LTD	Fellow subsidiary — same as ultimate parent entity
MEDUS TECHNOLOGY INC.	Fellow subsidiary — same as ultimate parent entity

Note: PROTECTLIFE INTERNATIONAL BIOMEDICAL INC. is the affiliate company of the Group form February 2023.

(III) Significant transactions with related parties

1. Operating income

	For the years ended December 31,	
	2023	2022
Sales of goods		
Ultimate parent entity	\$ 11,144	\$ 7,265
Associates	5,283	3,969
Fellow subsidiary	-	7
Other related party	51,713	8,666
Total	<u>\$ 68,140</u>	<u>\$ 19,907</u>

The Group's sales price to each of the aforementioned related parties is set based on the economic environment and market competition of each sales region. The collection periods of the Group to related parties are month-end 60 days or open account 30 days, the collection terms were approximately the same as those with third parties.

2. Purchases

	For the years ended December 31,	
	2023	2022
Goods purchased		
Ultimate parent entity	\$ 661,080	\$ 1,284,764
Associates	42,790	22,635
Fellow subsidiary	22,839	159
Other related party	127,771	168,693
Total	<u>\$ 854,477</u>	<u>\$ 1,476,251</u>

The payment term of related parties to the Group are in accordance with its general terms and conditions (market prices), month-end 30 days or month-end 30-60 days.

3. Operating expenses

	For the years ended December 31,	
	2023	2022
Ultimate parent entity	\$ 76,456	\$ 89,633
Associates	2,856	1,589
Fellow subsidiary	21	1
Other related party	8,353	6,808
Total	<u>\$ 87,686</u>	<u>\$ 98,031</u>

(1) The above operating expenses mainly comprised technical service fees, and were presented as operating expenses - R&D expense.

(2) The above operating expenses include the amount donated by the Group to other related parties. The donation amount for both 2023 and 2022 fiscal years is \$3,000 each, aimed at promoting technology education and cultural development, fulfilling corporate social responsibility, and enhancing the corporate image of public welfare.

4. Receivable from related parties

	2023/12/31	2022/12/31
Accounts Receivables		
Ultimate parent entity	\$ 90	1,398
Associates	803	290
Other related party	35,787	822
Total	\$ 36,680	\$ 2,510
Other Receivables		
Associates	\$ 319	\$ 389

Mainly comprised system service receivable

5. Payables from related parties

	2023/12/31	2022/12/31
Accounts Payable		
Ultimate parent entity	\$ 52,099	\$ 53,140
Associates	4,683	286
Other related party	13,159	17,482
Total	\$ 69,941	\$ 70,908

6. Other payables

	2023/12/31	2022/12/31
Other Payables		
Ultimate parent entity	\$ 37,691	\$ 37,859
Associates	19	4
Other related party	128	1,325
Total	\$ 37,838	\$ 39,188

Mainly comprises technical service fee payable; refer to Note 7. (3)3 for details.

7. Assets transaction

(1) Acquisition of Property, plant and equipment

	For the years ended December 31	
	2023	2022
Other related party	\$ 335	\$ -

(2) Acquisition of investment property

	For the years ended December 31	
	2023	2022
Associates- LITEMAX ELECTRONICS INC.	\$ -	\$ 119,405

The group made a acquisition of investment property from related party in September, 2022, amounted \$120,432 (tax included), which had paid in full.

(3) Acquisition of intangible assets

	For the years ended December 31	
	2023	2022
Fellow subsidiary	\$ 2,674	\$ -

(4) Acquisition of financial assets

In the 2022 fiscal year, this group acquired 1,000 convertible corporate bonds of IBASE TECHNOLOGY INC. and recorded them as financial assets measured at fair value

through profit or loss. The acquisition price was \$104,900, and the carrying amount on December 31, 2023 was \$108,400.

(IV) Key management remuneration

	For the years ended December 31,	
	2023	2022
Salaries and other short-term employee benefits	\$ 96,177	\$ 77,542
Post-employment benefits	1,857	1,435
Stock-based compensation	2,895	7,833
Total	\$ 100,929	\$ 86,810

VIII. Pledged Assets

The Group's pledged assets are summarized below:

Pledged assets	Book value		Guarantee purpose
	2023/12/31	2022/12/31	
Property, Plant and Equipment	\$ 691,968	\$ 482,633	Loans and credit limits
Restricted time deposit (including other current assets)	31,626	921	Foreign exchange forward transactions,
Guarantee deposits (including Other current and non-current assets)	14,512	12,337	Office, warehouse deposit and project guarantee deposit.
	\$ 738,106	\$ 495,891	

IX. Material Contingent Liabilities and Unrecognized Contractual Commitments

(I) Contingencies

None.

(II) Commitments

As of December 31, 2023, the Group has issued a promissory note of \$ 450,000 required for the application a comprehensive credit line and transactions of derivatives.

X. Losses Due to Major Disasters

None.

XI. Material Subsequent Events

For the 2023 surplus distribution proposed by the board of directors in February 29, 2024, please refer to Note 6 (18) 6.

XII. Others Matters

(I) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(II) Financial instrument

1. Type of financial instrument

	<u>2023/12/31</u>	<u>2022/12/31</u>
<u>Financial asset</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 485,915	\$ 363,178
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	68,756	27,536
Financial assets at amortized cost/ loans and receivables		
Cash and cash equivalents	4,347,976	2,234,203
Financial assets measured at amortized cost-current	62,331	-
Notes receivable	13,400	17,615
Accounts receivable	919,566	1,135,029
Other receivables	17,377	25,059
Restricted time deposit (including other current assets)	31,626	921
Refundable deposits (including other non-current assets)	14,512	12,337
	<u>\$ 5,961,459</u>	<u>\$ 3,815,878</u>
<u>Financial liability</u>		
Financial liabilities at amortized cost		
Short-term borrowings	\$ 27,000	\$ -
Notes payable	2	19
Accounts payable (including related parties)	522,666	435,973
Other payables	672,350	593,533
Long-term borrowings (including current portion)	144,975	155,286
	<u>\$ 1,366,993</u>	<u>\$ 1,184,811</u>
Lease liabilities (including current and non-current)	<u>\$ 148,437</u>	<u>\$ 123,174</u>

2. Risk management policy

The Group adopts a comprehensive risk management system for the management to clearly identify, measure and control all risks to achieve effective control and measurement.

The Group's Control and management strategies are as follows:

(1) Interest rate risk:

The Group continuously keep track on the trend of interest rates and set up stop-loss points to control interest rate risks.

(2) Exchange rate risk:

The Group uses derivative financial instruments such as forward foreign exchange transactions to hedge for foreign currency assets or liabilities or highly probable transactions to reduce the risks in cash flows and fair value from fluctuation in foreign exchange rates. In addition, the changes foreign exchange rate is closely

monitored, with a stop loss point to mitigate exchange rate risks.

(3) Credit risk:

The Group has a stringent credit evaluation policy and only trades with counterparties of good credit quality, with regular application of credit protection measures to mitigate credit risk.

3. The nature and level of material financial risks

(1) Market risk

Exchange rate risk

- A. The Group's international operations have been subject to exchange rate risks arise from transactions denominated in a currency other than the functional currencies of the Company and its subsidiaries, which includes main currencies such as USD, SGD, EUR and RMB. Related exchange rate risks arise from future business transactions and recognized assets and liabilities.
- B. The Group's management has established a policy that requires each company within the group to manage its functional currency's exchange rate risk. Each company should hedge its overall exchange rate risk through the finance department. The measurement of exchange rate risk is based on the expected transactions of highly probable US dollar income, and forward foreign exchange contracts and currency swaps are used to reduce the impact of exchange rate fluctuations on expected purchasing costs of inventory.
- C. Since the Group's businesses involves certain non-functional currencies (NTD is the functional currency of the Company and part of its subsidiaries, while the functional currencies of other subsidiaries include USD, SGD and RMB), it may be affected by exchange rate fluctuations. The foreign currency assets and liabilities that may be significantly affected by exchange rate fluctuations are as follows:

		2023/12/31		
		Foreign currency (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)				
<u>Financial asset</u>				
<u>Monetary items</u>				
USD:NTD	\$	108,925	30.71	\$ 3,345,087
EUR:NTD		1,048	33.98	35,611
USD:CNY		169	4.33	5,190
USD:SGD		25	23.29	768
<u>Financial liability</u>				
<u>Monetary items</u>				
USD:NTD	\$	11,799	30.71	\$ 362,347
EUR:NTD		7	33.98	238
USD:CNY		997	4.33	30,618
USD:SGD		44	23.29	1,351

		2022/12/31		
		Foreign currency (in thousands)	Exchange rate	Book value (NTD)

**(Foreign currency:
functional currency)**

Financial asset

Monetary items

USD:NTD	\$	71,406	30.71	\$	2,192,878
EUR:NTD		502	32.72		16,425
USD:CNY		280	6.97		8,599
USD:SGD		292	1.34		8,967

Financial liability

Monetary items

USD:NTD	\$	11,005	30.71	\$	337,964
USD:CNY		2,440	6.97		74,932
USD:SGD		673	1.34		20,668

- E. The overall realized and unrealized foreign exchange gains or (losses) of the Group's monetary items that may be significantly affected by exchange rate fluctuations in 2023 and 2022 were (\$14,497) and \$63,175 respectively.
- F. The Group's foreign currency risk analysis due to significant foreign exchange rate fluctuations is as follows:

		<u>For the year ended December 31, 2023</u>		
		<u>Sensitivity analysis</u>		
		<u>Extent of change</u>	<u>Effect on income</u>	<u>Effect on other comprehensive income</u>
(Foreign currency: functional currency)				
<u>Financial asset</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	33,451	\$ -
EUR:NTD	1%		356	-
USD:CNY	1%		52	-
USD:SGD	1%		8	-
<u>Financial liability</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	3,623	\$ -
EUR:NTD	1%		2	-
USD:CNY	1%		306	-
USD:SGD	1%		14	-

For the year ended December 31, 2022			
Sensitivity analysis			
	Extent of change	Effect on income	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial asset</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 21,929	\$ -
EUR:NTD	1%	164	-
USD:CNY	1%	86	-
USD:SGD	1%	90	-
<u>Financial liability</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 3,380	-
USD:CNY	1%	749	-
USD:SGD	1%	207	-

Price risk

- A. The Group's equity instruments, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity instruments, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- B. The Group mainly invests in equity instruments and open-end funds issued by domestic companies. The value of equity instruments is susceptible to market price risk arising from uncertainties about future performance of equity markets. Assuming a hypothetical increase or decrease of 1% in the price of the aforementioned financial assets at fair value through profit or loss while the other conditions remain unchanged could increase or decrease net income for the years ended December 31, 2023 and 2022 by \$3,293 and \$2,189, respectively. A change of 1% in the price of the aforementioned financial assets at fair value through other comprehensive income could increase or decrease the Group's other comprehensive income for the years ended December 31, 2023 and 2022, amounted to \$688 and \$275.

Cash flow and fair value interest rate risk

- A. The Group's interest rate risk arises mainly from short-term and long-term borrowings issued at variable rates, which exposes the Group to cash flow interest rate risk is partially offset by cash and cash equivalents held at variable rates. During the year ended December 31, 2023 and 2022, the Group's borrowings at variable rate were mainly denominated in NTD.
- B. Assuming all other factors remain unchanged, if the NTD borrowing rate rises or falls by 0.25%, net income for the year ended December 31, 2023 will decrease or increase by \$344 and \$311, respectively, mainly due to changes in interest expenses that arise from floating rate borrowings.

(2) Credit risk

- A. The Group's credit risk refers to the risk that the counterparty to a financial instrument will cause a financial loss for the Group by failing to discharge its obligation under the contract, which is mainly due to the inability of

counterparties to meet the terms of their contracts for collecting the cash flows of the receivables.

- B. The Group establishes credit risk policies based on its own risk management perspective. In accordance with internal credit policies, credit risks are required to be managed and analyzed before each of the Group's operating entity set up the terms and conditions for payment and delivery for each new customer. The internal risk control system evaluates the customers' credit quality based on their financial conditions, past experience and other factors. Individual risk exposure limits are set by the board of directors based on internal or external risk ratings, and credit lines are monitored on a regular basis.
- C. The Group adopts IFRS 9 to provide a presumption that default has occurred when contractual payments are more than 90 days past due.
- D. The Group adopts IFRS 9 to provide the following presumption as basis for judging whether the credit risk on a financial instrument has increased significantly since the initial recognition:

It is deemed that credit risk after the original recognition of financial assets has increased significantly when contractual payments are more than 30 days past due.

- E. The customers' accounts receivables are segmented based on customer type. A simplified loss rate approach is used for ECL measurement based on the provision matrix.
- F. The Group has written off the recoverable amount of financial assets that could not reasonably be estimated after recourse, but will continue to pursue recourse to preserve its rights. As of December 31, 2023, and 2022, the Group had no recourse claims that had been written off.
- G. (1) Expected loss rate for customers of the outstanding credit group is estimated at 0.2%. Total accounts receivable and loss provisions for this group of customers were reported at: \$169,182 and \$337 as of December 31, 2023; \$429,553 and \$440 as of December 31, 2022.
- (2) The Group considers the world economic outlook and future prospects when adjusting the loss rate that is set up based on historical and current loss period information, in order to estimate the loss of notes receivables and allowance for doubtful accounts of customers with general credit quality. The provision matrix as of December 31, 2023 and 2022 is as follows:

	Not yet due	Past due within 30 days	Past due 30 days	Past due 60 days	Past due 90 days	Past due 120 days	Total
<u>2023/12/31</u>							
Expected loss rate	0%~1.58%	0%~8.42%	0%~15.63%	0%~45.15%	3.47%~50.00%	100%	
Total book value	\$ 616,185	\$ 82,064	\$ 31,538	\$ 106	\$ -	\$ 17,075	\$ 746,968
Loss allowance	\$ 1,005	\$ 781	\$ 665	\$ 1	\$ -	\$ 17,075	\$ 19,527
	Not yet due	Past due within 30 days	Past due 30 days	Past due 60 days	Past due 90 days	Past due 120 days	Total
<u>2022/12/31</u>							
Expected loss rate	0%~1.30%	0%~7.71%	0.07%~14.48%	3.33%~44.38%	4.94%~50.00%	100%	
Total book value	\$ 578,651	\$ 97,508	\$ 36,204	\$ 13,849	\$ 2,769	\$ 13,197	\$ 742,178
Loss allowance	\$ 1,250	\$ 1,961	\$ 1,992	\$ 1,889	\$ 868	\$ 13,197	\$ 21,157

- (3) The expected loss rate for creditworthy related parties is 0.2%. As of December 31, 2023, and December 31, 2022, the total book value of accounts receivable from related parties amounted to \$36,680 and \$2,510, respectively, with no provision for bad debts.

H. The Group's simplified approach of notes receivable and changes in allowance for doubtful accounts are as follows:

	Notes and accounts receivable (including related parties)	
	2023	2022
January 1	\$ 21,597	\$ 18,403
Recognition	(1,997)	2,969
Write-offs	(195)	(332)
Net exchange differences	(44)	557
Net exchange differences	503	-
December 31	\$ 21,597	\$ 21,597

From the loss recognized for the years ended December 31, 2023 and 2022, the impairment losses for accounts receivable arising from customer contracts were (\$1,997) and \$2,969, respectively.

I. The financial assets held by the group, measured at amortized cost, consist of bank deposits with original maturities exceeding 3 months and restricted bank deposits. There are no significant abnormalities in credit risk ratings, and no significant expected credit losses are anticipated.

(3) Liquidity risk

- A. Cash flow is forecasted by each of the Group's operating entity and summarized by the finance department. The Group's finance department monitors liquidity forecasting to ensure that it has sufficient funds to meet the operational requirements.
- B. The Group had available borrowing limits of \$1,537,284 and \$680,094 as of December 31, 2023 and 2022, respectively.
- C. The table below analyzes the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date, whereas derivative financial liabilities are analyzed based on the remaining period at the balance sheet date to the expected maturity date. The amounts disclosed in the table are contractual undiscounted cash flows.

Non-derivative financial liabilities:

2023/12/31	Within 1 year	1-2 years	2-5 years	Over 5 years
Short-term borrowings (including expected interest)	\$ 27,074	\$ -	\$ -	\$ -
Notes payable	2	-	-	-
Accounts payable (including related parties)	522,666	-	-	-
Other payables	672,350	-	-	-
Long-term borrowings (including current portion and accrued interest)	13,076	13,076	39,229	97,010
Lease liabilities	47,517	38,734	29,721	43,974

Non-derivative financial liabilities:

2022/12/31	Within 1 year	1-2 years	2-5 years	Over 5 years
Notes payable	\$ 19	\$ -	\$ -	\$ -
Accounts payable (including related parties)	435,973	-	-	-
Other payables	593,533	-	-	-
Long-term borrowings (including current portion and accrued interest)	12,973	12,973	12,973	135,140
Lease liabilities	41,044	24,321	15,318	52,972

D. The Group's cash flows are not expected to occur significantly earlier than the maturity date, or to be significantly different from the actual amount.

(III) Information on fair value

1. The various levels of fair value measurement of financial and non-financial instruments are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks, beneficiary certificates and convertible bonds with quoted market prices are all included.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The OTC stocks and the fair value of derivative financial instruments invested by the Group are included.

Level 3: Unobservable inputs for the asset or liability. This includes equity instruments of non-active markets invested by the Group.

2. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, restricted deposit (classified in the balance sheet as other current asset), refundable deposits, (classified in the balance sheet as other non-current asset), short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings (including current portion) and lease liabilities are reasonable approximate to the fair values.

3. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(1) The related information of the nature of the assets and liabilities is as follows:

2023/12/31	1st Level	2nd Level	3rd Level	Total
Asset				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 269,262	\$ 4,959	\$ 55,086	\$ 329,307
Beneficiary certificates	26,974	-	-	26,974
Convertible bond	121,000	-	-	121,000
Hybrid instruments	-	-	8,634	8,634

2023/12/31	1st Level	2nd Level	3rd Level	Total
Financial asset at fair value through other comprehensive income				
Equity securities	68,756	-	-	68,756
Total	\$ 485,992	\$ 4,959	\$ 63,720	\$ 554,671

2022/12/31	1st Level	2nd Level	3rd Level	Total
Asset				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 167,325	\$ 4,209	\$ 47,405	\$ 218,939
Beneficiary certificates	26,652	-	-	26,652
Convertible bond	108,400	-	-	108,400
Hybrid instruments	-	-	9,187	9,187
Financial asset at fair value through other comprehensive income				
Equity securities	-	-	27,536	27,536
Total	\$ 302,377	\$ 4,209	\$ 84,128	\$ 390,714

- (2) The Group's approaches and assumptions for fair value measurement are as follows:
- A. The Group adopts quoted prices as inputs used to measure fair value (level 1) which are classified as follows based on the characteristics of the financial instruments:

	Listed and OTC stocks	Open-end funds	Convertible bond
Market quoted price	Closing prices	Net asset value	The weighted average hundred-dollar price

- B. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.
- C. The Group adopts valuation techniques widely used by market participants for evaluating non-standardized and less complex financial instruments. The parameters used in the valuation models of such financial instruments are usually market observable information.
- D. The evaluation of derivatives is based on the valuation model generally accepted by market users, such as the discount method. Foreign currency forward contracts are usually evaluated based on the current forward exchange rates.
- E. The output of the evaluation model is an estimated value, and the valuation technique may not reflect all the relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value of the valuation model will be adjusted based on additional parameters, such as the model risk or liquidity risk. According to the Group's management policies of fair value valuation model and related control procedures, its management believes that valuation adjustments are appropriate and necessary for the fair values of financial and non-financial instruments to be presented fairly in the consolidated balance sheet. The price information and parameters used in the evaluation process are carefully evaluated, with appropriate adjustments according to current market conditions.
4. For the year ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.
5. The following table shows changes in 3rd level inputs in 2023 and 2022:

	2023	2022
	<u>Equity instruments</u>	<u>Equity instruments</u>
January 1	\$ 84,128	\$ 98,687
Transfer out 3rd Level	(25,155)	-
Recognized in profit (loss) (Note 1)	7,128	(9,714)
Recognition in other comprehensive profit (loss) (Note 2)	(2,381)	(4,845)
December 31	<u>\$ 63,720</u>	<u>\$ 84,128</u>

Changes in unrealized gains or losses on assets and liabilities owned at the end of the period (Note 1) \$ 7,128 (\$ 9,714)

Note 1: Recognized as other gains (losses).

Note 2: Recorded as unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income.

6. As February 9 of the year 2023, PROTECTLIFE INTERNATIONAL BIOMEDICAL INC. was reclassified as an investment accounted for using the equity method. For further details, please refer to Note 6(6). There had been no inward or outward transfer of level 3 input for the year ended December 31, 2022.
7. The financial segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the source of information is independent, reliable and in line with other resources and any other necessary adjustments to the fair value.

The financial segment cooperatively set up valuation policies, valuation processes and rules for measuring fair value of financial instruments that ensure compliance with the related requirements in IFRS.

8. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	2023/12/31 Fair value	Valuation technique	Significant and unobservable input	Range (weighted average)	Relationship between input and fair value
<u>Equity instruments:</u>					
Unlisted and non-OTC stocks	\$ 34,637	Net asset value approach	Not applicable	Not applicable	The higher the net assets value, the higher the fair value
Unlisted and non-OTC stocks	1,089	Comparable Listed and OTC companies analysis	Price to book ratio multiple, discount for lack of marketability	Not applicable	The higher the multiple, the higher the fair value; The higher the discount for lack of marketability, the lower the fair value.

	2023/12/31 Fair value	Valuation technique	Significant and unobservable input	Range (weighted average)	Relationship between input and fair value
Unlisted and non-OTC stocks	19,360	Discounted Cash Flow method	Note 1	Not applicable	Note 2
<u>Hybrid instrument:</u>					
Unlisted and non-OTC stocks	59,291	Discounted Cash Flow method	Note 1	Not applicable	Note 2
Embedded option (50,657)	Options pricing model	Stock price volatility	Not applicable	The higher the stock price volatility, the higher the fair value
	2022/12/31 Fair value	Valuation technique	Significant and unobservable input	Range (weighted average)	Relationship between input and fair value
<u>Equity instruments:</u>					
Unlisted and non-OTC stocks	\$ 26,956	Net asset value approach	Not applicable	Not applicable	The higher the net assets value, the higher the fair value
Unlisted and non-OTC stocks	1,089	Comparable Listed and OTC companies analysis	Price to book ratio multiple, discount for lack of marketability	Not applicable	The higher the multiple, the higher the fair value; The higher the discount for lack of marketability, the lower the fair value.
Unlisted and non-OTC stocks	46,986	Discounted Cash Flow method	Note 1	Not applicable	Note 2
<u>Hybrid instrument:</u>					
Unlisted and non-OTC stocks	65,729	Discounted Cash Flow method	Note 1	Not applicable	Note 2
Embedded option (56,542)	Options pricing model	Stock price volatility	Not applicable	The higher the stock price volatility, the higher the fair value

Note 1: Long term sales growth, weighted average cost of capital, long term net profit before tax, discount for lack of marketability, and discount for minority interest.

Note 2: The higher discount for lack of marketability is, the lower fair value is; the higher weighted average cost of capital and discounts for lack of control are, the lower the fair value is; the higher long-term revenue growth rate and long-term operating profit before income tax are, the higher the fair value is.

9. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in a different outcome.

XIII. Disclosures

(1) Information on significant transactions

- A. Financing provided: None.
- B. Endorsements and guarantees provided: None.
- C. Marketable securities held at the end of period (excluding investments in subsidiaries, associates and joint ventures): Please refer to schedule 1.
- D. Marketable securities acquired and disposed of at costs or prices of at least \$300 million or 20% of the paid-in capital: Please refer to schedule 2.
- E. Acquisition of real estate properties at costs of at least \$300 million or 20% of the paid-in capital: None.
- F. Disposal of real estate properties at prices of at least \$300 million or 20% of the paid-in capital: None.
- G. Total purchases from or sales to related parties of at least \$100 million or 20% of the paid-in capital: Please refer to schedule 3.
- H. Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital: Please refer to schedule 4.
- I. Trading in derivative instruments undertaken during the reporting period: Please refer to Note 6 (2).
- J. Intercompany relationships and significant intercompany transactions: Please refer to Schedule 5.

(2) Information on investees

Names, locations and related information of investees (excluding investments in China): Please refer to Schedule 6.

(3) Information on investments in China

- A. Basic information: Please refer to Schedule 7.
- B. Information on investments in China - Investee significant transactions for invested businesses in China, either directly or indirectly through a third area: Please refer to Schedule 5.

(4) Information of major shareholders

Name and information of shareholders with more than 5% shareholding interest: Please refer to Schedule 8.

XIV. Segment information

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. There is no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information in this period.

(2) Measurement of segment information

The Group uses the revenue and pre-tax profit or loss as the measurement for operating segment profit and the basis of performance assessment. The accounting policies of the operating segments and the accounting policies described in Note 4 of the consolidated financial statements are the same.

(3) Segment information

Segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the year ended December 31, 2023				
	AAEON Group	AOH Group	JETWAY Group	Elimination	Total
Revenue from external customers	\$ 5,642,304	\$ 1,490,884	\$ 940,015	\$ -	\$ 8,073,203
Revenue from internal segments	97,896	1,976	4,697	(104,569)	-
Segment revenue	<u>\$ 5,740,200</u>	<u>\$ 1,492,860</u>	<u>\$ 944,712</u>	<u>(\$ 104,569)</u>	<u>\$ 8,073,203</u>
Segment profit or loss	<u>\$ 999,754</u>	<u>\$ 305,000</u>	<u>\$ 136,019</u>	<u>\$ -</u>	<u>\$ 1,440,773</u>
Segment profit or loss includes:					
Depreciation and amortization	<u>\$ 93,889</u>	<u>\$ 24,095</u>	<u>\$ 77,707</u>	<u>\$ -</u>	<u>\$ 195,691</u>
Segment assets	<u>\$ 11,423,670</u>	<u>\$ 2,048,208</u>	<u>\$ 2,556,964</u>	<u>(\$ 1,651,184)</u>	<u>\$ 14,377,658</u>

	For the year ended December 31, 2022			
	AAEON Group	AOH Group	Elimination	Total
Revenue from external customers	\$ 6,767,876	\$ 1,584,200	\$ -	\$ 8,352,076
Revenue from internal segments	194,961	16,065	(211,026)	-
Segment revenue	<u>\$ 6,962,837</u>	<u>\$ 1,600,265</u>	<u>(\$ 211,026)</u>	<u>\$ 8,352,076</u>
Segment profit or loss	<u>\$ 1,220,998</u>	<u>\$ 242,034</u>	<u>\$ -</u>	<u>\$ 1,463,032</u>
Segment profit or loss includes:				
Depreciation and amortization	<u>\$ 82,529</u>	<u>\$ 25,089</u>	<u>\$ -</u>	<u>\$ 107,618</u>
Segment assets	<u>\$ 10,127,675</u>	<u>\$ 1,966,908</u>	<u>(\$ 691,597)</u>	<u>\$ 11,402,986</u>

Note 1: The intra-segment revenues have been eliminated to \$0.

Note 2: Because the Group's segment assets are not provided to the chief operating decision-marker, such items are not required to be disclosed.

(4) Reconciliation for segment income

Adjustment is not required as the Group's reportable segment profit and loss are equivalent to the income (loss) from continuing operations.

(5) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	2023		2022	
	Income	Non-current assets	Income	Non-current assets
Taiwan	\$ 3,168,012	\$ 1,980,079	\$ 3,093,690	\$ 910,758
China	517,829	427,519	549,374	69,825
Singapore	172,793	73	168,614	1,076
USA	2,092,814	176,292	2,422,342	158,855
Europe	2,121,755	33,130	2,118,056	30,339
Total	\$ 8,073,203	\$ 2,617,093	\$ 8,352,076	\$ 1,170,853

The above non-current assets exclude financing instruments, deferred income tax assets and certain other non-current assets.

(6) Major customer information

The Group's customers exceeding 5% of consolidated operating income in 2023 and 2022 is as follows:

A	2023		2022	
	\$		\$	
		149,868		450,083

AAEON Technology Inc. and Subsidiaries

MARKETABLE SECURITIES HELD

(EXCLUDING INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)

DECEMBER 31, 2023

(Amounts in thousands of New Taiwan dollars, Unless Specified Otherwise)

Schedule 1

Holding company	Marketable securities type and name				2023/12/31				
	Type	Name (Note 1)	Relationship with the Company	Financial Statement Account	Shares	Carrying value (Note2)	Percentage of Ownership (%)	Fair value	Remarks
AAEON TECHNOLOGY INC.	Fund	Mega Diamond Money Market	None	Financial assets at fair value through profit or loss - current	2,091,070	\$ 26,974	-	\$ 26,974	None
"	Stock	MACHVISION INC.	Other related party - the Company's Chairman as a director	"	1,180,198	257,873	2.03	257,873	"
"	"	LILEE SYSTEMS Ltd.	None	"	468,750	-	-	-	"
"	"	Allied Biotech Co.	"	"	300,000	4,959	0.31	4,959	"
"	"	TELEION WIRELESS, INC.	"	"	149,700	-	-	-	"
"	"	InSynerger Technology Co., Ltd.	"	Financial assets at fair value through profit or loss - non-current	1,710,000	19,360	15.05	19,360	"
"	"	V-Net AAEON Corporation Ltd.	"	"	29	8,634	14.50	8,634	Note 3
AAEON INVESTMENT, CO., LTD.	Convertible bonds	IBASE TECHNOLOGY INC.	Associate - Investee accounted for under the equity method	Financial assets at fair value through profit or loss - current	-	121,000	-	121,000	None
"	Stock	Sunengine Co., Ltd.	None	"	156,903	1,089	2.34	1,089	"
ONYX HEALTHCARE INC.	"	MACHVISION INC.	Other related party - the Company's Chairman as a director	Financial assets at fair value through profit or loss - current	18,716	4,089	0.03	4,089	"
"	"	TOP UNION ELECTRONICS CORP.	None	"	223,918	7,300	0.16	7,300	"
"	"	INNO FUND III	"	Financial assets at fair value through profit or loss - non-current	3,000,000	34,637	13.04	34,637	"
"	"	MELTEN CONNECTED HEALTHCARE INC.	"	Financial asset at fair value through other comprehensive income - non-current	4,193,548	-	6.61	-	"
"	"	TOP UNION ELECTRONICS CORP.	"	"	2,109,082	68,756	1.53	68,756	"

Note1: The "securities" above refer to stocks, bonds, beneficiary certificates and derivatives included in IFRS 9 "Financial Instruments"

Note2: For those measured at fair value, please enter the carrying value after the valuation adjustment of fair value and deduction of accumulated impairment in the carrying value column. As for those assets not measured at fair value, please enter the carrying value of initial acquisition cost or amortized cost after deducting accumulated impairment in the carrying value column.

Note3: Hybrid contract with embedded options.

AAEON Technology Inc. and Subsidiaries

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL

NINE MONTHS ENDED DECEMBER 31, 2023

(Amounts in thousands of New Taiwan dollars, Unless Specified Otherwise)

Schedule 2

Company Name	Marketable Securities (Note 1)	Financial Statement Account	Counter Party (Note 2)	Nature of Relationship (Note 2)	Beginning Balance		Acquisition (Note 3)			Disposal (Note 3)				Ending Balance			
					Shares	Amount	Shares	Amount	(Note 4)	Shares	Amount	Carring Value (Note 4)	Gain/Losses on Disposal	Shares	Amount		
AAEON TECHNOLOGY INC.	JETWAY INFORMATION CO., LTD	Investments accounted for under equity method	Centralized trading marke	None	-	\$ -	141,594	\$ 4,949	1,2	-	\$ -	\$ -	-	\$ -	-	141,594	\$ 4,949
"	"	"	Stockholders of JETWAY	"	-	-	26,308,406	953,416	1	-	-	36,520	3	-	26,308,406	920,756	
												(3,174)	4	-			
												(66,125)	8				
												119	9				

Note1: The "securities" above refer to stocks, bonds, beneficiary certificates and derivatives.

Note2: For those measured investments accounted for under equity method, please enter the coloumn of counter party and nature of relationship.

Note3: Accumulated amount of marketable securities acquired and disposed should be calculated in market price separately for the judgement if the amount reaches NT\$300 million or 20% of the paid in capital.

Note4: 1. Acquired or capital increase/ disposed or capital reduction/liquidation in this period.

2. Revaluation

3. Recognized in investment gains or losses under equity investment.

4. Recognized effect of exchange rate changes and recognized financial statements translation differences of foreign operations under equity investment.

5. Recognized changes in equity under equity investment.

6. Recognized in adjustment of retirement under equity investment.

7. Recognized in adjustment of retained earnings for changes in equity of investee company since the investee company purchased treasury shares.

8. Receipt of cash dividends from invested companies.

9. Determine Welfare Benefits Actuarial Gain/Loss

Note5: Paid-in capital refers to the paid-in capital of the parent company. If the issuer's shares have no par value or the par value per share is not NT\$10, the relevant transaction amount requirement of 20% of the paid-in capital shall be calculated based on 10% of the equity attributable to the owners of the parent company on the balance sheet.

AAEON Technology Inc. and Subsidiaries

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023

Schedule 3

(Amounts in thousands of New Taiwan dollars, Unless Specified Otherwise)

Company Name	Related Party	Nature of Relationship	Transaction			Reasons for difference between the related party transaction terms and the arms length terms of transaction (Note)		Accounts and notes receivable (payable)		Note
			Purchase (sales)	Amount	Percentage to total purchase (sales) (%)	Payment terms	Unit Price	Payment terms	Ending Balance	
AAEON TECHNOLOGY INC.	ASUSTEK COMPUTER INC.	Parent	Purchases	\$ 661,080	28.62	month-end 30 days	\$ -	-	(\$ 52,099)	(20.54)
"	AAEON TECHNOLOGY (EUROPE) B.V.	Subsidiary	(Sales)	(1,592,948)	(34.15)	60 days after invoice date	-	-	230,016	37.97
"	AAEON ELECTRONICS, INC.	"	"	(976,754)	(20.94)	"	-	-	116,493	19.23
"	AAEON TECHNOLOGY (SUZHOU) INC.	"	"	(190,895)	(4.09)	month-end 60 days	-	-	28,397	4.69
ONYX HEALTHCARE INC.	ONYX HEALTHCARE USA, INC.	"	"	(279,658)	(22.40)	month-end 90 days	-	-	44,742	25.71
FUJIAN CANDID INTERNATIONAL CO., LTD	JETWAY INFORMATION CO., LTD.	Parent	"	(273,650)	(20.56)	month-end 30-90 days	-	-	90,533	85.30
JETWAY INFORMATION CO., LTD.	JETWAY COMPUTER CORP.	Subsidiary	"	(194,714)	(14.63)	month-end 30-60 days	-	-	32,004	30.16

Note: The reasons for difference between the related party transaction terms and the arms length terms of transaction shall be described in the price and loan term section.

AAEON Technology Inc. and Subsidiaries

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2023

Schedule 4

(Amounts in thousands of New Taiwan dollars, Unless Specified Otherwise)

Company Name	Related Party	Nature of Relationship	Ending balance (Note)	Turnover (%)	Overdue		Amounts Received in Subsequent Period	Loss allowance
					Amount	Action taken		
AAEON TECHNOLOGY INC.	AAEON TECHNOLOGY (EUROPE) B.V.	Subsidiary	\$ 230,016	5.58	\$ -	-	\$ 141,558	\$ -
"	AAEON ELECTRONICS, INC.	"	116,493	6.31	-	-	116,026	-

Note: Please fill in separately based on accounts receivable, notes and other receivables of related parties.

AAEON Technology Inc. and Subsidiaries
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
(ONLY TRANSACTIONS AMOUNTING TO AT LEAST \$100 MILLION ARE DISCLOSED)

FOR THE YEAR ENDED DECEMBER 31, 2023

Schedule 5

(Amounts in thousands of New Taiwan dollars, Unless Specified Otherwise)

Serial No. (Note 1)	Company Name	Related Party	Nature of relationships (Note 2)	Intercompany transaction			As a percentage of consolidated revenues or total assets (%) (Note 3)
				Financial Statement Account	Amount	Terms	
0	AAEON TECHNOLOGY INC.	AAEON TECHNOLOGY (EUROPE) B. V.	1	Net sales	\$ 1,592,948	60 days after invoice date	19.73%
"	"	AAEON ELECTRONICS, INC.	1	Net sales	976,754	"	12.10%
"	"	AAEON TECHNOLOGY (SUZHOU) INC.	1	Net sales	190,895	month-end 60 days	2.36%
"	"	AAEON TECHNOLOGY (EUROPE) B. V.	1	Account receivable	230,016	60 days after invoice date	1.60%
"	"	AAEON ELECTRONICS, INC.	1	Account receivable	116,493	"	0.81%
1	ONYX HEALTHCARE INC.	ONYX HEALTHCARE USA, INC.	3	Net sales	279,658	month-end 90 days	3.46%
2	FUJIAN CANDID INTERNATIONAL CO., LTD	JETWAY INFORMATION CO., LTD.	3	Net sales	273,650	month-end 30-90 days	3.39%
3	JETWAY INFORMATION CO., LTD.	JETWAY COMPUTER CORP.	3	Net sales	194,714	month-end 30-60 days	2.41%

Note 1: Intercompany transactions should be indicated in the numbered columns individually. The number is filled in as follows:

- (1) Parent company is numbered 0.
- (2) Subsidiaries are numbered sequentially according to company name from Arabic numeral 1.

Note 2: There are three types of relationships with counterparties (Disclosure is not required for the same intercompany transactions. For example: If the parent has already disclosed the intercompany transaction, the subsidiary is not required to disclose the same transaction.

For intercompany transactions between subsidiaries, if one of the subsidiaries has already disclosed the transaction, the other subsidiary is not required to disclose the same transaction)

- (1) Parent company to subsidiary
- (2) Subsidiary to parent company
- (3) Subsidiary to subsidiary

Note 3: The calculation of transaction amount as a percentage of consolidated net revenue or total assets: in the case of financial statement accounts, ending balance is divided by consolidated total assets; in the case of income statement accounts, cumulative amount in the period is divided by consolidated net revenue.

Note 4: There is no need to disclose transactions of no more than \$100 million, and transactions shall be disclosed as assets and income.

AAEON Technology Inc. and Subsidiaries
 NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
 (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
 FOR THE NINE-MONTH PERIOD ENDED DECEMBER 31, 2023

(Amounts in thousands of New Taiwan dollars, Unless Specified
 Otherwise)

Schedule 6

Name of investor	Name of investee	Location	Main businesses and products	Original Investment		Balance as of December 31, 2023			Investee profit or loss for the period (Note 2)	Profits or losses on investment recognized for the period (Note 2)	Remarks
				2023/12/31	2022/12/31	Shares	Percentage (%)	Carrying Amount			
AAEON TECHNOLOGY INC.	AAEON ELECTRONICS, INC.	USA	Sales of IPC and PC peripherals	\$ 150,455	\$ 150,479	490,000	100.00	\$ 328,750	\$ 32,850	\$ 32,854	
"	AAEON TECHNOLOGY, CO., LTD	British Virgin Islands	Investment of IPC and interface card	270,422	270,466	8,807,097	100.00	182,101	(43,871)	(43,834)	
"	AAEON TECHNOLOGY (EUROPE) B.V.	Netherlands	Sales of IPC and PC peripherals	3,398	3,272	-	100.00	97,059	31,218	31,218	
"	AAEON TECHNOLOGY SINGAPORE PTE. LTD.	Singapore	Sales of IPC and PC peripherals	13,586	13,346	465,840	100.00	67,788	2,481	2,481	
"	AAEON INVESTMENT, CO., LTD.	Taiwan	Investment of IPC and PC peripherals	150,000	150,000	15,000,000	100.00	141,494	12,589	12,589	
"	ONYX HEALTHCARE INC.	"	Design, manufacture and sales of medical PC	172,368	172,368	16,257,179	48.51	723,545	255,262	124,327	
"	LITEMAX ELECTRONICS INC.	"	Sales of PC peripherals	70,218	70,218	5,015,050	11.91	114,718	151,616	18,826	
"	IBASE TECHNOLOGY INC.	"	Manufacturing and sales of industrial motherboards	3,498,501	3,498,501	52,921,856	26.82	3,359,992	715,895	94,727	
"	JETWAY INFORMATION CO., LTD.	"	Manufacturing and selling of industrial motherboard and computer peripherals	958,247	-	26,450,000	35.27	925,705	172,411	36,520	

AAEON Technology Inc. and Subsidiaries
 NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
 (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
 FOR THE NINE-MONTH PERIOD ENDED DECEMBER 31, 2023

Schedule 6

(Amounts in thousands of New Taiwan dollars, Unless Specified Otherwise)

Name of investor	Name of investee	Location	Main businesses and products	Original Investment		Balance as of December 31, 2023			Investee profit or loss for the period (Note 2)	Profits or losses on investment recognized for the period (Note 2)	Remarks
				2023/12/31	2022/12/31	Shares	Percentage (%)	Carrying Amount			
AAEON TECHNOLOGY (EUROPE) B.V.	AAEON TECHNOLOGY GMBH	Germany	Sales of IPC and PC peripherals	\$ 1,019	\$ 982	-	100.00	\$ 22,945	\$ 1,281	-	Note1
ONYX HEALTHCARE INC.	ONYX HEALTHCARE USA, INC.	USA	Sales of medical PC and peripherals	61,410	61,420	200,000	100.00	95,024	18,402	-	"
"	ONYX HEALTHCARE EUROPE B.V.	Netherlands	Marketing support and maintenance of medical PC and peripherals	3,398	3,272	100,000	100.00	16,373	1,779	-	"
"	IHELPER INC.	Taiwan	R&D and sales of medical robots	16,560	16,560	1,656,000	46.00	7,626	(1,570)	-	"
"	WINMATE INC.	"	Bid quotations, distributions and sales of LCD application equipment and modules	568,585	568,585	10,244,000	13.08	629,526	506,391	-	"
"	ProtectLife International Biomedical INC.	"	Manufacturing and Wholesale of Medical Devices and Consumables	44,380	-	2,188,000	11.27	34,685	(48,649)	-	"
JETWAY INFORMATION CO., LTD.	JETWAY COMPUTER CORP.	USA	Selling and repairing of computer peripheral equipment	116,679	116,698	380	100.00	164,097	28,456	-	"
"	JETWAY COMPUTER B.V.	Netherlands	Selling and repairing of computer peripheral equipment	676	681	40	100.00	23,205	1,657	-	"

AAEON Technology Inc. and Subsidiaries
 NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
 (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
 FOR THE NINE-MONTH PERIOD ENDED DECEMBER 31, 2023

Schedule 6

(Amounts in thousands of New Taiwan dollars, Unless Specified Otherwise)

Name of investor	Name of investee	Location	Main businesses and products	Original Investment		Balance as of December 31, 2023			Investee profit or loss for the period (Note 2)	Profits or losses on investment recognized for the period (Note 2)	Remarks
				2023/12/31	2022/12/31	Shares	Percentage (%)	Carrying Amount			
JETWAY INFORMATION CO., LTD.	JETWAY (FAR EAST) INFORMATION COMPANY LIMITED	British Virgin Islands	Investing of computer peripheral business	\$ 94,714	\$ 94,729	3,084,634	100.00	\$ 115,781	\$ 1,714	-	Note1
"	TOP NOVEL ENTERPRISE CORP.	Seychelles	Investing of computer peripheral business	543,494	543,582	17,700,500	100.00	427,257	(19,220)	-	"
JETWAY (FAR EAST) INFORMATION COMPANY LIMITED	SCORETIME INVESTMENT LIMITED	British Virgin Islands	Investing of computer peripheral business	93,178	93,194	3,034,634	100.00	114,869	1,702	-	"
TOP NOVEL ENTERPRISE CORP.	TIME PIONEER INTERNATIONAL LIMITED	Seychelles	Investing of computer peripheral business	-	19,962	-	-	-	-	-	"
"	CANDID INTERNATIONAL CORP.	"	Investing of computer peripheral business	523,520	523,606	17,050,000	100.00	423,645	(21,474)	-	"

Note 1: According to relevant regulations, there is no need to fill in investment profit and loss disclosed in this period.

Note 2: The profit or loss of the amount involving foreign currencies are converted to NTD at the average exchange rate between January 1 and December 31, 2023, while others are converted to NTD under the exchange rate at end period of the financial report.

AAEON Technology Inc. and Subsidiaries
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023

Schedule 7

(Amounts in thousands of New Taiwan dollars, Unless Specified Otherwise)

Investee Company	Main Businesses	Total Amount of Paid-in Capital	Methods of investment (Note 1)	Beginning Balance of Accumulated Outflow of Investment from Taiwan	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Investee profit or loss for the period	The Company's direct or indirect holding percentage	Share of Profits / Losses	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023	Remarks
					Outflow	Inflow							
AAEON TECHNOLOGY (SUZHOU) INC.	Production and sales of IPC and interface card	\$ 266,835	2	\$ 266,835	\$ -	\$ -	\$ 266,835	(\$ 43,885)	100%	(\$ 43,885)	\$ 190,457	\$ -	Note.2(2)B
ONYX HEALTHCARE (SHANGHAI) LTD	Sales of medical PC and peripherals	67,551	1	67,551	-	-	67,551	(2,428)	100%	(2,428)	3,330	-	Note.2(2)B
FUJIAN CANDID INTERNATIONAL CO., LTD	Manufacturing and selling of computer and peripheral equipment	521,985	2	521,985	-	-	521,985	(21,494)	100%	(21,494)	422,068	-	Note.2(2)B

Company Name	Ending Balance of Investment in Mainland China	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA
AAEON Technology Inc.	\$ 266,835	\$ 266,835	\$ 7,272,837
Onyx Technology Inc.	67,551	67,551	912,327
JETWAY INFORMATION CO., LTD.	521,985	521,985	869,906

Note 1: The methods of investment are listed below, please mark the category on schedule:

- (1) Investment in China companies directly.
- (2) Investment in China companies through AAEON TECHNOLOGY CO., LTD in a third region.
- (3) Other methods of investing in China.

Note 2: The column of investment profit or loss for the period:

- (1) It should be noted if the entity was in preparation stage without profit or loss on investment.
- (2) It should be noted that the basis of recognizing the profit or loss on investment includes the following:
 - A. Based on financial statements reviewed by an international accounting firm that is in collaboration with an accounting firm in the Republic of China.
 - B. Based on financial statements reviewed by auditor of the parent company in Taiwan.
 - C. Another basis

Note 3: The profit or loss of the amount involving foreign currencies are converted to NTD at the average exchange rate between January 1 and December 31, 2023, while others are converted to NTD under the exchange rate at the end period of the financial report.

AAEON Technology Inc.
 INFORMATION OF MAJOR SHAREHOLDERS
 DECEMBER 31, 2023

Schedule 8

Name of major shareholder	Shares	
	Total Shares Owned	Ownership (%)
ASUSTEK COMPUTER INC.	43,756,000	27.280
IBASE TECHNOLOGY INC.	41,698,468	26.000
Yung-Shun Chuang	19,664,000	12.260
HUA-CHENG VENTURE CAPITAL CORP.	8,359,000	5.210
HUA-MIN INVESTMENT CO., LTD.	8,359,000	5.210

Note 1: In this chart, major shareholders are defined as shareholders with more than 5% collective holding interest in common and preferred shares that have been delivered via book entry (including treasury stocks), as shown in the records of TDCC on the final business day of each quarter. Share capital, as shown in the financial statements, may differ from the number of shares that have been delivered via book entry due to differences in the preparation basis.

Note 2: For shareholders who have placed shareholding under trust, the above information shall be provided based on trust accounts created by the trustee. In which case, these shareholders may be required under the Securities and Exchange Act to make regulatory reporting on insiders with more than 10% ownership interest, which include shares held in own name and shares placed under trust that the shareholder has control over. Refer to Market Observation Post System for information on the reporting of insider shareholding

Attachment 3: 2023 Individual Financial Report

Independent Auditors' Report

(2024) Tsai-Shen-Bao-Tzi No. 23003398

To the Board of Directors and Shareholders of
AAEON Technology Inc.

Opinion

We have audited the accompanying separate balance sheets of AAEON Technology Inc. (the "AAEON") as of December 31, 2023 and 2022, and the related statements of comprehensive income, of changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of the other independent auditors, as described in the Other matter section of our report, the separate financial statements present fairly, in all material respects, the separate financial position of AAEON as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years ended December 31, 2023 and 2022, in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers"

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Independent Auditors' Responsibilities for the audit of the separate financial statements section of our report. We are independent of AAEON in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of the other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matters for the separate financial statements in the current period are stated as follows:

Assessment of the Reasonableness of the Acquired Price Allocation in Significant Mergers Transactions

Description

AAEON acquired Jetway Information Co., Ltd. in April 2023. The acquisition transaction was treated as an acquisition method, and explanations can be found in Note 4 (33) of the consolidated financial statements. The accounting items related to this acquisition are explained in Note 6 (27) of the consolidated financial statements. The allocation of the purchase price is based on an external expert report commissioned by the management. Since the allocation of the purchase price involves management judgment and has a significant impact on the financial statements due to the assets (including goodwill and intangible assets) and liabilities arising from the acquisition transaction, this acquisition is considered one of the key audit matters for the current year.

How our audit addressed the matter

Our audit procedures performed in AAEON for the above matter are as follow:

1. Evaluating the competence and objectivity of external valuation experts appointed by

management.

2. To review the reasonableness of the measurement of identifiable assets and liabilities in the acquisition price allocation report prepared by external experts, including the reasonableness of the original data and key assumptions used. The procedures performed by the auditors and the internal valuation experts employed by the auditors are as follows:
 - (1) To review the valuation methods and calculation formulas employed by external valuation experts.
 - (2) To review the projected revenue growth rate and gross profit margin used, and compare them with historical results, economic forecasts, and industry literature.
 - (3) To review the discount rate used and compare it with the return rates of similar assets in the market.
3. To review the accounting treatment and financial statement presentation and disclosure of this transaction.

Existence of sales revenue

Description

Refer to Note 4(25) for the accounting policies on revenue recognition, and Note 6(15) for the details of operating revenue.

AAEON is primarily engaged in the design, manufacturing, and sale of industrial computers and peripherals. As product project orders are susceptible to the product project cycles of customers, efforts are required to explore new markets and undertake new project orders. Therefore, the revenue from products may vary due to market trends in each period. Referring to industry reports and information from peers, the overall market trend has declined this period, while revenue from certain products has grown significantly. Consequently, the auditor considers the existence of the aforementioned sales revenue as one of the most important audit matters for the current year.

How our audit addressed the matter

Our audit procedures performed in AAEON and its subsidiaries (recognized as investments accounted for under equity method) for the above matter are as follow:

1. Evaluate and test the internal control process of sales transactions during the financial reporting period to ensure that it operates in accordance with the company's established internal control system and to confirm the accuracy of product classification by the company.
2. Acquire and sample-check relevant documents of the aforementioned sales revenue transactions to confirm that customers have obtained control of the goods and assumed the risks of the goods before recognizing revenue.

Evaluation of inventories

Description

Refer to Note 4(11) for the accounting policies on the evaluation of inventories; Note 5 for the uncertainty of accounting estimate and assumptions for evaluation of inventories, and Note 6(4) for the details of inventory.

AAEON is primarily engaged in the design, manufacturing and sales of industrial computers and peripherals. Given long production cycle of industrial computer products, and that some products or spare parts have long inventory period due to long-term supply and maintenance needs of customers. The order adjustments or lower-than-expected market conditions may lead to fluctuations in product prices or low inventory correction, which may result in higher risk in inventory devaluation or obsolescence. AAEON's inventories are measured at the lower of inventory cost and net realizable value. For the inventories that exceeds its age and are individually

identified to be out of date and obsolete, losses based on the policy of allowance for inventory impairment are recognized through individual assessment.

Corresponding the sales market and development strategies, AAEON readily adjusts its stocking demands, with significant inventory balances as industrial computers are the main products. In addition, given high uncertainty from the management's subjective estimates on the net realizable value used in evaluating obsolete inventories, the allowance for inventory devaluation is listed as one of the key audit matters.

How our audit addressed the matter

Our audit procedures performed in AAEON and its subsidiaries (recognized as investments accounted for under equity method) for the above matter are as follow:

1. Assess the policy on allowance for inventory valuation loss based on our understanding of the operations and industry of AAEON.
2. Inspect the managements individually identified out-of-date inventory list and checked the related supporting documents.
3. Test the basis of market value used in calculating the net realizable value of inventory and validated the accuracy of net realizable value calculation of selected samples.

Other matters – reference to the audits of other independent auditors

We did not audit the financial statement of certain investments accounted for under equity method. The financial statements of these investments accounted for under equity method were audited by other independent auditors whose reports thereon have been furnished to us and our opinion expressed herein, insofar as it relates to the amounts included in the separate financial statements and information disclosed relative to these investments, is based solely on the reports of other independent auditors. These investments accounted for under equity method amounted to \$4,104,236 thousand and \$4,143,549 thousand, constituting 37.30% and 41.91% of total assets as of December 31, 2023 and 2022, respectively, and the comprehensive income (loss) of subsidiaries, associates, and joint ventures accounted for under equity method amounted to \$261,686 thousand and \$340,359 thousand, respectively, constituting for 25.11% and 30.20% of total comprehensive income for the years ended December 31, 2023 and 2022, respectively.

Responsibilities of management and those charged with governance for the separate financial statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with the requirements of the “Regulation Governing the Preparation of Financial Reports by Securities Issuers” and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including Audit Committee, are responsible for overseeing the financial reporting process of AAEON.

Independent auditor’s responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s

report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error, and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these individual financial statements.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law

or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PwC Taiwan

Certified Public Accountant

Chang, Shu-Chiung

Lin, Chun-Yao

(Formerly known as) Financial Supervisory Commission,
Executive Yuan
Approval reference: FSC No. 0990042602


(Formerly known as) Securities and Futures Commission, The
Ministry of Finance
Approval reference: (1996) Tai-Tsai-Cheng (VI) No. 68702

February 29, 2024

Notes to Readers

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

The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.


 AAEON Technology Inc.
 SEPARATE BALANCE SHEETS
 DECEMBER 31, 2023 AND 2022
 (Expressed In Thousands of New Taiwan Dollars)

	Assets	Notes	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current asset						
1100	Cash and cash equivalents	6 (1)	\$ 2,678,019	24	\$ 1,601,115	16
1110	Financial asset at fair value through	6 (2)				
	profit or loss - current		289,806	3	190,975	2
1150	Net notes receivable	6 (3)	663	-	186	-
1170	Net accounts receivable	6 (3)	174,159	2	218,252	2
1180	Accounts receivable - net amount of	7				
	related party		430,867	4	649,338	7
1200	Other receivables	7	1,457	-	4,497	-
130X	Inventories	6 (4)	803,914	7	1,546,458	16
1410	Prepayments		37,022	-	41,955	-
11XX	Total current assets		<u>4,415,907</u>	<u>40</u>	<u>4,252,776</u>	<u>43</u>
Non-current assets						
1510	Financial asset at fair value through	6 (2)				
	profit or loss - non-current		27,994	-	28,547	-
1550	Investments accounted for under	6 (5) and 7				
	equity method		5,941,152	54	4,974,623	50
1600	Property, plant and equipment	6 (6) and 7	358,604	3	325,782	3
1755	Right-of-use assets	6 (7)	40,370	-	57,027	1
1760	Investment property	6 (8) and 7	154,059	2	179,165	2
1780	Intangible assets	7	7,332	-	7,395	-
1840	Deferred tax assets	6 (22)	43,465	1	47,656	1
1900	Other non-current assets	7	13,163	-	13,249	-
15XX	Total non-current assets		<u>6,586,139</u>	<u>60</u>	<u>5,633,444</u>	<u>57</u>
1XXX	Total assets		<u>\$ 11,002,046</u>	<u>100</u>	<u>\$ 9,886,220</u>	<u>100</u>

(Continued)

AAEON Technology Inc.
SEPARATE BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed In Thousands of New Taiwan Dollars)

Liabilities and equity	Notes	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
Current liability						
2130	Contract liability - current	6 (15)	\$ 54,471	1	\$ 111,357	1
2150	Notes payables		2	-	19	-
2170	Accounts payables		188,304	2	237,164	3
2180	Accounts payables - related party	7	65,354	1	69,146	1
2200	Other payables	6 (9) and 7	443,210	4	444,329	5
2230	Current tax liabilities		46,060	-	190,318	2
2250	Provisions - current		26,152	-	27,056	-
2280	Lease liability - current		18,244	-	21,973	-
2399	Other current liabilities - other		41,450	-	33,070	-
21XX	Total current liabilities		<u>883,247</u>	<u>8</u>	<u>1,134,432</u>	<u>12</u>
Non-current liabilities						
2527	Contract liability - non-current	6 (15)	5,384	-	5,565	-
2550	Provisions - non-current		7,040	-	8,989	-
2570	Deferred tax liabilities	6 (22)	71,189	1	57,856	1
2580	Lease liability - non-current		23,376	-	36,057	-
2600	Other non-current liabilities		1,210	-	898	-
25XX	Total non-current liabilities		<u>108,199</u>	<u>1</u>	<u>109,365</u>	<u>1</u>
2XXX	Total liabilities		<u>991,446</u>	<u>9</u>	<u>1,243,797</u>	<u>13</u>
Equity						
Share capital						
		6 (12)				
3110	Share capital-common stock		1,602,418	15	1,490,825	15
3140	Advance receipts for share capital		1,660	-	1,430	-
Capital surplus						
		6 (13)				
3200	Capital surplus		6,421,702	58	5,461,370	54
Retained earnings						
		6 (14)				
3310	Legal reserve		577,944	5	470,533	5
3320	Special reserve		12,359	-	64,805	1
3350	Undistributed retained earnings		1,331,564	12	1,165,819	12
Other equity						
3400	Other equity		62,953	1	(12,359)	-
3XXX	Total equity		<u>10,010,600</u>	<u>91</u>	<u>8,642,423</u>	<u>87</u>
Significant contingent liabilities and unrecognized contract commitments						
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 11,002,046</u>	<u>100</u>	<u>\$ 9,886,220</u>	<u>100</u>

The accompanying notes are an integral part of these separate financial statements.

Chairman: Yung-Shun Chuang



Manager: Chien-Hung Lin



Accounting Supervisor: Jen-Chung Wang



AAEON Technology Inc.

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Item	Notes	2023		2022	
		Amount	%	Amount	%
4000 Operating revenue	6 (15) and 7	\$ 4,664,543	100	\$ 5,940,824	100
5000 Operating costs	6 (4) (20) (21) and 7	(3,290,274)	(70)	(4,227,853)	(71)
5900 Gross profit from operations		1,374,269	30	1,712,971	29
5910 Unrealized profit from sales		(53,930)	(1)	(68,007)	(1)
5920 Realized profit from sales		68,007	1	49,521	1
5950 Gross profit from operations, net		1,388,346	30	1,694,485	29
Operating expenses	6 (20) (21) and 7				
6100 Selling expense		(109,175)	(3)	(103,727)	(2)
6200 General and administrative expenses		(151,527)	(3)	(144,209)	(3)
6300 Research and development expenses		(480,047)	(10)	(495,769)	(8)
6450 Expected credit impairment loss or (gain)	12 (2)	(5)	-	40)	-
6000 Total operating expense		(740,754)	(16)	(743,745)	(13)
6900 Operating income		647,592	14	950,740	16
Non-operating income and expenses					
7100 Interest income	6 (16)	57,225	1	5,567	-
7010 Other income	6 (17) and 7	19,781	1	21,015	1
7020 Other gains and losses	6 (18) and 7	105,301	2	(115,522)	(2)
7050 Financial costs	6 (19)	(1,283)	-	(1,807)	-
7070 Share of the profit of the subsidiaries, associates and joint ventures accounted for under equity method		309,708	7	435,164	7
7000 Total non-operating income and expenses		490,732	11	344,417	6
7900 Profit before income tax		1,138,324	25	1,295,157	22
7950 Income tax expense	6 (22)	(168,979)	(4)	(220,697)	(4)
8200 Profit for the year		\$ 969,345	21	\$ 1,074,460	18
Other comprehensive income (loss)					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8330 Share of other comprehensive income of associates and joint ventures accounted for under equity method - not to be reclassified to profit or loss in subsequent periods		\$ 71,962	1	\$ 8,260	-
8310 Total other comprehensive income (loss) that will not be reclassified to profit or loss		71,962	1	8,260	-
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations		(2,874)	-	46,056	1
8380 Share of other comprehensive income of associates and joint ventures accounted for under equity method - to be reclassified to profit or loss		3,871	-	6,389	-
8399 Income tax relating to the components of other comprehensive income	6 (22)	(15)	-	(8,259)	-
8360 Total amount to be reclassified to profit or loss in subsequent periods		982	-	44,186	1
8300 Net Other comprehensive income		\$ 72,944	1	\$ 52,446	1
8500 Total comprehensive income		\$ 1,042,289	22	\$ 1,126,906	19
Basic earnings per share	6 (23)				
9750 Basic earnings per share		\$	8.42	\$	10.03
Diluted earnings per share	6 (23)				
9850 Diluted earnings per share		\$	8.32	\$	9.86

The accompanying notes are an integral part of these separate financial statements.

Chairman: Yung-Shun Chuang



Manager: Chien-Hung Lin



Accounting Supervisor: Jen-Chung Wang





AAEPON Technology Inc.
SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed In Thousands of New Taiwan Dollars, except as otherwise indicated)

	Notes	Share Capital		Retained Earnings			Other Equity			Total	
		Common shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Undistributed retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		Remeasurements of defined benefit plans
For the years ended December 31, 2022											
Balance at January 1, 2022		\$ 1,484,985	\$ 1,200	\$ 5,433,926	\$ 425,624	\$ 53,278	\$ 534,550	(\$ 65,407)	\$ 2,733	(\$ 2,131)	\$ 7,868,758
Profit for the period		-	-	-	-	-	1,074,460	-	-	-	1,074,460
Other comprehensive income		-	-	-	-	-	-	44,002	8,444	-	52,446
Total comprehensive income		-	-	-	-	-	1,074,460	44,002	8,444	-	1,126,906
Appropriations of 2021 earnings	6 (14)	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	-	44,909	-	(44,909)	-	-	-	-
Reversal of special reserve		-	-	-	-	11,527	(11,527)	-	-	-	-
Cash dividends		-	-	-	-	-	(386,408)	-	-	-	(386,408)
Capital surplus-cash dividend	6 (13) (14)	-	-	(74,309)	-	-	-	-	-	-	(74,309)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6 (13)	-	-	19,802	-	-	-	-	-	-	19,802
Recognition of changes in ownership interest in subsidiaries	6 (13)	-	-	1,630	-	-	-	-	-	-	1,630
Effect from long-term investment that has not been recognized based on shareholding percentage	6 (13)	-	-	(443)	-	-	-	-	-	-	(443)
Change in associates and joint ventures accounted for under equity method	6 (13)	-	-	37,860	-	-	-	-	-	-	37,860
Share-based Payment	6 (11) (13)	-	-	10,363	-	-	(347)	-	-	-	10,016
Employee stock options exercised	6 (11) (12) (13)	5,840	230	32,541	-	-	-	-	-	-	38,611
Balance at December 31, 2022		\$ 1,490,825	\$ 1,430	\$ 5,461,370	\$ 470,533	\$ 64,805	\$ 1,165,819	(\$ 21,405)	\$ 11,177	(\$ 2,131)	\$ 8,642,423
For the year ended December 31, 2023											
Balance at January 1, 2023		\$ 1,490,825	\$ 1,430	\$ 5,461,370	\$ 470,533	\$ 64,805	\$ 1,165,819	(\$ 21,405)	\$ 11,177	(\$ 2,131)	\$ 8,642,423
Profit for the period		-	-	-	-	-	969,345	-	-	-	969,345
Other comprehensive income		-	-	-	-	-	-	742	72,083	119	72,944
Total comprehensive income		-	-	-	-	-	969,345	742	72,083	119	1,042,289
Appropriations of 2022 earnings:	6 (14)	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	-	107,411	-	(107,411)	-	-	-	-
Special reserve		-	-	-	-	(52,446)	52,446	-	-	-	-
Cash dividends		-	-	-	-	-	(746,127)	-	-	-	(746,127)
Issuance of new shares in exchange for other company's shares	6 (12) (13)	105,233	-	848,183	-	-	-	-	-	-	953,416
Recognition of changes in ownership interest in subsidiaries	6 (13)	-	-	(3,935)	-	-	-	-	-	-	(3,935)
Effect from long-term investment that has not been recognized based on shareholding percentage	6 (13)	-	-	162	-	-	-	-	-	-	162
Change in associates and joint ventures accounted for under equity method	6 (13)	-	-	64,235	-	-	-	-	-	-	64,235
Share-based Payment	6 (11) (13)	-	-	4,728	-	-	(140)	-	-	-	4,588
Employee stock options exercised	6 (11) (13)	6,360	230	46,959	-	-	-	-	-	-	53,549
Disposal of financial assets at fair value through other comprehensive income		-	-	-	-	-	(2,368)	-	2,368	-	-
Balance at December 31, 2023		\$ 1,602,418	\$ 1,660	\$ 6,421,702	\$ 577,944	\$ 12,359	\$ 1,331,564	(\$ 20,663)	\$ 85,628	(\$ 2,012)	\$ 10,010,600

Chairman: Yung-Shun Chuang



The accompanying notes are an integral part of these separate financial statements.
Manager: Chien-Hung Lin



Accounting Supervisor: Jen-Chung Wang





AAEON Technology Inc.
SEPARATE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed In Thousands of New Taiwan Dollars)

	Notes	For the years ended December 31,	
		2023	2022
<u>Cash flows from operating activities</u>			
Profit before tax		\$ 1,138,324	\$ 1,295,157
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expenses	6. (6) (7) (20)	56,844	48,310
Amortization expenses	6. (20)	7,780	13,665
Expected credit impairment losses (gains)	12. (2)	5	40
Costs of share-based payment awards	6. (11)	2,246	4,647
Interest income	6. (16)	(57,225)	(5,567)
Dividend income	6. (17)	(10,982)	(14,547)
Interest expenses	6. (7) (19)	1,283	1,807
Net loss from financial assets and liabilities at fair value through profit or loss	6. (2) (18)	(106,519)	174,874
Gain on disposal of property, plant and equipment	6. (18)	(118)	-
Loss on disposals of investments	6. (18)	892	-
Depreciation expense of investment property (other gains and losses)		961	1,264
Transferred to expenses and losses		-	1,868
Share of profit of associates accounted for under equity method		(309,708)	(435,164)
Realized (gain) loss on inter-affiliate accounts		(14,077)	18,486
Gain on lease modification	6. (7) (18)	(25)	(193)
Changes in operating assets and liabilities			
Net changes in operating assets			
Financial assets at fair value through profit or loss		-	(813)
Notes and accounts receivable (including related parties)		262,082	156,636
Other receivables		3,040	28,182
Inventories		742,544	(488,824)
Prepayments		4,933	4,535
Net changes in operating liabilities			
Contract liability		(57,067)	34,864
Notes and accounts payable (including related parties)		(52,669)	(146,029)
Other payables		1,313	122,905
Other current liabilities		8,380	7,174
Provisions for liabilities		(2,853)	8,893
Net cash from operating activities		1,619,384	832,170
Interest received		57,225	5,567
Interest paid		(1,283)	(1,807)
Income taxes paid		(295,728)	(84,135)
Net cash flows from operating activities		1,379,598	751,795

(Continued)



AAEON Technology Inc.
SEPARATE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in Thousands of New Taiwan Dollars)

	Notes	For the years ended December 31,	
		2023	2022
<u>Cash flows from investing activities</u>			
Acquired financial assets at fair value through profit or loss		\$ -	(\$ 259)
Disposal of financial assets at fair value through profit or loss		8,241	8,453
Acquisition of investments accounted for under equity method		(4,831)	(99,009)
Acquisition of property, plant and equipment	6. (24)	(38,052)	(133,744)
Increase in intangible assets		(7,717)	(6,913)
Increase in refundable deposits		451	(1,822)
Increase in other non-current assets		(1,617)	(38,359)
Dividends received		474,923	209,009
Net cash flows from investing activities		<u>431,398</u>	<u>(62,644)</u>
<u>Cash flows from financing activities</u>			
Repayment of lease principal	6. (25)	(29,310)	(28,710)
Cash dividends paid	6. (14)	(746,127)	(460,717)
Increase in refundable deposits		312	487
Employee share options exercised	6. (11)	41,033	38,611
Net cash flows from financing activities		<u>(734,092)</u>	<u>(450,329)</u>
Increase (decrease) in cash and cash equivalents		1,076,904	238,822
Cash and cash equivalents at the beginning of periods		<u>1,601,115</u>	<u>1,362,293</u>
Cash and cash equivalents at the end of periods		<u>\$ 2,678,019</u>	<u>\$ 1,601,115</u>

The accompanying notes are an integral part of these separate financial statements.

Chairman: Yung-Shun Chuang



Manager: Chien-Hung Lin



Accounting Supervisor: Jen-Chung Wang




AAEON Technology Inc.
NOTES TO SEPARATE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan Dollars, except as of otherwise indicated)

I. Company Profile

AAEON Technology Co., Ltd. (AAEON or the Company) was established in the Republic of China. The main businesses include the manufacturing, processing, imports and exports of computer peripherals, electronic components, computer test instruments, computer PCB functional testing, and radio telecommunication equipment and its components; the R&D, design, manufacturing, processing and trading of various industrial computers, industrial controllers, quantity controllers and components; industrial computer automation design and services, as well as the import and export of related materials. The Company has been listed on Taiwan Stock Exchange since August 2017. Asustek Computer Co., Ltd. holds 37.70% of the Company's shares (including indirect holdings) and is the Company's ultimate parent company.

II. Date and Procedures for the Authorization of Separate Financial Statements

These separate financial statements were approved by the Board of Directors on February 29, 2024.

III. New or Revised Standards and Applied Interpretation

(I) The impact of adopting standards or interpretations issued, revised or amended by IASB which are endorsed by the Financial Supervisory Commission (hereinafter referred to as FSC)

Standards or interpretations issued, revised or amended by IASB which are endorsed by FSC at 2023 are listed below:

Newly issued revised or amended standards and interpretations	Effective date issued by IASB
Amendments to IAS 1, "Disclosure of accounting policies"	January 1, 2023
Amendments to IAS 8, "Definition of accounting estimates"	January 1, 2023
Amendments to IAS 12, "Deferred tax related to assets and liabilities arising from a single transaction"	January 1, 2023
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 2023

The above standards and interpretations have no significant impact to the company's financial condition and financial performance based on the company's assessment.

(II) Effect of new issuances of or amendments to International Financial Reporting Standards as endorsed by the FSC but not yet adopted by the Company

New standards interpretations and amendments endorsed by the FSC effective from 2024 are as follows:

Newly issued revised or amended standards and interpretations	Effective date issued by IASB
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, "Classification of liabilities as current or non-current"	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

The above standards and interpretations have no significant impact to the Company financial condition and financial performance based on to the Company's assessment.

(III) International Financial Reporting Standards issued by IASB but not yet endorsed by the FSC

Standards or interpretations issued, revised or amended, by IASB but not yet endorsed by FSC are as below:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 10 and IAS 28, "Sale or contribution of assets between an investor and its associate or joint venture"	To be determined by International Accounting Standards Board
IFRS 17, "Insurance contracts"	January 1, 2023
Amendments to IFRS 17, "Insurance contracts"	January 1, 2023
Amendments to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 - comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

IV. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these separate financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(I) Compliance Statement

The separate financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of preparation

1. Except for the following significant items, these separate financial statements have been prepared under the historical cost convention:

Financial assets and liabilities (including derivatives) that have been measured at fair value through profit or loss.

2. For the preparation of financial statements in conformity with the IFRS, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, it requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving higher degree of judgment or complexity, or areas where assumptions and estimations are significant to the separate

financial statements are disclosed in Note 5.

(III) Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The separate financial statements are presented in “New Taiwan Dollars (NTD)”, which is the Company’s functional and presentation currency.

1. Foreign currency transaction and account balances

- (1) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (2) Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (3) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, nonmonetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (4) All foreign exchange gains and losses are presented in the statement of comprehensive income within “other gains and losses”.

2. Translation of foreign operations

The operating results and financial position of all the subsidiaries and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- A. Assets and liabilities for each balance sheets presented are translated at the closing exchange rate at the end of the financial reporting period;
- B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- C. All resulting exchange differences are recognized in other comprehensive income.

(IV) Classification of current and non-current items

1. Assets that meet one of the following conditions are classified as current assets:

- (1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (2) Assets held mainly for trading purposes.
- (3) Assets are expected to be realized within twelve months from the balance sheet date.
- (4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those

that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

Otherwise they are classified as non-current assets.

2. Liabilities that meet one of the following criteria are classified as current liabilities:
 - (1) Liabilities that are expected to be settled within the normal operating cycle;
 - (2) Liabilities arising mainly from trading activities;
 - (3) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Otherwise they are classified as non-current liabilities.

(V) Cash equivalents

Cash equivalents refer to short-term highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value. Time deposits can be classified as cash equivalents if they meet the criteria mentioned above and are held for short-term cash commitments in operational purpose.

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

1. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
2. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognised using trade date accounting.
3. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
4. The Company recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(VII) Accounts and notes receivable

1. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
2. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(VIII) Impairment of financial assets

For accounts receivable that have a significant financing component, at each reporting date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Company recognizes the impairment provision for lifetime ECLs.

(IX) Derecognition of financial assets

The Company derecognises a financial asset when one of the following conditions is met:

1. The contractual rights to receive the cash flows from the financial asset expire.
2. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.
3. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(X) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(XI) Investments accounted for under equity method /subsidiaries and associates

1. Subsidiaries are all entities (including structured entity) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
2. Unrealized gains on transactions between the Company and its subsidiaries are eliminated to the extent of the Company's interest in the subsidiaries. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
3. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equal or exceeds its interest in the subsidiary, the Company should continue to recognize losses in proportion to its ownership.
4. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transaction with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the

fair value of the consideration paid or received is recognized directly in equity

5. When the Company loses the control in a subsidiary, the remaining investment is remeasured at fair value and initially recognized as fair value for the financial asset or initially recognized at cost for the investment in the affiliate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. The Company shall account for all amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the Company had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by the Company would be reclassified to profit or loss on the disposal of the related assets or liabilities, the gain or loss from equity is reclassified to profit or loss when the Company loses significant influence.
6. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20% or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
7. The Company's share of its associates' post-acquisition profits or losses or other comprehensive income is recognized as current profit or loss or other comprehensive income as appropriate. When the Company's share of losses in an associate equal or exceeds its interest in the associate (including any other unsecured receivables), the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.
8. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes change in ownership interests in the associate in "capital surplus" in proportion to its ownership.
9. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
10. When the affiliate issues additional shares, if the Company does not subscribe or acquire based on the proportion, which lead to a change in investment proportion but still with significant influence, the increase or decrease in net equity value are adjusted against the "capital reserve" and "investments accounted for using the equity method". If the Company's investment is reduced, apart from the above adjustments, the Company reclassifies to profit or loss the proportion of the gain or loss previously recognized in other comprehensive income relative to that reduction in ownership interest.
11. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.
12. When the Company loses significant influence at the disposal of an associate, the Company shall account for all amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the Company had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by the Company would be reclassified to profit or loss on the disposal of the related assets or liabilities, the gain or loss from equity is reclassified to profit or loss when the Company loses significant

influence. If the Company still has significant influence on the affiliate, the proportionate amount of the gains or losses previously recognized in other comprehensive income is reclassified.

13. When the Company loses significant influence at the disposal of an affiliate, the related capital reserve shall be recognized as profit or loss; if the Company still has significant influence on the affiliate, capital reserve is transferred to profit or loss based on disposal ratio.
14. According to “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, profit and other comprehensive income in the separate financial statements should be the same as profit and other comprehensive income attributable to shareholders of the parent in the consolidated financial statements, and the equity in the separate financial statements should be the same as the equity attributable to shareholders of the parent in the consolidated financial statements.
15. For the reciprocal investments between the Company and another company, investment income or loss was recognized under equity method based on the amount prior to recognition of profit or loss.

(XII) Property, plant and equipment

1. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the carrying amount of an asset or recognized as an asset only if it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably. The carrying amount of those parts that are replaced shall be derecognized. All other repair and maintenance costs are recognized in profit or loss as incurred.
3. Except for land which is not depreciated, other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant, it should be depreciated separately.
4. The assets’ residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each end of the financial reporting period. If expectations for the assets’ residual values and useful lives differ from previous estimates or the patterns of consumption of the assets’ future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, “Accounting Policies, Changes in Accounting Estimates and Errors”, from the date of the change. The estimated economic lives of various assets are as follows:

Buildings	40-50 years
Machinery and equipment	2-8 years
Other equipment	3-8 years

(XIII) Leasing arrangements (lessee) - right-of-use assets/lease liabilities

1. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
2. Lease liabilities include the net present value of the remaining lease payments at the

commencement date, discounted using the incremental borrowing interest rate. Lease payments are fixed payment, less any lease incentives receivable. The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

3. At the commencement date, the right-of-use asset is stated at cost comprising the following:
 - (1) The amount of the initial measurement of lease liability;
 - (2) Any lease payments made at or before the commencement date; andThe right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.
4. With regard to the modification on reducing lease scope, lessee would decrease the carrying amount of right of use asset to reflect the termination of partial or overall lease contract, the difference in carrying amount and the amount of lease liability remeasurement is recognized in profit or loss.

(XIV) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 28-50 years.

(XV) Intangible asset

Computer software is recognized at acquisition cost and amortized using the straight-line basis over its useful life of 1-8 years.

(XVI) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(XVII) Notes and accounts payable

1. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
2. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(XVIII) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(XIX) Provisions

Provisions (warranties) are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(XX) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

2. Pension funds - Defined contribution plans

For defined contribution plan, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments

3. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(XXI) Share-based payment for employees

The equity-settled share-based payment arrangement equals the grant-date fair value of equity instruments based on the employee's services, and is recognized as compensation costs over the vested period with relative adjustments in equity. Fair value reflects the effect of changes in vesting and non-vesting conditions of market price when they take place. Recognition of compensation costs are adjusted with the number of awards which will meet service conditions and non-market vesting conditions. The final measure of compensation cost is recognized as the vesting quantity on the vesting date.

(XXII) Income tax

1. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other

comprehensive income or equity.

2. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the financial reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings.
3. Deferred income tax is recognized, using the balance sheets liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the end of the financial reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At the end of the financial reporting period, unrecognized and recognized deferred income tax assets are reassessed.
5. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheets when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheets when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXIII) Dividend

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(XXIV) Revenue recognition

1. Sales of products

- (1) The Company manufactures and sells products related to industrial computers, and sales revenue is recognized when control is transferred to the customer, that is, upon delivery of the product. The wholesaler has full discretion over the channel and price to sell the products, and there is no unsatisfied performance obligations that could affect the wholesaler's acceptance of products. Delivery does not occur until the

products have been shipped to the specified location, the risk of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, or the company has objective evidence that all criteria for acceptance have been satisfied.

- (2) Revenues from sales of products related to industrial computers are recorded based on the contract price net of the estimated volume discounts and returns at the time of sale. The quantity discounts and sales discounts given to customers are usually calculated on the basis of 6 months of cumulative sales. The Company estimates sales discounts based on historical experience under the expected value method, with revenue amount included to the extent that it is highly probable a significant reversal in the amount of cumulative revenue recognized will not occur, while estimates are updated at the end of the reporting period. The estimated sales discount provided to customers as of the end of the reporting period is recognized as refund liability. The terms for sales transactions are payment 30-60 days after end of month. As the interval between transfer of the promised goods or services and payment by the customer is less than 12 months, the Company has not adjusted transaction price to reflect the time value of money.
- (3) The Company provides product warranty for the goods sold, and has the obligation to provide refund for the defective goods sold, while the provisions for sales return should be recognized.
- (4) Accounts receivable is recorded when the Company has the unconditional right to the consideration at that time since payment is due based only upon the passage of time.

2. Warrant income

The Company's services for advance warranty income for extended warranties are reclassified as revenue based on length of the remaining warranty period.

(XXV) Government grants

Government grants are recognized when there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received, recognized in fair value. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expense for the related costs for which the grants are intended to compensate.

V. Significant Accounting Judgments, Estimations, and Major Sources of Assumption Uncertainty

The preparation of these separate financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions at the end of the financial reporting period and estimates concerning future events. The resulting accounting estimates and assumptions might be different from the actual results, and will be continually evaluated and adjusted based on historical experience and other factors; These estimates and assumptions have the risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, and the related information is addressed below:

Significant Accounting Estimations

Evaluation of inventories

Since inventory should be valued at the lower of cost and net realizable value, the Company must judge and estimate net realizable value of inventories at the reporting period. Due to the rapidly changing technology, the Company assesses the amount of inventories at the end of the reporting period due to normal wear and tear, obsolescence, or no market value, and write down inventories to

net realizable value. Inventory evaluation is mainly based on the estimate of product demand during a specific future period, which may lead to significant changes.

As of December 31, 2023, the carrying amount of the Company's inventory was \$803,914.

VI. Details of significant accounts

(I) Cash and cash equivalents

	2023/12/31	2022/12/31
Reserve cash and working capital	\$ 520	\$ 395
Checking accounts and demand deposits	1,049,192	1,300,720
Time deposits	1,628,307	300,000
Total	<u>\$ 2,678,019</u>	<u>\$ 1,601,115</u>

1. Due to good credit quality of the Company's principal financial institutions and the Company's relationships with multiple financial institutions, the exposure to a diversified set of risks would lower the probability of a default.
2. The Company has no cash and cash equivalents pledged to others.

(II) Financial asset at fair value through profit or loss

Item	2023/12/31	2022/12/31
Current:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed and OTC stocks	\$ 81,221	\$ 88,570
Emerging stocks	3,000	3,000
Unlisted and non-OTC stocks	52,043	52,043
Beneficiary securities	25,000	25,000
	<u>161,264</u>	<u>168,613</u>
Valuation adjustment	128,542	22,362
Subtotal	<u>\$ 289,806</u>	<u>\$ 190,975</u>

Item	2023/12/31	2022/12/31
Non-current:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted and non-OTC stocks	\$ 29,070	\$ 29,070
Hybrid instrument	10,832	10,832
Valuation adjustment	39,902	39,902
Subtotal	(11,908)	(11,355)
	\$ 27,994	\$ 28,547

- The hybrid instrument is a contract that contains both a host contract and embedded options of the unlisted company V-net AAEON Corporation Ltd. (hereinafter referred to as V-net). The options provide original shareholders the right to resell or repurchase stocks of the Company and V-net at the original transaction price. Please refer to Note 12 (3) 8 for the fair value as of December 31, 2023 and 2022.
- Amounts recognized in profit of loss in relation to financial assets at fair value through profit or loss are listed below:

	2023/12/31	2022/12/31
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	\$ 107,029	(\$ 174,752)
Beneficiary certificates	322	142
Derivatives	(279)	-
Hybrid instrument	(553)	(264)
Total	\$ 106,519	(\$ 174,874)

- The Company has no financial assets measured at fair value through profit or loss pledged to others.

(III) Notes and accounts receivables

	2023/12/31	2022/12/31
Notes receivable	\$ 663	\$ 186
Accounts receivable	\$ 174,217	\$ 218,305
Less: Loss allowance	(58)	(53)
	\$ 174,159	\$ 218,252

1. The aging of accounts and notes receivable are as follows:

<u>Notes receivable</u>	<u>2023/12/31</u>	<u>2022/12/31</u>
Not past due	\$ 663	\$ 186

<u>Accounts receivable</u>	<u>2023/12/31</u>	<u>2022/12/31</u>
Not past due	\$ 169,850	\$ 180,573
Within 30 days	3,825	29,604
31-60 days	542	6,761
61-90 days	-	1,367
	<u>\$ 174,217</u>	<u>\$ 218,305</u>

The aging analysis above is based on the number of days past due.

- Balances of accounts and notes receivable as of December 31, 2023 and 2022 had arisen entirely from customers' contracts. Balance receivable on customers' contracts and allowance for losses as of January 1, 2022 were \$447,982 and \$13 respectively.
- The Company does not does not hold any financial assets as security for accounts and notes receivables.
- Regardless of any collateral held or other credit enhancements, the maximum exposure to the credit risk of notes receivables as of December 31, 2023 and 2022 were \$663 and \$186 respectively, and the maximum exposure to the credit risk of accounts receivable as of December 31, 2023 and 2022 were \$174,159 and \$218,252, respectively.
- Please refer to Note 12 (2) for credit risk information of notes and accounts receivables.

(IV) Inventories

	<u>2023/12/31</u>		
	<u>Cost</u>	<u>Valuation allowance</u>	<u>Carrying amount</u>
Raw material	\$ 458,719	(\$ 55,589)	\$ 403,130
Work in progress	284,201	(8,693)	275,508
Finished good	125,978	(6,436)	119,542
Merchandise inventory	6,923	(1,189)	5,734
Total	<u>\$ 875,821</u>	<u>(\$ 71,907)</u>	<u>\$ 803,914</u>

	<u>2022/12/31</u>		
	<u>Cost</u>	<u>Valuation allowance</u>	<u>Carrying amount</u>
Raw material	\$ 904,912	(\$ 66,974)	\$ 837,938
Work in progress	557,196	(8,920)	548,276
Finished good	156,837	(6,613)	150,224
Merchandise inventory	11,416	(1,396)	10,020
Total	<u>\$ 1,630,361</u>	<u>(\$ 83,903)</u>	<u>\$ 1,546,458</u>

The Company's cost of inventories recognized as expenses of the current period:

	For the years ended December 31,	
	2023	2022
Cost of inventories sold	\$ 3,284,267	\$ 4,182,027
Loss on inventory valuation and obsolescence	6,032	45,834
Others	(25)	(8)
	<u>\$ 3,290,274</u>	<u>\$ 4,227,853</u>

(V) Investments accounted for under equity method

Investee	2023/12/31		2022/12/31	
	Ownership (%)	Book value	Ownership (%)	Book value
AAEON ELECTRONICS, INC.	100	\$ 328,750	100	\$ 286,987
AAEON TECHNOLOGY SINGAPORE PTE. LTD.	100	67,788	100	64,147
AAEON TECHNOLOGY CO., LTD	100	182,101	100	225,621
AAEON TECHNOLOGY (EUROPE) B.V.	100	97,059	100	63,351
AAEON INVESTMENT, CO., LTD.	100	141,494	100	128,905
ONYX HEALTHCARE INC.	48.51	723,545	48.88	668,700
LITEMAX ELECTRONICS INC.	11.91	114,718	11.97	116,696
IBASE TECHNOLOGY INC.	26.82	3,359,992	28.61	3,420,216
JETWAY INFORMATION CO., LTD.	35.27	925,705	-	-
		<u>\$ 5,941,152</u>		<u>\$ 4,974,623</u>

1. Subsidiary

Information about the Company's subsidiaries is provided in Note 4 (3) of the 2023 consolidated financial statements.

2. Associates

(1) On June 11, 2018, the Company signed a share exchange agreement with IBASE TECHNOLOGY INC. and increased its capital by issuing 41,698 thousand new shares for the exchange of 52,922 thousand common shares from IBASE TECHNOLOGY INC. The record date of the share exchange was September 29, 2018. The share exchange entitles the Group holds 30% equity interest and significant influence in IBASE; for this reason, IBASE has been accounted using the equity method since then. According to the share exchange agreement, the two parties agree to notify the other party of the transaction terms and conditions in writing, providing the preferential right of subscription for the following changes in shareholdings:

(A) Either party wishes to reduce shares of the other party which are acquired based on the share exchange agreement.

(B) Either party wishes to increase its shareholding in the other party within three years after the contract is signed.

- (2) Summarized aggregated financial information of the Company's share in these associates is as follows:

Balance sheet

	IBASE	
	2023/12/31	2022/12/31
Current asset	\$ 6,386,855	\$ 5,616,501
Non-current assets	7,183,821	6,795,424
Current liability	(2,686,379)	(2,078,957)
Non-current liabilities	(2,255,564)	(2,924,708)
Net assets fair value of trade marks, other intangible and tangible assets adjustment	1,269,201	1,887,254
Adjusted Net Assets	<u>\$ 9,897,934</u>	<u>\$ 9,295,514</u>
Share of net assets of the affiliate	\$ 2,381,574	\$ 2,441,798
Goodwill	978,418	978,418
Book value of affiliates	<u>\$ 3,359,992</u>	<u>\$ 3,420,216</u>

Statement of comprehensive income

	IBASE	
	For the years ended December 31,	
	2023	2022
Income	\$ 5,996,862	\$ 6,774,831
Net income of continuing operations	\$ 662,686	\$ 1,139,571
Other comprehensive income (net amount after tax)	266,351	53,740
Total comprehensive income	929,037	1,193,311
Fair value adjustment	(152,307)	(152,762)
Adjusted total comprehensive income	<u>\$ 776,730</u>	<u>\$ 1,040,549</u>
Dividends received from associates	<u>\$ 295,539</u>	<u>\$ 114,552</u>

- (3) The Company's share of their operating results of associates that are individually not significant to the Company:

As of December 31, 2023, and 2022, the carrying value of the Company's individually insignificant affiliates were \$114,718 and \$116,696, respectively.

	For the years ended December 31,	
	2023	2022
Net income of continuing operations	\$ 18,826	\$ 25,765
Other comprehensive income (net amount after tax)	90	(1)
Total comprehensive income	<u>\$ 18,916</u>	<u>\$ 25,764</u>

(4)The fair value of the Company’s associates which have quoted market price is as follows:

	2023/12/31	2022/12/31
Litemax	\$ 237,713	\$ 189,067
IBASE	4,270,794	4,090,859
	<u>\$ 4,508,507</u>	<u>\$ 4,279,926</u>

(5) Although the Company holds less than 20% of the voting power of LITEMAX ELECTRONICS INC., it has significant influence to Litemax and has adopted the equity method for evaluation as its shareholding percentage is the highest, and has also been serving as a director of Litemax.

(6) The Company is the single largest shareholder of IBASE TECHNOLOGY INC, with a 26.82% equity interest. Given that the degree of other shareholders involvement in prior stockholders’ meeting and record of voting rights for major proposals, which indicates that the Company has no substantial ability to direct the relevant activities, the Company has no control, but only has significant influence, over the company.

The Company is the single largest shareholder of LITEMAX ELECTRONICS INC., with a 11.91% equity interest. Considering that the remaining 88.09% of LITEMAX’s equity is concentrated in investors from other parties, the number of votes for the minority voting rights holders to act together has surpassed that of the Group, Therefore, the Company has no control over the company and only has significant influence on LITEMAX.

(VI) Property, Plant and Equipment

	2023					
	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Construction in progress and equipment to be inspected</u>	<u>Total</u>
January 1						
Cost	\$ 183,539	\$ 111,836	\$ 77,959	\$ 43,487	\$ 6,643	\$ 423,464
Accumulated depreciation and impairment	-	(47,570)	(29,540)	(20,572)	-	(97,682)
	<u>\$ 183,539</u>	<u>\$ 64,266</u>	<u>\$ 48,419</u>	<u>\$ 22,915</u>	<u>\$ 6,643</u>	<u>\$ 325,782</u>
January 1	\$ 183,539	\$ 64,266	\$ 48,419	\$ 22,915	\$ 6,643	\$ 325,782
Additions	-	670	7,529	25,063	2,317	35,579
Disposal	-	-	-	(892)	-	(892)
Reclassification (Note)	-	23,534	8,542	2,281	(8,960)	25,397
Depreciation expense	-	(3,111)	(11,306)	(12,845)	-	(27,262)
December 31	<u>\$ 183,539</u>	<u>\$ 85,359</u>	<u>\$ 53,184</u>	<u>\$ 36,522</u>	<u>\$ -</u>	<u>\$ 358,604</u>
December 31						
Cost	\$ 183,539	\$ 155,443	\$ 93,349	\$ 62,786	\$ -	\$ 495,117
Accumulated depreciation and impairment	-	(70,084)	(40,165)	(26,264)	-	(136,513)
	<u>\$ 183,539</u>	<u>\$ 85,359</u>	<u>\$ 53,184</u>	<u>\$ 36,522</u>	<u>\$ -</u>	<u>\$ 358,604</u>

2022

	Land	Buildings	Machinery and equipment	Other equipment	Construction in progress and equipment to be inspected	Total
January 1						
Cost	\$ 212,691	\$ 114,472	\$ 48,755	\$ 52,618	\$ 1,307	\$ 429,843
Accumulated depreciation and impairment	-	(48,013)	(29,591)	(26,370)	-	(103,974)
	<u>\$ 212,691</u>	<u>\$ 66,459</u>	<u>\$ 19,164</u>	<u>\$ 26,248</u>	<u>\$ 1,307</u>	<u>\$ 325,869</u>
January 1	\$ 212,691	\$ 66,459	\$ 19,164	\$ 26,248	\$ 1,307	\$ 325,869
Additions	-	-	3,560	6,220	127,252	137,032
Reclassification (Note)	(29,152)	-	31,819	993	(121,916)	(118,256)
Depreciation expense	-	(2,193)	(6,124)	(10,546)	-	(18,863)
December 31	<u>\$ 183,539</u>	<u>\$ 64,266</u>	<u>\$ 48,419</u>	<u>\$ 22,915</u>	<u>\$ 6,643</u>	<u>\$ 325,782</u>
December 31						
Cost	\$ 183,539	\$ 111,836	\$ 77,959	\$ 43,487	\$ 6,643	\$ 423,464
Accumulated depreciation and impairment	-	(47,570)	(29,540)	(20,572)	-	(97,682)
	<u>\$ 183,539</u>	<u>\$ 64,266</u>	<u>\$ 48,419</u>	<u>\$ 22,915</u>	<u>\$ 6,643</u>	<u>\$ 325,782</u>

Note: Mainly reclassified from property, plant and equipment to investment property.

1. The above property, plant and equipment are assets for self-use requirement.
2. The Company's property, plant and equipment are not pledged as collaterals for loans.

(VII) Leasing arrangements-lessee

1. The Company holds buildings for rental with contracts made for period of 1-5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions, the lease agreements do not impose covenants.
2. The lease term of part of the Company's buildings is no more than 12 months.
3. The carrying amount of right-of-use assets and the amount of depreciation expense recognized are as follows:

	2023/12/31	2022/12/31
	Carrying amount	Carrying amount
Buildings	<u>\$ 40,370</u>	<u>\$ 57,027</u>

	For the years ended December 31,	
	2023	2022
	Depreciation expense	Depreciation expense
Buildings	<u>\$ 29,582</u>	<u>\$ 29,447</u>

4. For the years ended December 31, 2023 and 2022 to the acquisitions of right-of-use assets were \$14,979 and \$49,123 respectively.

5. The information on income and expense accounts relating to lease contracts is as follows:

	For the years ended December 31,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expenses on lease liabilities	\$ 1,268	\$ 1,803
Expenses on short-term lease contracts	2,548	1,652
Gain on lease modification	25	193

6. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases was \$33,126 and \$32,165, respectively.

(VIII) Investment property

	2023		
	Land	Buildings	Total
January 1			
Cost	\$ 128,073	\$ 74,282	\$ 202,355
Accumulated depreciation and impairment	-	(23,190)	(23,190)
	<u>\$ 128,073</u>	<u>\$ 51,092</u>	<u>\$ 179,165</u>
January 1	\$ 128,073	\$ 51,092	\$ 179,165
Reclassification	-	(24,145)	(24,145)
Depreciation expense	-	(961)	(961)
December 31	<u>\$ 128,073</u>	<u>\$ 25,986</u>	<u>\$ 154,059</u>
December 31			
Cost	\$ 128,073	\$ 30,676	\$ 158,749
Accumulated depreciation and impairment	-	(4,690)	(4,690)
	<u>\$ 128,073</u>	<u>\$ 25,986</u>	<u>\$ 154,059</u>
	2022		
	Land	Buildings	Total
January 1			
Cost	\$ -	\$ 53,574	\$ 53,574
Accumulated depreciation and impairment	-	(21,926)	(21,926)
	<u>\$ -</u>	<u>\$ 31,648</u>	<u>\$ 31,648</u>
January 1	\$ -	\$ 31,648	\$ 31,648
Reclassification	128,073	20,708	148,781
Depreciation expense	-	(1,264)	(1,264)
December 31	<u>\$ 128,073</u>	<u>\$ 51,092</u>	<u>\$ 179,165</u>
December 31			
Cost	\$ 128,073	\$ 74,282	\$ 202,355
Accumulated depreciation and impairment	-	(23,190)	(23,190)
	<u>\$ 128,073</u>	<u>\$ 51,092</u>	<u>\$ 179,165</u>

- Rental income from investment property and direct operating expenses arising from investment property are shown below:

	2023	2022
Rental income from investment property	\$ 5,347	\$ 6,055
Direct operating expenses arising from the investment property that generated rental income during the period	\$ 961	\$ 1,264

- The fair value of the investment property held by the Group as at December 31, 2023 and 2022 was \$195,878 and \$296,941, respectively, which was valued by the transaction price in the vicinity.

(IX) Other Payables

	2023/12/31	2022/12/31
Accrued payroll, employee's compensation and bonuses	\$ 290,767	\$ 296,893
Accrued technical service fee (Note)	37,691	37,859
Accrued commission fee	78,704	64,867
Others	36,048	44,710
	<u>\$ 443,210</u>	<u>\$ 444,329</u>

Note: Please refer to Note 7 (3) 6.

(X) Pension

Since July 1, 2005, the Company has established certain retirement payout methods applicable for domestic employees in accordance with the "Labor Pension Act". The Company would choose to apply the labor pension system stipulated in the "Labor Pension Act", and allocate pensions on a monthly basis to the individual labor pension account managed by the Bureau of Labor Insurance at 6% of monthly wage. Based on the principal and accrued dividends from an employee's individual labor pension account, labor pension shall be paid by monthly pension payments or by lump-sum payment upon retirement. Pension costs recognized by the Company in accordance with the above retirement policy for were \$22,040, and \$20,389 for the years ended December 31, 2023 and 2022, respectively.

(XI) Share-based Payment

- The Company had the following share-based payment arrangement active for the years ended December 31, 2023 and 2022.

Arrangement type	Grant date	Quantity granted (thousand)	Contract period	Vesting conditions
Plan of employee stock options	2019.11.26	3,000	5 years	Service of 2-4 years

All of the above arrangement are for equity-settled-share-based payments.

2. Details of the aforementioned share-based payment arrangement:

	For the years ended December 31,			
	2023		2022	
	No. of units (shares in thousands)	Weighted average exercise price (in dollars)	No. of units (shares in thousands)	Weighted average exercise price (in dollars)
Options outstanding at beginning of period	1,877	\$ 63.1	2,556	\$ 65.7
Options exercised	(659)	62.3	(607)	63.6
Options waived	-	-	(72)	65.7
Options outstanding at the end of period	1,218	60.7	1,877	63.1
Options exercisable at the end of period	1,218	-	1,236	-

3. The maturity date and exercise price of outstanding share options at the end of the reporting period are as follows:

Arrangement type	Authorized issue date	Maturity date	2023/12/31	
			Number of shares (in thousands)	Exercise price (in dollars)
Plan of employee stock options	2019.11.26	2024.11.25	1,218	\$ 60.7

Arrangement type	Authorized issue date	Maturity date	2022/12/31	
			Number of shares (in thousands)	Exercise price (in dollars)
Plan of employee stock options	2019.11.26	2024.11.25	1,877	\$ 63.1

4. The fair value of employee stock options is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Arrangement type	Grant date	Quantity granted (thousand)	Stock price	Exercise price	Expected price Volatility	Expected option life	Risk-free interest rate	Fair value per unit (in dollars)
Plan of employee stock options	2019.11.26	3,000	\$ 72.3	\$ 72.3	26.88%	3.875 years	0.58%	\$ 15.7445

5. Expenses of share-based payment transaction:

	For the years ended December 31,	
	2023	2022
Equity settlement	\$ 2,246	\$ 4,647

(XII) Share capital

- As of December 31, 2023, the Company's authorized capital was \$2,000,000 (including 5,000 thousand shares reserved for issuing employee stock options), with paid-in capital of \$1,604,078 (including capital collected in advance \$1,660), divided into 160,407 thousand shares, each at par value of \$10 per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows (unit: shares in thousands):

	2023	2022
January 1	149,225	148,618
Employee stock options exercised	659	607
Issuance of new shares in exchange for other company's shares	10,523	-
December 31	160,407	149,225

- On April 30, 2019, the Company passed the issuance of employee stock options (ESOs) by resolution of the board of directors, which was amended on November 12, 2019 by resolution of the board of directors. A total of 3,000 ESOs were issued, and each ESO granted the right to buy 1,000 shares. A total of 3,000 thousand new common shares were issued for exercising the ESOs, of which the exercise price per share are set in accordance with relevant regulations.
- As of December 31, 2023, the Company's associate - IBASE owned 41,698 thousand of AAEON's shares.
- The Company has increased its capital by issuing 10,523 thousand common shares in exchange for 26,308 thousand common shares held by 11 shareholders of JETWAY in April, 2023. The project mentioned above has reported to TWSE and took effect, which completed registration in May, 2023.

(XIII) Capital surplus

Pursuant to the R.O.C. Company Law, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2023						
	Share premium	Difference between carrying amount of subsidiaries acquired or disposed	Recognition of changes in ownership interest in subsidiary	Affiliate company net equity changes	Employee Share option	Others	Total
January 1	\$ 4,804,131	\$ 233,002	\$ 229,677	\$ 164,713	\$ 27,438	\$ 2,409	\$ 5,461,370
Changes in ownership interest in subsidiary	-	-	(3,935)	-	-	-	(3,930)
Employee stock options exercised	44,819	-	12,516	-	(10,376)	-	46,959
Effect from long-term investment that has not been recognized based on shareholding percentage	-	-	-	162	-	-	162
Change in associates and joint ventures accounted for under equity method	-	-	-	64,235	-	-	64,235
Issuance of new shares in exchange for other company's shares	848,183	-	-	-	-	-	848,183
Share-based Payment	-	-	1,748	-	2,980	-	4,728
December 31	\$ 5,697,133	\$ 233,002	\$ 240,006	\$ 229,110	\$ 20,042	\$ 2,409	\$ 6,421,702

	2022						
	Share premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Recognition of changes in ownership interest in subsidiary	Affiliate company net equity changes	Employee Share option	Others	Total
January 1	\$ 4,837,089	\$ 213,200	\$ 223,636	\$ 127,296	\$ 30,524	\$ 2,181	\$ 5,433,926
Cash dividends	(74,309)	-	-	-	-	-	(74,309)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	19,802	-	-	-	-	19,802
Changes in ownership interest in subsidiary	-	-	1,630	-	-	-	1,630
Employee stock options exercised	41,351	-	-	(8,810)	-	-	32,541
Employee share options forfeited	-	-	-	(228)	228	-	-
Effect from long-term investment that has not been recognized based on shareholding percentage	-	-	(443)	-	-	(443)	(443)
Change in associates and joint ventures accounted for under equity method	-	-	-	37,860	-	-	37,860
Share-based Payment	-	-	4,411	-	5,952	-	10,363
December 31	\$ 4,804,131	\$ 233,002	\$ 229,677	\$ 164,713	\$ 27,438	\$ 2,409	\$ 5,461,370

(XIV) Retained earnings

- Under the Company's Article of Incorporation, the profit in a fiscal year, shall first be utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings at the beginning of the period shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.
- In the future, the Company may have the surplus profit distributable as dividends in part or in whole considering the financial, business and operational factors. At least 50% of distributable profits shall be allocated as dividends to shareholders, with cash dividends not less than 50% of the total amount of dividends. The actual amount distributed shall be determined by the shareholders' meeting.
- Unless losses have been covered or where legal reserve is distributed by the issuance of new shares or by cash in proportion to the shareholders' existing shareholding, the Company shall not make distributions out of legal reserve, of which only the portion of legal reserve which exceeds 25 percent of the paid-in capital may be distributed.
- For surplus distribution, the Company shall appropriate special reserve to the debit balance of other equity on the end of the reporting period. When the debit balance of other equity is reversed, the reversal amount can be included in distributable surplus.
 - The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1090150022, dated March 31, 2021, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

5. The Company's appropriations of 2022 and 2021 earnings had been resolved at the stockholders' meeting on May 31, 2023 and May 27, 2022, respectively. Details are summarized below:

	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Provision (reversal) of Special reserve	(\$ 52,446)		\$ 11,527	
Legal reserve	107,411		44,909	
Cash dividends	746,127	\$ 5.00	386,408	\$ 2.60
	<u>\$ 801,092</u>		<u>\$ 442,844</u>	

As resolved by the shareholders on May 27, 2022, the Company distributed cash dividends to common shareholders from the capital surplus to \$74,309 (\$0.5 per share) for the appropriation of 2021 earnings.

The result of appropriations of 2022 and 2021 which were the same as the proposal submitted by the Board of Directors.

6. The 2023 surplus distributions approved by the resolutions of the board of directors of the Company on February 29, 2024 are as follows:

	2023	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 96,684	
Cash dividends	1,042,651	\$ 6.50
	<u>\$ 1,139,335</u>	

Additionally, on February 29, 2024, the Company proposed at the Board of Directors to allocate \$80,204 from the capital surplus generated from the issuance of shares at a premium over par value. This amount was used to increase capital and issue 8,020 thousand new shares, each with a par value of NT\$10.

As of February 29, 2024, the 2023 surplus distributions stated above has not yet been resolved by the shareholders.

(XV) Operating income

	For the years ended December 31,	
	2023	2022
Revenue from contracts with customers	\$ 4,664,543	\$ 5,940,824

1. Disaggregation of revenue from contracts with customers

The Company's revenue come from the provision of goods and services that are transferred over time and at a point in time. The revenues are segmented into the following major product lines:

IPC	2023	2022
Revenue from Contracts with Customers	\$ 4,664,543	\$ 5,940,824
Time of income recognition		
At a point time	4,662,542	5,938,065
Over time	2,001	2,759
Total	\$ 4,664,543	\$ 5,940,824

2. Contract liability

(1) Recognized contract liabilities relative to revenue from contracts with customers are as follows:

	2023/12/31	2022/12/31
Contract Liability - Current:		
Advances from customers	\$ 51,832	\$ 109,356
Warranty contract	2,639	2,001
Contract Liability - Non-current:		
Warranty contract	5,384	5,565
Total	\$ 59,855	\$ 116,922

(2) Recognized income of contract liabilities at January 1

	For the years ended December 31,	
	2023	2022
Beginning balance of contract liabilities		
Recognized income		
Advances from customers	\$ 88,658	\$ 49,377
Warranty contract	2,001	2,759
Total	\$ 90,659	\$ 52,136

(XVI) Interest income

	For the years ended December 31,	
	2023	2022
Deposit interest income	\$ 57,225	\$ 5,567

(XVII) Other income

	For the years ended December 31,	
	2023	2022
Rental income	\$ 8,799	\$ 6,468
Dividend income	10,982	14,547
Total	\$ 19,781	\$ 21,015

(XVIII) Other gains and losses

	For the years ended December 31,	
	2023	2022
Net loss from financial assets and liabilities at fair value through profit or loss	\$ 106,519	(\$ 171,874)
Net foreign exchange gains (losses)	(9,117)	51,264
Loss on disposal of property, plant and equipment	(892)	-
Depreciation of investment property, buildings.	(961)	(1,264)
Indemnity of damage	(5,355)	-
Gain on disposals of investment	118	-
Government subsidy	-	58
Gain on lease modification	25	193
Other income	14,964	9,101
Total	<u>\$ 105,301</u>	<u>(\$ 115,522)</u>

(XIX) Financial costs

	For the years ended December 31,	
	2023	2022
Lease liability-interest expenses	\$ 1,268	\$ 1,803
Imputed interest of rent deposit	15	4
Total	<u>\$ 1,283</u>	<u>\$ 1,807</u>

(XX) Extra information regarding the nature of cost and expenses

In 2023 and 2022, the employee benefits expense, depreciation expense and amortization expenses incurred by the Company based on their functions are summarized as follows:

	For the years ended December 31,					
	2023			2022		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits expense	\$ 213,596	\$ 486,524	\$ 700,120	\$ 215,783	\$ 504,468	\$ 720,251
Depreciation expense	28,459	28,385	56,844	22,146	26,164	48,310
Amortization expenses	71	7,709	7,780	1,658	12,007	13,665

(XXI) Employee benefits expenses

	For the years ended December 31,	
	2023	2022
Salaries and wages	\$ 616,185	\$ 639,031
Labor and health insurance	45,039	41,047
Pension costs	22,040	20,389
Director's remuneration	9,372	10,883
Other personnel expenses	7,484	8,901
	<u>\$ 700,120</u>	<u>\$ 720,251</u>

1. According to the Articles of Incorporation of the Company, the Company accrued employees' compensation at rates of no less than 5% and remuneration of directors and supervisors at rates of no higher than 1%, of the remaining profit after deducting accumulated losses.
2. In 2023 and 2022, based on the percentage stipulated in the Articles of Incorporation, employee compensation was estimated at \$97,518 and \$118,958 respectively, while the remuneration of directors and supervisors were estimated at \$7,200 and \$8,712 respectively, which are recognized as salary expenses and wages.

Employees' compensation and directors' remuneration for 2022 as resolved at the meeting of Board of Directors were in agreement with those amounts recognized in the 2022 financial statements., which were \$118,958 and \$8,712, respectively. Employees' compensation was distributed in cash.

Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

3. As of December 31, 2023, and 2022, the Company had 544 and 517 employees excluding 9 directors, respectively.
4. The Company's shares have been listed on the TWSE, with additional disclosure of the following information:
 - (1) The Company's average employee benefits expenses for the years ended December 31, 2023 and 2022 were \$1,291 and \$1, 396, respectively.
 - (2) The Company's average employee salaries and wages for the year of 2023 and 2022 were \$1,152 and \$1, 258 respectively.
 - (3) The change in the average employee salaries and wages adjustment is -8.43%.
 - (4) The information for remuneration of supervisors is not available since the Company has established the Audit Committee.
5. Remuneration policy of the Company
 - (1) The external competitiveness and internal fairness are material consideration for the level of remuneration of employees, and designed to attract and retain talented personnel.
 - (2) The structure of the remuneration would aligned with performance management system to enhance employee's work motivation and contributed to the growth of business.
 - (3) For the purpose of encouraging employees, the policy is designed to aligned with the achievement of employee's long and short-term objectives, the work time, their

position as well as the employee's overall performance.

- (4) The company has established the Compensation Committee to achieve effective measurement for the overall remuneration of directors and managers.

(XXII) Income tax

1. Income tax expense

(1) Components of income tax expense:

	For the years ended December 31,	
	2023	2022
Current income tax:		
Income tax from current income	\$ 137,979	\$ 219,366
Surtax on undistributed Retained Earnings	13,668	409
Adjustments in respect of prior period	(177)	-
Total current income tax	<u>151,470</u>	<u>219,775</u>
Deferred tax		
Origination and reversal of temporary differences	17,509	922
income tax expense	<u>\$ 168,979</u>	<u>\$ 220,697</u>

(2) Income tax relative to other comprehensive income:

	For the years ended December 31,	
	2023	2022
Currency translation differences	\$ 15	\$ 8,259

2. Reconciliation between income tax expense and accounting profit

	For the years ended December 31,	
	2023	2022
Income tax calculated by based on profit before tax and statutory tax rate	\$ 227,665	\$ 259,031
Tax exempt income by tax regulation	(2,196)	(2,909)
Tax exempt of unrealized valuation gains on financial assets	(21,360)	34,975
Income exempt of net investment income	(57,398)	(72,592)
Temporary differences unrecognized as deferred tax assets	8,777	1,783
Prior year income tax overestimation	(177)	-
Income tax on undistributed earnings	13,668	409
Income tax expense	<u>\$ 168,979</u>	<u>\$ 220,697</u>

3. Amounts of deferred tax assets and liabilities as a result of temporary differences are as follows:

	2023			
	January 1	Recognized in income	Recognized in other comprehensive income	December 31
Temporary differences:				
Deferred income tax assets:				
Unrealized provisions for warranty	\$ 7,209	(\$ 571)	\$ -	\$ 6,638
Unrealized gross margin	13,601	(2,815)	-	10,786
Decline in value of inventories	16,781	(2,399)	-	14,382
Others	10,065	1,594	-	11,659
Subtotal	<u>\$ 47,656</u>	<u>(\$ 4,191)</u>	<u>\$ -</u>	<u>\$ 43,465</u>
Deferred tax liabilities:				
Unappropriated earnings of subsidiaries	(\$ 55,747)	(\$ 13,318)	\$ -	(\$ 69,065)
Exchange differences on translation of the financial statements of foreign operations	(2,109)	-	(15)	(2,124)
Subtotal	<u>(\$ 57,856)</u>	<u>(\$ 13,318)</u>	<u>(\$ 15)</u>	<u>(\$ 71,189)</u>
Total	<u>(\$ 10,200)</u>	<u>(\$ 17,509)</u>	<u>(\$ 15)</u>	<u>(\$ 27,724)</u>

	2022			
	January 1	Recognized in income	Recognized in other comprehensive income	December 31
Temporary differences:				
Deferred income tax assets:				
Unrealized provisions for warranty	\$ 5,430	\$ 1,779	\$ -	\$ 7,209
Unrealized gross margin	9,904	3,697	-	13,601
Decline in value of inventories	11,879	4,902	-	16,781
Currency translation differences	6,150	-	(6,150)	-
Others	3,779	6,286	-	10,065
Subtotal	<u>\$ 37,142</u>	<u>\$ 16,664</u>	<u>(\$ 6,150)</u>	<u>\$ 47,656</u>
Deferred tax liabilities:				
Unappropriated earnings of subsidiaries	(\$ 38,161)	(\$ 17,586)	\$ -	(\$ 55,747)
Exchange differences on translation of the financial statements of foreign operations	-	-	(2,109)	(2,109)
Subtotal	<u>(\$ 38,161)</u>	<u>(\$ 17,586)</u>	<u>(\$ 2,109)</u>	<u>(\$ 57,856)</u>
Total	<u>(\$ 1,019)</u>	<u>(\$ 922)</u>	<u>(\$ 8,259)</u>	<u>(\$ 10,200)</u>

4. The Tax Authority has examined the Company's income tax returns through 2021.

(XXIII) Earnings per share

	2023		
	After-tax amount	Weighted average number of ordinary shares outstanding (in thousand)	Earnings per share (in dollars)
Basic earnings per share:			
Net income	\$ 969,345	115,061	\$ 8.42
Diluted earnings per share:			
Effect of dilutive potential ordinary shares:		645	
Employees' bonuses		862	
Diluted earnings per share:			
The effect of net profit plus potential ordinary shares	\$ 969,345	116,568	\$ 8.32

	2022		
	After-tax amount	Weighted average number of ordinary shares outstanding (in thousand)	Earnings per share (in dollars)
Basic earnings per share:			
Net income	\$ 1,074,460	107,152	\$ 10.03
Diluted earnings per share:			
Effect of dilutive potential ordinary shares:		327	
Employees' bonuses		1,483	
Diluted earnings per share:			
The effect of net profit plus potential ordinary shares	\$ 1,074,460	108,962	\$ 9.86

The Company applies the equity method for the exchange of shares with IBASE, and applies the treasury stock method for investments on IBASE. In calculating earnings per share, the Company recognizes IBASE's shareholding as treasury shares which is a deduction from equity.

(XXIV) Supplemental cash flow information

Partial cash payments for investing activities:

	For the years ended December 31,	
	2023	2022
Acquisition of property, plant and equipment	\$ 35,579	\$ 137,032
Add: Opening balance of payable on equipment	4,322	1,034
Less: Ending balance of payable on equipment	(1,849)	(4,322)
Cash paid during the period	\$ 38,052	\$ 133,744

(XXV) Change of liabilities from financing activities

	For the years ended December 31,	
	2023	2022
	Lease liability	Lease liability
January 1	\$ 58,030	\$ 48,878
Change of cash flow from financing activities	(29,310)	(28,710)
Change of non-cash flow	12,900	37,862
December 31	<u>\$ 41,620</u>	<u>\$ 58,030</u>

VII. Related party transaction

(I) Parent and ultimate controlling party

The Company is controlled by ASUSTEK COMPUTER INC. (incorporated in R.O.C.), the ultimate parent of the Company with 37.70% ownership (including indirect shareholdings) of the Company.

(II) Names of related parties and relationship

Name of related party	Relation
ASUSTEK COMPUTER INC.	Ultimate parent company
IBASE TECHNOLOGY INC.	Associate - Investee accounted for under the equity method
IBASE GAMING INC.	Associate - Subsidiary of IBASE TECHNOLOGY INC.
LITEMAX ELECTRONICS INC.	Associate - Investee accounted for under the equity method
WINMATE INC.	Associate - Investee accounted for under the equity method by the Company's subsidiary
ATECH OEM INC.	Other related party - the Company's Chairman as a director
MACHVISION INC.	Other related party - the Company's Chairman as a director
FU LI INVESTMENT INC.	Other related party - the Company's Chairman as Fuli's Chairman
FU YANG INVESTMENT INC.	Other related party - the Company's Chairman is spouse of FU YANG INVESTMENT INC.'s Chairman
EVERFOCUS ELECTRONICS CORP.	Other related party - the Company's Chairman as EVERFOCUS ELECTRONICS CORP's Chairman
AAEON EDUCATION FOUNDATION	Other related party - the Company's Chairman as a director
ASUS TECHNOLOGY INC.	Fellow subsidiary — same as ultimate parent entity
ASKEY COMPUTER CORP.	Fellow subsidiary — same as ultimate parent entity
ASUS COMPUTER INTERNATIONAL	Fellow subsidiary — same as ultimate parent entity
AAEON ELECTRONICS, INC,	Subsidiary company of the Company

Name of related party	Relation
AAEON TECHNOLOGY (EUROPE) B.V.	Subsidiary company of the Company
AAEON TECHNOLOGY SINGAPORE PTE. LTD.	Subsidiary company of the Company
AAEON TECHNOLOGY (SUZHOU) INC.	Subsidiary company of the Company
ONYX HEALTHCARE USA, INC.	Subsidiary company of the Company
ONYX HEALTHCARE INC.	Subsidiary company of the Company
AAEON INVESTMENT, CO., LTD.	Subsidiary company of the Company
JETWAY INFORMATION CO., LTD.	Subsidiary company of the Company
WT MICROELECTRONICS CO.	Other related party - Investee accounted for under the equity method by the Company's Fellow subsidiary
TECHMOSA INTERNATIONAL INC.	Other related party - Investee accounted for under the equity method by the Company's Fellow subsidiary
MORRIHAN INTERNATIONAL CORP.	Other related party - Investee accounted for under the equity method by the Company's Fellow subsidiary
NUVISION TECHNOLOGY, INC.	Other related party - Investee accounted for under the equity method by the Company's Fellow subsidiary
MAXTEK TECHNOLOGY CO., LTD.	Other related party - Investee accounted for under the equity method by the Company's Fellow subsidiary
HONGTECH ELECTRONICS CO., LTD.	Other related party - Investee accounted for under the equity method by the Company's Fellow subsidiary
SPARK TECHNOLOGIES INC.	Other related party - the Company's Chairman is spouse of SPARK TECHNOLOGIES INC.'s Chairman
LYDS TECHNOLOGIES INC.	Other related party - the Company's Chairman is spouse of LYDS TECHNOLOGIES INC.'s Chairman
JUI HAI INVESTMENT Co., Ltd.	Other related party - the Company's Chairman is spouse of relative of JUI HAI INVESTMENT Co., Ltd.'s Chairman

(III) Significant transactions with related parties

1. Operating income

	For the years ended December 31,	
	2023	2022
Sales of products		
Ultimate parent entity	\$ 11,144	\$ 7,265
Subsidiary		
AAEON TECHNOLOGY (EUROPE) B.V.	1,592,948	1,723,085
AAEON ELECTRONICS, INC.	976,754	1,468,511
AAEON TECHNOLOGY (SUZHOU) INC.	190,895	291,742
Others	164,575	249,277
Associates	819	636
Fellow subsidiary	-	7
Other related party	48,871	6,501
Total	\$ 2,986,006	\$ 3,747,024

The sales prices of transactions with related parties were decided on the basis of the economic environment and market competition in each sales area. The terms of the transactions are due 30 to 90 days after the date of delivery. The terms of the above transactions are similar to those for third parties.

2. Purchases

	For the years ended December 31,	
	2023	2022
Goods purchased:		
Ultimate parent entity	\$ 661,080	\$ 1,284,764
Subsidiary	300	34,962
Associates	31,305	5,860
Fellow subsidiary	380	-
Other related party	106,727	158,203
Total	\$ 799,792	\$ 1,483,789

The payment term of related parties to the Company are in accordance with its general terms and conditions (market prices), month-end 30 days or 30-60 days after the date of delivery.

3. Operating expenses

	For the years ended December 31,	
	2023	2022
Ultimate parent entity	\$ 76,456	\$ 89,633
Subsidiary	712	4
Associates	2,452	1,397
Fellow subsidiary	21	1
Other related party	7,177	4,695
Total	\$ 86,818	\$ 95,730

- (1) The above operating expenses between the Company and related parties are mainly technical service fees for R & D activities.
- (2) (2) The above operating expenses include the amount donated by the Company to other related parties. The donation amount for both 2023 and 2022 fiscal years is \$2,000 each, aimed at promoting technology education and humanistic development, fulfilling corporate social responsibility, and enhancing the corporate image in public welfare.
4. Other income, other gains and losses

	For the years ended December 31,	
	2023	2022
Subsidiary		
ONYX HEALTHCARE INC.	\$ 2,695	\$ 2,049
Others	3,250	366
Associates	2,380	1,720
Other related party	11,065	14,489
Total	<u>\$ 19,390</u>	<u>\$ 18,624</u>

The other income, other gains and losses above is mainly from the remuneration of directors and supervisors, system maintenance, dividend income, rental income and service income.

5. Receivables from related parties

	2023/12/31	2022/12/31
Accounts receivable:		
Ultimate parent entity	\$ 90	\$ 1,398
Subsidiary		
AAEON TECHNOLOGY (EUROPE) B.V.	230,016	340,909
AAEON ELECTRONICS, INC.	116,493	193,279
AAEON TECHNOLOGY (SUZHOU) INC.	28,397	71,797
AAEON TECHNOLOGY SINGAPORE PTE.LTD.	18,839	20,167
ONYX HEALTHCARE USA, INC.	304	17,152
ONYX HEALTHCARE INC.	121	3,663
Others	647	
Associates	173	151
Other related party	35,787	822
Total	<u>\$ 430,867</u>	<u>\$ 649,338</u>

	2023/12/31	2022/12/31
Other receivables:		
Subsidiary		
AAEON TECHNOLOGY (SUZHOU) INC.	171	1,059
ONYX HEALTHCARE INC.	131	131
Others	2	2
Associates	210	210
Total	<u>\$ 514</u>	<u>\$ 1,402</u>

6. Payables from related parties

	<u>2023/12/31</u>	<u>2022/12/31</u>
Accounts Payable		
Ultimate parent entity	\$ 52,099	\$ 53,140
Subsidiary	13	359
Associate	4,683	22
Other related party	8,559	15,625
Total	<u>\$ 65,354</u>	<u>\$ 69,146</u>
Other Payables		
Ultimate parent entity	\$ 37,691	\$ 37,859
Subsidiary	1,140	1,203
Associate	19	-
Other related party	128	166
Total	<u>\$ 38,978</u>	<u>\$ 39,228</u>

7. Lease transaction-lease

The company leased office space from ONYX HEALTHCARE INC. and increased the right-of-use assets and lease liabilities by \$19,924 in the year of 2021. The lease period was from September 2021 to August 2024, and it was terminated early on December 31, 2022. In the year 2022, the company made actual payments totaling \$6,897 and recognized a lease modification gain of \$193.

8. Guarantee deposits

	<u>2023/12/31</u>	<u>2022/12/31</u>
Subsidiary		
ONYX HEALTHCARE INC.	\$ -	\$ 1,148
Other related party	154	154
Total	<u>\$ 154</u>	<u>\$ 1,302</u>

The security deposit for lease.

9. Transaction of property

(1) The acquisition of property, plant and equipment

	<u>2023</u>	<u>2022</u>
Other related party	\$ 335	\$ -

(2) The acquisition of investment properties

	<u>2023</u>	<u>2022</u>
Associate		
LITEMAX ELECTRONICS INC.	\$ -	\$ 119,405

In September 2022, the company acquired investment properties from the related party for a total contract price of \$120,432 (tax included), which has been paid in full.

(3) The acquisition of intangible assets.

	<u>2023</u>	<u>2022</u>
Fellow subsidiary		
ASUS COMPUTER INTERNATIONAL	\$ 2,674	\$ -

10. Transaction of financial assets

In April 2022, the Company participated in the cash capital increase of the subsidiary— ONYX HEALTHCARE INC.(recognized as investments accounted for under equity method), by investing \$99,009 and acquiring 1,125 thousand shares.

(IV) Key management remuneration

	<u>2023</u>	<u>2022</u>
Salaries and other short-term employee benefits	\$ 73,499	\$ 60,383
Post-employment benefits	1,206	980
Share-based Payment	1,413	1,889
Total	<u>\$ 76,118</u>	<u>\$ 63,252</u>

VIII. Pledged Assets

None.

IX. Material Contingent Liabilities and Unrecognized Contractual Commitments

(I) Contingencies

None.

(II) Commitments

As of December 31, 2023, the Company has issued a promissory note of \$ 450,000 required for the application a comprehensive credit line and transactions of derivatives.

X. Losses Due to Major Disasters

None.

XI. Material Subsequent Events

For the 2023 surplus distribution proposed by the board of directors in February 29, 2024, please refer to Note 6 (14) 6.

XII. Others Matters

(I) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(II) Financial instrument

1. Type of financial instrument

	2023/12/31	2022/12/31
<u>Financial asset</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 317,800	\$ 219,522
Financial assets measured at amortized cost/ loans and receivables		
Cash and cash equivalents	2,678,019	1,601,115
Notes receivable	663	186
Accounts receivable	605,026	867,590
Other receivables	1,457	4,497
Guarantee deposits (including other non-current assets)	5,609	6,060
	<u>\$ 3,608,574</u>	<u>\$ 2,698,970</u>
<u>Financial liability</u>		
Financial liabilities measured at amortized cost		
Notes payable	\$ 2	\$ 19
Accounts payable (related parties included)	253,658	306,310
Other payables	443,210	444,329
	<u>\$ 696,870</u>	<u>\$ 750,658</u>
Lease liabilities (including current and non-current)	<u>\$ 41,620</u>	<u>\$ 58,030</u>

2. Risk management policy

The Company adopts a comprehensive risk management system for the management to clearly identify, measure and control all risks to achieve effective control and measurement.

The Company's control and management strategies are as follows:

(1) Interest rate risk:

The Company continuously keep track on the trend of interest rates and set up stop-loss points to control interest rate risks.

(2) Exchange rate risk:

The Company uses derivative financial instruments such as forward foreign exchange transactions to hedge for foreign currency assets or liabilities or highly probable transactions to reduce the risks in cash flows and fair value from fluctuation in foreign exchange rates. In addition, the changes foreign exchange rate is closely monitored, with a stop loss point to mitigate exchange rate risks.

(3) Credit risk:

The Company has a stringent credit evaluation policy and only trades with counterparties of good credit quality, with regular application of credit protection measures to mitigate credit risk.

3. The nature and level of material financial risks

(1) Market risk

Exchange rate risk

A. The Company's international operations have been subject to exchange rate risks

arise from transactions denominated in a currency other than the functional currencies of the Company and its subsidiaries, which includes main currencies such as USD, SGD, EUR and RMB. Related exchange rate risks arise from future business transactions and recognized assets and liabilities.

- B. The management has set up the policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the company's treasury. Exchange rate risk is measured through highly probable forecast transactions that involves expenditures denominated in USD and RMB. Forward foreign exchange contracts are adopted to minimize the volatility of the exchange rate affecting recognition of costs of purchasing inventories.
- C. Since the Company's businesses involves certain non-functional currencies (NTD is the functional currency of the Company and part of its subsidiaries, while the functional currencies of other subsidiaries include USD, SGD, and RMB), it may be affected by exchange rate fluctuations. The foreign currency assets and liabilities that may be significantly affected by exchange rate fluctuations are as follows:

	2023/12/31		
	Foreign currency (in thousand)	Exchange rate	Carrying amount
(Foreign currency: functional currency)			
<u>Financial asset</u>			
<u>Monetary items</u>			
USD : NTD	\$ 88,991	30.71	\$ 2,732,914
EUR : NTD	2	33.98	68
<u>Non-monetary items</u>			
USD : NTD	\$ 11,391	30.71	\$ 349,818
EUR : NTD	3,187	33.98	108,294
<u>Financial liability</u>			
<u>Monetary items</u>			
USD : NTD	\$ 7,374	30.71	\$ 226,456
EUR : NTD	7	33.98	238

		2022/12/31		
		Foreign currency (in thousand)	Exchange rate	Carrying amount
(Foreign currency: functional currency)				
<u>Financial asset</u>				
<u>Monetary items</u>				
USD : NTD	\$	62,933	30.71	\$ 1,932,672
EUR : NTD		4	32.72	131
<u>Non-monetary items</u>				
USD : NTD	\$	10,331	30.71	\$ 317,265
EUR : NTD		2,254	32.72	73,751
 <u>Financial liability</u>				
<u>Monetary items</u>				
USD : NTD	\$	9,613	30.71	\$ 295,215
EUR : NTD		19	32.72	622

- E. The overall realized and unrealized foreign exchange losses of the Company's monetary items that may be significantly affected by exchange rate fluctuations in 2023 and 2022 were (\$9,117) and \$51,264, respectively.
- F. The Company's foreign currency risk analysis due to significant foreign exchange rate fluctuations is as follows:

		For the year ended December 31, 2023		
		Sensitivity analysis		
		Extent of change	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial asset</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	27,329	\$ -
EUR : NTD	1%		1	-
<u>Financial liability</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	2,265	\$ -
EUR : NTD	1%		2	-

For the year ended December 31, 2022

	Sensitivity analysis		
	Extent of change	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial asset</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 19,327	\$ -
EUR : NTD	1%	1	-
<u>Financial liability</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 2,952	\$ -
EUR : NTD	1%	6	-

Price risk

- A. The Company's equity instruments, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity instruments, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- B. The Company mainly invests in equity instruments and open-end funds issued by domestic companies. The value of equity instruments is susceptible to market price risk arising from uncertainties about future performance of equity markets. Assuming a hypothetical increase or decrease of 1% in the price of the aforementioned financial assets at fair value through profit or loss while the other conditions remain unchanged could increase or decrease net income for the nine-month periods ended December 31, 2023 and 2022 by \$2,822 and \$1,837, respectively.

Cash flow and fair value interest rate risk

The Company has no significant interest rate exposures for debt instruments.

(2) Credit risk

- A. The Company's credit risk refers to the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge its obligation under the contract, which is mainly due to the inability of counterparties to meet the terms of their contracts for collecting the cash flows of the receivables.
- B. The Company establishes credit risk policies based on its own risk management perspective. In accordance with internal credit policies, credit risks are required to be managed and analyzed before each of the Company's operating entity set up the terms and conditions for payment and delivery for each new customer. The internal risk control system evaluates the customers' credit quality based on their financial conditions, past experience and other factors. Individual risk exposure limits are set by the board of directors based on internal or external risk ratings, and credit lines are monitored on a regular basis.
- C. The Company adopts IFRS 9 to provide a presumption that default has occurred when contractual payments are more than 90 days past due.
- D. The Company adopts IFRS 9 to provide the following presumption as basis for

judging whether the credit risk on a financial instrument has increased significantly since the initial recognition:

It is deemed that credit risk after the original recognition of financial assets has increased significantly when contractual payments are more than 30 days past due.

- E. The customers' accounts receivables are segmented based on customer type. A simplified loss rate approach is used for ECL measurement based on the provision matrix.
- F. The Company has written off the recoverable amount of financial assets that could not reasonably be estimated after recourse, but will continue to pursue recourse to preserve its rights. As of December 31, 2023, and 2022, the Company had no recourse claims that had been written off.
- G. (1) The Company considers the world economic outlook and future prospects when adjusting the loss rate that is set up based on historical and current loss period information, in order to estimate the loss of notes receivables and allowance for doubtful accounts of customers with general credit quality. The provision matrix as of December 31, 2023 and 2022 is as follows:

	Not yet due	Less than 30 days past due	30 days past due	60 days past due	90 days past due	120 days past due	Total
2023/12/31							
Expected loss rate	0.02%	0.28%	1.45%	5.28%	17.43%	100%	
Total book value	\$ 170,513	\$ 3,825	\$ 542	\$ -	\$ -	\$ -	\$ 74,880
Loss allowance	\$ 39	\$ 11	\$ 8	\$ -	\$ -	\$ -	\$ 58
2022/12/31							
Expected loss rate	0%	0%	0.07%	3.33%	15.21%	100%	
Total book value	\$ 180,759	\$ 29,604	\$ 6,761	\$ 1,367	\$ -	\$ -	\$ 218,491
Loss allowance	\$ 2	\$ 1	\$ 5	\$ 45	\$ -	\$ -	\$ 53

- (2) The expected loss rate for creditworthy related parties is 0.2%. As of December 31, 2023, and December 31, 2022, the total carrying amounts of accounts receivable from related parties were \$430,867 and \$649,338 respectively, with no provision for losses.
- H. The Company's simplified approach of notes receivable and changes in allowance for doubtful accounts are as follows:

	Notes and accounts receivable (including related parties)	
	2023	2022
January 1	\$ 53	\$ 13
Recognition (reverse) of impairment loss	5	40
December 31	<u>\$ 58</u>	<u>\$ 53</u>

From the loss recognized in 2023 and 2022, the impairment losses for accounts receivable arising from customer contracts were \$5 and \$40, respectively.

(3) Liquidity risk

- A. Cash flow is forecasted by each of the Company's operating entity and summarized by the finance department. The Company's finance department monitors liquidity forecasting to ensure that it has sufficient funds to meet the operational requirements.
- B. The Company's had available borrowing limits of \$396,200 as of December 31, 2023 and 2022.
- C. The table below analyzes the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date, whereas derivative financial liabilities are analyzed based on the remaining period at the balance sheet date to the expected maturity date. The amounts disclosed in the table are contractual undiscounted cash flows.

Non-derivative financial liabilities:

2023/12/31	Within 1 year	1-2 years	2-5 years
Notes payable	\$ 2	\$ -	\$ -
Accounts payable	188,304	-	-
Accounts payable - related party	65,354	-	-
Other payables	443,210	-	-
Lease liabilities	18,543	12,019	11,929

Non-derivative financial liabilities:

2022/12/31	Within 1 year	1-2 years	2-5 years
Notes payable	\$ 19	\$ -	\$ -
Accounts payable	237,164	-	-
Accounts payable - related party	69,146	-	-
Other payables	444,329	-	-
Lease liabilities	23,100	16,671	20,551

D. The Company's cash flows are not expected to occur significantly earlier than the maturity date, or to be significantly different from the actual amount.

(III) Information on fair value

1. The various levels of fair value measurement of financial and non-financial instruments are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks, beneficiary certificates with quoted market prices is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The OTC stocks and the fair value of derivative financial instruments invested by the Company is included in Level 2.

Level 3: Inputs for the asset or liability that are not based on observable market data. This includes equity instruments of non-active markets invested by the Company.

2. Financial instruments not measured at fair value

The carrying amounts of the Company's cash and cash equivalents, notes receivable, accounts receivable, other receivables, guarantee deposits (classified in the balance sheet as other non-current asset), notes payable, accounts payable, other payables and lease liabilities are reasonable approximations of fair values.

3. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(1) The related information of the nature of the assets and liabilities is as follows:

2023/12/31	1st Level	2nd Level	3rd Level	Total
Asset				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 257,873	\$ 4,959	\$ 19,360	\$ 282,192
Beneficiary certificates	26,974	-	-	26,974
Hybrid instruments	-	-	8,634	8,634
Total	\$ 284,847	\$ 4,959	\$ 27,994	\$ 317,800

2022/12/31	1st Level	2nd Level	3rd Level	Total
Asset				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 160,114	\$ 4,209	\$ 19,360	\$ 183,683
Beneficiary certificates	26,652	-	-	26,652
Hybrid instruments	-	-	9,187	9,187
Total	\$ 186,766	\$ 4,209	\$ 28,547	\$ 219,522

(2) The Company's approaches and assumptions for fair value measurement are as follows:

A. The Company adopts quoted prices as inputs used to measure fair value (1st level), which are classified as follows based on the characteristics of the financial instruments:

Quoted market price	Shares of listed companies	Open-end funds
	Closing market prices	Net asset value

B. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.

C. The Company adopts valuation techniques widely used by market participants for evaluating non-standardized and less complex financial instruments. The parameters used in the valuation models of such financial instruments are usually market observable information.

D. The evaluation of derivatives is based on the valuation model generally accepted by market users, such as the discount method. Forward exchange contracts are usually evaluated based on the current forward exchange rates.

- E. The output of the evaluation model is an estimated value, and the valuation technique may not reflect all the relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value of the valuation model will be adjusted based on additional parameters, such as the model risk or liquidity risk. According to the Company's management policies of fair value valuation model and related control procedures, its management believes that valuation adjustments are appropriate and necessary for the fair values of financial and non-financial instruments to be presented fairly in the consolidated balance sheet. The price information and parameters used in the evaluation process are carefully evaluated, with appropriate adjustments according to current market conditions.
4. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.
 5. Movements on Level 3 for the years ended December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
	Equity instrument	Equity instrument
January 1	\$ 28,547	\$ 28,811
Loss recognized in income (Note)	(553)	(264)
December 31	<u>\$ 27,994</u>	<u>\$ 28,547</u>
Changes in unrealized gains or losses of assets and liabilities owned at the end of the period	<u>(\$ 553)</u>	<u>(\$ 264)</u>

Note: Recognized as other gains and losses.

6. There was no transfer into or out from Level 3 for the years ended December 31, 2023 and 2022.
7. The financial segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the source of information is independent, reliable and in line with other resources and any other necessary adjustments to the fair value.
The financial segment cooperatively set up valuation policies, valuation processes and rules for measuring fair value of financial instruments that ensure compliance with the related requirements in IFRS.
8. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

		2023/12/31 Fair value	Valuation technique	Significant unobservable inputs	Interval (weighted average)	Relationship between inputs and fair value
<u>Equity instruments:</u>						
Unlisted and non-OTC stocks	\$	19,360	Discounted Cash Flow Approach	Note 1	Not applicable	Note 2
<u>Hybrid instrument:</u>						
Unlisted and non-OTC stocks	\$	59,291	Discounted Cash Flow Approach	Note 1	Not applicable	Note 2
Embedded option	(\$	50,657)	Option Pricing Model	Price volatility	Not applicable	The higher the stock price volatility, the higher the fair value
		2022/12/31 Fair value	Valuation technique	Significant unobservable inputs	Interval (weighted average)	Relationship between inputs and fair value
<u>Equity instruments:</u>						
Unlisted and non-OTC stocks	\$	19,360	Discounted Cash Flow Approach	Note 1	Not applicable	Note 2
<u>Hybrid instrument:</u>						
Unlisted and non-OTC stocks	\$	65,729	Discounted Cash Flow Approach	Note 1	Not applicable	Note 2
Embedded option	(\$	56,542)	Option Pricing Model	Price volatility	Not applicable	The higher the stock price volatility, the higher the fair value

Note 1: Long-term sales growth, weighted average cost of capital, long term net profit before tax, discount for lack of marketability, and discount for minority interest.

Note 2: The higher discount for lack of marketability is, the lower fair value is; the higher weighted average cost of capital and discounts for lack of control are, the lower the fair value is; the higher long-term revenue growth rate and long-term operating profit before income tax are, the higher the fair value is.

9. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in a different outcome.

XIII. Disclosures

(1) Information on significant transactions

A. Financing provided: None.

B. Endorsements and guarantees provided: None.

C. Marketable securities held at the end of period (excluding investments in subsidiaries, associates and joint ventures): Please refer to schedule 1.

- D. Marketable securities acquired and disposed of at costs or prices of at least \$300 million or 20% of the paid-in capital: Please refer to schedule 2.
- E. Acquisition of real estate properties at costs of at least \$300 million or 20% of the paid-in capital: None.
- F. Disposal of real estate properties at prices of at least \$300 million or 20% of the paid-in capital: None.
- G. Total purchases from or sales to related parties of at least \$100 million or 20% of the paid-in capital: Please refer to schedule 3.
- H. Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital: Please refer to schedule 4.
- I. Trading in derivative instruments undertaken during the reporting period: Please refer to Note 6 (2).
- J. Intercompany relationships and significant intercompany transactions: Please refer to schedule 5.

(2) Information on investees

Names, locations, and related information of investees over which the Company exercises significant influence (excluding information on investment in mainland China): Please refer to Schedule 6.

(3) Information on investments in China

- A. Information on investment in mainland China: Please refer to Schedule 7.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in China: Please refer to Schedule 5.

(4) Information of major shareholders

Name and information of shareholders with more than 5% shareholding interest: Please refer to Schedule 8.

XIV. Operating segment information

Not Applicable.

AAEON Technology Inc.

MARKETABLE SECURITIES HELD

(EXCLUDING INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)

DECEMBER 31, 2023

(Amounts in thousands of New Taiwan dollars, Unless Specified Otherwise)

Schedule 1

Holding company	Marketable securities type and name				2023/12/31				
	Type	Name (Note 1)	Relationship with the Company	Financial Statement Account	Shares	Carrying value (Note2)	Percentage of Ownership (%)	Fair value	Remarks
AAEON TECHNOLOGY INC.	Fund	Mega Diamond Money Market	None	Financial assets at fair value through profit or loss - current	2,091,070	\$ 26,974	-	\$ 26,974	None
"	Stock	MACHVISION INC.	Other related party - the Company's Chairman as a director	"	1,180,198	257,873	2.03	257,873	"
"	"	LILEE SYSTEMS Ltd.	None	"	468,750	-	-	-	"
"	"	Allied Biotech Co.	"	"	300,000	4,959	0.31	4,959	"
"	"	TELEION WIRELESS, INC.	"	"	149,700	-	-	-	"
"	"	InSynerger Technology Co., Ltd.	"	Financial assets at fair value through profit or loss - non-current	1,710,000	19,360	15.05	19,360	"
"	"	V-Net AAEON Corporation Ltd.	"	"	29	8,634	14.50	8,634	Note 3
AAEON INVESTMENT CO., LTD.	Convertible bonds	IBASE TECHNOLOGY INC.	Associate - Investee accounted for under the equity method	Financial assets at fair value through profit or loss - current	-	121,000	-	121,000	None
"	Stock	Sunengine Co., Ltd.	None	"	156,903	1,089	2.34	1,089	"
ONYX HEALTHCARE INC.	"	MACHVISION INC.	Other related party - the Company's Chairman as a director	Financial assets at fair value through profit or loss - current	18,716	4,089	0.03	4,089	"
"	"	TOP UNION ELECTRONICS CORP.	None	"	223,918	7,300	0.16	7,300	"
"	"	INNO FUND III	"	Financial assets at fair value through profit or loss - non-current	3,000,000	34,637	13.04	34,637	"
"	"	MELTEN CONNECTED HEALTHCARE INC.	"	Financial asset at fair value through other comprehensive income - non-current	4,193,548	-	6.61	-	"
"	"	TOP UNION ELECTRONICS CORP.	"	"	2,109,082	68,756	1.53	68,756	"

Note1: The "securities" above refer to stocks, bonds, beneficiary certificates and derivatives included in IFRS 9 "Financial Instruments"

Note2: For those measured at fair value, please enter the carrying value after the valuation adjustment of fair value and deduction of accumulated impairment in the carrying value column. As for those assets not measured at fair value, please enter the carrying value of initial acquisition cost or amortized cost after deducting accumulated impairment in the carrying value column.

Note3: Hybrid contract with embedded options.

AEON Technology Inc.

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
NINE MONTHS ENDED DECEMBER 31, 2023

(Amounts in thousands of New Taiwan dollars, Unless Specified Otherwise)

Schedule 2

Company Name	Marketable Securities (Note 1)	Financial Statement Account	Counter Party (Note 2)	Nature of Relationship (Note 2)	Beginning Balance		Acquisition (Note 3)			Disposal (Note 3)				Ending Balance			
					Shares	Amount	Shares	Amount	(Note 4)	Shares	Amount	Carring Value (Note 4)	Gain/Losses on Disposal	Shares	Amount		
AAEON TECHNOLOGY INC.	JETWAY INFORMATION CO., LTD	Investments accounted for under equity method	Centralized trading marke	None	-	\$ -	141,594	\$ 4,949	1,2	-	\$ -	\$ -	-	\$ -	-	141,594	\$ 4,949
"	"	"	Stockholders of JETWAY	"	-	-	26,308,406	953,416	1	-	-	36,520	3	-	26,308,406	920,756	
												(3,174)	4	-			
												(66,125)	8				
												119	9				

Note1: The "securities" above refer to stocks, bonds, beneficiary certificates and derivatives.

Note2: For those measured investments accounted for under equity method, please enter the coloumn of counter party and nature of relationship.

Note3: Accumulated amount of marketable securities acquired and disposed should be calculated in market price separately for the judgement if the amount reaches NT\$300 million or 20% of the paid in capital.

Note4: 1. Acquired or capital increase/ disposed or capital reduction/liquidation in this period.

2. Revaluation

3. Recognized in investment gains or losses under equity investment.

4. Recognized effect of exchange rate changes and recognized financial statements translation differences of foreign operations under equity investment.

5. Recognized changes in equity under equity investment.

6. Recognized in adjustment of retirement under equity investment.

7. Recognized in adjustment of retained earnings for changes in equity of investee company since the investee company purchased treasury shares.

8. Receipt of cash dividends from invested companies.

9. Determine Welfare Benefits Actuarial Gain/Loss

Note5: Paid-in capital refers to the paid-in capital of the parent company. If the issuer's shares have no par value or the par value per share is not NT\$10, the relevant transaction amount requirement of 20% of the paid-in capital shall be calculated based on 10% of the equity attributable to the owners of the parent company on the balance sheet.

AAEON Technology Inc

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023

Schedule 3

(Amounts in thousands of New Taiwan dollars, Unless Specified Otherwise)

Company Name	Related Party	Nature of Relationship	Transaction			Payment terms	Reasons for difference between the related party transaction terms and the arms length terms of transaction (Note)		Accounts and notes receivable (payable)		Note
			Purchase (sales)	Amount	Percentage to total purchase (sales) (%)		Unit Price	Payment terms	Ending Balance	Percentage to total accounts and notes receivable or payable (%)	
AAEON TECHNOLOGY INC.	ASUSTEK COMPUTER INC.	Parent	Purchases	\$ 661,080	28.62	month-end 30 days	\$ -	-	(\$ 52,099)	(20.54)	
"	AAEON TECHNOLOGY (EUROPE) B.V.	Subsidiary	(Sales)	(1,592,948)	(34.15)	60 days after invoice date	-	-	230,016	37.97	
"	AAEON ELECTRONICS, INC.	"	"	(976,754)	(20.94)	"	-	-	116,493	19.23	
"	AAEON TECHNOLOGY (SUZHOU) INC.	"	"	(190,895)	(4.09)	month-end 60 days	-	-	28,397	4.69	
ONYX HEALTHCARE INC.	ONYX HEALTHCARE USA, INC.	"	"	(279,658)	(22.40)	month-end 90 days	-	-	44,742	25.71	
FUJIAN CANDID INTERNATIONAL CO., LTD	JETWAY INFORMATION CO., LTD.	Parent	"	(273,650)	(20.56)	month-end 30-90 days	-	-	90,533	85.30	
JETWAY INFORMATION CO., LTD.	JETWAY COMPUTER CORP.	Subsidiary	"	(194,714)	(14.63)	month-end 30-60 days	-	-	32,004	30.16	

Note: The reasons for difference between the related party transaction terms and the arms length terms of transaction shall be described in the price and loan term section.

AAEON Technology Inc.

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2023

Schedule 4

(Amounts in thousands of New Taiwan dollars, Unless Specified Otherwise)

Company Name	Related Party	Nature of Relationship	Ending balance (Note)	Turnover (%)	Overdue		Amounts Received in Subsequent Period	Loss allowance
					Amount	Action taken		
AAEON TECHNOLOGY INC.	AAEON TECHNOLOGY (EUROPE) B.V.	Subsidiary	\$ 230,016	5.58	\$ -	-	\$ 141,558	\$ -
"	AAEON ELECTRONICS, INC.	"	116,493	6.31	-	-	116,026	-

Note: Please fill in separately based on accounts receivable, notes and other receivables of related parties.

AAEON Technology Inc.
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
(ONLY TRANSACTIONS AMOUNTING TO AT LEAST \$100 MILLION ARE DISCLOSED)

FOR THE YEAR ENDED DECEMBER 31, 2023

Schedule 5

(Amounts in thousands of New Taiwan dollars, Unless Specified Otherwise)

Serial No. (Note 1)	Company Name	Related Party	Nature of relationships (Note 2)	Intercompany transaction			As a percentage of consolidated revenues or total assets (%) (Note 3)
				Financial Statement Account	Amount	Terms	
0	AAEON TECHNOLOGY INC.	AAEON TECHNOLOGY (EUROPE) B. V.	1	Net sales	\$ 1,592,948	60 days after invoice date	19.73%
"	"	AAEON ELECTRONICS, INC.	1	Net sales	976,754	"	12.10%
"	"	AAEON TECHNOLOGY (SUZHOU) INC.	1	Net sales	190,895	month-end 60 days	2.36%
"	"	AAEON TECHNOLOGY (EUROPE) B. V.	1	Account receivable	230,016	60 days after invoice date	1.60%
"	"	AAEON ELECTRONICS, INC.	1	Account receivable	116,493	"	0.81%
1	ONYX HEALTHCARE INC.	ONYX HEALTHCARE USA, INC.	3	Net sales	279,658	month-end 90 days	3.46%
2	FUJIAN CANDID INTERNATIONAL CO., LTD	JETWAY INFORMATION CO., LTD.	3	Net sales	273,650	month-end 30-90 days	3.39%
3	JETWAY INFORMATION CO., LTD.	JETWAY COMPUTER CORP.	3	Net sales	194,714	month-end 30-60 days	2.41%

Note 1: Intercompany transactions should be indicated in the numbered columns individually. The number is filled in as follows:

- (1) Parent company is numbered 0.
- (2) Subsidiaries are numbered sequentially according to company name from Arabic numeral 1.

Note 2: There are three types of relationships with counterparties (Disclosure is not required for the same intercompany transactions. For example: If the parent has already disclosed the intercompany transaction, the subsidiary is not required to disclose the same transaction.

For intercompany transactions between subsidiaries, if one of the subsidiaries has already disclosed the transaction, the other subsidiary is not required to disclose the same transaction)

- (1) Parent company to subsidiary
- (2) Subsidiary to parent company
- (3) Subsidiary to subsidiary

Note 3: The calculation of transaction amount as a percentage of consolidated net revenue or total assets: in the case of financial statement accounts, ending balance is divided by consolidated total assets; in the case of income statement accounts, cumulative amount in the period is divided by consolidated net revenue.

Note 4: There is no need to disclose transactions of no more than \$100 million, and transactions shall be disclosed as assets and income.

AAEON Technology Inc. and Subsidiaries
 NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
 (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
 FOR THE NINE-MONTH PERIOD ENDED DECEMBER 31, 2023

(Amounts in thousands of New Taiwan dollars, Unless Specified
 Otherwise)

Schedule 6

Name of investor	Name of investee	Location	Main businesses and products	Original Investment		Balance as of December 31, 2023			Investee profit or loss for the period (Note 2)	Profits or losses on investment recognized for the period (Note 2)	Remarks
				2023/12/31	2022/12/31	Shares	Percentage (%)	Carrying Amount			
AAEON TECHNOLOGY INC.	AAEON ELECTRONICS, INC.	USA	Sales of IPC and PC peripherals	\$ 150,455	\$ 150,479	490,000	100.00	\$ 328,750	\$ 32,850	\$ 32,854	
"	AAEON TECHNOLOGY, CO., LTD	British Virgin Islands	Investment of IPC and interface card	270,422	270,466	8,807,097	100.00	182,101	(43,871)	(43,834)	
"	AAEON TECHNOLOGY (EUROPE) B.V.	Netherlands	Sales of IPC and PC peripherals	3,398	3,272	-	100.00	97,059	31,218	31,218	
"	AAEON TECHNOLOGY SINGAPORE PTE. LTD.	Singapore	Sales of IPC and PC peripherals	13,586	13,346	465,840	100.00	67,788	2,481	2,481	
"	AAEON INVESTMENT, CO., LTD.	Taiwan	Investment of IPC and PC peripherals	150,000	150,000	15,000,000	100.00	141,494	12,589	12,589	
"	ONYX HEALTHCARE INC.	"	Design, manufacture and sales of medical PC	172,368	172,368	16,257,179	48.51	723,545	255,262	124,327	
"	LITEMAX ELECTRONICS INC.	"	Sales of PC peripherals	70,218	70,218	5,015,050	11.91	114,718	151,616	18,826	
"	IBASE TECHNOLOGY INC.	"	Manufacturing and sales of industrial motherboards	3,498,501	3,498,501	52,921,856	26.82	3,359,992	715,895	94,727	
"	JETWAY INFORMATION CO., LTD.	"	Manufacturing and selling of industrial motherboard and computer peripherals	958,247	-	26,450,000	35.27	925,705	172,411	36,520	

AAEON Technology Inc.
 NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
 (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
 FOR THE NINE-MONTH PERIOD ENDED DECEMBER 31, 2023

Schedule 6

(Amounts in thousands of New Taiwan dollars, Unless Specified Otherwise)

Name of investor	Name of investee	Location	Main businesses and products	Original Investment		Balance as of December 31, 2023			Investee profit or loss for the period (Note 2)	Profits or losses on investment recognized for the period (Note 2)	Remarks
				2023/12/31	2022/12/31	Shares	Percentage (%)	Carrying Amount			
AAEON TECHNOLOGY (EUROPE) B.V.	AAEON TECHNOLOGY GMBH	Germany	Sales of IPC and PC peripherals	\$ 1,019	\$ 982	-	100.00	\$ 22,945	\$ 1,281	-	Note1
ONYX HEALTHCARE INC.	ONYX HEALTHCARE USA, INC.	USA	Sales of medical PC and peripherals	61,410	61,420	200,000	100.00	95,024	18,402	-	"
"	ONYX HEALTHCARE EUROPE B.V.	Netherlands	Marketing support and maintenance of medical PC and peripherals	3,398	3,272	100,000	100.00	16,373	1,779	-	"
"	IHELPER INC.	Taiwan	R&D and sales of medical robots	16,560	16,560	1,656,000	46.00	7,626	(1,570)	-	"
"	WINMATE INC.	"	Bid quotations, distributions and sales of LCD application equipment and modules	568,585	568,585	10,244,000	13.08	629,526	506,391	-	"
"	ProtectLife International Biomedical INC.	"	Manufacturing and Wholesale of Medical Devices and Consumables	44,380	-	2,188,000	11.27	34,685	(48,649)	-	"
JETWAY INFORMATION CO., LTD.	JETWAY COMPUTER CORP.	USA	Selling and repairing of computer peripheral equipment	116,679	116,698	380	100.00	164,097	28,456	-	"
"	JETWAY COMPUTER B.V.	Netherlands	Selling and repairing of computer peripheral equipment	676	681	40	100.00	23,205	1,657	-	"

Schedule 6 Page 2

AAEON Technology Inc
 NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
 (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
 FOR THE NINE-MONTH PERIOD ENDED DECEMBER 31, 2023

Schedule 6

(Amounts in thousands of New Taiwan dollars, Unless Specified Otherwise)

Name of investor	Name of investee	Location	Main businesses and products	Original Investment		Balance as of December 31, 2023			Investee profit or loss for the period (Note 2)	Profits or losses on investment recognized for the period (Note 2)	Remarks
				2023/12/31	2022/12/31	Shares	Percentage (%)	Carrying Amount			
JETWAY INFORMATION CO., LTD.	JETWAY (FAR EAST) INFORMATION COMPANY LIMITED	British Virgin Islands	Investing of computer peripheral business	\$ 94,714	\$ 94,729	3,084,634	100.00	\$ 115,781	\$ 1,714	-	Note 1
"	TOP NOVEL ENTERPRISE CORP.	Seychelles	Investing of computer peripheral business	543,494	543,582	17,700,500	100.00	427,257	(19,220)	-	"
JETWAY (FAR EAST) INFORMATION COMPANY LIMITED	SCORETIME INVESTMENT LIMITED	British Virgin Islands	Investing of computer peripheral business	93,178	93,194	3,034,634	100.00	114,869	1,702	-	"
TOP NOVEL ENTERPRISE CORP.	TIME PIONEER INTERNATIONAL LIMITED	Seychelles	Investing of computer peripheral business	-	19,962	-	-	-	-	-	"
"	INTERNATIONAL CANDID INTERNATIONAL CORP.	"	Investing of computer peripheral business	523,520	523,606	17,050,000	100.00	423,645	(21,474)	-	"

Note 1: According to relevant regulations, there is no need to fill in investment profit and loss disclosed in this period.

Note 2: The profit or loss of the amount involving foreign currencies are converted to NTD at the average exchange rate between January 1 and December 31, 2023, while others are converted to NTD under the exchange rate at end period of the financial report.

AAEON Technology Inc.
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023

Schedule 7

(Amounts in thousands of New Taiwan dollars, Unless Specified Otherwise)

Investee Company	Main Businesses	Total Amount of Paid-in Capital	Methods of investment (Note 1)	Beginning Balance of Accumulated Outflow of Investment from Taiwan	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Investee profit or loss for the period	The Company's direct or indirect holding percentage	Share of Profits / Losses	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023	Remarks
					Outflow	Inflow							
AAEON TECHNOLOGY (SUZHOU) INC.	Production and sales of IPC and interface card	\$ 266,835	2	\$ 266,835	\$ -	\$ -	\$ 266,835	(\$ 43,885)	100%	(\$ 43,885)	\$ 190,457	\$ -	Note.2(2)B
ONYX HEALTHCARE (SHANGHAI) LTD	Sales of medical PC and peripherals	67,551	1	67,551	-	-	67,551	(2,428)	100%	(2,428)	3,330	-	Note.2(2)B
FUJIAN CANDID INTERNATIONAL CO., LTD	Manufacturing and selling of computer and peripheral equipment	521,985	2	521,985	-	-	521,985	(21,494)	100%	(21,494)	422,068	-	Note.2(2)B

Company Name	Ending Balance of Investment in Mainland China	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA
AAEON Technology Inc.	\$ 266,835	\$ 266,835	\$ 7,272,837
Onyx Technology Inc.	67,551	67,551	912,327
JETWAY INFORMATION CO., LTD.	521,985	521,985	869,906

Note 1: The methods of investment are listed below, please mark the category on schedule:

- (1) Investment in China companies directly.
- (2) Investment in China companies through AAEON TECHNOLOGY CO., LTD in a third region.
- (3) Other methods of investing in China.

Note 2: The column of investment profit or loss for the period:

- (1) It should be noted if the entity was in preparation stage without profit or loss on investment.
- (2) It should be noted that the basis of recognizing the profit or loss on investment includes the following:
 - A. Based on financial statements reviewed by an international accounting firm that is in collaboration with an accounting firm in the Republic of China.
 - B. Based on financial statements reviewed by auditor of the parent company in Taiwan.
 - C. Another basis

Note 3: The profit or loss of the amount involving foreign currencies are converted to NTD at the average exchange rate between January 1 and December 31, 2023, while others are converted to NTD under the exchange rate at the end period of the financial report.

AAEON Technology Inc.
INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Schedule 8

Name of major shareholder	Shares	
	Total Shares Owned	Ownership (%)
ASUSTEK COMPUTER INC.	43,756,000	27.280
IBASE TECHNOLOGY INC.	41,698,468	26.000
Yung-Shun Chuang	19,664,000	12.260
HUA-CHENG VENTURE CAPITAL CORP.	8,359,000	5.210
HUA-MIN INVESTMENT CO., LTD.	8,359,000	5.210

Note 1: In this chart, major shareholders are defined as shareholders with more than 5% collective holding interest in common and preferred shares that have been delivered via book entry (including treasury stocks), as shown in the records of TDCC on the final business day of each quarter. Share capital, as shown in the financial statements, may differ from the number of shares that have been delivered via book entry due to differences in the preparation basis.

Note 2: For shareholders who have placed shareholding under trust, the above information shall be provided based on trust accounts created by the trustee. In which case, these shareholders may be required under the Securities and Exchange Act to make regulatory reporting on insiders with more than 10% ownership interest, which include shares held in own name and shares placed under trust that the shareholder has control over. Refer to Market Observation Post System for information on the reporting of insider shareholding

AAEON Technology Inc.
DETAILS OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Statement 1

Item	Summary	Amount
Reserve cash		\$ 390
Petty cash		130
Bank deposit		
Checking accounts		2
Demand deposit		482,310
Foreign currency demand deposit	USD 18,460,284.44 Rate 30.7050	566,823
	EUR 985.87 Rate 33.9812	33
	HKD 6,182.43 Rate 3.9302	24
Time deposits		1,628,307
		<u>\$ 2,678,019</u>

AAEON Technology Inc.
DETAILS OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Statement 2

Clients name	Amount
Accounts receivable	
MXC004	\$ 61,133
AIS001	27,197
PTW1602	16,882
EUK086	9,510
Others (Note)	59,495
	174,217
Less : Allowance for bad debt	(58)
	\$ 174,159
Accounts receivable - related party	
AAEON TECHNOLOGY (EUROPE) B.V.	\$ 230,016
AAEON ELECTRONICS, INC.	116,493
EVERFOCUS ELECTRONICS CORP.	35,787
AAEON TECHNOLOGY (SUZHOU) INC.	28,397
Others (Note)	20,174
	\$ 430,867

Note: Each individual customer balance did not exceed 5% of the account balance.

AAEON Technology Inc.
DETAILS OF INVENTORY
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Statement 3

Item	Amount		Remarks
	Cost	Net realizable value	
Raw material	\$ 458,719	\$ 414,283	Allowance for inventory valuation and obsolescence losses are from the lower of the acquisition cost or net realizable value.
Work in progress	284,201	276,894	
Finished good	125,978	164,096	
Merchandise inventory	6,923	6,277	
	<u>875,821</u>	<u>\$ 861,550</u>	
Less: Allowance for Inventory Valuation and Obsolescence Losses	(71,907)		
	<u>\$ 803,914</u>		

AAEON Technology Inc.
CHANGE IN INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Statement 4

Name	January 1, 2023		Increase (Note 1)		Decrease (Note 2)		Investment gains (losses)	Other changes (Note 3)	December 31, 2023			Market price or net equity		Guarantees or Collaterals
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount			Number of shares	Ownership (%)	Amount	Price	Total	
AAEON ELECTRONICS, INC. (AEI)	490,000	\$ 286,987	-	\$ -	-	\$ -	\$ 32,854	\$ 8,909	490,000	100.00	\$ 328,750	\$ 714	\$ 349,754	None
AAEON TECHNOLOGY SINAPORE PTE LTD. (ASG)	465,840	64,147	-	-	-	-	2,481	1,160	465,840	100.00	67,788	148	69,030	"
AAEON TECHNOLOGY CO., LTD (ATCL)	8,807,097	225,621	-	-	-	-	(43,834)	314	8,807,097	100.00	182,101	22	193,088	"
AAEON TECHNOLOGY(EUROPE)B.V.(ANI)	-	63,351	-	-	-	-	31,218	2,490	-	100.00	97,059	-	108,305	"
AAEON INVESTMENT, CO., LTD.	15,000,000	128,905	-	-	-	-	12,589	-	15,000,000	100.00	141,494	9	141,494	"
ONYX HEALTHCARE INC.	16,257,179	668,700	-	-	-	(81,220)	124,327	11,738	16,257,179	48.51	723,545	172	2,796,235	"
LITEMAX ELECTRONICS INC.	5,015,050	116,696	-	-	-	(21,056)	18,826	252	5,015,050	11.91	114,718	47	237,713	"
IBASE TECHNOLOGY INC.	52,921,856	3,420,216	-	-	-	(295,540)	94,727	140,589	52,921,856	26.82	3,359,992	81	4,270,794	"
JETWAY INFORMATION CO., LTD.	-	-	26,450,000	958,365	(66,125)	(66,125)	36,520	(3,055)	26,450,000	35.27	925,705	42	1,117,513	"
Subtotal		<u>\$ 4,974,623</u>		<u>\$ 958,365</u>		<u>(\$ 463,941)</u>	<u>\$ 309,708</u>	<u>\$ 162,397</u>			<u>\$ 5,941,152</u>			

Note 1: Acquisition and issuance of new shares in exchange for other company's shares.

Note 2: The Company received cash dividends of \$463,941 from the investee.

Note 3: Recognition and adjustment of the investee's unrealized loss of financial assets measured by fair value through other comprehensive income, cumulative translation adjustment, changes on unrealized gains, effect from long-term investment that has not been recognized based on shareholding percentage, and the effect of share-based payments.

AAEON Technology Inc.
DETAILS OF ACCOUNTS PAYABLE-NON-RELATED PARTIES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Statement 5

<u>Customer name</u>	<u>Amount</u>
A	\$ 30,086
B	15,148
Others (Note)	<u>143,070</u>
Total	<u>\$ 188,304</u>

Note: Each individual supplier balance did not exceed 5% of the accounts payable balance.

AAEON Technology Inc.
OPERATING COST
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Statement 6

Item	Amount
Merchandise inventory	
Inventory at January 1	\$ 11,416
Add: Purchases	38,733
Raw materials and work in progress transitioned into sales	104,384
Less: Inventory at December 31	(6,923)
Merchandise transitioned into work in progress	(2,442)
Merchandise transitioned into fees and others	(833)
Cost of merchandise purchased and sold	<u>144,335</u>
Direct materials	
Raw material at January 1 (including materials and supplies in transit)	904,912
Add: Materials purchased	1,305,068
Less: Raw materials at December 31	(458,719)
Raw materials transitioned into merchandise inventory	(65,437)
Raw materials transitioned into fees and others	(15,118)
Raw materials used	1,670,706
Direct labor	80,352
Production overheads	<u>189,751</u>
Manufacturing costs	<u>1,940,809</u>
Work in progress at January 1	557,196
Add: Work in progress purchased	267,196
Merchandise transitions	2,442
Less: Work in progress at December 31	(284,201)
Work in progress transitioned into merchandise inventory	(38,947)
Work in progress transitioned into fees and others	(38,187)
Cost of finished goods	2,406,308
Finished goods at January 1	156,837
Add: Finished goods purchased	667,136
Less: Finished goods at December 31	(125,978)
Cost of self-manufactured goods sold	3,104,303
Cost of conversion and other operating costs	<u>35,629</u>
Cost of inventory sold	3,284,267
Loss on inventory valuation and obsolescence	6,032
Others	(25)
Cost of sales	<u>\$ 3,290,274</u>

AAEON Technology Inc.
MANUFACTURING OVERHEAD
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Statement 7

<u>Item</u>	<u>Amount</u>	<u>Remarks</u>
Indirect labor	\$ 100,392	
Depreciation expense	28,459	
Insurance premium	16,465	
Others	<u>44,435</u>	
	<u>\$ 189,751</u>	

Note: Each of the account did not exceed 5% of the total manufacturing overhead.

AAEON Technology Inc.
SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Statement 8

<u>Item</u>	<u>Amount</u>	<u>Remarks</u>
Salaries and wages expenditure	\$ 72,828	
Export fee	6,195	
Others	<u>30,152</u>	Note: Each of the account did not exceed 5% of the total account balance.
	<u>\$ 109,175</u>	

AAEON Technology Inc.
GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Statement 9

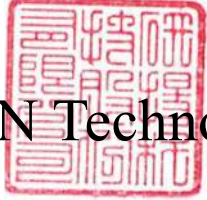
<u>Item</u>	<u>Amount</u>	<u>Remarks</u>
Salaries and wages expenditure	\$ 92,833	
Depreciation expense	16,881	
Others	<u>41,813</u>	Each of the account did not exceed 5% of the total account balance.
	<u>\$ 151,527</u>	

AAEON Technology Inc.
RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Statement 10

<u>Item</u>	<u>Amount</u>	<u>Remarks</u>
Salaries and wages expenditure	\$ 264,156	
Technical service fees	73,450	
Research expenses	58,055	Each of the account did not exceed 5% of the total account balance.
Others	<u>84,386</u>	
	<u>\$ 480,047</u>	

AAEON Technology Inc.



Chairman: Yung-Shun Chuang

